

Initial Report

July 1st, 2022

Filed with the Resource Productivity and Recovery Authority pursuant to s. 50.1 (2) of Ontario Regulation 391/21 BLUE BOX under the *Resource Recovery and Circular Economy Act 2016*.

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Annex A: Attestation to Agreement by the Parties

Circular Materials

Circular Materials (“CM”) is a not-for-profit producer responsibility organization (“PRO”) that represents and supports producers in building more efficient recycling systems across Canada. CM is offering to operate a single collection system on behalf of every producer in accordance with s.19.(2)(c) of Ontario Regulation 391/21 BLUE BOX (“Blue Box Regulation”) under the *Resource Recovery and Circular Economy Act 2016* (the Act).

As such, CM is acting as a producer responsibility organization offering to operate a common collection system (“CCS”) for blue box material and it is in this capacity that it submits this Initial Report to the Resource Productivity and Recovery Authority (“Authority”) pursuant to s. 50.1 (2) of the Blue Box Regulation and in accordance with s. 50.1.(3).

CCS Administrator’s standing to file the Initial Report

Circular Materials has standing to file the Initial Report under s. 50.1(1) of the Blue Box Regulation having entered into agreements, as a PRO, with its own subscribing producers and, as the CCS Administrator, with producers subscribing to other PROs through a System Access Agreement (as described in Section 3 below), that in aggregate are responsible for more than 66 per cent of the weight of blue box material supplied to consumers in Ontario in 2020.

The parties to the System Access Agreement are PROs that meet the definition of producer responsibility organization under the Blue Box Regulation and have duly registered with the Authority as per s. 46 of the Blue Box Regulation. These PROs are:

- Circular Materials
800-1881 Yonge Street
Toronto, Ontario, Canada
M4S 3C4
- Ryse Solutions Ontario
567 Michigan Drive, Unit 100
Oakville, Ontario, Canada
L6L 0G4

Any producer that wishes to access the CCS directly without subscribing to a PRO may do so on the same terms as the PROs listed above.

Annex A provides an attestation that sufficient parties representing 66 per cent of the aggregate weight of blue box material supplied in 2020 to consumers in Ontario have entered into a System Access Agreement.

Initial Report contents

The following sections of this Initial Report outline compliance to each of the following reporting requirements under s. 50.1 (2):

1. How the CCS Administrator intends to comply with the requirements of Part IV (s.50.1(2)1.) on behalf of producers that have entered into the CCS System Access Agreement.
2. Location of Receiving Facilities in Ontario (s.50.1(2)2.).
3. The agreement between PROs and producers that governs the operation of a CCS (s.50.1(2)1.).
4. How the CCS will make collected blue box material available for processing (s.50.1(2)2.)
5. How blue box material received by the PROs and producers will be processed (s.50.1(2)2.).
6. A description of how the CCS Administrator intends to comply with the requirements of Part VIII (s.50.1(2)3.) on behalf of all producers that have entered into the CCS System Access Agreement.
- 7.

1. Ensuring producer compliance with Part IV Collection

Producers will achieve compliance with requirements of Part IV by having their obligations administered through the single common collection system (“CCS”) to which they are a party.

The CCS provides two core functions:

1. Collects blue box material from eligible sources as required under Part IV of the Blue Box Regulation; and
2. Makes collected blue box material available to PROs and producers through a province-wide system of receiving facilities.

With respect to the collection of blue box material, the CCS will:

- i. Collect blue box material from every residence that is an eligible source during transition that was receiving collection prior to transition and after transition from every residence that is an eligible source that receives curbside garbage collection, (s.20);
- ii. Provide collection during transition from at least as many depot sites as were operating on August 15, 2019 (s.25);
- iii. Provide collection after transition by either depot or curbside collection of blue box material for every residence that is an eligible source that does not receive curbside garbage collection, (s.21);
- iv. Provide collection from facilities (s.27) and public spaces (s. 28,29,30); and
- v. Provide collection from First Nations communities (s.31).

