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## **Official Report of Debates (Hansard)**

**Wednesday 23 February 2011**

## **Journal des débats (Hansard)**

**Mercredi 23 février 2011**

**Standing Committee on  
Public Accounts**

2010 Annual Report,  
Auditor General:  
Ministry of the Environment

**Comité permanent des  
comptes publics**

Rapport annuel 2010,  
Vérificateur général :  
Ministère de l'Environnement

Chair: Norman W. Sterling  
Clerk: Trevor Day

Président : Norman W. Sterling  
Greffier : Trevor Day

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

## COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 23 February 2011

Mercredi 23 février 2011

*The committee met at 1234 in committee room 1, following a closed session.*

### 2010 ANNUAL REPORT, AUDITOR GENERAL

#### MINISTRY OF THE ENVIRONMENT

Consideration of section 3.09, non-hazardous waste disposal and diversion.

**The Chair (Mr. Norman W. Sterling):** We'll bring the meeting to order. My name is Norm Sterling, Chair of the public accounts committee, and today we're going to consider section 3.09 of the Auditor General's report of December of last year on non-hazardous waste disposal and diversion.

Today we have with us several people from the Ministry of the Environment and some people from Waste Diversion Ontario. I'm going to turn it over to Ms. Gail Beggs, the deputy minister, to introduce those people who are sitting at the table with her as well as invite her to make some opening comments.

*Failure of sound system.*

**The Chair (Mr. Norman W. Sterling):** We're going to have to recess for a little while.

*The committee recessed from 1240 to 1251.*

**The Chair (Mr. Norman W. Sterling):** Let's call the meeting to order. I believe that the previous introduction that I made was captured by Hansard, as my microphone was working. I'll now call on the Deputy Minister of the Ministry of the Environment, Ms. Gail Beggs, to make opening remarks before we go to questioning.

**Ms. Gail Beggs:** Thank you, Chair, and thank you, members of the public accounts standing committee. I'm pleased to be here today to speak to the standing committee. I want to thank the Auditor General for all of his recommendations. We take his comments seriously and see this as a valuable process to help us improve and enhance waste management in Ontario.

With me here today are members of the ministry's senior team. At the table with me is Kevin French. Kevin is the assistant deputy minister responsible for operations. On my right-hand side is Mr. John Lieou. John is the assistant deputy minister responsible for the integrated environmental policy division. I also have with me in the audience a number of members of the senior team. On my far left is Debra Sikora—

*Failure of sound system.*

**The Chair (Mr. Norman W. Sterling):** It seems that they just want me to speak all the time.

*Failure of sound system.*

**The Chair (Mr. Norman W. Sterling):** Let's proceed.

**Ms. Gail Beggs:** With me on my far left is Ms. Debra Sikora. Debra is the CAO for the Ministry of the Environment. Next to Deb is Mr. Greg Sones, the regional director in central region. Central region provides operational advice to all of operations on waste issues. Beside Mr. Sones is Mr. John Vidan. He's the director of the waste policy branch.

I would also like to introduce the committee to Ms. Clíodhna McMullin. Clíodhna, if you'd just stick up your hand. Clíodhna is the chairperson of the board of directors for Waste Diversion Ontario. Seated right beside Clíodhna, on her left, is Mr. David Merriman. David is the interim executive director of Waste Diversion Ontario. I'd like to thank them for joining us today.

In Ontario, we recognize that reducing waste and diverting as much of it as possible from landfill is critical to both our environment and our quality of life. The three Rs are the focus of our efforts. The better we are at the fundamentals, the more we reduce, reuse and recycle, the better we become at protecting our resources and building a stronger and more sustainable society for the future.

Diversion and recycling allow us to recognize the inherent value of waste as a resource, where second- and third-generation products become the raw materials for new ones. Recycling also helps us to reduce the amount of energy we need to extract raw materials, and in processing those materials, it also reduces greenhouse gas emissions from landfills.

Ontarians currently generate about 12 million tonnes of waste every year. We are diverting nearly three million tonnes of that waste from landfills annually. In 2007, Ontario's existing waste diversion programs resulted in 2.2 million tonnes of avoided greenhouse gas emissions, and we estimate environmental benefits totalling \$971 million.

Along with these environmental benefits, there are also strong economic reasons to support waste diversion as an essential factor in developing a clean and modern economy. We estimate that diversion creates seven jobs for every 1,000 tonnes of waste recycled. It encourages new business growth and innovation and helps us transform Ontario into a more sustainable economy, based on green technologies.

In the Ministry of the Environment, our priority is to divert as much waste as possible from landfill. Our ministry's role is to implement the policies, programs, legislation and regulations that the government puts in place to support waste management. Ontario's waste policy involves a mix of both regulatory and non-regulatory tools that need to be continuously examined for effectiveness. The Ministry of the Environment can't do this work alone. Our ministry relies on many partners and shares the responsibility for waste management with Ontario's municipalities, with industry, with producers, businesses—both large and small—the waste management sector, non-government organizations such as the Recycling Council of Ontario, and, of course, individual Ontarians.

To increase diversion rates across the board requires collaboration and shared commitment. Awareness around the importance of dealing with waste is growing, in the recognition that each of us has a responsibility to reduce our waste and make good environmental choices in what we buy, what we use and how we live. Businesses are now looking much more closely at waste reduction as part of their balance sheet.

