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commerce



SUSTAINABLE RECYCLING FOR THE NEXT GENERATION

Ontario Chamber of Commerce
November 2015

Acknowledgements

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About the Ontario Chamber of Commerce

For more than a century, the Ontario Chamber of Commerce (OCC) has been the independent, non-partisan voice of Ontario business. Our mission is to support economic growth in Ontario by defending business priorities at Queen's Park on behalf of our network's diverse 60,000 members.

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. We represent local chambers of commerce and boards of trade in over 135 communities across Ontario, steering public policy conversations provincially and within local communities. Through our focused programs and services, we enable companies to grow at home and in export markets.

The OCC provides exclusive support, networking opportunities, and access to innovative insight and analysis for our members. Through our export programs, we have approved over 1,300 applications, and companies have reported results of over \$250 million in export sales.

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Sustainable Recycling for the Next Generation
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A LETTER FROM THE ONTARIO CHAMBER OF COMMERCE

The Government of Ontario will shortly be moving forward with long overdue reforms to Ontario's waste diversion system. The new system will likely provide incentives for producers to reduce the amount or change the nature of the waste they contribute to Ontario's residential stream. As Ontario's business advocate, the Ontario Chamber of Commerce (OCC) aims to ensure that reforms to Ontario's waste diversion system are designed with sustainability in mind.

Producers and municipalities currently share the \$250 million price tag of the Blue Box program, a cost that is increasing year-over-year even as recycling rates remain steady. The result is a system that is neither economically nor environmentally sustainable. Under the current system of shared financial responsibility between producers and municipalities, there are few built-in incentives that encourage efficiencies or less waste.

It is these same challenges that have spurred jurisdictions around the world to adopt a system in which producers are given greater input on program design alongside a greater financial contribution. Increased producer responsibility for residential recycling allows industry to have a greater impact on the management of these programs, including controlling costs through competition and innovation, increasing economies of scale, and improving recycling rates.

This report outlines the need to increase systemic accountability and supply producers with enhanced feedback on the environmental impact of their products and packaging. This can be achieved by providing producers with decision-making powers commensurate with their increasing financial contributions to the program. Fundamentally, the goal of legislation should be to set environmental objectives while allowing industry the freedom to reach those objectives in any manner they find to be most cost-effective and sustainable—without government instruction on means or process.

Ontario is Canada's largest waste-producing economy. By learning from the experiences of jurisdictions that have enacted producer responsibility for their residential recycling programs—as part of crafting a thoughtful "made in Ontario" program—our province could set the standard for best practices across the country.

Ultimately, reform is not only about system efficiencies and financial stability—it is about promoting progressive recycling practices among Ontarians, enhancing resource recovery, and improving the environmental stewardship of all stakeholders. We believe that a well-balanced and considered producer responsibility program for residential recycling will be a net positive for the Ontario government, businesses, and consumers.

A handwritten signature in black ink, reading "Allan O'Dette". The signature is fluid and cursive, with the first name "Allan" being larger and more prominent than the last name "O'Dette".

Allan O'Dette
President and CEO
Ontario Chamber of Commerce

GLOSSARY OF TERMS

Extended Producer Responsibility (EPR): EPR is a policy approach in which producers bear responsibility for the cost and logistics of managing their products once they reach end-of-life. Also known as Individual Producer Responsibility (IPR), and referred to generally in this report as “producer responsibility”.

Free rider: Free riders are individual or collective organizations that benefit from the larger waste diversion actions of industry without paying their fair share of the costs or shouldering their fair share of the responsibilities.

Industry-Funded Organization (IFO): A type of organization established and funded by producers, with responsibility for implementing the diversion plan of a designated material. Also referred to as a collective or Producer Responsibility Organization (PRO).

Municipal Datacall: Waste Diversion Ontario’s online reporting system and database for residential waste. Municipalities submit data on waste tonnage and operating costs on a yearly basis, in order to be eligible for continued Blue Box funding. The Datacall contributes to the calculation of the provincial recycling rate.