This CCS will be established through the procurement of collection and receiving services from municipalities and private sector operators in two phases:

1. **During the transition** (July 1st, 2023 to December 31st 2025), procurement of collection services will primarily involve the negotiation of commercial arrangements with incumbent municipalities, First Nations communities and private service providers.

Offers were made to municipalities in early May and negotiations of the commercial terms of transition agreements with municipalities were underway at the time of this filing. Where an agreement is reached, the CCS Administrator and the municipality will enter into an agreement for collection services. Where a municipality chooses to not provide transition collection services, an offer is made to the municipality's contractor to provide transition collection services. Where an agreement is reached, the CCS Administrator and the contractor will enter into an agreement for collection services. Should the CCS Administrator and contractor not reach an agreement, a request for proposals will be issued jointly by the CCS Administrator and the CCS Operator.

Offers will be made to First Nations once the Ministry provides a First Nations transition schedule and First Nations register with the Authority to receive an offer from producers.

2. **Post-transition** (January 1st 2026 and beyond), residence and facility collection services will primarily be procured through competitive Request for Proposals (RFP) processes except for First Nations communities which are expected to be serviced through collection agreements directly negotiated between them and the CCS Administrator. Procurement of depot and public space collection services will primarily involve the negotiation of commercial arrangements with municipalities and First Nations communities.

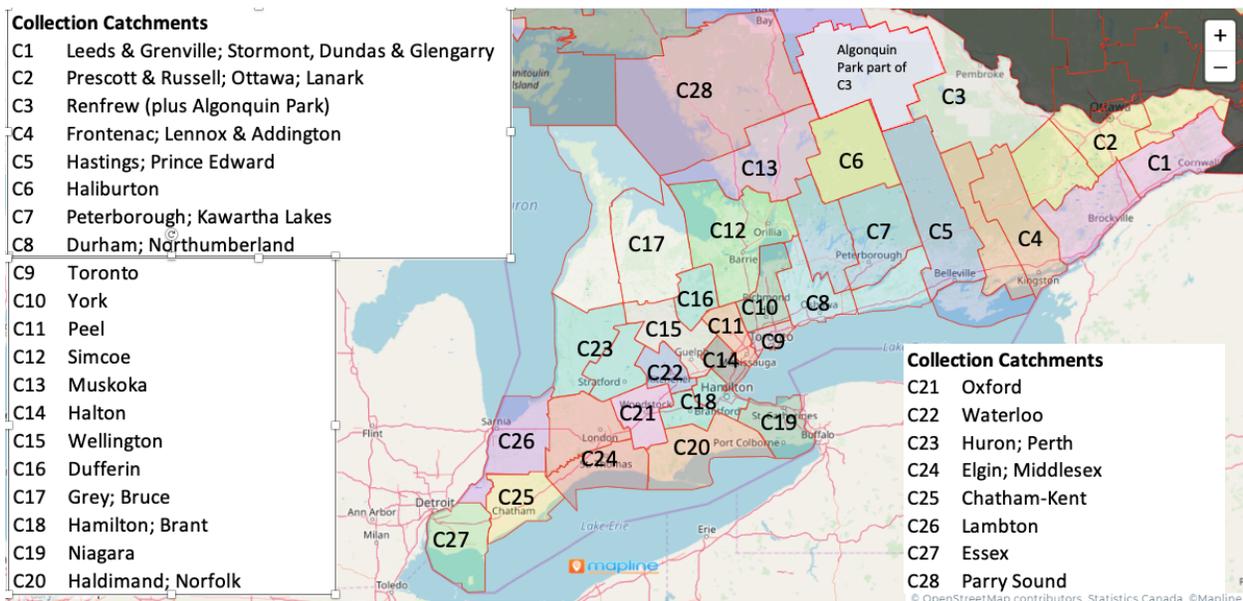
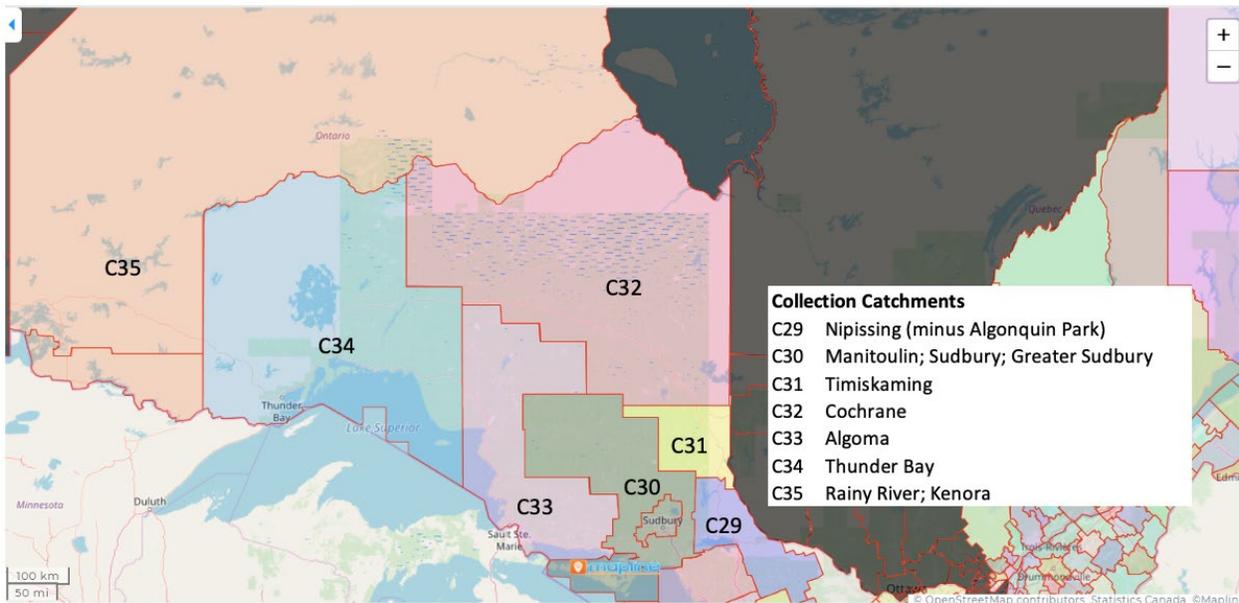
The CCS will be operated by RLG Canada, the CCS Operator, which has been contracted by the CCS Administrator on behalf of all PROs and producers that have entered into the CCS System Access Agreement.