At the same time, the challenges of dealing with waste are becoming more complex in a global economy. This is no longer a question of dealing with cardboard, glass jars and tin cans. There are many, many more products and packages in the marketplace that contain mixes of plastics, composites and hazardous materials.

In our culture and society, throwaway single-use packages are ubiquitous, and the need to provide convenient methods of collection adds to the challenge of waste management. This is just not a challenge for us here in Ontario; it's a challenge for other jurisdictions. It's a challenge that needs to be tackled in partnership with other jurisdictions at every level of government. One third of the waste being sent to landfills is made up of packaging, and everyone has heard the frustration of consumers who are trying to deal with these materials.

It's encouraging for me to note that the Canadian Council of Ministers of the Environment has agreed to a national sustainable packaging strategy. The Ministry of the Environment in Ontario championed the development of this Canada-wide strategy with the goal of encouraging more sustainable packaging choices for producers and for consumers.

Successful outreach activities are also a factor in success. We're working with partners such as the Recycling Council of Ontario in an expanded diversion program for fluorescent lights called Take Back the Light. The Ministry of the Environment funded the initial pilot study and the program development for Take Back the Light, and Take Back the Light recently exceeded its first milestone—the capture and safe recycling of two million lamps, almost a year ahead of schedule. Two million lamps represent 60 kilograms or 130 pounds of mercury captured and diverted from landfill.

The Ministry of the Environment has also worked in partnership with the Ministry of Finance and the LCBO on a program called Bag It Back, where consumers can

return beverage containers to The Beer Store, allowing more material to be collected in blue boxes. This program also recently celebrated a milestone with the billionth beverage container returned for refund, representing 370,000 tonnes of glass diverted from landfill.

The most recent data from Waste Diversion Ontario shows continued improvement in Ontario's overall waste diversion rate. The residential diversion rate increased from 38% in 2006 to 44% in 2009. About five million households in Ontario have access to blue box recycling, and more than 870,000 tonnes of waste are diverted annually.

We've seen steady progress with the blue box program as diversion rates have been increasing year over year since the first city-wide program began in 1983. This clearly demonstrates how waste diversion programs can make a significant impact.

The Ministry of the Environment has made improvements to the regulatory framework to make it easier to recycle wastes. These revisions include exempting certain recyclable materials from waste approvals; streamlining the approvals process for waste-to-energy pilot and demonstration projects; exempting from approvals the use of certain waste biomass to make ethanol and biodiesel for use as a renewable fuel alternative to fossil fuels; and exempting from approvals the use of wood waste as fuel.

The ministry is cognizant of the current economic conditions both in Ontario and worldwide, and reflects the new focus on recycling as the driver of the new green economy. Many companies worldwide are looking at waste diversion as part of their corporate sustainability objectives and are viewing waste diversion and recycling as ways to reduce costs.

In 2008, the ministry began a review of the Waste Diversion Act, which was introduced in 2002. This provided the ministry with an opportunity to examine Ontario's waste diversion framework to see whether changes to the Waste Diversion Act could improve waste diversion in both the residential and non-residential sectors.

#### **1300**

As part of the review, the ministry held a series of public consultations and released a discussion paper outlining our review and approach to improving waste diversion. The review and public consultations have been extensive, and the ministry received significant feedback and advice on how to improve the waste diversion framework.

The ministry also conducted a special review of one waste diversion program, the municipal hazardous and special waste program. Action is being taken in response to what we heard from both the Waste Diversion Act review but particularly in response to the views of consumers about the municipal hazardous and special waste program.

Specifically, the ministry has asked for changes in governance under the Waste Diversion Act. For example, we've asked that industry funding organizations that are

set up under Waste Diversion Act auspices include a consumer perspective in their programs and policies. We've also asked that Waste Diversion Ontario refocus its board to make sure that members reflect the skills necessary to govern waste diversion programs and to avoid potential conflicts of interest.

The ministry has also asked Waste Diversion Ontario to take steps to audit waste diversion programs to verify performance. The ministry established and deployed a special team to look into incorrect or misleading fees that retailers may charge and attribute to waste diversion programs. The ministry reviews and, as appropriate, looks into consumer concerns reported to the consumer protection hotline that is run by the Ministry of Consumer and Business Services.

One area where it's clear there is an opportunity to significantly increase diversion is organics, which represent one third of the waste stream. We have seen significant progress in organics diversion in Ontario over the past several years. Many municipalities have successfully implemented green bin and other organic waste diversion programs. Approximately 2.2 million households in Ontario now have access to curbside collection programs through green bins or other collection methods. According to Waste Diversion Ontario, organics diversion has increased by 35% from 2006 to 2009, and municipalities continue to expand their organics diversion efforts.

There are challenges to increasing the diversion of organic waste. Capacity at composting facilities has been a significant barrier. There are 45 municipal and private composting facilities in Ontario. We need to increase that number to boost waste diversion rates.

As a result, the ministry has been consulting with municipalities and businesses and other stakeholders on finding workable solutions to help increase the diversion of organics. We have received industry support for our approach, and the Environmental Commissioner of Ontario has hailed it as a good first step.

The ministry is now considering enhancements to a proposed new compost framework that includes new compost quality standards that would support investment in composting infrastructure and increased organics diversion.

