



## Memorandum

To: Committee of the Whole

From: Erin Mahoney, Commissioner, Environmental Services

Date: January 10, 2017

Re: **Update on Final Draft *Strategy for a Waste-Free Ontario: Building the Circular Economy***

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On December 16, 2016, the Ministry of the Environment and Climate Change (the Ministry) posted the *Final Draft Strategy for a Waste-Free Ontario: Building the Circular Economy* (final strategy) on the Environmental Bill of Rights Registry for a 45 day public review and comment period.

The final strategy is high-level and similar to the initial draft circulated for comment in November 2015. Success of the Province's final strategy will depend upon regulations and policy statements, which will be developed after consultation with stakeholders.

Final strategy provides road map for transition to circular economy and waste-free Ontario

In November 2015, the Minister of the Environment and Climate Change introduced a new framework for waste management: Bill 151, Waste-Free Ontario Act (the Act). Bill 151 received Royal Assent in June 2016 and was proclaimed in November 2016. The Act requires the Minister develop and maintain a strategy to serve as a road map to shift Ontario to a circular economy. Goals of the final strategy are:

- A zero-waste Ontario; and
- zero greenhouse gas emissions from the waste sector.

The shift to a waste-free Ontario will be incremental, with transition of Blue Box program to full producer responsibility anticipated in 2022 and three interim diversion rate goals of 30 per cent by 2020, 50 per cent by 2030 and 80 per cent by 2050. A list of timelines included in the Province's final strategy is provided in Attachment 1.

Region advocated for emphasis on reduction, maintained service levels, strong municipal role and fair compensation throughout transition process

In [February 2016](#), Council endorsed nine key principles, which have guided advocacy efforts and comments submitted to the Province. In [June 2016](#), a staff memo advised Council that amendments to the final Act were made in response to some key concerns raised by municipalities; however, not all requested changes were fully addressed.

Positive elements of final strategy include increased emphasis on reduction and development of an organics action plan, which aligns with the Region's SM4RT Living Plan. The final strategy also states that service levels will be maintained and recognizes municipal role in the integrated waste management system. However, as the final strategy remains high-level, full cost recovery for municipal assets and collection contracts are still at risk with the absence of policy statements and regulations. The Region will continue to advocate for establishing an entity that will negotiate on behalf of municipalities to ensure that during the transition process municipalities receive full funding for service delivery and full compensation for assets and collection contracts. A detailed summary of the principles previously advocated by the Region and areas of alignment in the final strategy is provided in Attachment 2.

Final strategy proposes diversion targets that do not recognize energy-from-waste

The final strategy does not recognize energy-from-waste towards diversion. Staff will continue to track diversion from landfill, including recovery, and advocate for recognition of Energy-from-Waste as a preferred alternative to landfill. Diversion targets established in the final strategy include 50 per cent for 2030 and 80 per cent for 2050. These Ministry targets are low in comparison to York Region's latest verified Waste Diversion Ontario diversion rate of 63 per cent in 2014 (does not include energy-from-waste) because the Ministry combined diversion for residential and non-residential (industrial, commercial and institutional) sectors. According to the Association of Municipalities of Ontario (AMO), diversion rates in the non-residential sector have stalled at 11 – 13 per cent. There is a risk that municipalities will face more pressure to pull the overall diversion rate higher to compensate for poor performance in the commercial sector. Staff recommend advocating for separate residential and non-residential targets.

Minister appointed Initial Board of Directors of the Resource Productivity and Recovery Authority

The new Resource Productivity and Recovery Authority is now in operation under the direction of an Initial Board of Directors. The new Authority replaces Waste Diversion Ontario and will oversee diversion programs including the Blue Box Program. Until the Program completes the transition to full producer responsibility (targeted for 2022), the Region will continue to work with AMO to advocate for municipalities in funding negotiations. Table 1 provides a list of the initial Board of Directors of the Resource Productivity and Recovery Authority (the Authority), and Attachment 3 provides a detailed comparison of the roles and responsibilities of the Authority and previous Waste Diversion Ontario.

