

EVOLUTION OF EPR IN ONTARIO

Recycling Council of Alberta's
Conference
October 3, 2019



AGENDA

- The Importance of Context
- Ontario's New Approach to EPR
- What lessons can Alberta learn from Ontario

IMPORTANCE OF CONTEXT

- Policy is often a reflection of certain political, geographic, cultural and time and path specific circumstances (e.g. population densities / economies)
- It is constantly evolving based on circumstances
- Easy to critique past policies and to pretend to understand the nuances of every jurisdiction
- Focus of presentation is the Blue Box but can speak to other programs

ORIGINS



1980s

- First Blue Box pilot in Kitchener
- Voluntary agreement by soft drink industry to partially fund municipal programs (voluntary)
- Changes to refillable laws

2000s

- Waste Diversion Act (WDA) passed with shared responsibility model (50/50 cost sharing)
- New programs for tires, EEE, HHW
- Review of WDA

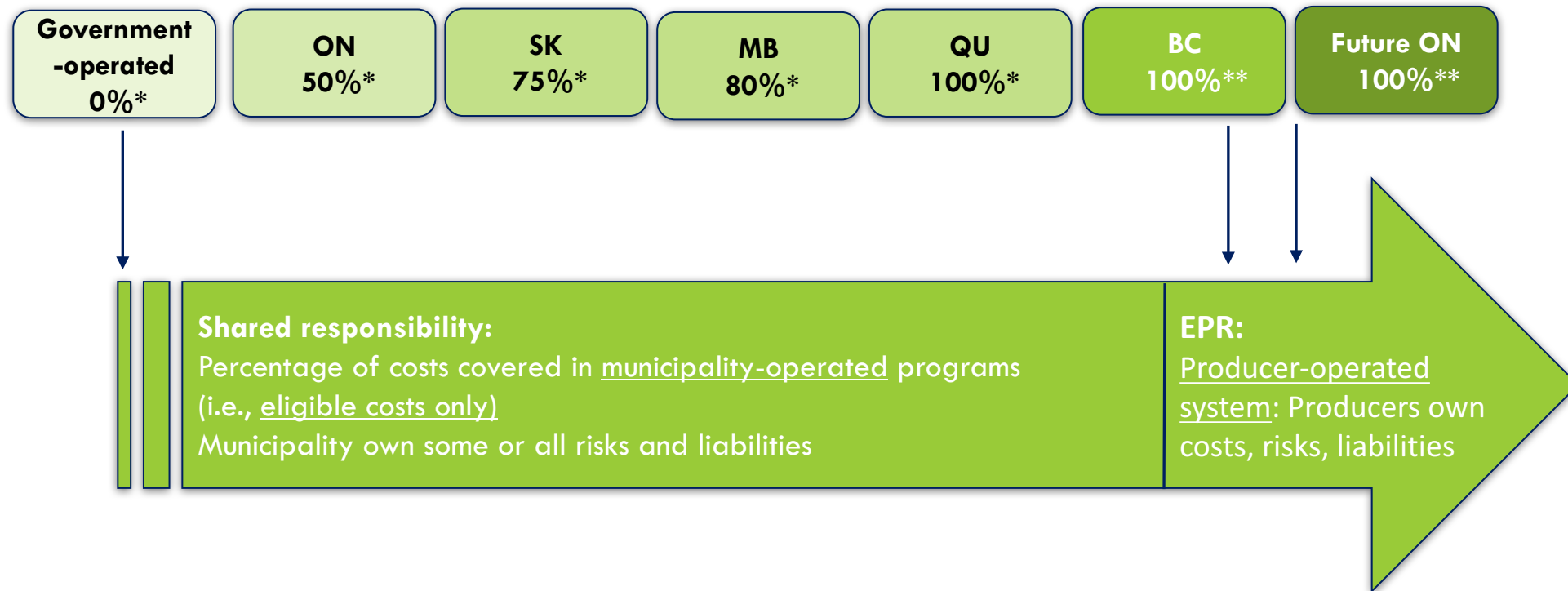
1990s

- New regulation forcing municipalities 5,000+ to have curbside recycling programs and requirements for business
- Government funding provided
- Escalating costs led to sustainability issue