Printed Paper & Packaging (PPP): PPP includes all paper with printed graphics or text (excluding bound books), all materials or objects used to contain, protect, or transport a good, or materials attached to a good to communicate information about its contents. PPP materials include glass, plastic, and aluminum. Ontario’s Blue Box program is an example of PPP collection and recycling.

Producers: Producers are generally understood to include brand owners, first importers, and firms that organize the production, distribution and sale of products that eventually enter the waste stream via consumers.

Stewardship Ontario (SO): The non-profit, industry-founded organization that meets the current producer responsibilities for the Blue Box and Orange Drop programs. It is funded by industry fees.

Waste Diversion Ontario (WDO): The WDO is a non-Crown corporation established in 2002 to oversee the development, implementation, and operation of provincial waste diversion programs. It is funded by three IFOs, including Stewardship Ontario.

SUMMARY OF RECOMMENDATIONS

Program Design:

1. The Ontario government should consider a system of producer responsibility for the residential printed paper and packaging (PPP) recycling program in which producers are self-determinant in achieving recycling outcomes through proportionate decision-making and financial contributions.
2. Government regulation should be limited to outcome-based evaluation, in which producers are asked to meet diversion targets but are not regulated as to how to achieve those targets.
3. Producers should be given the freedom to fulfill their responsibilities individually or as part of industry collectives. This includes the freedom to work with municipalities and waste management firms as they choose, with contracts dictated by the market and not by legislation.
4. Legislation should be limited to broad program parameter design, with most decisions regarding targets, materials, and future phases coming from regulations under the statute and/or careful policy set by the Ministry of the Environment and Climate Change (MOECC).
5. Reform should be approached thoughtfully, with opportunity for substantive stakeholder consultation and reflection on current successes.

New Waste Diversion Authority:

6. Waste Diversion Ontario should be disbanded and replaced by a new Waste Management Authority, staffed by subject-matter experts from industry and guided by strictly-defined responsibilities.
7. The Ministry and the newly-formed Authority should have clearly delineated roles, with the MOECC exclusively responsible for policy-making.
8. Producers should be obligated to share data with the Authority in order to best inform regulation of targets by the Ministry, though consideration must be given to the burden that data-collection can place on business, as well as privacy concerns.
9. In a three-part collaboration between producers, the Authority, and MOECC, those who fail to comply with their obligations should be identified and given appropriate penalties on an individual and case-by-case basis.

Program Funding:

10. The government should not define the costs of the system, either in legislation or regulation. The best place to determine cost is the open market.
11. The government should undertake an economic impact analysis of a producer responsibility system.

WHAT ARE THE CHALLENGES FACING ONTARIO'S RESIDENTIAL RECYCLING SYSTEM TODAY?

Ontario has long been a leader in waste diversion. Ontario municipalities were among the first in Canada to establish a residential recycling program—the Blue Box—in the 1980s. That program, while successful, has begun to show its age. In 2008, the province met its goal of 60 percent Blue Box diversion for single-use dwellings; however, that number has stagnated since 2007 (Stewardship Ontario, 2014). Furthermore, residential recycling rates overall sit at only 47 percent. Additionally, recycling rates across municipalities vary wildly, from just over 2 percent to just under 70 percent (Ibid). Despite these performance setbacks, costs continue to increase year-over-year, with the shared municipal and producer contribution nearing \$250 million in 2013 (Valiante and Gies, 2015; Stewardship Ontario 2014). Stagnant recycling rates and rising costs have many fearing that Ontario's waste diversion system faces a sustainability challenge.