**Table 1**  
**Initial Board of Directors of the Resource Productivity and Recovery Authority**

<b>Board Officers and Committees</b>	<b>Name</b>
Chair	Glenda Gies
Vice Chair	Tom Wright
Secretary-Treasurer	Joyce Barretto
Governance Committee Chair	Nidhi Tandon
Audit Committee Chair	David Brezer

Next five years includes extensive consultation as policy statements, new regulations, transition plans and programs are developed

The final strategy aligns with the SM4RT Living Plan and several principles advocated by the Region; however, more detail is required to fully understand impacts on service levels and the integrated waste management system. A comment letter will be submitted to the Ministry outlining areas of support particularly for the emphasis on waste reduction and advancement of an organics action plan, as well as detailing areas of concern including maintaining service levels, recognition of energy-from-waste, ensuring a strong municipal role and fair compensation.

Continuous Improvement Fund recently awarded a grant to York Region for the Full Cost Accounting Study, which will provide a detailed baseline to understand financial impacts of the Waste Free Ontario Act on local and Regional budgets. The Full Cost Accounting Study includes development of a Data Acquisition Template, which will be shared with other municipalities. Information gathered will support advocacy efforts and negotiations with producer groups regarding any required compensation for or transition of program responsibilities.

The Region and its local municipal partners will continue to work collaboratively to advocate for the principles endorsed by Council. Staff are attending a municipal workshop on the *Waste Free Ontario Act*, facilitated by AMO on February 8, 2017, and will continue to be actively engaged with other municipalities and associations in order to strengthen the municipal position and ensure alignment on key principles.

With numerous consultation and developments forthcoming, updates will be brought to Council as required and with the Annual Diversion Report scheduled for fall 2017.

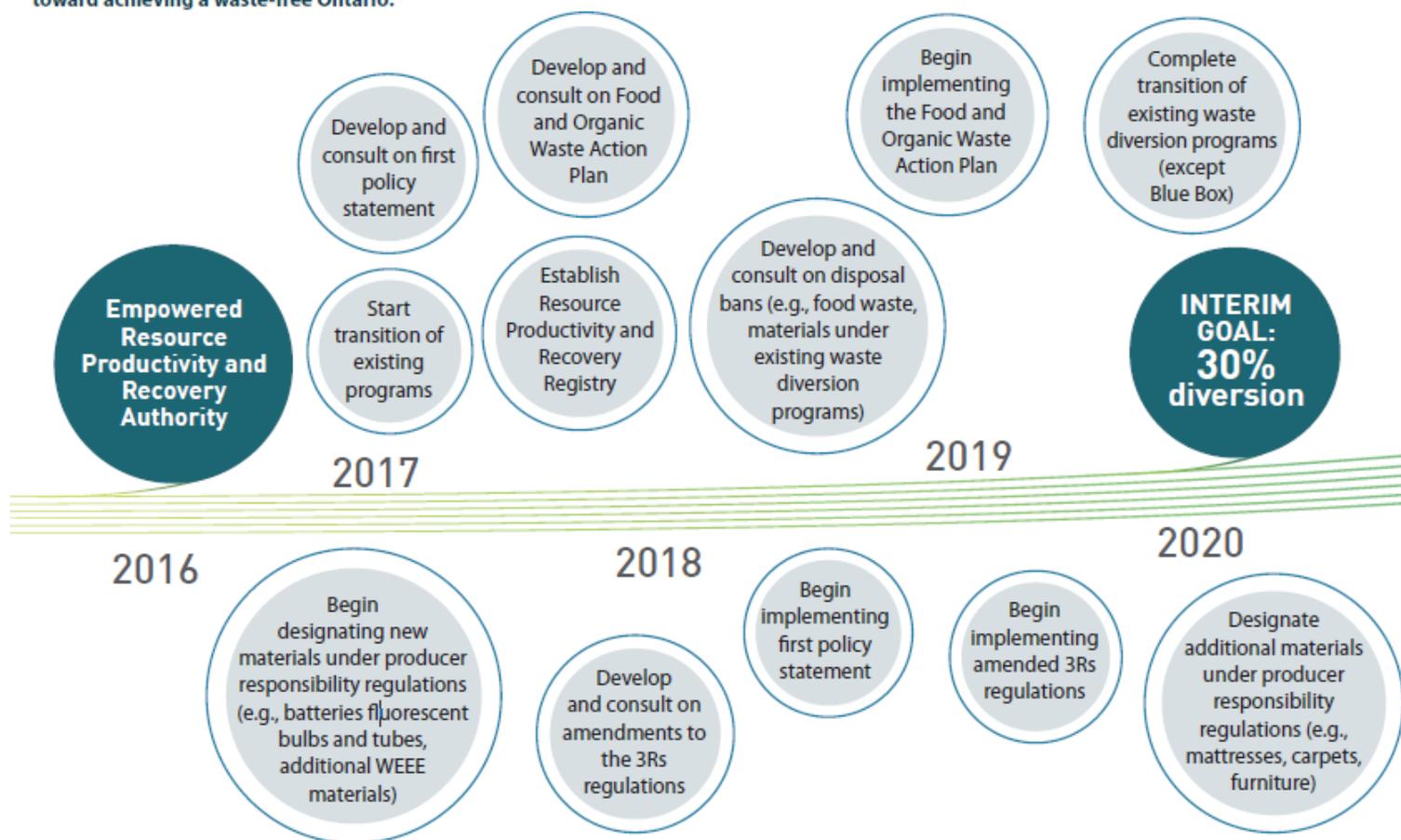
Erin Mahoney, M. Eng.  
Commissioner of Environmental Services

