

CONSENSUS & CONTENTION

Business Perspectives on Ontario's Proposed Waste Reduction Act

Submission to the Ministry of the Environment



**ONTARIO
CHAMBER of
COMMERCE**

The Ontario Chamber of Commerce (OCC) values the opportunity to comment on the Government of Ontario's proposed *Waste Reduction Act* and the associated Waste Reduction Strategy.

The OCC is a business network of 160 local chambers of commerce and boards of trade in Ontario. Through this network, we are the voice of 60,000 members that range from small businesses to major corporations and industry associations. Together, our members employ two million people and produce nearly 17 percent of Ontario's GDP.

The goal of this submission is to identify points of consensus and contention among them regarding the proposed changes to the waste diversion system in Ontario.

This submission is based on extensive consultation. During this process, the OCC spoke to local chambers of commerce and boards of trade, industry associations, and numerous retailers, producers, waste management firms, and energy-from-waste companies. We also hosted two roundtables that included question and answer sessions with representatives from the Ministry of the Environment.

On some issues, consensus has been reached. On others, it has not.

Our extensive consultation process has demonstrated to us that the Ministry's work is far from complete. There are still several important issues that require more robust due diligence before a successful update to waste diversion in the province can be achieved.

Issue	What We Heard	Level of Agreement
Waste diversion is good for business	<p>Ontario businesses and government share the goal of higher rates of waste diversion in the province. The diversion of waste is good business.</p> <p>Diverted waste increases the supply of raw materials, which lowers input costs in many sectors. Waste diversion spurs private sector job creation and generates new opportunities in the economy.</p>	
Ontario does not have market pull	<p>The strategy assumes that Ontario has the market girth to influence producer decisions with respect to packaging; a point that many international producers dispute on the grounds that the province does not have sufficient “pull” in the global marketplace to influence packaging decisions.</p>	
There is a need for greater due diligence on behalf of the government	<p>Businesses are concerned that the government is failing to answer some key questions in formulating this legislation:</p> <ul style="list-style-type: none"> • How will the proposed Act and extended producer responsibility impact consumer behavior in terms of cross-border shopping (interprovincial and international) and online shopping? • How will the proposed legislation impact the competitiveness of Ontario manufacturers and the ability to attract investment to the province? • What are the proposed impacts in terms of administrative and compliance burdens? • How will changes to the waste diversion system via the proposed Act ensure that the intended outcome, increased waste diversion, is achieved? <p>The government needs to answer these questions and conduct a more thorough analysis of the outcome and potential impacts of the proposed legislation.</p>	
The role of municipalities is unclear	<p>The role of municipalities in waste diversion is not adequately specified in the Act.</p> <p>There is also concern that smaller municipalities may lack the capacity to handle waste diversion under the proposed system. This is partly due to a higher negotiation burden.</p> <p>Some argue that municipalities should vacate the waste diversion business.</p> <p>Others note that waste collection must be opened up to as much private competition as possible, providing for viable alternatives if municipalities impose collection costs that are too high for producers.</p>	

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A need for harmonization across jurisdictions	<p>Many producers and retailers operate in several jurisdictions across Canada and the world. Inconsistencies in regulations and the definitions of actors and types of waste make it difficult for them to achieve economies of scale and efficiency. These inconsistencies could impose a heavy administrative burden that does not exist in other jurisdictions.</p> <p>Harmonization across jurisdictions in Canada would lower the cost of doing business in Canada and the relative attractiveness of Ontario and Canada as an investment destination.</p> <p>Harmonization must be an explicit intergovernmental objective for Ontario.</p>	
Target outcomes, but not processes	<p>Most groups agree that the government should take a “hands-off” approach to regulation to create flexibility and encourage innovation among producers, retailers, and waste companies. Government should set waste diversion targets and allow producers to achieve those targets in the most efficient manner possible.</p>	
Lack of definitional clarity	<p>There is consensus that the proposed legislation lacks clear definitions for crucial components of the waste diversion system. For example,</p> <ul style="list-style-type: none"> • What is a “producer”? • What is “waste”? • What constitutes “diversion”? <p>Lack of definitional clarity could result in uneven interpretation of the proposed legislation and difficulty in enforcing it.</p>	
Should “diversion at lowest cost” be a core principle?	<p>Many of those consulted argue that “greatest possible diversion at lowest possible cost” should be an overarching principle of the new approach.</p> <p>Some argue that this principle is unnecessary, on the grounds that targets should be set and the market should decide pricing.</p>	

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What is the impact on Ontario's competitiveness?	<p>Some businesses argue that the proposed legislation could hurt Ontario's ability to attract global producers and retailers by increasing the cost of doing business in the province.</p> <p>Others suggest that there would be no impact on the province's competitiveness.</p>	
How will the Waste Reduction Authority be governed?	<p>Producers suggest that the governance of the proposed Waste Reduction Authority (WRA) should be "interest based" to ensure costs are kept low and the system is as efficient as possible. They expect an increase in responsibility and costs to be accompanied by an increase in their capacity to make waste diversion decisions.</p> <p>Other businesses note that "skills based" governance of the WRA—in which a panel of waste diversion experts (not industry representatives) makes decisions—would be more appropriate, given the broader social objective of the proposed legislation.</p> <p>Regardless, effective accountability and transparency of this body would be crucial to ensure the efficient management of the waste diversion system.</p>	
How will consumers be impacted?	<p>Producers suggest that adopting a shift in producer responsibility and internalizing eco-fees will likely lead to higher consumer prices for affected products. This could increase the flow of cross-border and online shopping from Ontario into neighbouring jurisdictions and ultimately hurt the province's businesses.</p> <p>Most agree that greater due diligence regarding the impact on consumer behaviour is required.</p>	
Should Ontario adopt the 4R's?	<p>Some businesses argue that energy recovery, or energy-from-waste, should be considered by government as a waste diversion process (the '4R' approach).</p> <p>Most parties agree that the province should revise its definition of "disposal" following robust consultation.</p>	

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