2. Location of receiving facilities in Ontario

A core component of the CCS is a series of receiving facilities which provide two key functions:

- Receive materials from municipalities such that no local collection vehicle that collects blue box material from eligible sources is required to travel more than 60 minutes from the centroid of each municipality to the location where collected blue box materials are offloaded; and
- Make received blue box material available from each receiving facility for pick-up by PROs and producers for processing (having the same meaning as "management" under the Blue Box Regulation).

An RFP for receiving facilities was issued on June 07, 2022, requesting proponents to offer solutions for the receipt of blue box material for aggregations of municipalities into 35 catchments depicted in the figures on the next page. The RFP does not include Toronto as the role of its transfer stations are being given consideration under a separate process.



Given the 60-minute drive time criteria, it is expected that proponents will propose multiple receiving facilities for a number of catchments and that all receiving facilities will be in Ontario. The number and location of receiving facilities will be known once the RFP process is complete.

3. The agreement between PROs and producers governing the operation of the CCS

The operation of the CCS is governed by a System Access Agreement (“Agreement”) whose primary function is to set out the administrative, operational and procurement policies and practices by which the CCS is operated and to establish System Access Rules that set out how blue box material and CCS costs will be allocated to the parties to the Agreement. The parties to the Agreement will include PROs and may include individual producers that wish to act individually (the “Parties”).

The Agreement provides the basis on which this Initial Report is filed.