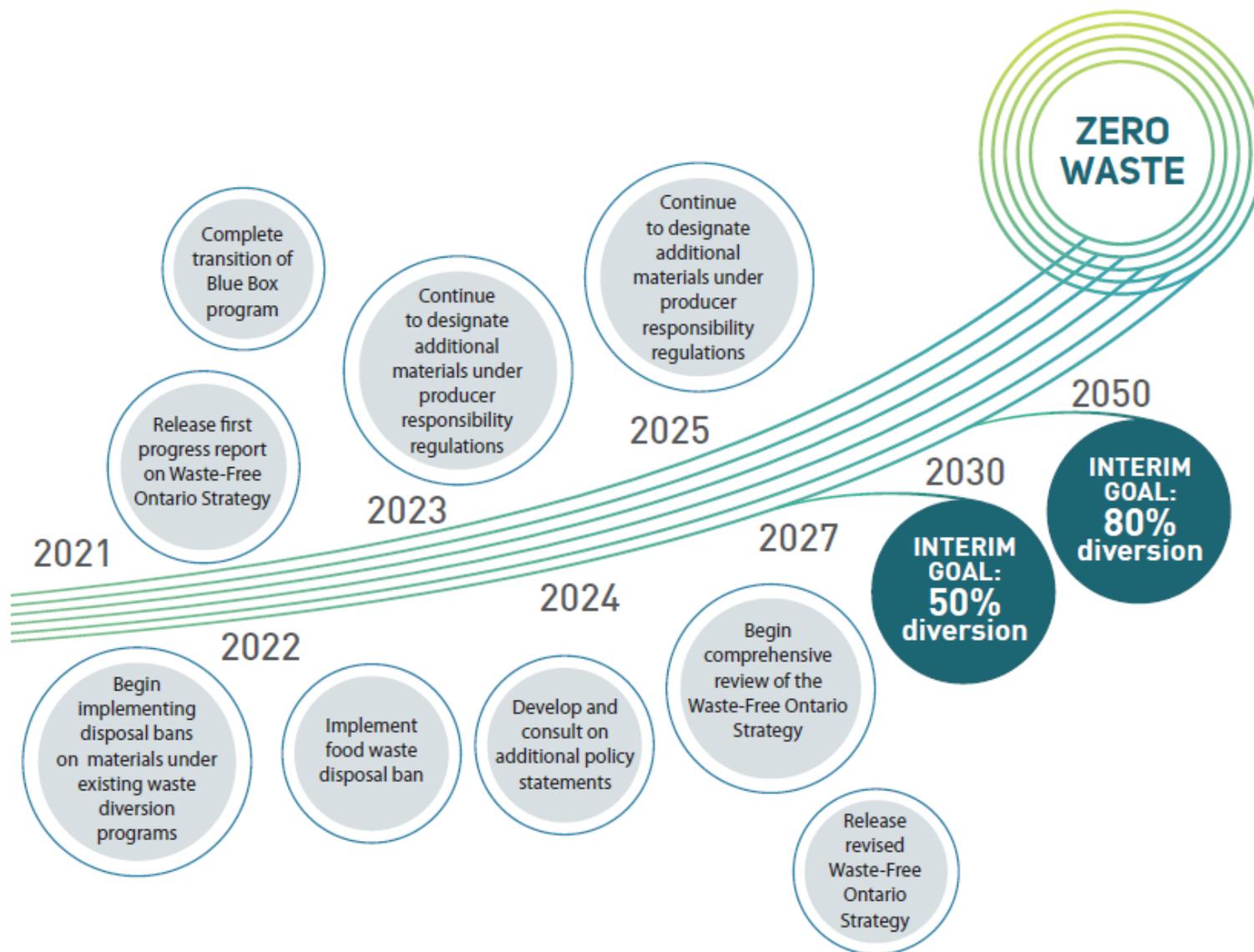
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# Timeline for Transition to Waste-Free Ontario (Excerpt from Strategy for a Waste-Free Ontario)

