

## Blue Box Recycling Transition Update

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### Report Summary

This report provides information regarding the Province's approval of the final Blue Box Regulation (O. Reg 391/21) which makes producers of designated Blue Box materials fully responsible for the operation and financing of the Blue Box Program and highlights future considerations that will be brought before the Committee for review at a later date.

### Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This information report refers to Asset Management and Service Excellence as well as Climate Change goals as outlines in the 2019-2027 Strategic Plan adopted by City Council.

This report refers to operational matters and has no connection to the Community Energy & Emissions plan.

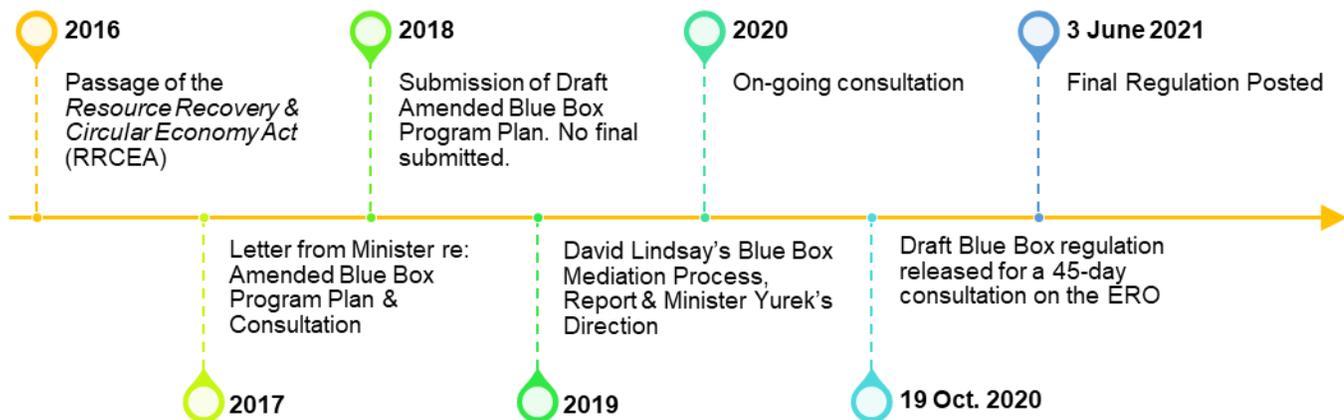
### Financial Implications

There are no financial implications associated with this report at this time. As Staff receive further details on the regulation and impacts to the City of Greater Sudbury the cost associated with any changes will be identified and presented to the Committee.

### Background

On June 3, 2021 the Ministry of Environment, Conservation, and Parks (MECP) published the final Blue Box regulation (O. Reg. 391/21) under the *Resource Productivity and Circular Economy Act, 2016* (RRCEA). The final regulation and the accompanying amendment to O. Reg. 101/94 remove the responsibility to operate Blue Box recycling programs from municipalities and instead make the producers of Blue Box materials directly responsible for the operation and financing of the programs and the achievement of outcomes established in the regulation.

This regulatory change has been advocated for by municipal governments for over a decade with major consultations occurring over the last two years to discuss how a smooth transition from municipally-operated programs to a producer-led Blue Box system could occur.



Currently, Ontario municipalities with a population of at least 5,000 are required to provide a Blue Box management system. This is done either directly by the municipality or via a contract with a service provider. Producers of Blue Box materials (e.g., Unilever, Loblaw, Proctor & Gamble, Coca Cola etc.), are required to compensate municipalities for up to 50% of the program costs on an annual basis. Under this program the City of Greater Sudbury receives in excess of \$2,000,000 in funding on an annual basis to subsidize the Blue Box program.

There is agreement amongst all stakeholders, including municipalities, service providers, and producers, that the current Blue Box system is not working. Recycling rates have broadly stagnated or declined and costs are steadily increasing. This is because municipal governments have no mechanism to respond to the rapidly changing composition of Blue Box materials and provide the necessary investments in collection and processing infrastructure. They also do not have the ability to influence end markets. That is why making producers fully responsible for managing the Blue Box materials that they supply into Ontario fundamentally changes this structure.

There has been broad support to transition the Blue Box program to the RRCEA because producers are best positioned to reduce waste, increase the resources that are recovered and reincorporated into the economy and enable a consistent province-wide system that makes recycling easier and more accessible.

