



RETHINK WASTE

A Blue Print for
Harnessing the Economic
Benefits of Resource
Management in Ontario

March 6, 2013

“With the right policies, Ontario has the potential to become an environmental and economic leader in resource management.”



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ABOUT THE OWMA

The Ontario Waste Management Association is the voice of the waste management sector in Ontario. The OWMA represents over 300 members across the province including private sector companies; public sector municipalities and organizations and individuals involved in the waste management sector in Ontario. Together they manage over 85% of the province's waste. OWMA members have diverse interests and capital investments in areas such as waste and recycling collection, landfills, transfer stations, material recycling facilities, organics processing and composting and hazardous waste from both a recycling and disposal perspective.

The waste management sector provides an important environmental service by dealing with roughly 12.5 million tonnes of waste generated annually by Ontario residents and businesses (which equates to almost a tonne per Ontarian). The sector directly contributes annually over

\$3 billion in revenue, over \$300 million in capital expenditures and over 13,000 jobs to Ontario's economy¹. The average salary paid to those employed in the waste management sector is 22% above of the provincial average salary.

The OWMA has been an active stakeholder in the development and implementation of waste management regulatory initiatives at all levels of government – federal, provincial and municipal. We seek to positively affect provincial legislation as well as regulatory and financial policies that influence the industry and the broader economy. The future of waste management from both an environmental and economic perspective is in the recovery of resources. As a result, the OWMA is a strong supporter of policies that **treat waste as a resource**. The OWMA also supports policies that **foster fair and open markets; and ensure transparency, efficiency and accountability**.



FOREWORD

With the economy struggling, Ontario needs to capitalize on businesses which have real potential to create economic growth and jobs. The waste management sector offers an enormous opportunity for the government to address economic growth, create well paid jobs and to meet environmental objectives.

The waste management sector is in the process of a monumental change. Previously materials the sector managed were regarded only suitable for disposal. This is no longer the case. Waste collected is valued as a source of raw materials and energy that can be rerouted into Ontario's economy after proper processing. Organizations in the sector are already spending millions to pursue these goals but innovation and technological advancement can only achieve so much.

As the management of waste is largely dictated by regulation, it will take government involvement to harness the value of waste as a resource. Under Ontario's current regulatory framework much of the business case for investment cannot be made. However with the right policies, Ontario has the potential to become an environmental and economic leader in resource management.

As such, the OWMA is releasing 9 recommendations that can act as a blue print to help unlock Ontario's current potential.

Numerous studies around the world have highlighted the economic benefits of harnessing the material and energy resources from waste.

These recommendations are not about picking technology winners or losers. Instead, they seek to change behavior and drive efficiencies in the least intrusive way.

Recommendation 1:

Harness the economic value of waste as a resource by developing a long-term economic strategy based on sound data and utilizing various economic instruments such as disposal bans and extended producer responsibility.

Recommendation 2:

Ensure any economic instrument employed by the government to drive waste diversion (including EPR programs) fosters fair, open and competitive markets for all parties including service providers and producers; and requires direct accountability to individual parties for achieving environmental outcomes.

Recommendation 3:

Clarify the roles and responsibilities of the parties involved in waste diversion through legislative or regulatory change. Government should set and enforce environmental outcomes; establish rigorous province-wide environmental standards; and set penalties.

Recommendation 4:

Redefine the waste management hierarchy within Ontario's waste diversion framework to maximize material and energy recovery.

Recommendation 5:

Revise procurement policies to support products made in whole or in part from recycled materials and support the proper management of materials at the end of life.

Recommendation 6:

Review and overhaul Ontario's waste diversion regulations to reduce the amount of valuable resources going to disposal and ensure appropriate resources are available to enforce the regulations.

Recommendation 7:

Review opportunities for the use of different forms of service delivery like Delegated Administrative Authorities or other arms-length bodies to help improve regulatory outcomes; strengthen enforcement; oversee Ontario's waste diversion programs; and better track waste management data in Ontario.

Recommendation 8:

Continue to modernize the approvals process to ensure better environmental protection through higher environmental standards, uniformly applied.

Recommendation 9:

Restructure financial assurance in Ontario and move it to a risk based pooled fund model.

We look forward to working with the government and other interested parties in helping to Rethink Waste in Ontario.

Sincerely,



Rob Cook
Chief Executive Officer
Ontario Waste Management Association

RETHINK WASTE

A Blue Print for Harnessing the Economic Benefits of Resource Management in Ontario

I. Introduction: Wasted Opportunities

Ontario residents and businesses create 12.5 million tonnes of waste every year, which equates to almost one tonne generated per person.

Although a major generator of waste, Ontario is a leader in residential sector recycling with successful and widely supported Blue Box and Green Bin programs.

Today, more than 95% of Ontarians have access to curbside recycling, and the internationally recognized Blue Box Program has achieved a recycling performance of 67.6%².

