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July 15, 2019

David Lindsay
Special Advisor to the Minister
of Environment, Conservation & Parks
c/o Ministry of Environment, Conservation & Parks
Resource Recovery Policy Branch
40 St Clair Ave West
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Delivered via e-mail to RRPB.Mail@ontario.ca

RE: Comments on modernizing the Blue Box program and dealing with plastic waste and litter in our communities

Dear Mr. Lindsay,

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 improving Ontario's waste diversion and recycling to keep plastic and recyclable materials out of disposal and the environment while ensuring our recycling system is more consistent, reliable and cost-effective for Ontarians.

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 private waste/resource recovery 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. ONEIA members 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 spectrum of waste services to provide our comments.

Many of ONEIA's members in the private waste services sector operate in other jurisdictions across Canada, the United States and around the world. In the development of this submission, they have shared their experiences in those jurisdictions where similar policy and regulatory issues are being discussed and have been implemented.

It is important to note that while private waste services companies manage the majority of the waste and diversion in Ontario, these firms do not have the ability to influence the design of products and packaging. This subsector of our industry does, however, understand the economic and environmental challenges and opportunities associated with the recovery, diversion and processing of these materials. To serve their customers, waste services companies must proactively plan, educate customers and operate the collection and post-collection/management of the systems that recover the materials that producers sell into the market.

In keeping with the objectives of your mandate, ONEIA will focus its comments predominantly on the issues pertaining to the collection and post-collection management of waste materials specifically in the Industrial, Commercial and Institutional (IC&I) sector, which according to Statistics Canada accounts for 65% of the waste generated in Canada each year.

SETTING THE CONTEXT

ONEIA believes there is a disconnect between the activities of several key stakeholders along the waste materials chain of custody and this has contributed to some of the economic and environmental challenges around the management of recyclables in Ontario. We therefore believe that a more collaborative effort is required involving the input of private waste services providers, specifically in the areas of collection and post-collection of these materials.

In Ontario, non-hazardous solid waste originates from either municipalities or the IC&I sector. Municipal waste accounts for approximately one-third of this amount and comes predominantly from single-family dwellings. Most waste diversion is conducted through curbside collection of this waste stream via the Blue Box Program. These materials are virtually homogeneous with respect to the type and volume 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 diverted materials are then segregated and returned as resources to the economy.

By contrast, the two-thirds of the non-hazardous solid waste stream generated by the IC&I sector varies widely as volumes and sources of materials are generated from a myriad of activities including construction and demolition, retail, industrial manufacturing, food services, hospitals, schools and multi-family dwellings (to name but a few).

While many of the large brand owners have and continue to demonstrate leadership in promoting responsible product stewardship, other companies have had challenges increasing the diversion of their wastes for a wide range of reasons. As such, diversion rates can vary widely between waste generators and IC&I activities. Producer responsibility programs for materials similar to those collected in the municipal sector are not as effective in the IC&I sector because of the incredible diversity of the materials and the high number of sources of generation.

Compounding the situation is that the base of registered stewards is made up of only those organizations resident in Ontario that supply products into the market. This means that a smaller number of registered organizations are absorbing *all* the costs of packaging. This includes those materials that are ordered online and “drop-shipped” direct to the consumer, a practice commonly referred to as “E-tailing.” With such online purchasing increasing each year, Ontario’s waste and recycling system needs to address these costs.

As a result, waste diversion in this sector lags the municipal sector for a large number of reasons as diverse as the sectors within it.

Like other jurisdictions across North America, Ontario is experiencing the concept of the “evolving tonne” whereby the composition and source of a the materials that make up a tonne of the waste stream has changed over time and resulted in a reduction in waste diversion rates. In a sample tonne of waste materials, we have seen a surge in plastics (recyclable and non-recyclable) and plastic composite/multi-laminate products and packaging. While many of these materials are currently not recyclable, they have other

environmental lifecycle benefits (e.g. reduced GHG, energy use, climate change benefits) and economic benefits (cheaper and in some cases more durable).

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, for example, has resulted in higher contamination rates at recycling facilities specifically those facilities without more advanced sorting systems. With little to no value and no viable end markets for these materials, these materials are often disposed of in landfills and/or waste to energy facilities.

As this portion of the waste stream increases, this increases costs of both municipal and IC&I diversion programs and this has been exacerbated by China's National Sword program introduced at the beginning of 2018. The proliferation of these plastic materials and packaging being disposed of 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.