## Transforming Ontario into a Leader

The following timeline will guide our path toward achieving a waste-free Ontario:





## Attachment 2

### Principles Advocated by York Region and Areas of Alignment with the Final Strategy

Key Principle Advocated by York Region	Alignment with Final Strategy
A “made-in-Ontario” framework that supports municipal role in integrated waste management system	Principle and associated advocacy efforts are reflected in final strategy, with current municipal role in operating integrated waste management system acknowledged. As the strategy is high level, details on how transition of Blue Box program could impact municipal integrated waste management systems are unclear until policy statements, program plans, and regulations are developed.
Municipal seat at discussion table	Final strategy revised to recognize municipalities as unique stakeholders to be consulted throughout the transition process and strategy implementation; however, the recommendation from Association of Municipalities of Ontario that Resource Productivity and Recovery Authority consult with a Municipal Advisory Body was not incorporated into final strategy.
Incent reduction, reuse and recycling to strengthen circular economy	<p>Principle is reflected in final strategy with proposed actions in aligned with the SM4RT Living Plan, including:</p> <ul style="list-style-type: none"> <li>• Regulations that establish reduction, reuse and recycling requirements, targets and service standards;</li> <li>• New materials designated under producer responsibility regime;</li> <li>• Disposal bans implemented to direct materials to end-markets;</li> <li>• Government procurement policies reviewed to build market demand for recovered materials.</li> </ul>
Full Cost Recovery	<p>Detail in final strategy is not sufficient to assure municipalities will realize full cost recovery. Costs of managing designated materials that end up in other municipal waste streams, and enforcing disposal bans will be advocated for throughout the consultation process.</p> <p>Final strategy indicates timeline of approximately 2022 to complete transition of Blue Box Program. Although the Minister has power to increase portion producers pay as transition progresses towards full producer responsibility, strategy does not address whether municipalities will receive full 50 per cent reimbursement, nor whether Producer share of funding will increase above 50 per cent. Stewards may continue to dispute costs incurred by municipalities, which will require further negotiations.</p>
Recognize energy-from-waste as preferred alternative to landfill	Province will look for innovative ways to reduce impact landfills have on environment and slow number of landfills needed; however, energy-from-waste not recognized as a preferred alternative to landfill. Energy-from-waste will not count towards diversion.