Progress has been made to increase residential waste diversion largely through the introduction of new municipal organics programs³ and to a lesser degree the introduction of new provincial programs. In the Industrial Commercial & Institutional (IC&I) sector, the overall amount of materials diverted has increased with significant progress being made with specific materials such as cardboard.

However, the overall diversion rate for the IC&I sector has steadily decreased (see Figure 1). The latest data from Statistics Canada shows the residential sector waste diversion rate at about 37% and the non-residential sector, including the IC&I and Construction, Renovation & Demolition (CRD) sectors, rate at about only 13%⁴.

While there has been some success, it is evident that Ontario's waste diversion framework is not working. The overall recycling rate in Ontario has remained relatively stagnant at under 25% for the last two decades. As a result, the vast majority of our waste remains destined for disposal and almost 4 million tonnes of industrial and commercial waste is exported to U.S. disposal facilities.

This represents an enormous loss of resources and economic opportunity. It is not just the material or energy value of the waste that is lost, but also business opportunities associated with recycling and with integrating recovered resources into new products and packaging that can be sold again.



While the environmental benefits of waste diversion discussed often include avoiding the release of pollutants and greenhouse gases and recovering valuable materials, little attention is paid to the economic benefits.

The Ontario government's 2008 white paper entitled *From Waste to Worth: The Role of Waste Diversion in the Green Economy*, projected Ontario's mandated waste diversion programs for residential paper & packaging, waste electronics & electrical equipment, and municipal household hazardous & special waste would result in the creation of more than 7,800 jobs in the province and contribute \$770 million annually to Ontario's GDP⁵.

The report also identified roughly seven jobs are created in Ontario for every thousand tonnes of waste diverted, and the economic benefits of mandated waste diversion programs are four times greater than the net cost to recycle.

These economic benefits are supported by many other reports, which underline the positive impacts of waste diversion including creating jobs with higher than average incomes; boosting public revenues; and adding value to the overall economy.⁶

While jurisdictions throughout the world are moving forward with strategies to take advantage of waste diversion as an economic driver, Ontario is being left behind.

Little has been done to capitalize on developing end markets for secondary raw materials; to understand the benefits of increased diversion for non-designated materials; or to capture the energy resources within waste. Ontario lacks an overarching provincial strategy, defining both long- and short-term objectives, for waste diversion in the province.

Our current recycling framework remains mired in controversy and is less effective than it should be.

Under Ontario's Waste Diversion Act (WDA), functioning recycling markets have been disrupted; consumers have been burdened by eco-fees in some cases unfairly; recycling targets have not been met; program efficiencies questioned; and the absence of sound policy direction by the government has resulted in a 'broken' waste diversion system.

Concerns with programs under the WDA are well documented. This includes, numerous reports by the Environmental Commissioner of Ontario and the Auditor General, and within government reports.

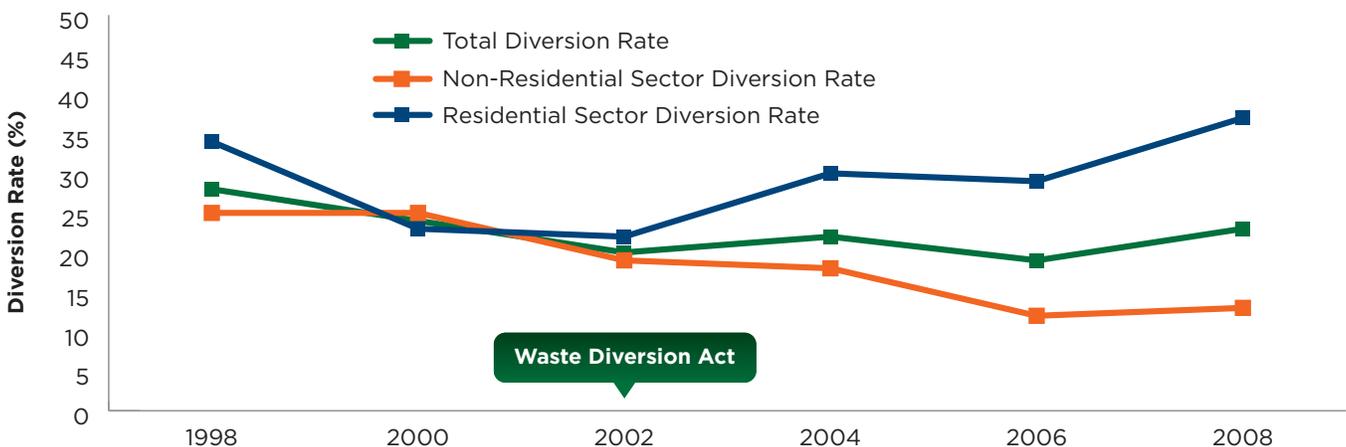
Most recently, the Environmental Commissioner of Ontario issued a report summarizing a consultation across all stakeholders that highlighted many of these concerns with Ontario's style of product stewardship and offered common ground for a path forward.⁷

7 jobs are created for every 1,000 tonnes of waste diverted with an economic benefit 4 times greater than the net cost¹¹

Finally, Ontario is experiencing severe and rapidly declining landfill capacity. The amount of landfill capacity available in Ontario is less than the disposal capacity required for IC&I and CRD waste generated by Ontario sources⁸. The remaining capacity in Ontario's 32 largest landfills in 2008 was expected to last 25 years at the then-current fill rate.⁹

Ontario needs an effective legislative framework and the proper regulatory tools to realize the economic and environmental benefits from harnessing the value from waste. Nothing short of legislative change will get Ontario back on course.