2010s

- Number of political issues related to programs
- First gov't legislation proposed & failed (moved to 100% funding but municipal control)
- Waste Free Ontario Act passed with unanimous support (100% funding & industry has full control)

PRODUCER STEWARDSHIP PPP SPECTRUM IN CANADA



* Producer funding obligation

** BC & Future ON producers are operationally and financially responsible

WASTE DIVERSION ACT (WDA) – SHARED RESPONSIBILITY MODEL – BLUE BOX



- Designates materials; requests WDO to develop programs, approves program plans
- Limited enforcement ability

- Oversee development, implementation & operation of diversion programs; works with IFOs to develop programs
- Limited tools to oversee IFOs

- Gov't convened agency that establishes a program plan
- Main function is to partially fund waste diversion programs
- Limited tools for oversight

- Municipalities autonomy to make all operational decisions (exception certain materials required to collect)
- Producers pay bills provided by IFO
- Minimal interaction

SUCCESS & FAILURES



- **Success:**
 - First program of its kind in North America to get industry to pay (excluding DRS)
 - 95%+ accessibility rate
 - 60%+ diversion rate
- **However, major underlying issues:**
 - Little to no ability to affect costs (municipalities & producers) & ongoing friction
 - Escalating costs, market issues and high contamination
 - Lack of ownership of results
 - System unable to readily adapt to changing markets
 - Lack of standardization - consumer confusion
 - Stagnated diversion rates
 - Little producer innovation (required to pay fees even if prefer a self managed system)
 - Little oversight and enforcement abilities
 - Focus on regulating process over mandating, measuring and enforcing outcomes
 - Growing concerns with other programs about how IFOs treated the marketplace

WASTE FREE ONTARIO ACT

- Over 10 years of conversations on reform with successive governments
- Growing alignment of stakeholder/political positions, better understanding between groups and more collaboration

Goals:

- Promote market freedom – allow parties to choose how they interact with one another
- Allow producers to have control over how they meet their obligations
- Allow business to compete in an open and fair marketplace
- Improve environmental outcomes
- Ensure better oversight and enforcement

WASTE FREE ONTARIO ACT — FULL RESPONSIBILITY



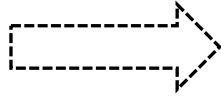
Ontario



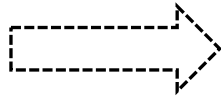
Producers



Municipalities &
Service Providers



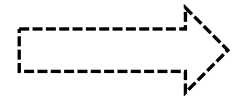
- Sets outcomes through regulation – requirements/ targets/ standards
- Improved oversight
- Do not approve plans



- Establishes, maintain & operates a data registry
- Compliance/enforcement
- Strong tools to address free-riders & poor performers



- Accountable for meeting outcomes (operationally and financially)
- Report on performance
- Provides choice with how to convene & meet outcomes



- Open and fair competition
- Certain outcomes can be applied as well to service providers (i.e., registration, P&E)

REGULATION

Defines the following:

- What is captured – e.g., product, primary packaging, convenience packaging, transportation packaging
- Who is responsible – e.g., brand holder, first importer ...
- Who must register and with what – e.g., Producer, producer responsibility organization, service provider
- What are the collection responsibilities – e.g., accessibility and the need for a common collection system including a standardized list of materials, collection targets)
- What are the management responsibilities – e.g., recycling targets and management standards)
- What promotion and education is required and by who
- What reporting and auditing is required and how often
- What requirements there might be related to waste reduction – e.g., incentives

HOW DOES ONTARIO DIFFER FROM BC

Ontario Approach



British Columbia Approach



Main differences:

- Oversight / enforcement (government vs fee per service), and
- Need for stewardship plans to be approved (process vs outcomes)

ONTARIO'S PATHWAY TO FULL EPR FOR THE BLUE BOX

Province led a mediation process between industry and the municipal sector which resulted in an agreed upon pathway to transition Blue Box

1. Measured timeline to transition

- 2019 – 2020 – Government to develop and consult on a new regulation
- 2021 – 2022 – Producers to organize and prepare for transition (e.g., establishment of contracts)
- 2023 – 2025 – Transition all municipalities to full producer responsibility

2. Ensure a common collection system

3. Provide for a common understanding of eligible sources (e.g., residential), diversion targets (e.g., material specific), need for a standardized list of materials

