

Ministry of the Environment
and Climate Change

Ministère de l'Environnement
et de l'Action en matière de
changement climatique



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April 12, 2018

ENV1283MC-2018-718

Mr. John Coyne
Chair
Stewardship Ontario
1 St. Clair Ave. West, 7th Floor
Toronto ON M4V 1K6

Dear Mr. Coyne:

Pursuant to Section 14 of the *Waste Diversion Transition Act, 2016* (WDTA), I am directing Stewardship Ontario (SO) to wind up the waste diversion program for municipal hazardous or special waste (MHSW) in full. SO must develop a plan to wind up the waste diversion program for MHSW and submit it to the Resource Productivity and Recovery Authority (the Authority) for approval no later than June 30, 2019. The waste diversion program for MHSW will cease operation on December 31, 2020.

The development of the plan for winding up the waste diversion program for MHSW must be conducted in accordance with this direction as well as the provisions of the WDTA and its regulations.

It is in the public interest that the plan is consistent with the following principles:

Demonstrate Transparent Communications and Meaningful Consultation

- The public, the Authority and affected stakeholders, including stewards, municipalities, service providers (e.g. collectors, haulers, processors, recycled product manufacturers, and operators of sites that manage and dispose of MHSW), and persons operating approved industry stewardship plans (ISPs), receive transparent and clear communications from SO on a regular basis during development and implementation of the wind up plan.
- Consumer feedback should be obtained related to lessons learned from the waste diversion program for MHSW. Feedback should be documented to provide a baseline to measure the outcomes of future programs under the new producer responsibility framework.
- Affected stakeholders should be consulted and have opportunities for meaningful engagement during the development and implementation of the wind up plan.

Support Competition and Prevent Conflict of Interest

- The plan shall support competition in, and not adversely affect, Ontario's current or future marketplace for the collection and recovery of MHSW. The plan shall not provide for unfair or preferential treatment of the public or any affected stakeholders, or barriers to competition during and following the wind up of the program.
- SO shall take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.
- SO's sharing of data and information to parties other than the Authority must be done through a fair, open and transparent process that does not result in preferential treatment of one person or group over another or release of any confidential information.

Demonstrate Fairness to Stewards and Protect Consumers

- The assets, liabilities, rights and obligations of SO related to the waste diversion program for MHSW must be dealt with in a fair, open and transparent process in accordance with applicable law. Assets that are attributable to the waste diversion program for MHSW must be disposed of for fair market value, other than MHSW program data and information.
- SO shall ensure that any fees paid by stewards fairly reflect the proportion of the costs referred to in Section 33 of the WDTA that are attributable to them and that there is no cost cross-subsidization among stewards of municipal hazardous or special materials (MHSM), or among stewards of MHSM and stewards of products that result in Blue Box waste.
- All monies held in trust by SO related to the waste diversion program for MHSW, including the portions of the program in respect of a designated waste to which an ISP relates, shall be treated appropriately in accordance with the WDTA and its regulations.
- The interests of current and future consumers should be considered when developing options to deal with program surpluses and/or deficits in the wind up plan.
- SO's spending related to the waste diversion program for MHSW should be limited to program expenditures necessary to maintain or exceed current program performance for both collection and processing until the MHSW program ceases operation.

Maintain and Improve Program Performance

- In order to mitigate the negative impacts of MHSW on the environment and human health, there needs to be strong standards to maintain and improve the performance of the waste diversion program for MHSW. As such, there shall be no disruption in the operation of the waste diversion program for MHSW, including collection, transportation, processing and recycled product manufacturing, while the program is operating.

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- Ontarian's access to and experience with the waste diversion program for MHSW shall not be negatively impacted during wind up.
- Current program targets or performance, whatever is higher, must be maintained or exceeded until the waste diversion program for MHSW ceases operation.

An addendum to this letter provides specific direction related to the details that SO must include in its wind up plan for the waste diversion program for MHSW.

The implementation of the wind up plan shall begin on the date on which the Authority approves the wind up plan, which I anticipate will be no later than December 31, 2019.

It is expected that SO will engage with the Authority, and consult with representatives of municipalities, stewards, persons operating approved ISPs and other affected stakeholders when developing its wind up plan in accordance with my direction, the enclosed addendum, the WDTA and its regulations.

It is also expected that SO will engage with and work cooperatively with the Authority in implementing any policy direction issued to the Authority pursuant to Section 29 of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA). In particular, SO will cooperate fully with the Authority on the activities set out in my policy direction to the Authority dated April 12, 2018, including providing the Authority with quarterly reports within four weeks of the end of each remaining quarter in 2018-2020 regarding SO's revenues and expenditures related to the waste diversion program for MHSW.

If it is in the public interest to do so, I will provide further direction at a later date related to the matters set out in this direction, or to provide clarification related to the wind up of the waste diversion program for MHSW.

Lastly, SO shall make publicly available on SO's website this wind up direction letter, as well as the complementary policy direction letter issued to the Authority.

Sincerely,



Chris Ballard
Minister

- c: Mr. Paul Evans, Deputy Minister, Ministry of the Environment and Climate Change
Ms. Glenda Gies, Chair, Resource Productivity and Recovery Authority
Mr. Mark Kurschner, President, Product Care Association
Mr. Robert Budgeon, CFO, SodaStream Canada
Mr. David Pearce, Managing Director, Automotive Materials Stewardship

