

April 20, 2017

Waste Diversion – The Blue Box Today and Tomorrow

Implementation is underway to the *Resource Recovery and Circular Economy Act* (RRCEA). In particular, municipal governments will be transitioning from the current Blue Box program, which is run by municipalities and co-funded by producers, to an Extended Producer Responsibility (EPR) regime that requires producers to cover all end-of-life costs for waste. Eventually, producers will be fully responsible for meeting recovery targets for designated products and packaging.

The municipal role in this system will be evolving. AMO's Board has resolved that the municipal governments' best interest is to move the Blue Box to full producer funding sooner rather than later. The Ministry of Environment and Climate Change is asked to initiate the transition for the Blue Box program this year, with completion to the RRCEA by January 2019.

The AMO Board also directed staff to engage with its municipal partners – Regional Public Works Commissioners of Ontario (RPWCO), the Municipal Waste Association (MWA) and the City of Toronto, to create a municipal waste management entity. The transition and the future work for municipal governments within the new waste management framework requires a high degree of policy and implementation planning involving all the partners. Work on developing this entity has just begun.

In the interim, staff will continue to coordinate stakeholder work through use of existing funding from the Continuous Improvement Fund. This arrangement was approved by the Resource Productivity and Recovery Authority (formerly Waste Diversion Ontario).

We need to know more about significant post-transition issues such as diversion targets, geographic coverage requirements, and what materials will be designated. Until then, our municipal waste diversion programs will continue to provide the convenient, reliable waste services that residents depend on. Municipal governments may be approached by producers to provide post-transition collection and/or processing services for designated materials. We caution that it is too early for Councils to make informed decisions without having the 'rules of the road' defined through Regulations.

2017 Steward Obligation

We should know the value of the 2017 Steward Obligation by the end of May or early June. This payment recovers costs related to 2015 Blue Box services. The first 2017 quarterly payment to municipalities is expected around June 30, 2017.

The Steward Obligation process has been arduous in recent years. AMO continues to press for a funding that is based on actual Blue Box costs. This past March, the AMO President, Lynn Dollin, wrote to MOECC Minister Murray asking that the 2017 Steward Obligation be set using the Arbitrator's method. This would allow municipalities to receive 50% of their Blue Box net costs, as was done in 2014 and 2015. She further said that if the Authority was going to use the flawed 2016 formula-based method, then municipalities would seek 52.5% of the formula, which would allow us to recover our full share.

AMO and City of Toronto staff also made this request directly to the Resource Productivity and Recovery Authority Board on April 11, 2017. Resolving this ongoing conflict would allow everyone to focus on the RRCEA transition and full producer responsibility for the end-of-life costs of designated materials and packaging.

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