The Blue Box regulation is generally in keeping with what municipalities have advocated for. It seeks to make producers fully responsible for the management of their materials at the end-of-life (i.e., collection and recycling).

The regulation is expected to result in:

- **Net savings:** for municipal governments and First Nations within Ontario.
- **Expansions in servicing:** to all communities (including First Nation communities) except those in the Far North, regardless of their population by 2026;
- **Standardization and more materials collected:** a standardized list of Blue Box materials collected and managed across the province and an expanded list of designated materials accepted in the Blue Box program including recyclable packaging, single-use packaging-like products and single-use food and beverage service products such as straws and cutlery;
- **Province-wide eligible sources:** expanded Blue Box services to a comprehensive list of sources, such as multi-unit residential buildings, schools (e.g., public and private), non-profit retirement homes, non-profit long-term care homes and some public spaces (e.g. litter containers) by 2026;
- **Education:** Implementing consistent province wide promotion and education program that is delivered in English and French and includes a complete list of what can and cannot be placed in the Blue Box, instructions on how to get a new or replacement container, a description of how Producers will meet their obligations and contact information for questions and concerns posted on a website and delivered by mail to each eligible source annually; and

- **Target requirements for producers:** enforceable weight based targets for materials supplied into Ontario.

Commencing January 1, 2026 and once transition is completed, Producer Responsible Organizations (PROs) are to collect and process a consistent set of recyclable materials from eligible sources across the Province. PRO's are also required to achieve minimum recovery targets as shown in Table 1. These targets are improvements compared to the current program.

Table 1. Recovery Targets per Material Type – O. Reg. 391/21

Target Category	Existing Diversion Rates (2018)	Stage 1: 2026-2029 Final Target	Stage 2: From 2030 Final Target
<b>Paper</b>	72%	80%	85%
<b>Rigid Plastic</b>	48%	50%	60%
<b>Flexible Plastic</b>	7%	25%	40%
<b>Glass</b>	68%	75%	85%
<b>Metal</b>	54%	67%	75%
<b>Non-Alcoholic Beverage Containers (flexible plastic formats excluded)</b>	Unknown	75%	80%

While the final regulation includes a number of new items that many municipal programs do not currently collect, such as all rigid and flexible plastic packaging and certain single use items, it removes some items that are acceptable in the current Blue Box program such as certain plastic bags, books and alcoholic beverage containers. Table 2 provides a full list of acceptable and unacceptable materials. It should also be noted that the regulation only requires certified compostable products and packaging material to register and report (i.e., they are not required to be collected or managed). By not obligating these materials, it provides an incentive for companies to move to this format which property taxpayers will be forced to subsidize.

Table 2. Accepted and Unaccepted List of Materials – O. Reg 391/21

✔ Designated Materials	✘ Not Included
<p>The following items, where made from paper, metal, glass, plastic, compostable materials, or any combination of these materials:</p> <ul style="list-style-type: none"> <li>• Packaging, including aerosol containers</li> <li>• Printed and unprinted paper</li> <li>• Single-use packaging-like products, like foils, trays, and boxes</li> <li>• Single-use food and beverage service items like straws, cutlery, plates, food service ware</li> </ul> <p>*Compostable materials are also designated, but only incur reporting requirements</p>	<ul style="list-style-type: none"> <li>• Packaging single-use packaging-like products, and single-use food and beverage service products that are made primarily from other materials, such as wood, textiles, wax</li> <li>• Packaging-like products made of flexible plastics and used for food protection, containment, handling (e.g., plastic freezer bags, plastic sandwich bags)</li> <li>• Any materials designated under a different diversion program (e.g., automotive oil containers)</li> <li>• Garbage bags, recycling bags, compostable waste bags</li> <li>• Books and hardcover periodicals</li> <li>• Paper fibres used for sanitary purposes (e.g., tissues, paper towel)</li> </ul>

	<ul style="list-style-type: none"> <li>• Biomedical or hazardous Biomedical or hazardous waste (e.g., pressurized containers for propane)</li> <li>• Alcoholic beverage product and packaging (including LCBO and Brewers Retail Ltd. materials) *Note the deposit return system is required to report annually on performance</li> </ul>
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The regulation provides producers with the ability to find efficiencies such as standardizing collection and processing, investing in new collection and processing infrastructure to address the changing packaging stream, better supporting end markets and adapting packaging design. As well, it includes provisions to capture internet retailers and other producers without residency in Ontario to ensure fairness.