Recognizing this challenge, the provincial government has indicated its intention to reform Ontario's waste diversion system (Mandate letter: Environment and Climate Change, 2014). Based on previous legislation tabled by this administration (*Waste Reduction Act*, 2013) there is a strong possibility that greater producer responsibility will be introduced to the Blue Box. Such a change presents an opportunity to release the burden of recycling from municipalities exclusively and place greater responsibility on brand owners, first importers, first sellers, and manufacturers for the post-consumer waste associated with their products and packaging. As producers and service providers possess expert knowledge of their own materials and markets, they are in a prime position to bring greater efficiency to a system that is no longer functioning as it should (Valiante and Gies, 2015).

In Ontario, residential recycling is operated by municipalities as a public service. Under the current *Waste Diversion Act* (2002), an arms-length organization known as Waste Diversion Ontario (WDO) holds the responsibility for the development, implementation, operation, and monitoring of diversion programs for various waste materials. It does so in conjunction with Industry Funding Organizations (IFOs): Stewardship Ontario (established for Blue Box and municipal hazardous or special waste), Ontario Electronic Stewardship (for electronic waste), and Ontario Tire Stewardship (for used tires).

However, the Blue Box system currently accords responsibility to producers in only one area—financial contribution. While producers are required to evenly split the cost of waste diversion with municipalities, it is municipalities that are exclusively responsible for the actual diversion of waste, either directly or through contracts with waste management firms. Thus, producers are in effect merely ratepayers to municipalities, disconnected from the environmental, logistic, and administrative costs of recycling their products. One result is that producers are not provided with accurate feedback on the environmental impact of their product or packaging design, as they pay a fixed share of the cost of the program no matter the environmental improvements they make to their own goods. While some producers are independently developing packaging and printed paper products (PPP) that have a lower environmental impact, they ultimately have little broader influence on recycling system design. In addition, analysis of the current system finds that some producers responsible for significant amounts of waste pay the same per kilogram costs as those who create little, blunting the impact of financial responsibility, penalizing low-waste producers, and contributing to a free rider problem (Jacobs, 2015).

The consequences of this arrangement are twofold. First, producers have little system-based incentive to reduce the amount or nature of the waste they contribute to the stream as they have no influence on recycling system design. Second, individual municipalities lack the clout to achieve economies of scale and thus bring about greater efficiency. As such, when costs rise, both parties are affected but neither has enough power to reduce them. Today's system is not dynamic enough to meet evolving challenges from waste input, nor is it optimized for processing or materials diversion (Valiante and Gies, 2015).

One solution that has gained traction in Europe and across Canada has been some form of producer responsibility, most commonly referred to as Extended Producer Responsibility (EPR). Generally, this is a system in which producers take on most or all of the cost of a designated recycling program, while gaining exclusive decision-making power over that program. British Columbia, Manitoba, and Quebec are the most prominent examples of both best practices and the legislative or regulatory pitfalls that may accompany reforms to residential diversion systems. Ontario can learn from the experiences of these jurisdictions when drafting its own waste reduction legislation.