While residential waste diversion has been steadily increasing, similar progress has not been made in the industrial, commercial and institutional sector. Data from 2008 indicate that the diversion rate of all non-residential waste, including waste from institutions, commercial and industrial establishments and the construction and demolition sector, is around 13%. I think the most recent stats have it at 12.7%.

The Ministry of the Environment has approached compliance with the ICI sector with a variety of tools, including traditional enforcement measures; outreach activities, such as education; as well as encouraging businesses to undertake company-wide rather than facility-by-facility approaches to waste diversion.

The ministry has a team of environmental officers who are dedicated to increasing compliance with the indus-

trial, commercial and institutional recycling regulations. These officers are working closely with businesses, schools, hospitals and other institutions to increase waste diversion. A comprehensive tool kit has been developed for the construction and demolition sector, and the ministry is now expanding that tool kit for use by other sectors, such as schools and hospitals.

We're seeing progress and good examples of corporate leadership in Ontario. For example, the Woodbine Entertainment Group has indicated it has achieved a 93% diversion rate. It's expanding its organics and source separation programs under an environmental management program that it has deemed on track to zero waste to landfill.

Honda Canada's Alliston plant is undertaking many activities related to the three Rs and is working to achieve 100% recycling. That would make the Alliston plant Honda's first facility in North America to achieve this high standard.

The ministry has been leveraging its resources by working with the head offices of large companies and big box stores so that they in turn can implement corporate-wide recycling programs and processes.

Information is key. We need to work on educating and helping this sector understand their obligations and responsibilities under the three Rs regulations.

In closing, let me restate the ministry's commitment to ensure waste is diverted from landfills and safely managed to protect communities and the environment. We're confident that we're moving on the right track.

While the issues are complex, we believe our implementation of legislation, regulations and non-regulatory initiatives will go a long way to getting us to where we need to be and increase waste diversion and reduction in all sectors.

We're looking at successful jurisdictions elsewhere in the world and continuing to work with our partners—all levels of government, industry, non-government organizations and the public in Ontario—to improve waste diversion and help build a more sustainable future.

Thank you.

**The Chair (Mr. Norman W. Sterling):** Thank you very much. Now we'll go to questions. Mr. O'Toole?

**Mr. John O'Toole:** Thank you very much, Deputy, for the definitions and your response to the auditor's report. I'm fully aware that this meeting is convened under the Auditor General's report, in response specifically to some measures therein—the report that we have in front of us.

I just want to mention the reason I'm here. I'm the member from the riding of Durham. We have three very large issues that are important to the ministry and your function beyond what's in this report, one of which does touch on this whole idea of energy from waste, which is recommendation number 6, I believe it is, here in this report.

One of them is this: As well as the York-Durham waste management system, energy from waste—loud and angry demonstration—most of the letters that I received,

hundreds and hundreds of letters and emails, pretty well all from Durham but from other places too, were insisting that monitoring and enforcement, once it was approved, was paramount, and standards.

There was, I felt, some very cynical kind of manipulating of when it was approved—in the municipal election. It was the central theme in the municipal election in Clarington and indeed in Durham. The Durham regional chair got a lot of hassle about it. I'm making this so it's on the record, so I can pass it out in my riding. I'm being clear about that.

The new mayor—they got elected based on the premise that they were going to do something about it, energy from waste, which had been approved at the regional level before it was forwarded to the ministry. The cynical part of it is this. It may not be related in the purest sense to this meeting here, but it is important. There will be a response, Chair—

**The Chair (Mr. Norman W. Sterling):** Mr. O'Toole, we're dealing with section 3.09, and I want to get to that subject, so—

**Mr. John O'Toole:** Yes, I'm going to get to it—

**The Chair (Mr. Norman W. Sterling):** I'm going to give you two more minutes.

**Mr. John O'Toole:** Thank you very much for that. The point I'm trying to make is that when it was announced, it was right after the municipal election, and then the sign-back came back from the regional chair before the first chairs' meeting sat. That's why the public is cynical about it.

I put to you: What is the plan for monitoring and enforcing the energy-from-waste facility? That's a specific question so I can get it out to my constituents. Thank you.

Is that clear in the time I have?

**The Chair (Mr. Norman W. Sterling):** That's fine.

**Mr. John O'Toole:** Thanks for that, Chair.

**The Chair (Mr. Norman W. Sterling):** Perhaps, Deputy: Could you respond fairly quickly orally and then follow it up with a written response to Mr. O'Toole?

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**Ms. Gail Beggs:** Absolutely. Thank you very much for your question. We have in place a very strong environmental assessment, with conditions. We built in, for the very first time, conditions related to air guidelines to provide assurances to the community that those high standards would be in place. They're brand new air guidelines that are as good as anywhere in the world. The facility will also have to get a certificate of approval and have additional conditions put on it, and the ministry will monitor the implementation of all those conditions. If you'd like, we could follow up with more specific information about how and when that will happen and what the requirements of the municipality are.

**Mr. John O'Toole:** I very much appreciate it. That's kind of really what I wanted, and the Chair is right that we kind of won't answer technical questions in this place—I gather that the other part is the ethanol/methanol thing. But I'll leave it to others to follow up that these are

important and emerging issues to deal with, with the environment as well as how we manage and landfill sites.