## Analysis

Under the new regulation and framework, municipalities no longer have an obligation/regulated role to provide Blue Box collection and processing services (including promotion and education) as this will now lie solely with producers. The City will no longer be financially or logistically responsible for any of the Blue Box program.

The actual financial impact on the City of Greater Sudbury budget will be determined after more details are released and a series of key decisions are made by Council. Under the previous Blue Box program, the City receives funding representing nearly 50% of the cost to provide recycling services to eligible sources. The funding is paid out two (2) years in arrears and the amount fluctuates based on variables in the program outcomes. Table 3 below provides a five (5) year history of funding received by the City.

Table 3. Funding received under the existing Blue Box program

Year Funding was Received	Amount of Funding Received (nearly 50% of costs for eligible sources)
<b>2021 (for 2019)</b>	\$2,556,618
<b>2020 (for 2018)</b>	\$2,513,148
<b>2019 (for 2017)</b>	\$2,622,938
<b>2018 (for 2016)</b>	\$2,403,328
<b>2017 (for 2015)</b>	\$2,026,790

As with the previous Blue Box program plan, only certain sources have been deemed eligible and these sources as well as the servicing requirements are listed below in Table 4. For all eligible sources, Producers will be required to provide initial containers free of charge and must repair or replace any receptacle within one week of being notified.

Table 4. Eligible Sources – O. Reg. 391/21

Residence or Facility Type	Blue Box Service Standard	Blue Box Frequency Standard
<b>Households with curbside garbage collection</b>	Curbside Blue Box collection	No less than every other week
<b>Households with depot garbage collection</b>	Depot Blue Box collection	Before bins are full
<b>Apartments, schools, other eligible facilities</b>	Must collect Blue Box materials directly from the building or eligible space	Before bins are full
<b>Public spaces, including parks, playgrounds, sidewalks, transit stops</b>	Must provide number of bins in each community according to regulated per person standards	According to a frequency designed to collect materials before bins are full

During the transition period between 2023 and 2025, the Blue Box Regulation includes all Ontario communities with an existing Blue Box Program and covers all single and multi-unit residences, depots, schools, non-profit long-term care and retirement homes and public spaces currently eligible under the existing Blue Box Program Plan that currently receive services from the municipality. These locations must have been receiving municipal Blue Box services by August 15, 2019 to be eligible for service from producers during the transition period. New developments where services were already provided, will also be serviced (e.g., new multi-residential units will be serviced if the municipality already collects from these types of buildings).

By 2026, producers would need to ensure any non-serviced communities outside the Far North, multi-residential units, public and private schools, non-profit long-term care and retirement homes that notify their intention to be serviced are serviced.

Some recycling services currently provided by the City will not be part of producer responsibility and there is some discretion for producers to change the current servicing for eligible sources.

#### Ineligible Sources

Municipalities will not be compensated for the collection and processing of materials captured from businesses and not-for profit organizations. As producers are not responsible to collect from these sites, the City may have to come to alternative arrangements to ensure these sites continue to be serviced after transition. Ineligible sources currently serviced by the City include:

- **Businesses in designated Business Improvement Areas:** In Downtown Sudbury, the City coordinates recycling collection through the waste collection contract and the cost for collection is recovered from Downtown Sudbury. While businesses in BIAs are not currently an eligible source, there is nothing prohibiting the existing collection program structure. The City can continue to coordinate this service on a full cost recovery basis.
- **Small non-residential establishments:** currently collected along residential collection routes (Yellow Box program).
- **Municipal facilities:** Most municipal facilities are serviced for recycling by the collection contractor and routed to be collected with the City's multi-residential customers and the contractor's private accounts.
- **Drop-off Depots:** The City currently receives up to 50% funding for all drop-off depots through the existing Blue Box program. Once transition of municipal programs is complete in 2026, the regulation removes the requirement for producers to provide depot collection in communities that provide roadside collection. While this should not affect the City's thirteen (13) residential transfer depots in lieu of roadside collection throughout various communities, the arrangements and full costs to continue servicing the Recycling Centre Drop-off Depot and the recycling bins at the transfer stations within each Landfill and Waste Diversion Site as well as the Walden Transfer Station will be born by the City should Committee and Council choose to continue providing these recycling services.