PPP EPR Programs in Other Jurisdictions

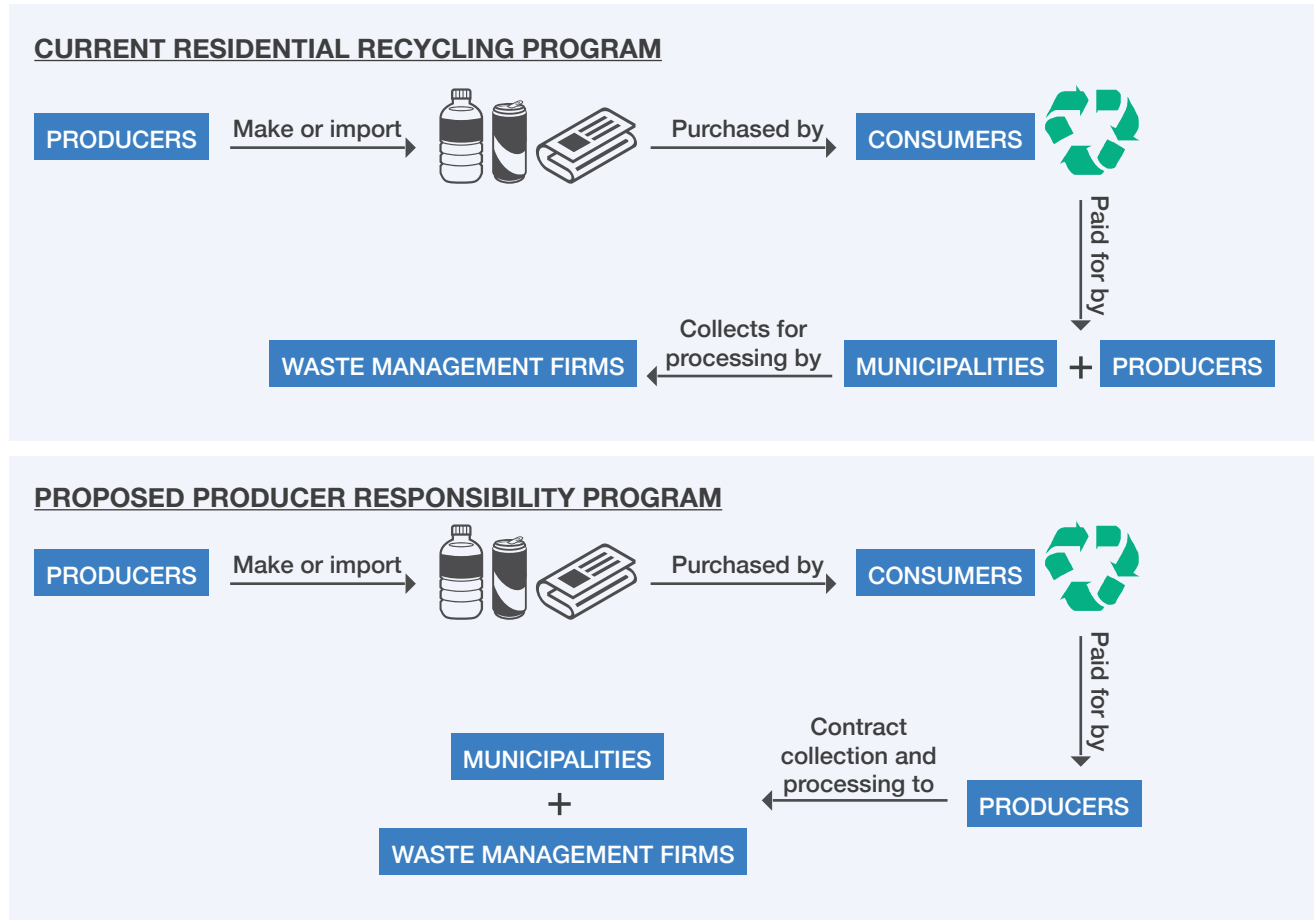
British Columbia	Manitoba	Quebec
<p>The BC model is a regulatory regime in which materials as designated for EPR programs. Multi-Material British Columbia (MMBC) by producers agency created in 2011 to develop the PPP Stewardship Plan of BC's recycling regulation. Producers are responsible for 100 percent of costs, but legal responsibility is handed over to the stewardship agency, rather than being that of the individual producer.</p> <p>Beverage containers are not considered as part of the PPP program; they are covered under a separate deposit program.</p> <p>Unlike Ontario, no waste management authority exists between stewards and the Ministry of the Environment; the stewards set environmental standards and enforce them. There is minimal oversight and enforcement by the Ministry, which only recently required that stewardship agencies complete (non-financial) audits.</p>	<p>Established in 2010, Multi-Material Stewardship Manitoba (MMSM) is the non-profit organization funded by industry to operate the province's PPP EPR program. Collectively, Manitoba's PPP stewards are responsible for financing 80 percent (net) of municipal recycling programs. There is no waste management authority between MMSM and the government, although Green Manitoba Environmental Services (a Special Operating Agency) has gained responsibility and authority in recent years outside of a legislative framework. MMSM, through its steward partners, serves all of Manitoba and includes an away-from-home recycling program managed by the Canadian Beverage Container Recycling Association (CBCRA).</p>	<p>The private, non-profit organization Éco Entreprises Quebec (ÉEQ) has been responsible for PPP curbside recycling since 2005. Industry stewards fund 100 percent of the costs of the municipal programs, after a "ramp-up" period of gradually increased financial responsibility. There is a deposit program for carbonated beverages (including beer, soft drinks, and some energy drinks), while other beverage containers are included in the residential stream.</p> <p>RECYC-QUÉBEC is the arm of the government responsible for implementing recycling programs, including certifying steward organizations and making recommendations to the Ministry.</p>