**The Chair (Mr. Norman W. Sterling):** Thank you, Mr. O'Toole. Mr. Shurman?

**Mr. Peter Shurman:** I'd like to go back to your presentation and the general substance of matters raised by the Auditor General and what we've read recently. You speak in very positive terms about programs that have been introduced and what your expectations are going forward. But this report from the Auditor General looks almost as taking 2004 and the goals expressed by your ministry at that time as a baseline when you—not anybody here, but you, the ministry—said, "We're going to divert 60% of Ontario's waste." You've confirmed here, and it's stated in the Auditor General's report, that we've been doing not so bad residentially—approximately 40% at the municipal level—although it ranges from 20% to 60% depending on the size of the municipality. That's one aspect.

To get a general answer from you, I'll bring in the industrial sector, where you've confirmed again that we are at 12%. I think most people out there—Ontarians—would say, "Well, that's pretty dismal. I'm working hard with my blue box—I throw the cans in there. I separate my newspapers and I have a composter and all the rest of it." We're way out of line here. Why is that? We're in 2011, seven years after the fact.

**Ms. Gail Beggs:** Thank you for your question. I think the latest statistic we have is that industrial, commercial and institutional waste is at 12.7%. It varies in different parts of the sector, but that's an average. It has a long way to go to catch up to residential waste diversion, I would agree.

We've recently put in place a number of activities that I'm confident will help boost that diversion rate. Some of those activities include new programs under the Waste Diversion Act, such as the waste electrical and electronic equipment program, the municipal hazardous or special waste program and the used tires program—all have available business as part of where they're capturing their waste from. These programs are in their infancy; they're one or two years old. I compare that to our track record with the blue box, which was first implemented in 1983 in the city of Kitchener and really grew through the 1990s in municipalities around Ontario. It's my observation, and the ministry's observation, that it does take time to build momentum to perfect programs to get people participating.

To help the ICI sector, which has not as good a record of waste diversion, I spoke about tool kits that we're using. We've also approached corporate head offices, and they're developing corporate waste diversion plans. The reason this is an effective use of public resources is because when a corporation develops it, it spills out to their facilities. In many cases, corporations are now taking their waste diversion plans to non-regulated facilities. Our three Rs regs actually require diversion audits and waste reduction programs from only a certain scale of facility. When we approach a head office, they will, more

often than not, even roll it out to their facilities that don't meet that standard.

One of the other things we've done—it's similar to the Take Back the Light program—is that we're working with the Recycling Council of Ontario. We've provided them funding, and they're setting up a voluntary certification program for waste. They're targeting not just big business or big facilities but small and medium enterprises and encouraging and educating, in this program, how waste recycling can be done effectively and how it can improve the bottom line.

I will be speculating here about why waste diversion isn't as good as it should be in industrial, commercial and institutional settings, but we are not an isolated microcosm in Ontario. Waste diversion in business is largely driven right now by the bottom line. Some large corporations will look at it as a corporate social responsibility or sustainability issue. We know that over the last decade there have been more landfill developments outside Ontario's jurisdiction and landfill opportunities offered at rates that are low. If you are in business and looking at your bottom line, I think that will be one of the factors—

**Mr. Peter Shurman:** So you stick it in the ground as opposed to diverting it to other uses, and I understand that. But with respect, Deputy Minister, you're still talking to a large degree in "what if" terms: "This is only one year old; this is only two years old. We're working on it." But you're the ones who set the goals, and the goals have been missed.

I'd like to know when you expect to get to a mean level of 60% when you add municipal to industrial. I would suggest to you and ask you to incorporate into your answer the fact that in reviewing this, we see so many different levels involved in this. It's not just the ministry expressing a goal, which I'll let you answer to, but it's the waste diversion organization, it's Stewardship Ontario—you just mentioned the recycling council. There are so many bodies. Then you could talk about the city of Toronto versus the city of Vaughan versus some tiny little hamlet with 1,000 people in it, all with roughly the same goal and all tasked with achieving it, and none of these with the same tools to proceed.

**Ms. Gail Beggs:** You're right in recognizing the complexity of the waste management framework, and I think I outlined in my introductory remarks that the Ministry of the Environment needs to work with and rely on partners in tackling waste diversion goals.

In terms of optimism about progress in achieving greater diversion percentages, there are a number of other things under way that I believe will have a positive impact on diversion. One of those is the work across Canada by ministers of the environment from the federal government and all the provinces and territories on a framework for extended producer responsibility and on a sustainable packaging initiative.

To be effective in reducing packaging to make it cost-effective for business—and it goes back to Ontario not operating in isolation of circumstances outside its borders—business needs to be able to have a common set

of standards and a framework to work with across the country. By ministers of the environment working together to reduce packaging and working in collaboration with business, I'm confident that we'll be able to make inroads on packaging. Packaging is one of the largest contributors to landfills, so that's an important piece of the puzzle.

Would you like to go back? I just may have—

**Mr. Peter Shurman:** I'll make the question simple. You said 60%. You said 60% in 2004—by "you" I mean the ministry. That 60% was not contingent upon one thing or another; it was 60% industrial and residential. We're at 40% residential and 12% industrial. Tell me when we can look at 60% based on what you know and on what exists now. And if you can't make the 60%, tell me why not and what has to change.

**Ms. Gail Beggs:** I'm not able to give you a date when we will achieve 60%. What I can do is talk to you about some of the efforts we are taking to work within the policy and legislative framework we have to achieve greater diversion.