Key provisions of the Agreement establish the CCS as a service without profit to the CCS Administrator accessible on a non-discriminatory basis and a PRO Operating Committee comprised of PROs and producers party to the CCS. The PRO Operating Committee acts as a forum to deliberate and approve the following:

1. System Access Rules

- Allocation of CCS Administrator’s and CCS Operator’s start-up costs to PROs and producers
- Allocation of CCS Administrator’s and CCS Operator’s operating costs to PROs and producers
- Payments to CCS collection contractors and receiving facility contractors
- The CCS Operator’s protocol for invoicing parties to the CCS Agreement and their obligations for payment of:
 - Invoices for a party’s proportionate share of CCS start-up costs,
 - Invoices for a party’s proportionate share of CCS operating costs
- The mechanics of the CCS Operator’s protocol for a party to access its proportionate share of blue box material from each receiving facility and the parties’ obligations to pick up blue box material.

2. Policies and practices for operational oversight:

- The principles for eligibility of the CCS Administrator’s start up costs and operating costs,
- The CCS Operator’s administrative, operational and procurement policies and practices by which the CCS is operated, and
- The key performance indicators to assess the CCS Operator’s performance.

3. Delivery of promotion and education:

- The CCS Administrator’s communications plans, strategies, and tactics with respect to promotion and education, and
- The annual CCS promotion and education budget

The Agreement sets out the process by which the PRO Operating Committee makes decisions with regards to the elements above, the Committee’s voting structure and a process to resolve disputes.

4. Making blue box material available to PROs and producers for processing

Each Party to the Agreement will be required to pick-up its proportionate share of blue box material from each receiving facility.

A Party’s proportionate share of blue box material is determined by the proportion of blue box material a PRO’s subscribing producers’ supply, or a producer supplies as a percentage of the total amount of blue box material supplied by all producers that are party to the CCS in each quarter.

To support fair access of material and sequester commercially sensitive information from the Parties, a third-party accountant will determine each Party’s proportionate share of blue box material. Sources of information required by the third-party accountant may include:

1. *The Authority*: providing data regarding the total quantities (kilograms) supplied by all registered producers, quantities supplied by producers subscribing to each PRO;
2. *Each PRO that is a Party to the CCS*: providing data regarding the quantities supplied by its subscribing producers;
3. *Each producer that is a Party to the CCS*: providing data regarding quantities supplied by the producer; and
4. Other relevant sources which may become available and which the CCS Administrator may direct the third-party accountant to draw from after consultation with the PRO Operating Committee.

As a fundamental operating principle of the CCS System Access Agreement, PROs and producers are required to pick up their proportionate share of allocated blue box material from each contracted receiving facility as received collected through single or dual stream collection systems (see table below) from single-family dwellings, multi-family dwellings, facilities, depots and public spaces.

Defined term in Regulation	Single Stream	Dual Stream 1	Dual Stream 2
Paper product	<ul style="list-style-type: none"> • Paper product 	<ul style="list-style-type: none"> • Paper products 	
Blue box packaging	<ul style="list-style-type: none"> • Blue box packaging 	<ul style="list-style-type: none"> • Paper laminates • Kraft paper carry out bags • Kraft paper – non-laminated 	<ul style="list-style-type: none"> • Gable top containers • Aseptic containers • Beverage cups

Defined term in Regulation	Single Stream	Dual Stream 1	Dual Stream 2
		<ul style="list-style-type: none"> Corrugated cardboard Boxboard and other packaging 	<ul style="list-style-type: none"> All other types of blue box packaging not listed in Stream 1
Packaging-like product	<ul style="list-style-type: none"> Packaging-like product 	<ul style="list-style-type: none"> Wrapping paper Paper bag Cardboard box or envelope 	<ul style="list-style-type: none"> Aluminum foil Metal tray Plastic film Plastic wrap Plastic bag
Flexible plastic	<ul style="list-style-type: none"> Flexible plastic 		<ul style="list-style-type: none"> Flexible plastic
Rigid plastic	<ul style="list-style-type: none"> Rigid plastic 		<ul style="list-style-type: none"> Rigid plastic
Beverage containers	<ul style="list-style-type: none"> Beverage containers 		<ul style="list-style-type: none"> Beverage containers

To enable PROs and producers to pick up their proportionate share from receiving facilities, the parties will be provided the following information:

- The tonnage of blue box material to be picked up at each receiving facility over a specified period of time including a breakdown of whether the blue box material was collected single stream or dual stream and the weight of each stream;
- The composition of blue box material received at receiving facilities;
- The location of the receiving facilities at which pick-up will occur; and
- The schedule for pick-up of blue box material at each receiving facility by the party.