<p><i>Outcomes:</i> The BC government has been criticized for its poor enforcement of free riders, leading to gaps in service coverage and increased costs. However, 96 percent of households are currently covered by the program.</p> <p>The provincial government is currently considering the application of a second stewardship entity, StewardChoice. Their plan includes a consideration to serve those households not served or funded by MMBC.</p> <p>(Cook, 2013; CM Consulting; Guelph Food Technology Centre; PAC; StewardChoice)</p>	<p><i>Outcomes:</i> Although the government did not set a recycling or recovery target for PPP, they imposed a 75 percent recovery goal for all used beverage containers in the province. As a result of CBCRA's program, the beverage container recycling rate increased from 42 percent in 2010 to 64 percent in 2014.</p> <p>(CM Consulting; CBCRA; Guelph Food Technology Centre; PAC)</p>	<p><i>Outcomes:</i> As of 2013, the residential recycling rate had increased to 64 percent from just under 21 percent in 2000. The government set a recycling target of 70 percent for PPP in 2015, but ÉEQ is not accountable for meeting that target.</p> <p>(Ministère Du Développement Durable, De L'Environnement Et Des Parcs; CM Consulting; Guelph Food Technology Centre; PAC; ÉEQ)</p>
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WHAT SHOULD PRODUCER RESPONSIBILITY IN ONTARIO LOOK LIKE?

Context

Distributions of Responsibility



Producer responsibility can take two forms: individual producer responsibility (in which producers are tasked with meeting their obligations entity-by-entity) or collective producer responsibility (in which they form industry-relevant collective bodies). Many jurisdictions are moving to a system in which producers are not legislated into a structure, but are instead free to meet their obligations either individually or collectively (Jacobs, 2015).

Under producer responsibility, industry is also free to contract with municipalities and waste management firms. Some larger municipalities may have the resources or efficiencies necessary to manage their recycling program, or feel strongly that waste diversion is a core competency. Others may choose to opt out of residential recycling entirely, which has been their prerogative under similar producer responsibility legislation (i.e. in Manitoba).

As for contracting with waste management firms, one of the foundational ideas behind producer responsibility is that competitive markets can be leveraged to obtain operational efficiencies. While the waste management capabilities themselves are largely the responsibility of waste management

firms contracted by producers, under a producer responsibility system industry is free to contract with the firm(s) of their choice, consolidating areas of collection and processing or investing as partners in innovative technologies and techniques. Increased recovery capacity—in the form of greater volume and variety of materials collected could also increase the capital capacity of waste management, create more opportunities for local material processing businesses, and provide the critical mass for the consistent, safe, and secure life of recycled material in more consumer goods packaging.

Recommendations

RECOMMENDATION 1

The Ontario government should consider a system of producer responsibility for the residential printed paper and packaging (PPP) recycling program in which producers are self-determinant in achieving recycling outcomes through proportionate decision-making and financial contributions.

A redesigned residential recycling system in Ontario should allow for producer control over both finances and outcomes. If producers are given a larger share of the cost of diversion and are expected to meet diversion targets, but have no ability to affect change in the actual processes of the system, then the system will not succeed in the long-term.