Figure 1. Residential, Non-Residential & Combined Diversion Rates in Ontario¹⁰



RETHINK WASTE

A Blue Print for Harnessing the Economic Benefits of Resource Management in Ontario

II. Blue Print for Managing the Resources in Ontario's Waste

Harness the Economic Value of Waste as a Resource

Although waste diversion generates substantial economic benefits, disposal (particularly in Michigan)¹² predominantly remains the least cost option for managing waste. Recycling activities are hindered in many cases as a result of a wide differential between the costs of disposal and recycling.

The only way to drive greater diversion in Ontario, especially in the IC&I sector, is to find a way to change the economics. This often involves the need for some form of government intervention.

Economic instruments like disposal bans and Extended Producer Responsibility (EPR) have been employed effectively around the world and within North America to drive waste diversion.¹³ These policies leverage millions of dollars of private and public investment, expanding infrastructure and creating sustainable employment.

Given Ontario's dismal diversion numbers, there is enormous opportunity for the government to set a coordinated vision forward that takes advantage of the economic opportunities associated with collection, transportation and staging of these materials including the incorporation of them into our own manufacturing sector.¹⁴

With the right policies, Ontario has the potential to become an environmental and economic leader in resource management. However, a lack of strategy,

co-ordination and long-term vision has stunted growth and discouraged new investment.

Careful consideration should be made by the government in establishing this economic strategy. A comprehensive understanding of the sale, distribution, consumption of products and the disposition of wastes associated with those products by the Ontario government is needed. By understanding the marketplace, the government can establish the most effective and efficient economic instrument to drive greater diversion. They can also make educated decisions based on what materials possess the most value in terms of economic and environmental benefit.

Good environmental policy should be based on sound data and provide incentives to change behavior and drive efficiency **in the least intrusive way.**

It is important to note that **the sector neither wants, nor needs the government to provide grants or subsidies.** Investments have not been hindered by access to capital but instead by the inability to make a business case under the current conditions.

Recommendation 1: Harness the economic value of waste as a resource by developing a long-term economic strategy based on sound data and utilizing economic instruments such as disposal bans and Extended Producer Responsibility.

Drive Competition & Accountability to Encourage Efficiency & Effectiveness

The Ontario Waste Management Association has been supportive of the government's move towards Extended Producer Responsibility (EPR). EPR is an environmental policy approach in which producers (brand-owners, first importers or stewards) of products and packaging bear responsibility for ensuring those products and packages are properly managed at the end of their life-cycle.

The basic goal of EPR is to achieve waste reduction and environmental protection in the most efficient manner. Stewards are seen as the party best able to deliver optimal economic and environmental outcomes and as a result are conferred responsibility. It is an economic instrument that has been successfully employed in many other jurisdictions.

Unfortunately in Ontario two key components are absent that are necessary for the successful employment of any type of economic instrument – competition and accountability. Without these components, waste diversion in Ontario will remain mired in problems.

Under Ontario's current Waste Diversion Act, producers of designated materials are mandated to combine into a collective stewardship agency, otherwise known as an Industry Funded Organization (IFO).¹⁵ Individual stewardship action with regard to designated waste is prohibited until the collective approach is established.

By mandating this collective approach, the government limits program design variability, and restricts a steward's ability to consider options for waste reduction, collection and diversion of their products. The IFO instead becomes the liable party assuming all responsibility for stewards. These stewards have no obligation to divert or reduce



waste. Their only obligation rests with the payment of regulatory charges to the IFO.

Essentially stewards become disinterested parties with little incentive under the structure to affect economic and environmental outcomes. In addition, the government and the arms-length oversight organization, Waste Diversion Ontario, have minimal ability under the current framework to hold the IFO accountable.

This lack of accountability is not consistent with the concept and principles of EPR as it undercuts the incentive to drive waste reduction and environmental protection.

Optimal outcomes can only be assured if accountability is set on an individual basis. This ensures performance irrespective of how a steward may choose to meet its waste diversion obligations.

Stewards under an IFO are also conferred with market power as monopoly buyers of environmental services. The effects of non-competition between producers and their consumers have dramatic effects on the waste diversion service marketplace.