<p>Fair and transparent oversight</p>	<p>Oversight powers of the new Resource Productivity and Recovery Authority are appropriate and welcomed improvements in the final strategy and include:</p> <ul style="list-style-type: none"> <li>• Inspection powers;</li> <li>• Power to issue compliance and administrative penalty orders;</li> <li>• Ability to conduct investigations, monitor and assess producer's performance.</li> </ul>
<p>Maintain and improve service levels</p>	<p>Principle is reflected in final strategy as it emphasizes transitioning to new framework without service disruption. Existing programs will continue to operate until covered under new producer responsibility regime. Consumer convenience will be maintained or improved, and details on how this will be implemented will be developed through the consultation process.</p>
<p>Fair compensation for assets and contracts</p>	<p>Although the final strategy does not obligate fair compensation for municipal assets and contracts, it identifies that consultation during transition process will include consideration of potentially stranded assets and how to address municipal collection and post-collection management contracts.</p> <p>York Region will continue to advocate that municipalities are fully compensated for providing recycling services and that transfer of responsibilities include existing program infrastructure and fair compensation for program assets. A firm deadline should be set for the transition of all existing Waste Diversion Ontario programs to the Waste-Free Ontario Act framework and Producer's share of operating the existing Blue Box Program should be increased incrementally during transition period.</p>
<p>Compostable packaging standards</p>	<p>Organics action plan identified as a priority and a positive step towards managing organic waste; consultation and development of action plan to begin in 2017. Staff will continue to advocate for standardized compostable packaging.</p>

### Comparison of the Roles and Responsibilities of Resource Productivity and Recovery Authority and Previous Waste Diversion Ontario

#### **Background**

On November 30, 2016, the Resource Productivity and Recovery Authority was proclaimed as part of the new *Waste-Free Ontario Act, 2016* that received Royal Assent in June, 2016. The new Authority is now in operation under the direction of an Initial Board of Directors.

#### **Responsibility of Resource Productivity and Recovery Authority in Comparison to Waste Diversion Ontario**

Under the previous Waste Diversion Act the Minister of the Environment and Climate Change (the Minister) asked Waste Diversion Ontario to work co-operatively with stewards to develop diversion programs for designated materials. Under the new Act, Resource Productivity and Recovery Authority will have new powers and compliance and enforcement tools with enhanced oversight and accountability designed to ensure transparency and effective reporting on producer progress in meeting targets. Resource Productivity and Recovery Authority will no longer be responsible for jointly operating waste diversion programs with Industry Funding Organizations (IFOs). Resource Productivity and Recovery Authority will approve wind up plans developed by IFOs, oversee implementation and develop and operate an electronic registry to monitor producer performance.

#### **Resource Productivity and Recovery Authority Governance**

Until programs are transitioned, Resource Productivity and Recovery Authority will continue to operate in the same manner as the Waste Diversion Ontario Board, with a “skills-based” Board of Directors. The Waste Diversion Ontario Board consisted of Directors appointed by: 1) Association of Municipalities of Ontario and Ontario and Regional Public Works Commissioners of Ontario; 2) City of Toronto; 3) Recycling Council of Ontario and Ontario Environment Network; 4) the Minister; and 5) Producers. Under the Act, the Minister appointed five members of Resource Productivity and Recovery Authority’s Board who will in turn elect up to a maximum of six additional members.

The Minister can require the Resource Productivity and Recovery Authority to establish Advisory Councils to seek input from the public and stakeholders on a range of issues. An annual public report will be provided to the Minister, including an independently audited financial statement and results of compliance actions. The Resource Productivity and Recovery Authority can be audited by the Auditor General.