RECOMMENDATION 2

Government regulation should be limited to outcome-based evaluation, in which producers are asked to meet diversion targets but are not regulated as to how to achieve those targets.

The most effective way to achieve the environmental goals of the Blue Box program is for the government to define outcomes and then step back—allowing producers to determine best practices and execute their own programs to meet those outcomes.

The outcomes of the recycling program, which will be set by the MOECC on the advice of a new Waste Management Authority, should be clear and measurable. Ideally, targets set by the Ministry will be based on resource recovery data and recycling rates—short term milestones that are understood and agreed-upon between government and producers. Targets should also be sector-specific, allowing for the fact that packaging may change and recognizing the fluidity of product development. This dynamism is, after all, the ultimate goal of waste diversion reform—introducing greater feedback into the system so that producers may alter their materials use to lessen their environmental impact.

RECOMMENDATION 3

Producers should be given the freedom to fulfill their responsibilities individually or as part of industry collectives. This includes the freedom to work with municipalities and waste management firms as they choose, with contracts dictated by the market and not by legislation.

Producers may choose to meet their obligations individually, or as part of an IFO. However, enforcement and compliance should be enacted individually, to best protect the autonomy of business and more precisely manage free riders.

However producers choose to meet their obligations, they should not be required to contract with municipalities, nor should they pay municipalities for services for which they did not contract. Similarly, government should allow for individual firms or collective bodies to contract waste management services either through municipalities or directly with waste management service providers, as enabled by the market.

RECOMMENDATION 4

Legislation should be limited to broad program parameter design, with most decisions regarding targets, materials, and future phases coming from regulations under the statute and/or careful policy set by the MOECC.

Any new legislation should accomplish the following goals:

- Establish a new Waste Diversion Authority in place of Waste Diversion Ontario, and clearly and strictly define its role. The new Authority should also be responsible for overseeing the transition between the WDO/SO arrangement to the producer responsibility system, and provide guidance and set clear guidelines to minimize disruption to the recycling system during the hand-over.
- Outline a producer responsibility system for the Blue Box in which government sets evidence-based targets for diversion/collection and the residential recycling rate but allows producers the freedom to meet those targets however they see fit.
- Uphold support for the current material composition of the Blue Box, and ensure it will continue to serve all Ontarians, regardless of geographic location. The Ontario government should mandate that producers ensure access to the Blue Box or an equivalent program for all communities currently serviced; ideally, producers should lead the charge on an expansion of the program across Ontario.

Legislation should be a framework for approaching producer responsibility, setting the stage for regulation to address precise details. Materials policy should be handled in individual regulations under the statute, with industry-specific consultation to determine the scope, timeline, and appropriateness of the new system for each type of recyclable.

As Ontario expands its waste diversion reform efforts—to organics and/or the Industrial, Commercial and Institutional (IC&I) sector, for example—the government may find that an EPR-style program

RECOMMENDATION 5

Reform should be approached thoughtfully, with opportunity for substantive stakeholder consultation and reflection on current successes.

is not appropriate in all instances. The shared responsibility programs currently in place—i.e. for electronics and tires—may be deemed successful in their current iteration. Substantive evidence-based consultation with waste generators and waste management firms will determine if a system requires change; best practices need not be replaced by regulation.

WHAT SHOULD BE THE ROLE OF THE NEW WASTE DIVERSION AUTHORITY?

Context

The most delicate balance in a producer responsibility system is the regulatory relationship between government and industry. The current arrangement between the MOECC, Waste Diversion Ontario, and Stewardship Ontario has created ambiguity around responsibilities, resulting in disagreement and enmity (Valiante and Gies, 2015). Successful private/public relationships are built on collaboration through clearly-defined roles and reflect policy based on accurate data.