In a number of cases where there were pre-existing marketplace activities to divert waste, IFO-based diversion programs simply ignored existing relationships and built new economic models that have essentially displaced current marketplace participants and activities.¹⁶

In a functioning open marketplace, individual buyers of waste diversion services negotiate with individual sellers - service providers. Where there are many buyers and sellers of waste diversion services and buyers are well informed about what various service providers can provide, competition among waste diversion service providers can be expected to result in the lowest cost to waste diversion service buyers. Concurrently, service providers are given strong incentives to create new and innovative services of value to buyers to stay ahead of competitors.

Where either waste diversion service buyers or sellers combine, marketplace distortions lead to inefficiencies. Seller monopolies raise costs to buyers as sellers demand higher prices. Alternatively, waste service buying monopolies mean buyers can pool demand and artificially depress prices eliminating the ability for service providers to reinvest and innovate.

In either case, the outcome is less than optimal. In both cases, the solution is to ensure healthy competitive marketplaces. Monopolistic control over the marketplace hinders competition and innovation that would otherwise reduce costs and bring better services and products.

IFOs also allow producers to pass fixed and visible fees (known as “eco-fees”) onto the consumer. This fixed fee involves externalizing the cost of collection, transportation, processing and administration to the consumer.¹⁷ Externalizing this cost, removes any profit motive to induce individual

businesses to find ways to reduce costs. As a result, the fee operates as a government-mandated fee on the consumer. The consumer has no choice but to pay the allotted amount and producers have no incentive to increase program efficiencies.

It is the Association's view that EPR cannot exist without competitive marketplaces.

Ontario should follow the lead of many other jurisdictions including the United Kingdom, Sweden and Australia that require competition impact assessments when they consider regulatory impacts. The guiding principle should be that rules and regulations do not restrict competition unless it can be demonstrated that the benefits outweigh the costs, and objectives can only be achieved by restricting competition. The rationale is to foster competitive markets and promote innovation, which has implications for prices, welfare and economic growth. The OECD Competition Assessment Toolkit

provides a comprehensive approach for conducting competition impact assessments.

New York¹⁸ State legislative framework for waste electronic equipment, which assigns accountability to individual producers operating in competition with one another and Ontario's Regulation 298/12, which holds individual producers responsible for managing post-consumer pharmaceutical and sharps waste (i.e. unused/expired medications) provide illustrative examples that ensure individual accountability in competitive marketplaces.

Recommendation 2: Ensure any economic instrument employed by the government to drive waste diversion (including EPR programs) fosters fair, open and competitive markets for all parties including service providers and producers; and requires direct accountability to individual parties for achieving environmental outcomes.



Redefine Roles, Responsibilities & Expectations

Overlapping roles and responsibilities in Ontario's waste diversion framework make it impossible to hold parties accountable. Concerns relating to authority and responsibility in Ontario's waste diversion programs have been brought forward in past government reviews of the Waste Diversion Act.

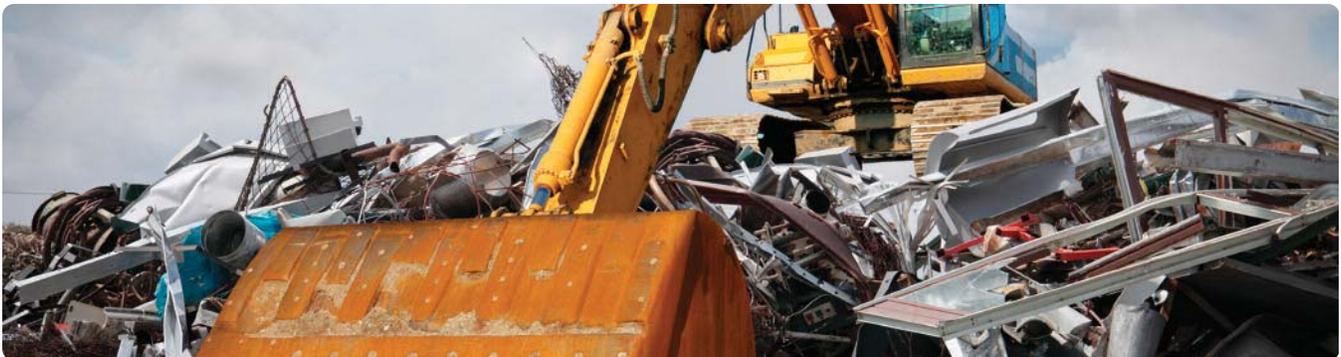
For instance, the MOE's 2009 review paper, *From Waste to Worth: The Role of Waste Diversion in the Green Economy*¹⁹, has specifically addressed accountability issues under the WDA:

The overlapping roles and responsibilities established in the current WDA can make it difficult to effectively hold parties accountable for results. Right now, WDO and IFOs share many of the same roles in the development of diversion programs. Similarly, both WDO and the government have an oversight role, but both lack the full range of tools to ensure that diversion programs achieve results.