One of the things we haven't talked about in detail is the work we're doing on compliance with the three Rs in the ICI sector. I did mention that we have worked with corporate head offices, and I did talk about tool kits. What we've also done is increase our inspections on the three R regulations. I know my colleague Kevin French can give you more detailed statistics, but in working with the various sectors of the economy we have seen diversion rates climb as a result of our inspection efforts. They're not yet captured in Statistics Canada data, but we have seen significant increases in all but one sector that we've been working with. That is another example of progressive improvement on the ICI waste diversion front, where I think the auditor has pointed out that we need to have significant gains.

**1320**

**Mr. Peter Shurman:** So I'm not going to get a specific answer, which leads me to believe that maybe you should be running in this October's election, because you're as good as anybody here at the table. And that was a compliment.

Let's drill down a little bit. Let me deal for a moment with the municipal end of it only. The biggest problem that the auditor identified is that larger municipalities, I guess for fairly apparent reasons, are capable of dealing with this in an expeditious way; smaller municipalities, not so much. How do you deal with an overall goal where you've got a completely non-level playing field for the participants?

**Ms. Gail Beggs:** Thank you for the question. Large municipalities do have tools at their disposal that are easier to execute than smaller municipalities. In Ontario, under the Waste Diversion Act, there is a requirement, for example, for blue box funding to be split between municipalities and waste producers. That funding split is administered through Stewardship Ontario. They have a committee that's made up of producers and municipalities that draws up the funding formula and administers

the allocation to municipalities. This has been in place since, I think, 2004.

The good news about that is that it's provided smaller municipalities as well as larger municipalities with access to greater resources to deliver their recycling programs. In fact, it's resulted in—my most recent stats suggest that industry or producers are funding about \$92 million to \$93 million worth of recycling programs in municipalities.

As well, in waste diversion programs that are administered by the various industry funding organizations—by that, I am referring to Stewardship Ontario, the Ontario Electronic Stewardship and the Ontario Tire Stewardship. They have built into their program delivery opportunities for funding of municipal collection, which is making it easier, again, for smaller municipalities to successfully offer collection depots or diversion events to their citizens. I did speak about the oldest of these programs. The municipal hazardous or special waste program is just two years old; it was begun in 2008. But we're watching steady growth in all of these programs in terms of collection and recycling and that steady growth offers the opportunity to smaller municipalities.

Just to make sure I'm comprehensive, I'm going to just ask Mr. Lieou: Would there be anything that I've missed that you think would be important to add to my answer?

**Mr. John Lieou:** No, thank you. You covered the main points here.

**Mr. Peter Shurman:** Okay. Would I be any more successful on this level, municipal, in asking you when you expect to achieve 60%? You say there's steady growth. We're at 40%, or we were at 40% at the time of the AG's report. Where are we now? When do we get to 60%?

**Ms. Gail Beggs:** As I said when I answered the overall 60% question, I wouldn't be able to give you a date. What I can tell you, though, is that I think we're at 44%. That's the most recent data. It wouldn't have been available to the auditor when he published his report, so it's not a correction; it's just an update.

One of the areas the auditor identified as an area that we could do better in is organic diversion. We've actually seen a 35% increase in organics diversions. We're watching as more and more municipalities are offering services to residents for the diversion of organics. The growth in organics diversion is a tremendous opportunity for the province, both in terms of the ICI sector and the residential sector.

One of the things that the ministry has done to assist with organics diversion is the development, with consultation, of new guidelines that will support organics diversion. We're in the final process of analyzing the results of consultation and hope to be able to put these guidelines out. They will help increase the opportunity for investment in organics diversion facilities by both municipalities and the private sector.

As well, we've recently successfully cleared a backlog of certificates of approval in the ministry, and we are

modernizing our approvals system. We hope to be complete in two years. The reason I bring that up is that that will allow us to turn around applications for approval of facilities in a far more timely fashion and help expedite the development of the infrastructure to support both organics diversion and other diversion activities.

**Mr. Peter Shurman:** In one area of our reading material, there's a line that says that about "half the funds collected from 'stewards' are set aside and provided only to those municipalities ... able to demonstrate efficiencies" in their blue box program operations.

Then, following that—you've seen this—the auditor's recommendation number 1, and just one point of it, where the auditor says that the MOE "should work with municipalities, industry 'stewards' and other stakeholders to ... review the current funding formula for the blue box program to ensure that it achieves its objective of municipalities and 'stewards' equally sharing costs."

There seems to be a question on division of funds, how they're allocated and the fact that the smaller municipalities, I guess, have more of a burden to prove that they're doing something that merits those funds.

Are you monitoring the distribution of those funds? Have you taken any steps in line with this recommendation?

**Ms. Gail Beggs:** Thank you for your question. The requirement for 50% funding got embedded in 2004 under the Waste Diversion Act, so that's the—

*Interjection.*

**Ms. Gail Beggs:** Sorry, in 2002?

**Mr. John Lieou:** The Waste Diversion Act was 2002.

**Ms. Gail Beggs:** The Waste Diversion Act was 2002, but that particular provision came into effect in 2004.

The partitioning of funds is done under the auspices of Stewardship Ontario. They have a committee that's made up of municipality representation and producer representation that develops the funding formula and the protocol and ascertains how those funds should be distributed. Municipalities have to meet certain requirements, but they're agreed-upon requirements between municipalities and Stewardship Ontario.