It is important to note that many stakeholders along this chain of custody have been advocating a shift from weight-based metrics (tonnes diverted) to a life-cycle analysis of these products. Using established and accepted methodologies pioneered by the U.S. EPA, life-cycle analysis is considered a better measurement of environmental impacts and benefits and is arguably a better way to measure how diversion and recycling drives GHG reduction and energy savings.

The above issues are by no means specific to Ontario and occurring in jurisdictions across Canada and the United States. The following are proposed solutions that ONEIA would suggest the Ontario government consider for improving waste diversion and recycling while ensuring Ontario's recycling system is more consistent, reliable and cost-effective.

LACK OF END MARKETS

One of the failings in the recyclability of plastics and other materials 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 a demand for these materials. In 2011, ONEIA highlighted in its *Still Ready to Grow* Report that many international jurisdictions have significant contracts between processors and end markets on the one hand and governments and other public entities on the other. 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 companies are often at a competitive advantage to Ontario waste services firms because in their home jurisdictions, governments 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, for example, is the expansion of the value recovery hierarchy to fully derive the available value from these materials. 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. Promoting domestic markets can also reduce our dependence on foreign markets which will also have environmental and economic benefits for Canada.

However, for domestic markets to develop in Ontario, we need public policies that encourage open and competitive markets that create dense collection networks which, in turn, will drive higher productivity. Such a market environment will help de-risk investments in new recycling infrastructure and manufacturing facilities. This would address issues caused by the current patchwork of regulations that produce a fragmented, more counterproductive approach.

ONEIA members would also recommend that the Province take a consistent approach to materials management within municipal and IC&I resource recovery systems to provide a steady and consistent feedstock supply and ensure the sustainability of existing domestic markets. Harmonized policies will incent the development of advanced materials recovery options. For the waste and recycling/recovery industries, changes to policies and regulations (e.g. by labelling materials such as plastics as “manufacturing feedstock or inputs” and not waste) would allow innovative companies to extract value from them by transforming them into other products.

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

As highlighted in ONEIA’s 2011 *Still Ready to Grow* Report, governments often make the unintentional error of specifying in legislation, regulation and/or public policy the specific approaches and/or types of technology that should be used, rather than setting clear outcomes and letting the market determine the best way to achieve them. Governments have a poor track record in predicting future markets and their best role is to send strong regulatory and enforcement signals that then allow the market to respond by delivering affordable and efficient solutions.

This point was reiterated in a Stanford Social Innovation Review (2011) study that identified four reasons that government policies to support perceived “winning” environmental 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 future market consequences.

CREATING REGULATORY CERTAINTY

Like many jurisdictions across Canada, Ontario faces the challenge of insufficient capacity in waste management infrastructure (e.g. waste diversion, processing, disposal,

etc.) that will allow it to manage its waste and recyclables properly in every region of the province and ensure markets for repurposed material.

As previously highlighted, open and competitive markets help de-risk investments in new recycling infrastructure and manufacturing facilities. If such conditions are in place, investment capital will flow more readily to jurisdictions where it can be most effectively used and where the returns are the greatest.

ONEIA members believe in regulation and in regulatory certainty. Such regulatory certainty must be developed in conjunction with the private sector so that both parties can set clearly-defined and realistic policy objectives that protect the environment and encourage companies to invest in new and innovative technologies and approaches. Certainty is also aided greatly by timely approvals processes and permitting, and such standards should be outcome-focused and based on sound science and economics to encourage the market to develop innovative solutions.

The materials that waste services companies collect and process are commodities within an increasingly competitive global economy. If these companies are to serve the needs of customers as well as grow and thrive, they require a regulatory framework that is consistent, effective, adaptive and responsive. This will not only encourage companies to invest in new and innovative technologies and approaches, but also incent them to use feedstocks to create value-added products in the regions where the feedstocks originate, thus lowering costs for brand owners, municipalities and taxpayers and creating local jobs in the process. However, any targeted action on reducing plastic products and packaging (including bans, fees or recycled content requirements) must undergo a full economic analysis before implementation so as not to cause unintended consequences.

It is important to note that the Competition Bureau of Canada recently strongly advised the British Columbia Minister of Environment & Climate Change that public policies that require the participation of private waste service providers must be designed in a way that promotes the sustained viability of the markets those policies affect. The success or failure of market participants should depend on their ability to provide the required services in an efficient manner and should not be a consequence of rules and regulations that ignore the importance of promoting fair competition. Failure to address these issues could reduce and/or the eliminate competition in the private waste services sector thereby leading to higher prices, less product choice, lower service and less innovation.