Similarly, in the MOE's 2008 review, *Toward a Zero Waste Future: Review of Ontario's Waste Diversion Act*²⁰:

Maximizing waste reduction, reuse, and recycling requires a clear framework that sets out the roles and responsibilities of those involved in waste diversion programs, to ensure that all players are contributing to a common goal. . . . The relationships between the organizations are complex and at times overlapping. . . . In addition, the various aims of the participants, and their related responsibilities, do not always facilitate decision-making that adequately considers the public interest.

The Ontario Government should set the policy framework for waste diversion – specifically its role is to set and enforce aggressive waste diversion targets; establish rigorous province-wide environmental standards; and set penalties.



Diversion targets must be set realistically. Waste diversion targets that are set low and not enforced will result in low waste diversion quantities and little incentive for investment and innovation in waste diversion in Ontario.

In the absence of set and enforced waste diversion targets, producers have no incentive to prevent designated wastes from going to disposal or allowing them to “bleed” out of their approved EPR program into collection and processing channels operating outside of approved environmental standards. Aggressive waste diversion targets are critical to increase waste diversion and to be effective they must be enforced.

In addition to setting diversion targets, the government should also establish environmental standards to ensure that processors are diverting waste in an environmentally sound manner. Failure to establish a common set of environmental standards will result in wastes being driven to processors operating below approved standards.

Where aggressive waste diversion targets are applied, **the government of Ontario - not producers or WDO - must set, oversee and enforce rigorous environmental standards for waste diversion service providers.** Furthermore, these standards need to be imposed by government directly on ALL service providers providing a defined waste diversion service. These standards might include, but are not limited to the areas of environment, health and safety, and accessibility. Enforcing high standards will result in increased waste diversion quantities enhanced public safety, and greater incentives for investment and innovation in waste diversion in Ontario.

Recommendation 3: Clarify the roles and responsibilities of the parties involved in waste diversion through legislative or regulatory change. Government should set and enforce waste diversion targets; establish rigorous province-wide environmental standards; and set penalties.



Clarify the Concept of Diversion

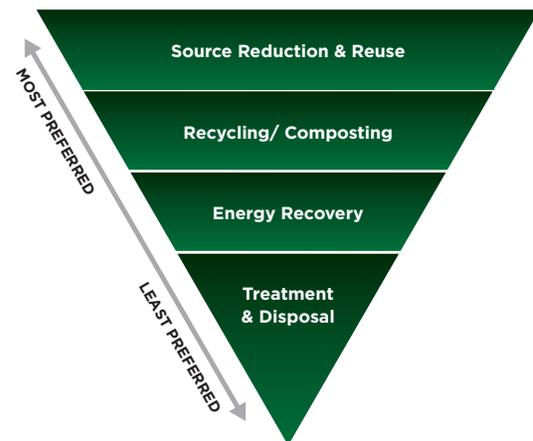
Better management of waste can pay significant dividends in terms of climate change; resource & energy conservation; and reduces environmental impacts on land, water, and air. The solid waste management hierarchy of the U.S. EPA and the European Union provide a general framework for waste management policy where the focus is on reduction of waste generation, reuse, and recycling. The primary objective should be the reduction of waste (See Figure 2).

This is similar to the approach embraced in the Ontario Ministry of Environment's 2008 discussion paper entitled, *Toward a Zero Waste Future: Review of Ontario's Waste Diversion Act*²¹ and in their 2007 *Policy Statement on Waste Management Planning*²².

Once waste is created, each material should be managed based on the fundamental principles of sustainability and life cycle assessment. For the materials remaining after reduction and reuse, material and energy recovery should be the preferred option. This material and energy recovery could be manifested in many forms including: recycling, traditional EFW technologies; new and emerging conversion technologies; anaerobic digestion; or landfill gas recovery. Each of these technologies has the ability to capture inherent resource value and should be considered in the context of maximizing resource recovery (material or energy resources).

Figure 2. Waste Management Hierarchy - Activities in Descending Order of Preference²³