That monitoring and auditing is done through the financial reporting of Stewardship Ontario. This year, we have agreed with Waste Diversion Ontario that an independent third party audit of all programs under Waste Diversion Ontario—that would include the blue box program and all the other waste diversion programs—will be completed by the end of the year. That auditing and third party review of these programs will be made public.

**Mr. Peter Shurman:** Thank you.

**The Chair (Mr. Norman W. Sterling):** Okay. Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you, Ms. Beggs. I've looked at the auditor's report. I looked at the commentary that in fact there were a number of recommendations that were made as far back, I think, as 2004, which, if carried out, would have taken us close to or to the goal that government expressed as 60% waste diversion.

You've talked a lot about complexity, stakeholders and so on. It's been seven years. Why haven't we actually put in place those recommendations?

**Ms. Gail Beggs:** I'm going to go back and just explain a little bit to the committee.

**Mr. Peter Tabuns:** Sure.

**Ms. Gail Beggs:** The ministry's role is to put in place the implementation of legislation, regulations, policies and programs that are adopted by government.

The programs that we have in place today have their origins in the Waste Diversion Act passed in 2002 and implemented in policies and programs from 2002 through to, most recently, 2010.

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As well, there are, I think, a series of four regulations that cover the ICI sector and municipal diversion under the Environmental Protection Act. That's part of the legislative framework that we're implementing, as well as another regulation under the Environmental Protection Act.

So our job is effectively implementing that legislation and regulations, and within that framework, we've been working to increase diversion, to see a steady growth in diversion, which we are seeing in the programs under those statutes and regulations.

Most recently—you asked about “since 2004”—the kinds of things that have been put in place and that we're implementing in partnership with others include the 50% funding of the blue box program, a new municipal hazardous and special waste program, a new waste electronics program, a new tires program, voluntary programs where we've worked collaboratively with the grocery sector on the reduction of plastic bags, a voluntary program where we've worked with the Recycling Council of Ontario and Take Back the Light, a voluntary program on collecting mercury thermostats, and a voluntary program that citizens are participating in that was a partnership between the LCBO, the Ministry of Finance and the Ministry of the Environment, called Bag It Back.

The collection of all of those programs is showing a steady increase in diversion, most particularly in the residential sector, and in order to increase diversion in the ICI sector, we've also been working with the regulated community to improve their performance. Our efforts have included both hard enforcement and outreach and education, working together with corporate offices to ensure they understand their obligations and implement them, and we have seen a steady improvement in compliance and in diversion in that sector as we roll that out. We've also funded the Recycling Council of Ontario to develop a certification program for the ICI sector.

So those have been our efforts on our way to improving diversion, and we still have some rows to hoe, I think, on this one, for sure.

**Mr. Peter Tabuns:** As I understand it, within the legislative and regulatory framework that you've been given, you've been moving forward, but in fact, to actually reach that goal of 60% waste diversion across

the economy, you'd have to have new legislation and new regulation. Is that correct?

**Ms. Gail Beggs:** I don't think I have with me today a clear enough set of analytics to say with certainty that we would need new legislation and regulation. In my opening remarks, what I attempted to do is provide the committee with the perspective that diversion is a partnership and it requires the goodwill of all parts of a value chain in terms of making diversion happen.

One of the things I didn't speak about when I answered you, but I did speak about earlier, is the packaging equation. Packaging is an important part of the waste stream. It fills up a lot of our landfills. Diverting packaging will make a significant improvement in diversion rates. Because of the economies and economy of scale, the most effective way to work on packaging is to work in a Canada-wide partnership to reduce packaging. That work is being done at the Canadian Council of Ministers of the Environment and has been embraced by all of the governments—provincial, territorial and federal—and we continue to work with those partners.

I think that will be another important piece of the puzzle that will allow us to increase our diversion and be effective on the packaging issue.

**Mr. Peter Tabuns:** So you don't need any new regulation or legislation to meet the goals that the government set back in 2004. Is that correct?

**Ms. Gail Beggs:** I think there's always opportunity to examine how new legislation or regulations could improve the framework. We've been consulting under the Waste Diversion Act review since 2008, and there have been many ideas posed, and opposition to some of the ideas as well, about how we can improve waste diversion. Some of those ideas include regulations or changes to legislation.

**Mr. Peter Tabuns:** I'm trying to sort out why the Auditor General says that most of the recommendations that were needed to reach the goal weren't implemented. Maybe I should just quote him so that I'm not guessing: “Many of the issues that the government identified in 2004 as keys to achieving 60% waste diversion by the end of 2008 have yet to be successfully addressed.”

I asked you about legislation and regulation. Maybe you haven't been given the tools. Unless I'm wrong, you're saying that you do have the tools. It has been seven years that your department has had the tools, and you haven't delivered what we need. I don't understand why you haven't.

**Ms. Gail Beggs:** I'd probably take you back and say that we're working within the legislative and regulatory framework that we have to make gains in waste diversion. I think the Auditor General had some policy suggestions. We've heard some of the same suggestions during the Waste Diversion Act review. We're in the process of analyzing and evaluating those suggestions. We're also—and the Auditor General suggested that this was an important piece of the puzzle—reviewing successful programs in other jurisdictions to see what has

been effective there and to evaluate whether or not those programs could be imported to Ontario.