Many stakeholders have expressed concern that Waste Diversion Ontario is not the most effective body for the administration of recycling programs or for acting as a facilitator between industry and government. Concerns include the cost of doing business with WDO, the lack of waste management expertise among staff, stepping outside of its mandate to establish policy, and the dispute with Stewardship Ontario over the definition of reasonable costs (Jacobs, 2015; Ontario Chamber of Commerce, 2013; Valiante and Gies, 2015). There is value in an industry-led agency that is able to act as a registrar and data clearinghouse while leaving larger strategy and enforcement to the Ministry.

A new Waste Management Authority that acts as a centre for data collection can fulfill one of the critical requirements of moving from prescriptive to outcome-based legislation. Outcome-based legislation provides a means for government to indicate how they set targets, and for producers to prove that those targets have been met. An Authority that is able to accurately inform these targets has legitimacy for both the Ministry staffers setting targets, and for producers attempting to meet them. However, consideration must be given to the sources of the data, and how it is to be collated and analysed. How does each sector define and calculate their materials used or goods produced? What are the privacy concerns surrounding sharing financial or sales data? What are the most meaningful and accurate measures of recycling success?

This last question is of particular importance to government; as it will determine how outcomes are to be measured, targets are to be set, and which data are applicable. For instance, should diversion targets be based on the quantity of product going into the market, or what is coming out (via Blue Box measurement and landfill audits)? It may not be sensible to calculate a waste diversion target based on sales of a product, if that product is commonly re-used before entering the waste stream; recycling should not undermine the other two “Rs”. A target based on increasing the amount of product or material within the waste stream may be more suitable in such an instance, and provide the desired incentive to boost the amount of material in the Blue Box.

Recommendations

RECOMMENDATION 6

Waste Diversion Ontario should be disbanded and replaced by a new Waste Management Authority, staffed by subject-matter experts from industry and possessing strictly-defined responsibilities.

In legislating a new vision for the Blue Box, the government should create a new Authority with explicitly-defined powers and responsibilities. The Authority staff and board should have expertise in waste diversion and recycling, and include individuals with a background in waste generation, waste management, recycling, and packaging.

RECOMMENDATION 7

The Ministry and the newly-formed Authority should have clearly delineated roles, with MOECC exclusively responsible for policy-making.

In managing residential recycling, the role of government and its agencies should be to establish clear policy goals, ensure regulatory frameworks are non-prescriptive, and monitor the program's progress. These tasks should be divided clearly between the MOECC and the Authority.

The role of the Ministry should be to:

- Set definitive environmental policy (exclusive of commentary on processing tools and technologies);
- Evaluate data collected by the Authority and set targets based on that data;
- Administer penalties for free riders, individual producers, and collectives who fail to meet their responsibilities under regulation; and
- Act on compliance and enforcement where necessary, including the adjudication and appeal process.

The role of the Authority should be to:

- Register producers and producer collectives;
- Collect and analyse data;
- Report on performance;
- Monitor and evaluate outcomes; and
- Identify negligent producers to the Ministry.

Clear delineation of roles is particularly important to prevent “mission creep” from the Authority—a concern expressed by many producers about the WDO.

RECOMMENDATION 8

Producers should be obligated to share data with the Authority in order to best inform regulation of targets by the Ministry, though consideration must be given to the burden that data-collection can place on business, as well as privacy concerns.

The Authority's data collection role is essential to setting reasonable targets, which can only be based on accurate data. Data collection, while mandatory, should not be unduly burdensome and should be done in a manner that avoids duplication; producers and other stakeholders have their own data collection practices which can be leaned on by the Authority. To ensure privacy of sensitive business information, disclosure of financial or other information should be voluntary (i.e. not distinctly legislated) and limited to the specific waste diversion function of the individual producer or collective. The Authority, in its role as registrar of producers, may ensure within reason that the reporting is satisfactory.

While data collection today is imperfect, the Municipal Datacall program is valuable and should be continued.