Waste Management Hierarchy

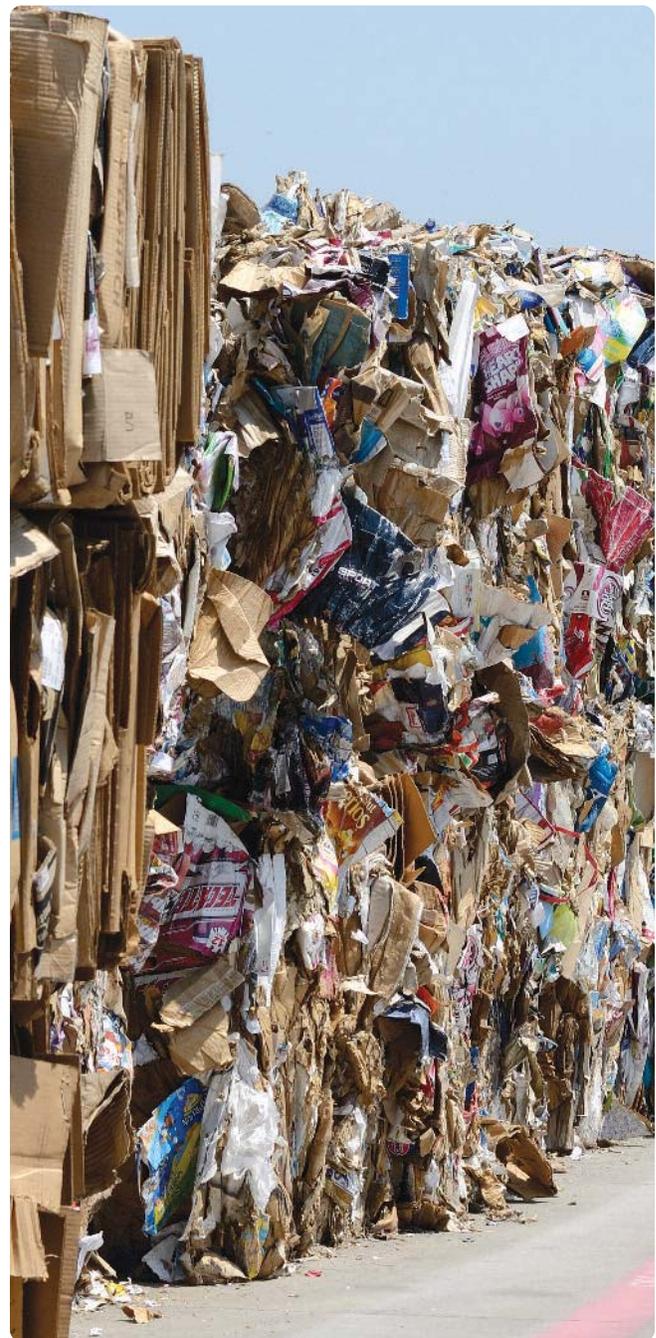


Ontario's current waste diversion framework does not reflect this waste management hierarchy. The majority of Ontario policies focus on recycling with little attention on reduction, reuse and energy recovery. Energy recovery is treated within the current framework as equivalent to disposal. Higher orders of recycling are not acknowledged within the WDA and its programs, with the exception of Ontario's used tire program which pays increased financial incentives for higher orders of recycling.

Some recycling activities generate by-products that cannot be reutilized (i.e. used tire processing residue) and not all materials recovered will be recyclable. In such cases, these non-recyclable or residual materials could be managed through Energy Recovery facilities which could capture value.

Currently, no incentive exists under the framework for this value to be captured. The lack of clarity around what counts as diversion, especially regarding residual waste remaining after diversion processes, discourages companies from investing in emerging technologies in the province.

The waste management hierarchy should be redefined and articulated for stakeholders. Clearly defining what is environmentally beneficial recovery of the embodied material and energy value of products and materials is critical. It informs producers about what they are eligible to use in terms of processing options in order to discharge the end-of-life obligations for their waste products and materials. Of equal importance, it reduces uncertainty for waste processors making



investment decisions in reuse and recycling technologies.

Examples of Waste Management Hierarchy Policies in Canada:

- British Columbia's *Recycling Regulation*²⁴ requires that the management of a product adhere to the order of preference in the pollution prevention hierarchy:
 - (a) reduce the environmental impact of producing the product;
 - (b) redesign the product to improve reusability or recyclability;
 - (c) eliminate/reduce the generation of unused portions of a product that is consumable;
 - (d) reuse the product;
 - (e) recycle the product;
 - (f) recover material or energy from the product;
 - (g) otherwise dispose of the waste
- Quebec's *Residual Materials Management Policy*²⁵ is based on the "4R-D Principle" giving priority to source reduction, reuse, recycling, other forms of material reclamation, energy production, and disposal, in that order.

In the U.S., some states build energy recovery into their waste diversion strategy:

- In California, cities and regions may claim credits with waste sent to Energy Recovery facilities to reach their mandated 50% diversion goal²⁶. Jurisdictions may claim a maximum of 10% of the average calculated per capita generation tonnage towards the 50% mandated diversion goal.
- Oregon's recovery rate includes recycling, composting, and energy recovery – there are 6 materials counted towards the recovery rate when burned for energy: wood, yard waste, tires, used motor oil, fuels, and oil-based paint²⁷. In 2010, more than 12,000 tons of waste burned for energy was counted as recovered instead of disposed.

Recommendation 4: Redefine the waste management hierarchy within Ontario's waste diversion framework to maximize material and energy recovery.

Develop Markets for Recycled Materials & Ensure Proper Material Management

The Province has successfully encouraged waste generators to recycle a variety of products. However, more emphasis needs to be placed on stimulating the development of markets for these products.

The Province and other levels of government are key purchasers of supplies and services in Ontario. Notwithstanding that, current procurement policies do not encourage the purchase of recycled materials to the fullest extent possible.