The Agreement enables the PRO Operating Committee to amend the System Access Rules as appropriate to improve governance, efficiency and ensure an effective operation of the CCS.

5. Processing of blue box material received by the PROs and producers

Each signatory to the Agreement and by extension party to this Initial Report has confirmed that all blue box material picked up from receiving facilities will undergo primary sorting and separation primarily in Ontario (some blue box materials collected in northwestern Ontario may be processed in Winnipeg, Manitoba).

The signatories have indicated that additional processing or specialized sorting of separated blue box material such as plastics may occur in Ontario or may occur where such specialized facilities exist elsewhere in Canada or the United States.

6. Ensuring compliance with Part VIII Promotion and Education

In consultation with and upon approval by the PRO Operating Committee, the CCS will deliver promotion and education (P&E) in each community in Ontario through the development of a comprehensive province-wide P&E plan and the deployment of activities by the CCS Operator and contracted collectors. The P&E plan will be bilingual and employ strategies and tactics aimed at influencing consumer behavior and shaping how Ontarians' use their blue box material collection system.

The core of the strategy will be to educate and deliver a consistent province-wide awareness campaign. The objective will be to increase participation and recovery rates in blue box collection systems, while reducing contamination of blue box material by non-blue box material and recognizing the diversity of Ontario communities and the criticality of inclusivity. This includes but is not limited to educating consumers on the material accepted within the collection system, how to prepare the materials for placement in the blue box collection system, and where collection systems can be accessed. A number of communication tools will be deployed to maximize reach.

While many of the strategic tactics will include mass and multi-media communications (e.g. television, internet, radio, delivered print media), the operation of a CCS on behalf of all producers that are party to the CCS System Access Agreement will also include the deployment of highly granular front-line P&E efforts targeted at a community, sub-community and street-level basis.

Community, sub-community, and street-level P&E is enabled by the requirement that receiving facilities sample in-bound collected blue box material to accommodate composition audits. Given the routes for collection vehicles in-bound to receiving facilities will be known, sources of contamination will be identified in collected blue box materials on a route-by-route basis.

In understanding where contamination is occurring, targeted P&E will be deployed to influence behavior, giving consideration to the collection channels (e.g. single-family, facilities, depot, public space, etc.) and methods at hand (e.g. dual and single stream) as well as the socio-economic and cultural factors.

Ms. Mary Cummins
Registrar
Resource Productivity and Recovery Authority
4711 Yonge Street, Suite 408
Toronto, Ontario, Canada
M2N 6K8

July 1st, 2022

Re: Attestation to agreement under s. 50 of O. Reg. 391/21 BLUE BOX

The undersigned are producer responsibility organizations that meet the definition of producer responsibility organization (PRO) under the Ontario Regulation 391/21 Blue Box (“the Regulation”) and are registered as such with the Resource Productivity and Recovery Authority (“Authority”) as per s. 46 of the Regulation.

The undersigned have entered into an agreement regarding the establishment and operation of a single collection system on behalf of every producer in accordance with s.19.(1)(c) of the Regulation.

In aggregate, the undersigned are responsible for more than 66 per cent of the weight of blue box material supplied to consumers in Ontario in 2020 and have standing under s. 50.1(1) of the Regulation to file the Initial Report required under s. 50.1(2).

The undersigned have agreed that Circular Materials will file a single Initial Report to the Authority (to which this letter is appended) as required under s. 50.1(3) of the Regulation.

CIRCULAR MATERIALS

DocuSigned by:
By: *Allen Langdon*
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Name: Allen Langdon

Title: CEO

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Ms. Mary Cummins
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RYSE SOLUTIONS ONTARIO INC.


By:
Name: Gordon Day
Title: Vice President
Ryse Solutions Ontario Inc.
567 Michigan Drive, Unit 100
Oakville, Ontario, Canada
L6L 0G4