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September 19, 2018

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RE: RESPONSE TO NATIONAL ZERO PLASTIC WASTE STRATEGY

To Whom It May Concern,

On behalf of Ontario's more than 3,000 environment and cleantech firms, the Ontario Environment Industry Association (ONEIA) is pleased to provide our comments on the National Zero Plastic Waste Strategy (Strategy) for Canada. We support your efforts on this federal-provincial-territorial approach to keep plastic wastes within the economy and out of disposal and the environment.

Ontario is home to Canada's largest group of environment and cleantech companies which employ more than 65,000 people across a range of sectors including waste services, water, brownfields and environmental consulting. These companies contribute more than \$8-billion to the provincial economy, with approximately \$1-billion of this amount coming from export earnings. ONEIA's resource recovery companies provide a diverse range of services including materials collection and transfer, organics and recycling solutions, alternative energy systems and landfill and waste to energy disposal.

Members of ONEIA are committed to engaging and collaborating with governments to develop policies and regulations that are consistent with our principles of sound science, sound environment and a sound economy. To that end, we convened a working group of members drawn from across the waste services members to review the proposed Strategy.

SETTING THE CONTEXT

The Strategy has identified five main areas where it believes Canada can address plastic waste:

- Sustainable design and production - changing how we create plastics to extend their life and eliminate waste.
- Collection and management - improving how we collect and manage plastics at the end of their life.
- Sustainable lifestyle and education - helping consumers and companies to make sustainable choices, raising Canadians' awareness of the issue, and empowering them to find solutions.
- Research and innovation - strengthening our knowledge and advancing innovation to develop solutions.

- Action on the ground - mobilizing Canadians, including governments, businesses and individuals, to keep our environment and waters clean and healthy.

ONEIA believes there is a disconnect between the activities of several key stakeholders along the materials chain of custody which has contributed to some of the environmental and economic issues around the management of plastics that will be addressed later. Hence, ONEIA agrees that the Strategy will require a collaborative effort from Canadians, including all levels of governments, waste services providers, waste producers, technology innovators, business and industry associations, Indigenous peoples, researchers and packaging experts, non-profit organizations and individuals including youth to understand these issues.

Many of ONEIA's members in the waste services sector operate in other jurisdictions across Canada and in the development of this paper share similar viewpoints toward this Strategy. It is important to note that while the private waste services industry does not have the ability to influence the design of products and packaging, they do understand the environmental and economic challenges and opportunities associated with the recovery, diversion and processing of these materials. To serve its customers, the waste services industry must plan, educate customers and operate the collection and management of the systems for the recovery of the materials that producers sell into the market. Therefore, ONEIA will focus its comments on the issues pertaining to materials collection, management, and innovation.

THE ONTARIO WASTE ENVIRONMENT

The governance of waste management in Ontario is undergoing significant transformational change. The passage of the Resource Recovery and Circular Economy Act along with the introduction of the Waste Free Ontario Strategy is not only fundamentally changing the way waste and materials recovery is managed but is potentially eliminating barriers to entry for companies that offer innovative waste processing technologies and new end markets for these materials.

In Ontario, non-hazardous solid waste can be divided into two sectors – municipal and industrial, commercial and institutional (IC&I). The municipal sector generates approximately 30 percent of the non-hazardous solid waste produced in Ontario, which is predominantly from single-family dwellings. Most waste diversion is conducted through curbside collection. This waste stream is virtually homogeneous with respect to the type and volume of materials that are collected on a weekly or bi-weekly basis. In Ontario, like other jurisdictions, curbside collection is predominantly conducted by private waste service providers on behalf of Stewardship Ontario or municipalities. These materials are then segregated and returned as resources to the economy. By contrast, the IC&I sector generates approximately 70 percent of the non-hazardous solid waste produced in Ontario. Waste diversion within the IC&I

sector varies widely as volumes and sources of materials are generated from a myriad of activities including construction, retail, professional services, industrial manufacturing, food services, hospitals, schools and multi-family dwellings to name only a few.