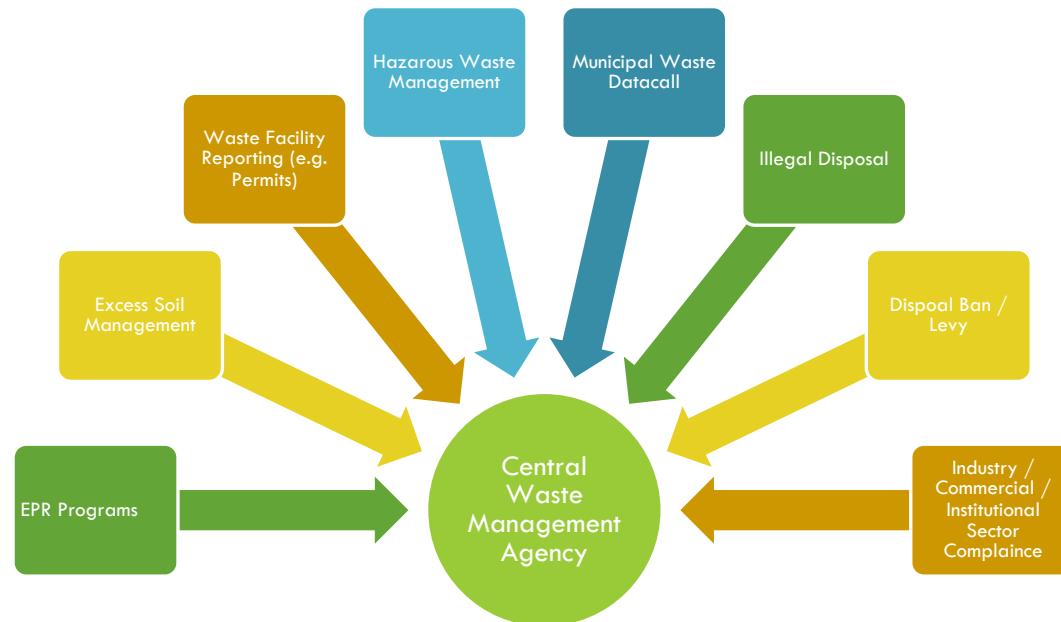
LESSON LEARNT — ORGANIZATION & COMMUNICATION

Organizational

- Lot of important work undertaken by all the stakeholders to better organize & develop positions
 - Municipalities formed a collective group (Municipal 3Rs Collaborative) to research, develop positions, educate/inform and work w/ others
 - Producers also working together (RCC, FCPC, CBA) as well as service providers (OWMA)
- Need for direct and open dialogues — helps with understanding the issues, development of a reasoned solution and an understandable storyline
- Context different but also need for other jurisdictions to learn from one another

LESSON LEARNT — OVERSIGHT, DATA & ENFORCEMENT

- Need real audited data and clarity on definitions and metrics
- Strong penalties and varying enforcement capabilities
- Need for a proper oversight agency that has proper enforcement



LESSONS LEARNT — TARGETS / REQUIREMENTS

- Performance targets and accessibility requirements need to be set high and be progressive
- Importance of how set:
 - Collection vs recycling including proper definitions
 - Basket of goods vs material specific
 - Exclusive list vs inclusive (e.g., primary, convenience, transportation packaging)

LESSONS LEARNT — COMPETITION & CLARITY

- Importance to create an environment that allows for free interaction of parties and in turn innovation
- Application to collectors, processors and producers
- Focus on the outcomes sought versus gov't controlling the process to get there (e.g., approving stewardship agencies and their plans vs setting and enforcing high targets)
- All regulated parties need to understand clearly how they are being regulated and the consequences for not being in compliance as early as possible

LESSONS LEARNT — EPR IS NOT A PANACEA

- EPR is an important tool and producer better situated to manage end-of-life materials (need to be independently responsible)
- However, it will not solve all the current issues related to waste management
- Usually not stand alone and should be considered with other complimentary measures that:
 - remove barriers (e.g., definition of waste, collection, processing, procurement ...),
 - support end markets and research,
 - remove problematic materials (government or producer role?), and
 - Price externalities

THANK YOU & QUESTIONS

Peter Hargreave

Policy Integrity Inc.

phargreave@policyintegrity.ca

905-741-2171

www.policyintegrity.ca