**Mr. Peter Tabuns:** The comment you made earlier that there has been steady movement forward: My guess is that you can probably take that movement, put it on a graph and show what you would expect to be the rates of diversion in the next year, two years, three years, four years. Have you been doing that?

**Ms. Gail Beggs:** I'm going to ask John Lieou, our ADM of the integrated environmental policy division, to answer, and to draw on others, John, if you feel you need to.

**Mr. John Lieou:** Sure. As the deputy minister mentioned, we are implementing a number of different programs to try and improve diversion in general, and also to result in the diversion of particularly problematic materials, such as tires. There's a tire program now, and it's diverting, in its first year—the results are not fully tallied yet, but in its first year of operation it would have probably diverted 130,000 tonnes of materials from landfills.

**Mr. Peter Tabuns:** What's that as a percentage of the total number?

**Mr. John Lieou:** It's out of 12 million tires. What I'm trying to say is that there are all these things to get at: not just the quantity of materials diverted, but also some of the problem materials such as municipal household hazardous waste and things like that. In these programs we see a continuing trend towards higher diversion.

As you pointed out, these programs in general may achieve hundreds of thousands of tonnes, but in terms of getting to the 60% that you mentioned, these will not get to that point. But there are other things—you mentioned that the Auditor General's report makes a number of different policy recommendations.

One of the things that we are really working on is organic waste. Currently, the set of tools—you've asked about tools—that we have on the books is very antiquated. They date from the early 1990s. For example, the guideline that we have for composting facilities actually was drafted, I believe, in 1991-92. At the time, it only envisaged basically open windrows of leaf and yard waste. It's completely inadequate for the modern facilities that we have today, which compost a wide range of materials using very new technology and so on.

What we've done is we've taken the guide, we've updated it and we actually have been consulting on that new guide. That new guide will provide a much better guide and direction to both our own ministry from an approvals perspective and a guide to operators in terms of guidance on operation siting, collection systems and so on, and to municipalities as well.

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With that new guide, the intent of that is to provide a good direction and guide so that industries can start actually investing in new expansions of operations of composting facilities.

Another thing that we recently consulted on, again with the objective of actually getting at the organics

waste stream, was a proposal to update the standards for composting being output from these facilities. Currently, we have one standard—and it's one-size-fits-all—without appreciation for the value that potential different grades of compost may have from a deployment-and-use perspective or even, in some cases, from the perspective of the marketplace, because there's a marketplace for finished compost.

To that end, what we have proposed is a new set of standards that actually, instead of one size standard—we propose a set of standards similar to the CCME standards. The Canadian Council of Ministers of the Environment collectively has developed a set of standards that actually has a series of gradations of standards. So we proposed that to stakeholders in the public.

Again, all these are meant to help us unlock the potential of dealing with the organics waste stream, which actually is a very substantial part of the waste stream: a third of it.

**Mr. Peter Tabuns:** I just want to go back. Can you tell me again the total tonnage of waste tires generated each year in Ontario?

**Mr. John Lieou:** I don't know the tonnes, but it's about 12 million tires, roughly.

**Mr. Peter Tabuns:** Twelve million tires. Okay. And how many have been diverted?

**Mr. John Lieou:** I think the intent, in its fourth or fifth year, is to actually divert 90% of that.

**Mr. Peter Tabuns:** And what have we diverted in this first year?

**Mr. John Lieou:** It's achieving its first-year target. We expect that. The final report, as I said, is not out yet, but I think we expect it to achieve its first-year target.

**Mr. Peter Tabuns:** And its first-year target again is how many tires?

**Mr. John Lieou:** I think it's seventy-something per cent.

**Mr. Peter Tabuns:** So the first-year target is 70% of those 12 million tires?

**Mr. John Lieou:** Yes.

**Mr. Peter Tabuns:** And you've reached?

**Mr. John Lieou:** Our final tally is not in yet because, again, the program is brand new.

**Mr. Peter Tabuns:** There's a charge for waste diversion that's collected from people when they buy tires, is there not?

**Mr. John Lieou:** There's a fee that retailers—

**Mr. Peter Tabuns:** There's a fee, yes.

**Mr. John Lieou:** Yes.

**Mr. Peter Tabuns:** And does that fee cover the cost of operating the program?

**Mr. John Lieou:** I would believe so. The fee actually is something that's set by the organization responsible for managing the entire program, and it's set based on forecasts, sales, cost and all those things.

**Mr. Peter Tabuns:** Is the fee set to cover the cost of diverting 100% of the tire waste stream?

**Mr. John Lieou:** It's set to get there as a targeted recycling collection, yes. And the fee, by the way, actually

is levied on the stewards themselves. So, yes, it's on the brand owners and stewards for those tires.

**Mr. Peter Tabuns:** And that isn't passed on to the consumer?

**Mr. John Lieou:** It's a business choice for those stewards whether they recover any of that through the supply chain.

**Mr. Peter Tabuns:** So if the program is collecting the fees and it's not diverting 100% of the tires, is it currently running at a surplus?

**Mr. John Lieou:** If you're referring to the funds that are actually sitting with—I believe that actually when the surplus number was released, the program was all of three or four months old. You have to look at these amounts as a snapshot in time as to what sits in the bank account and not as a surplus in the sense of a for-profit business. These are not-for-profit organizations. When they initially design a program, they set goals and targets and they also set a preliminary fee based on sales forecasts, based on what they forecast will be collected and so on and so forth. In that sense, it's based on the best information available at the time.