While many of the large brand owners have and continue to demonstrate leadership in promoting responsible product stewardship, other companies have not been as progressive for a wide range of reasons. Hence, diversion rates can vary widely

between IC&I activities. Producer responsibility programs like those in the municipal sector are not as effective in the IC&I sector because of the diversity of the materials and sources of generation. As a result, waste diversion in this sector lags the municipal sector for a multitude of reasons as diverse as the sectors within it.

Like other jurisdictions across North America, Ontario is experiencing similar issues with respect to waste diversion and recycling including the concept of the 'evolving tonne' whereby there has been a shift in the composition and source of materials that has resulted in a reduction in waste diversion rates. Given the concept of the evolving tonne, there have been calls from stakeholders along the materials chain of custody to move from weight-based metrics to a life cycle analysis. Using established and accepted methodology by the U.S. EPA, the life cycle analysis is a better measurement of environmental impacts and benefits which better articulate how recycling drives GHG reduction and energy savings.

One of the most significant challenges facing the Ontario waste services industry, as well as its counterparts across Canada, has been the surge in plastics (recyclable and non-recyclable) and plastic composite/multi-laminate products and packaging, that bring many environmental lifecycle (reduced GHG, energy use, climate change benefits) and economic benefits than the alternatives despite their current lack of recyclability. These materials are rapidly displacing recyclable paper, metal and glass packaging that have long been the key materials of the municipal curbside diversion program. The increase in plastic and plastic composite products and packaging materials collected has resulted in higher contamination rates at recycling facilities specifically those facilities without more advanced sortation systems. With little to no value and no viable end markets for these materials, they are being disposed of in landfills and/or waste to energy facilities. This is creating an economic burden on the cost of both municipal and IC&I diversion programs which has been exacerbated by China's National Sword Program introduced at the beginning of this year and subsequent tariff actions.

The proliferation of these plastic materials and packaging being disposed or ending up in the environment can be attributed in part to a disconnect between stakeholders along the material chain of custody - from entry into the market through to end markets. This is by no means specific to Ontario as this is occurring right across Canada and the U.S. The following are proposed solutions that ONEIA would suggest the three levels of governments (federal, provincial and municipal) consider when developing its plastic waste strategy.

LACK OF END MARKETS

One of the failings in the recyclability of plastics has been the lack of pull or end markets for these materials. This disconnect between the materials collected and end markets is due in large part to a combination of weak commodity prices for these materials and demand for post-consumer plastic end markets.

ONEIA believes a solution could be supported by governments at all three levels using their existing procurement programs to stimulate end markets and create pull for these materials which in turn can stimulate the development of a broader circular economy.

In 2012, ONEIA highlighted in its Still Ready to Grow Report that many international markets can point to significant contracts that processors and end markets have with

governments and other public entities in their own countries. Whether it is the implementation of new technology or a system wide purchase of recycled goods, such contracts often give companies the reassurance that they will not be taking a risk with a technology, product or service. International competitors to Ontario waste services firms can offer these examples because, in many cases, governments in their home jurisdictions have used their procurement efforts to support their leading-edge resource recovery companies.

Key to the opening of new markets to process non-recycled plastics, is the expansion of the value recovery hierarchy to fully derive the available value from plastics. Even if Canada were to triple mechanical recycling capacity, the country would still be unable to meet the ambitious G7 goals for 100 percent reused, recycled or recovered plastics. Organizations such as the Canadian Plastics Industry Association have recommended the inclusion of other forms of recovery such as chemical (molecule-to-molecule) recycling in the hierarchy. Currently, post-use, non-recyclable plastics are being transformed into valuable fuels and feedstocks for new chemicals and other materials through advanced recovery technologies. Converting these growing feedstocks into energy and new input feedstocks could complement traditional mechanical recycling and reduce the amount of materials that are currently being sent to final disposal. These technologies produce very diverse yields and energy for the circular economy to maximize plastics benefits and leverage its inherent value. Promoting domestic and international markets can also reduce our dependence on foreign markets which will also have environmental and economic benefits for Canada.