Recommendation 5: Revise procurement policies to support products made in whole or in part from recycled materials and support the proper management of materials at the end of life.



Review and Overhaul Ontario's Waste Diversion Regulations

Ontario's waste diversion regulations were established in 1994 to ensure that IC&I sectors, as well as municipalities, develop programs to reduce the amount of valuable resources going to disposal. They include the following:

- Recycling and Composting of Municipal Waste (O. Reg. 101/94)
- Waste Audits and Waste Reduction Work Plans (O. Reg. 102/94)
- Industrial, Commercial and Institutional Source Separation Programs (O. Reg. 103/94)
- Packaging Audit and Packaging Reduction Work Plans (O. Reg. 104/94)

While the intent behind these regulations is good, they have not been effective at driving diversion, especially in the IC&I sector. They have been widely criticized, most recently by Ontario's Auditor General in his 2012 Annual Report. His concerns include the inability of government to provide oversight and enforcement; the lack of data to establish risk; and the lack of assessment of the extent to which IC&I businesses were separating waste or whether the source-separated materials were actually being recycled.

Other concerns have also been raised about the relevancy of the regulations given rapid changes in technology; what can now be recycled; and best practices.

Recommendation 6: Review and overhaul Ontario's waste diversion regulations to reduce the amount of valuable resources going to disposal and ensure proper oversight and enforcement of the regulations.



Strengthen Enforcement, Oversight & Data Tracking

In a time of fiscal constraint, the OWMA is concerned about the risk of service erosion as the Ministry of Environment seeks to reduce costs. The Ontario Environmental Commissioner and the Auditor General²⁸ have already expressed concerns in the following areas:

- The Ministry of the Environment only inspects 5% of all regulated facilities each year, meaning that regulated facilities can go, on average, twenty years without inspection.
- The Ministry of the Environment has been struggling with tens of thousands of out-dated Certificates of Approval allowing facilities to ignore current environmental standards.
- Inadequacies continue to exist in Ontario's Hazardous Waste Management Program's electronic system and the system continues to cost the government more than the fees it brings in.
- The Ministry of Environment lacks information on what is happening with non-hazardous waste disposal and diversion.

Environmental regulation requires good oversight to assess and address risk, and uniform application and enforcement across markets. Without these elements environmental regulation can have a detrimental impact as the cost differential between those that are compliant and those that are not is widened.

Traditionally, this has meant that government resources are required to set, administer, oversee and enforce. However as expressed by both the Auditor General and the Environmental Commissioner, the Ministry of Environment has not had the resources to adequately perform all these roles.

The OWMA supports the recommendation by the Commission on the Reform of Ontario's Public Services which states the government should explore different forms of service delivery through arm's-length bodies.²⁹

One example of an arm's-length body currently in use in Ontario is Delegated Administrative Authorities (DAA) which have delivered regulatory services since the mid-1990s. DAAs are private, not-for-profit corporations that administer legislation on behalf of the government under accountability and governance agreements with the government.

DAAs have been found to reduce costs to taxpayers, improve regulatory outcomes and efficiency, retain government oversight and increase industry engagement.

Recommendation 7: Review opportunities for the use of different forms of service delivery like Delegated Administrative Authorities or other arms-length bodies to help improve regulatory outcomes; strengthen enforcement; oversee Ontario's waste diversion programs; and better track waste management data in Ontario.

Provide the Right Conditions for Investment

Regulatory burden, an inconsistent application of rules and misallocation of resources based on risk have acted as barriers to investments in Ontario. Ontario needs to provide the right conditions for investment.