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

SUMMARY

ONEIA members that work in the waste services area can play a pivotal role in increasing the diversion of materials in the municipal and IC&I sectors by collecting and processing these materials in an environmentally responsible manner and returning them to productive use in the economy.

ONEIA has long advocated for a truly joint process whereby governments set the policy outcomes they want and then collaboratively engaging with industry and other stakeholders to determine the best way to achieve these outcomes.

It is important to note that ONEIA does not believe in “silver bullet” or “one size fits all” approaches. What works in other provinces may not be efficient or effective in Ontario. ONEIA strongly recommends that the Ministry of Environment, Conservation & Parks

should engage with private waste services companies to ensure that they are part of the policy discussions with other pertinent stakeholders along the materials chain of custody to discuss the key challenges and opportunities to increase waste diversion in both the municipal and IC&I sectors within Ontario.

Toward this effort, ONEIA recommends the following components for an enhanced provincial waste diversion strategy.

- Any waste diversion strategy must include all stakeholders involved in the chain of custody of materials and include representatives from private waste services companies involved in collection and post-collection activities.
- Any discussion of the structure or restructure of waste diversion and management policies and regulations should:
 - be outcomes-based;
 - provide economic incentives to encourage investment;
 - promote collaboration and interaction through open and competitive markets, and;
 - be flexible to encourage continuous improvement and innovation through the support and development of innovative technologies.
- Any form of public policy that requires the participation of private waste service providers must recognize that designing and implementing any incentives must be done in a manner that promotes the sustained viability of the markets they affect. Not doing so could reduce and/or the eliminate competition and lead to higher prices, less product choice, lower service and less innovation. This would be contrary to the government's stated goal of reducing the burden on businesses and taxpayers. ONEIA would strongly recommend the Province consider the comments of the federal Competition Bureau when contemplating waste diversion regulations for the IC&I as well as the municipal sector.
- 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 likely exacerbate the current situation.
- ONEIA members are supportive of the harmonizing provincial and national standards, definitions and performance standards to ensure claims of recyclability and compostability to ensure local markets are not dealing with materials that they cannot process.
- Any targeted action on reducing plastic and other products and packaging (including bans, fees or recycled content requirements) must undergo a science-based life-cycle analysis (which includes economic factors) before approval and implementation so as not to cause unintended economic and environmental consequences.
- We would encourage the Province and municipalities to explore procurement programs that would stimulate "end markets" for recycled materials.
- With respect to improving waste diversion in the IC&I sector, ONEIA strongly recommends that the province establish an IC&I Waste Diversion Advisory Council. The Council should include representatives from private waste services companies that work in the collection and processing of materials as well as waste generators, other pertinent stakeholders, as well as representative from regional government. ONEIA would be pleased to work with the Province to establish such a Council with the aim of developing an executable solution within 2019.
- With respect to the Blue Box Program:
 - Any transition should be phased in to accommodate market reaction and any adjustments that originate from consultations with municipalities and

industry. This will enable different municipalities and regions who differ in size and population the ability to transition properly.

- The ongoing disruption of global recycling markets has forced municipalities to create extraordinary clean streams of recyclables if they want to export them. Reaching the extremely low contamination levels set by China and other jurisdictions has proved problematic, further increasing costs and demand for a cost-effective end destination, so we would recommend Blue Box program managers undertake a public education program to improve the quality of materials.
- We would recommend careful consultation with stakeholders and waste services companies as the Province transitions its existing programs to avoid service interruptions and the possibility of increasing costs for consumers and taxpayers.

To this end, ONEIA recommends that the Province commit to ensuring that any new initiatives designed to improve materials diversion maintain an open and competitive market and improve regulatory certainty. ONEIA believes these actions will create a public policy environment that will encourage end markets for plastics as well as other materials and address disconnections along the materials chain of custody.

ONEIA and its members look forward to continuing to work with the Province and other stakeholders to address waste diversion issues. Should you have any further information on this submission, please contact me at agill@oneia.ca or at (416) 531-7884.

Yours truly,



Alex Gill
Executive Director

c.c. The Hon. Jeff Yurek, Minister of Environment, Conservation & Parks
Serge Imbrogno, Deputy Minister, Ontario Ministry of Environment,
Conservation and Parks
Charles O'Hara, Director, Resource Recovery Policy Branch