However, for a circular economy to take hold in jurisdictions such as Ontario, as well as across Canada, there is a need for a public policy environment that protects and encourages open and competitive markets that allow for the organic development of dense collection networks which in turn drives higher productivity while maximizing internalization opportunities. This market environment helps de-risk investments in new recycling infrastructure and manufacturing facilities. Given the patchwork of regulations across the country, this fragmented approach can destabilize the materials market and the results can be counterproductive.

It is also recommended that there be a consistent approach to materials management through residential and IC&I resource recovery systems to provide a steady and consistent feedstock supply and ensure the sustainability of existing domestic markets. Harmonized policies across Canada will incent the development of advanced recovery options including energy capture. For the waste and recycling/recovery industries, changes to policies and regulations would allow plastics used by innovative companies, who are extracting value by transforming them into other products, to be labeled as manufacturing inputs/feedstocks and not waste.

FOCUS ON CREATING WINNING CONDITIONS, NOT PICKING “WINNERS” OR “LOSERS”

As highlighted in ONEIA’s Still Ready to Grow Report (2010), one of the critical issues that often arises when governments are attempting to stimulate new markets is to support specific approaches and technologies through legislation, regulation and/or public policy. Not only is it inappropriate for governments to try to predict the needs of future markets, but when they do, they have a less-than stellar record in guessing what the market will need in coming years.

ONEIA advises governments not to focus on policies and regulations that pick “winners” and conversely “losers” but instead create an environment that helps a broad range of waste services companies and technology providers to adapt and deliver success. Rather than adopting policies that are prescriptive and/or focus on a specific type of technology or service, governments should adopt broader policies that ensure environmental protections are in place while encouraging and enabling all companies in the sector to respond to market needs.

This point was reiterated in a 2011 study in the Stanford Social Innovation Review that identified four reasons that government policies to support perceived “winning” environment and cleantech technologies often do not produce the intended results:

- Technical challenges: the solution, while promising on paper, faces insurmountable technical challenges that prevent it from being adopted by the market;
- Incompatible with existing systems: many solutions require completely new ways of operating that are too far removed from existing methods of doing business;
- Head-on competition with existing technologies: current solutions are often easier and far more cost-effective than new ones, unless regulations favour new approaches or pricing mechanisms include a phase-in incentive, and;
- Customers do not value the new solution: many new solutions do not offer customers a simpler, more effective way to solve their current problems over and above their existing solutions.

The authors concluded that governments should tread very carefully when making environmental policies to ensure they are not artificially supporting approaches that while superficially attractive may have unintended consequences for a future market base. Government actions have not always been consistent in this regard.

To this end, ONEIA recommends that all three levels of governments commit to conduct a comprehensive review of existing waste management policies and programs to create a public policy environment that will create pull for plastics as well as other materials and address disconnections along the chain of custody of these materials. This will ensure that any new initiatives enhance the performance of the Strategy as well as facilitate investment in the development of a circular economy. However, for a circular economy to take hold in Ontario and Canada, there are two key factors that influence investment – an open and competitive market and regulatory certainty.

CREATING REGULATORY CERTAINTY

Like many jurisdictions across Canada, Ontario is also challenged with insufficient capacity in waste management infrastructure (e.g. waste diversion, processing, disposal, etc.) to manage its waste and recyclables within the regions and secure end markets for these products. Operational and environmental challenges and other outcomes are the result.

As previously highlighted, open and competitive markets help de-risk investments in new recycling infrastructure and manufacturing facilities as investment capital flows

more readily to those jurisdictions where it can be most effectively utilized and where the returns are the greatest.

With respect to regulatory certainty, ONEIA believes in regulation. However, it must be developed in conjunction with the private sector that establishes clearly-defined policy objectives that protects the environment but also creates systematic incentives that allow companies to invest in new and innovative technologies and approaches. Approval processes and permitting should be outcome-focused and based on sound science and economics that encourage solution providers and the market to develop innovative ways to meet these standards.

The materials that the waste services industry collect, and process are commodities within a competitive global economy. If the private waste services industry is to serve the needs of our customers as well as grow and thrive, there needs to be a regulatory framework that is consistent, effective and fast-moving. This will not only encourage companies to invest in new and innovative technologies and approaches but also incent those companies to use these feedstocks to create value-added products in the regions where the feedstocks originate thus lowering costs for brand owners, municipalities and taxpayers. However, any targeted action on reducing plastic products and packaging including bans, fees or recycled content requirements must undergo a full economic analysis before approval and implementation so as not to cause unintended consequences. In short, no ban without a plan.