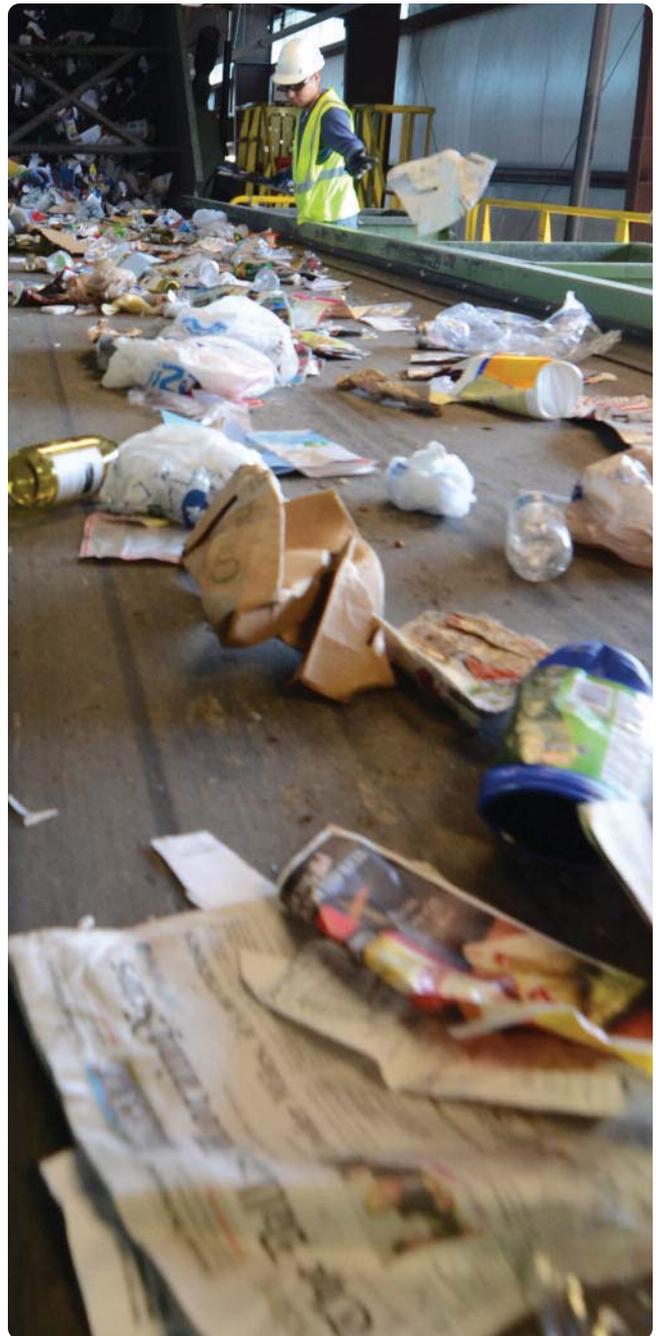
The OWMA supports the government's efforts to simplify and expedite the approvals process in an appropriate manner that manages risk.

The current system is administratively burdensome to industry and municipalities, and given the low environmental risk associated with many approvals, it requires a disproportionate allocation of Ministry resources.

The government's modernization of approvals initiative is a positive step forward in reducing administrative burden while ensuring proper standards are in place.

However, it is important for the Ministry to allocate the proper resources to enforce the requirements set out in the regulation consistently and fairly.

The OWMA is also supportive of the recommendation by the Commission on the Reform of Ontario's Public Services which recommends the government "place greater emphasis on prevention and the polluter-pay principle for contaminated sites using appropriate financial tools, such as financial assurance."³⁰



Both the government and industry have been challenged by the existing financial assurance system.

The environmental impacts and need for remediation resulting from non-compliance and bankruptcies are not frequent, but can be significant when they occur. Inconsistencies and inequities in the assessment (amount) of financial assurance and the maintenance of the financial vehicles can result in inadequate funds to cover the costs of remediation and cleanup.

Such shortfalls in available financial assurance funds often result in the province bearing the cost of remediation. Currently financial assurance is specific to a property, facility or activity. Site-specific financial assurance does not provide the flexibility necessary to address potential remediation risk within the waste sector.

Thus the cumulative total of site-specific financial assurance is in excess of the risk-based liability for environmental remediation. A 'pooled' industry financial assurance system that provides flexibility in allocating funds as needed without site-specific limitations would result in higher levels of environmental protection.

The pooled fund concept also eliminates the current debates about site specific amounts, financial instruments and adequacy of financial assurance.

Recommendation 8: Continue to modernize the approvals process to ensure better environmental protection through higher environmental standards, uniformly applied.

Recommendation 9: Restructure financial assurance in Ontario and move it to a risk based pooled fund model.

APPENDIX

- 1 Statistics Canada. Waste Management Industry Survey, 2008. Available at <http://www.statcan.gc.ca/pub/16f0023x/16f0023x2010001-eng.pdf>.
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- 8 RIS International Ltd. The Private Sector IC&I Waste Management System in Ontario, 2005. Available at <http://www.solidwastemag.com/postedddocuments/pdfs/2005/aprmay/iciprivatesectorwastestudy.pdf>.
- 9 Office of the Auditor General of Ontario. 2010 Annual Report - Section 3.09: Non-hazardous Waste Disposal & Diversion. Available at http://www.auditor.on.ca/en/reports_en/en10/309en10.pdf.
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- 11 AECOM. The Economic Benefits of Recycling in Ontario, 2009, Available at <http://www.owma.org/lib/db2file.asp?fileid=1119>.
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- 14 WRAP in the UK has recently announced grants for small and medium manufacturing companies to support the use of recycled content in their products or packaging. Available at <http://www.wrapcymru.org.uk/content/funding-manufacturers>
- 15 S.24 of the WDA mandates that WDO incorporate an IFO unless the Minister directs the use of an existing IFO. Of note, the WDA remains silent as to composition of the IFO. Nevertheless, IFOs are typically comprised of and governed by "brand owners and first importers".
- 16 Notable examples include the rejected used oil material program and the approved waste electronics and electrical equipment (WEEE) and the Municipal Hazardous or Special Waste (MHSW) programs.
- 17 Quebec and New Brunswick have both taken direct steps remove the ability to externalize recycling fees.
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