- **Litter Containers/Public Spaces:** The requirements for public space servicing is based on a population density calculation and the regulation does not require producers to use the public space recycling sites that are currently being used by the municipality. Separate arrangements and the associated costs to service any additional locations beyond what is required by the producers or locations left unserved by the producers, would be born by the City.
- **Processing of Recyclable Materials for all Ineligible Sources:** The City currently does not assess processing fees to handle recyclable materials post-collection. If processing fees are assessed, the cost for ineligible sources to participate in recycling will increase.

### Potential Changes to Services for Eligible Locations

While frequency of collection and type of containers will remain the same during the transition process, at the end of the transition period starting in 2026, producers will have the ability to implement significant changes to the Blue Box program to improve efficiency, drive up diversion and meet their targets. These changes could include:

- type of recycling container/receptacle (i.e. potential switch to carts or bags);
- frequency of collection (i.e. bi-weekly vs weekly); and
- alternative collection system (i.e. deposit return, community drop off bins or mail-in options).

## **Next Steps**

The City of Greater Sudbury is scheduled to transition in April 2025. All eligible municipalities with a Blue Box program must register with the RRPAs and provide information on collection and servicing by September 30, 2021. Staff have already completed this step. More detailed information must be provided in a second submission by August 31, 2023.

Details on the transition are not yet known but staff will continue to provide timely information and details during the transition process. Staff are analyzing the regulation along municipal peers to better understand potential impacts to the City's waste system including financial implications and service levels. While the City's transition date is on the later end of the transition, this time will allow us to learn from the experience of other municipalities.

Prior to transition, Council will be required to make some key decisions including the option to divest or compete to become a service provider. The new Blue Box regulation does not stipulate any role for municipalities and municipalities do not have the right of first refusal. This means that the Producers are not obligated to accept the municipality as a service provider but may negotiate agreeable terms with the City or any other service provider to efficiently meet their requirements under the regulation.

There is uncertainty whether or not Producers and PROs will have interest in negotiating with municipalities to provide services on their behalf. If producers are interested in having the City continue to provide services for a fee on their behalf, both parties would have to come to mutually agreeable terms for the service. However, there is risk that in such a case, the City may not recover 100% of costs for eligible sources and that the City may be subject to financial penalties or rejections if Blue Box materials do not meet the Producer's quality requirements.

Some key future decisions in the areas of processing and collection include:

### Processing Services

The Materials Recovery Facility (MRF) owned by the City of Greater Sudbury is the only Blue Box materials processing facility within the City. There are currently no privately owned MRFs in Greater Sudbury. Divesting of this facility would leave ineligible sources (businesses and most non-profit organizations) without a local facility to accept their recyclable materials post-collection. However, there is a possibility that the private sector would find a way to manage these materials in conjunction with the eligible material if the City chose to divest of its MRF.

Staff are working on an expression of interest that will gauge the interest from the private sector in operating or leasing the City's MRF. Staff will report back to the Committee in 2022 once expressions have been received and analyzed.

## Collection Services

The City's current waste collection contract has bundled services for the roadside co-collection of organics and recycling. The Yellow Box non-residential recycling collection program accounts for only approximately 0.002% of materials collected and is currently collected on residential collection routes in order to provide efficiencies. In addition, container collection from municipal facilities, residential transfer stations and high density residential building (7 units or more) are collected with the contractor's private accounts to provide routing efficiencies. In order to unbundle these services, negotiation with the waste collection contractor and potentially changes to the existing collection services would have to be explored and approved by Council.

Staff will enter negotiations with the waste collection contractor and provide the Committee with various options and the associated costs.

## **Conclusion**

The final Blue Box Regulation is a positive step to position Producers to design packaging that is more recyclable or reusable and move Ontario toward a more circular economy. Not all the details and impacts associated to the regulation are yet known. Staff will continue to participate in information sharing with peer municipalities, member associations and the Authority (RPRA) and report back as necessary to provide updates on the transition process and to seek direction for key decisions.

## **Resources Cited**

O.Reg.391/21: Blue Box

Accessed online:

<https://www.ontario.ca/laws/regulation/r21391>

Amendment to O.Reg. 104/91

Accessed online:

<https://www.ontario.ca/laws/regulation/r21392>