RECOMMENDATION 9

In a three-part collaboration between producers, the Authority, and MOECC, those who fail to comply with their obligations should be identified and given appropriate penalties on an individual and case-by-case basis.

Accurate data collection also serves the role of ensuring producers are meeting their legislative obligations and, where relevant, their obligations within their collectives. Producer collectives are positioned to be the natural first line of defense against free riders, as they determine the cost associated with recycling based on individual firms' contributions to the waste stream. However, parties to a collective should not be punished for the actions of an individual delinquent firm. If a collective is unable to bring a free rider or negligent member into line, then the matter should be escalated to the government to take appropriate action. Additionally, the Authority and MOECC should be expected to lead the charge when dealing with foreign free riders. Finally, there should be no means under the new framework by which a producer could be exempted from their obligations by voluntarily contributing money, goods, or services.

HOW SHOULD THIS NEW FRAMEWORK BE FUNDED?

Context

In other provinces, increased producer responsibility for decision-making has come with a similarly increased financial contribution from industry. British Columbia and Quebec have both gradually achieved 100 percent producer funding, while Manitoba legislated an 80 percent (producer)/20 percent (municipality) split in order to give municipalities a continued interest in residential recycling. While these recalculations have meant increased costs for individual producers, most accept that financial responsibility be commensurate with decision-making power.

In consultations, producers have voiced concerns that their share of financial responsibility for residential recycling will continue to grow, and that they are powerless to control that increase. The only alternative may be accepting more of that responsibility in order to gain access to decision-making powers. In contrast, waste management firms worry that reform of the Blue Box structure could result in fewer clients (as individual municipal contracts may group into one producer collective contract) and thus less business, impacting their bottom line. Municipalities, though diverse in their attitudes towards waste diversion reform, bear the primary burden of program management and believe that their compensation is not reflective of that fact (Association of Municipalities Ontario, 2015). Funding is therefore a stakeholder-driven issue.

Recommendations

RECOMMENDATION 10

The government should not define the costs of the system, either in legislation or regulation. The best place to determine cost is the open market.

Considering the diverse views of stakeholders regarding program costs, it is in the government's best interest to remove itself from this discussion. As increased producer responsibility involves a shift from shared private/public investment towards a scenario in which private enterprise is largely—if not exclusively—responsible for funding, it is not appropriate for government to dictate how producers choose to self-fund. It is especially inappropriate for the bureaucracy, which holds enforcement and compliance powers, to define the cost of waste management services. A reasonable cost is best determined in negotiations between municipalities, producers, collectives, and private waste management service providers. Any attempt to define reasonable cost, for example, may lead to disagreement between producers and the Authority reminiscent of the strife between WDO and SO.

RECOMMENDATION 11

The government should undertake an economic impact analysis of a producer responsibility system.

Like many programs that directly impact the balance sheets of Ontario businesses, once legislation is passed and as regulation and strategy are being defined, government should undertake an economic impact analysis of a producer responsibility system. This will help industry, municipalities, and the province to better understand what is achievable, what is being asked, and what to expect as the new system comes on-line.

CONCLUSION

If individual producer responsibility for residential recycling is to be successful in Ontario, it must be focused on outcomes rather than processes. If producers are to take on more responsibility for the Blue Box, we ask that they are provided with the functional freedom to achieve the program's goals. The outcome-based legislation and regulation proposed in this report will be best supported by a new Waste Management Authority, one which functions as a data clearinghouse so that producers and government can agree on clear targets and measures of success. In the future, producer responsibility should be complemented by other policy tools including material-specific targets for diversion and/or collection, landfill bans where appropriate and manageable, and consumer education programs, as well as harmonization with other jurisdictions.

Optimizing Ontario's recycling system will benefit all Ontarians, be they consumers, producers, or regulators. Increased producer responsibility is one tool in a larger toolkit for the creation of a sustainable and successful waste diversion program in Ontario, but one which can serve as the vanguard in the government's push for improved waste diversion outcomes.

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