To that end, there needs to be a truly joint process whereby government sets the policy outcomes it wants and then collaboratively engages the waste services industry to determine the best way to achieve these policies and the outcomes we both hope to deliver.

GOING FORWARD

The private waste services members of ONEIA can play a pivotal role in enhancing diversion of plastics in both the municipal and IC&I sectors by providing our strengths in logistics and infrastructure to collect and process these materials in an environmentally responsible manner and return them to the economy as secondary resources. We regard these examples as a sustainable approach to resource reallocation and the promotion of a circular economy.

ONEIA has long advocated for a truly joint process whereby governments set the policy outcomes it wants and then collaboratively engages the waste services industry and other stakeholders to determine the best way to achieve these policies.

It is important to note that ONEIA does not believe in silver bullet approaches. What works in Ontario may not be efficient or effective in other provinces. Rather, ONEIA recommends that each provincial and territorial Minister of Environment direct their respective ministry to engage with the private waste services industry, local governments, brand owners and other pertinent stakeholders along the materials chain of custody to discuss the key challenges and opportunities to increase plastic waste diversion in both the municipal and IC&I sectors within their respective provinces.

ONEIA supports the establishment of the circular economy that is supported by a sustainable materials management systems approach to using and reusing materials more productively over their entire life cycle. However, reaching the goal of 100

percent zero plastic waste may be unattainable unless new and advanced recycling and recovery technologies are recognized as diversion from disposal. By taking a holistic approach to the lifecycle of product and packaging, a sustainable materials management framework complements a circular economy.

Toward this effort, ONEIA recommends the following components of a national zero plastic waste strategy.

- Any strategy must include all stakeholders involved in the chain of custody of plastic materials and include representatives that are directly involved in the private waste services industry specifically in the collection and processing side of the business.
- Any discussion of the structure or restructure of waste diversion and management policies and regulations should:
 - be outcomes-based;
 - provide economic incentives to incent investment;
 - encourage collaboration and interaction through open and competitive markets, and;
 - be flexible to encourage continuous improvements and innovation through the support and development of innovative technologies.
- Producers including brand owners and first importers must be fiscally responsible for the management of their products and packaging at their end of life. However, we do not recommend that producer responsibility programs currently in place for municipal diversion programs be introduced into the IC&I sector as these programs would exacerbate many of the stated issues of concern. Rather, specific producer responsibility programs (construction and demolition, food waste organics, etc.) should be developed.
- Establishment of nationally harmonized definitions and performance standards to ensure claims of recyclability or compostable products so as not to inundate local markets with materials that municipal and industry collection systems cannot process.
- Any targeted action on reducing plastic products and packaging including bans, fees or recycled content requirements must undergo a science-based life cycle analysis (which includes economic) before approval and implementation so as not to cause unintended consequences.
- Government's at all three levels should commit to procurement programs to stimulate these end markets and create pull for these materials which in turn can stimulate the development of a broader circular economy.

The above points and issues raised in the preceding sections hopefully can serve as another perspective for the federal-provincial-territorial approach to develop a coordinated and robust national strategy and program to address and sustainably increase plastic waste diversion and end markets for those materials.

ONEIA stands ready and willing to work with the Canadian, Ontario and local governments to address the issue of plastic waste diversion. For further information, please contact me at agill@oneia.ca or at 416-531-7884.

Sincerely,



Alex Gill
Executive Director

On behalf of

Randy Cluff
Co-Chair, Resource Recovery
Committee

Brandon Moffatt
Co-Chair, Resource Recovery
Committee

- c. The Hon. Rod Phillips, Minister of Environment, Conservation & Parks
Serge Imbrogno, Deputy Minister, Ontario Ministry of Environment
Stephen Lucas, Deputy Minister, Environment and Climate Change Canada
Michael Goeres, Executive Director, Canadian Council of Ministers of the Environment