As the program gets implemented over time, over one, two, three years, the revenue and the costs actually even out. The design of the whole thing is that the revenues actually match the costs of the program.

When the program was about three or four months old, it filed that initial report. At the time, there was some amount of money sitting in the account. But that bears no relation to what's really a surplus or not a surplus.

Let me give you a bit of parallel. Somebody has a bank account. The fact that that person has a bank account—some money at the time—doesn't mean that there's a surplus. That person may have bills expected to come in and all these things. It's really not a surplus in the sense of a for-profit business.

**Mr. Peter Tabuns:** Okay.

**Ms. Gail Beggs:** I'd just like to underline it. I believe—and you correct me if I'm wrong, John—it's the Waste Diversion Act, 2002, that governs Waste Diversion Ontario and the industry funding organizations and actually requires them to be not-for-profit.

**Mr. Peter Tabuns:** Okay. You have an expected target in the next five years to be met with regard to tires. Do you have expected targets for the next five years with other materials?

**Mr. John Lieou:** Yes, we do. We have targets for all the programs, yes.

**Mr. Peter Tabuns:** So if you have targets for all the programs, how much, when you add them together, does that give us in waste diversion five years from now? Five years from now, you expect to meet your target of diverting—what?—90% of waste tires. I assume you've got targets with percentages for a variety of materials. What's the aggregate?

**Mr. John Lieou:** I don't have numbers right here. I can follow up with the numbers, if you wish.

**Mr. Peter Tabuns:** I do wish, and I would like them provided to the committee as a whole.

**Mr. John Lieou:** For sure.

**Mr. Peter Tabuns:** If you have targets for a variety of materials, I'd like to know what percentage of the total waste stream you have targets for and where those targets will place us five years from now, what part of the waste stream you don't have targets for and when we can expect to see those targets. If you don't have a target, then you can't measure whether you're making progress or not.

**Mr. John Lieou:** We do have targets, Mr. Tabuns, for the programs that are officially managed under the WDA.

Let me again go back to a point I made earlier. Those programs, aside from the fact that they are recycling or diverting material away from landfill, also serve the really important purpose of diverting from landfill problematic waste such as electronic waste, which has contaminants and potentially mercury switches and things like that in it. That's the other, really important purpose of those programs: to properly manage those kinds of waste.

**Mr. Peter Tabuns:** Yes, I think it's a laudable object. I've no doubt—

**The Vice-Chair (Mr. Peter Shurman):** Mr. Tabuns, the auditor would like to add on that issue.

**Mr. Peter Tabuns:** Sure.

**Mr. Jim McCarter:** We've got a couple of target values in our report: blue box—60% diversion by 2008; used tires—on-road tires, 91% by 2009, off-road tires, 14%; and electrical and electronic equipment, phase 1—32% by 2010.

Those are a few of the numbers that I think you were looking for. This was as of when we did the audit, which would be about six to nine months ago.

**Mr. Peter Tabuns:** Okay.

**Mr. Jim McCarter:** If you're looking for a page, it's on page 230.

**Mr. Peter Tabuns:** Yes, it's clear that targets have been set historically and not met, but it appears you're setting targets again. If you say five years from now for tires, used tires, 2009-10—I'd like to know what your current targets are and if these targets are now out of date, because the dates have passed and the targets haven't been met.

**Mr. John Lieou:** We can follow up with the future targets. We have targets and objectives for those programs.

But let me just go back to a point you made. For blue box, we actually met the target of 60% ahead of time. Currently, where the blue box stands, it exceeds its targets. It's recycling 65%, I think, of material for recycling through the blue box. For tires, as I was saying, it's still a very young program, but I think it's meeting its first-year target of some 70%. Eventually, it's expected to reach 90% recycling of all tires. So we're meeting the targets. Then there are some other programs that are just starting up and that need to work on their targets.

Insofar as your question on what the future targets are, we have them but I just don't have them right here.

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**The Vice-Chair (Mr. Peter Shurman):** Mr. Tabuns, thank you very much. Your time is up for this round. Over to the Liberals. Ms. Sandals?

**Mrs. Liz Sandals:** I want to carry on with some of the questioning.

One of the things that we often hear from the auditor when he's looking at enforcement or inspection is that it should be focused on high-volume or high-risk areas. When you're looking at the industrial, commercial and institutional segment, I think the data that the auditor had showed that a significant chunk of the waste that we need to be diverting is coming out of the retail sector.

I notice that you've mentioned a couple of times working with head offices and I wondered if you could give us a better sense of who you're working with, what you do when you're working with them and what the outcomes you're expecting are. Do you have some means of following up with them to figure out whether or not what you're doing is working? Are there other sectors that you can work with that way? So if you could give us a more detailed understanding of what you're doing there.

**Ms. Gail Beggs:** Thank you very much for your question. We've been working with a number of sectors in the ICI area. Specifically, some of our initial efforts were with the construction and demolition sectors.

We've partitioned the ICI area into groups. Construction and demolition are a group that have had, in the past, higher waste diversion efforts and we think have a potential for increased diversion. Particularly, some of their waste has a market, so there's a business opportunity there if they look at waste as a resource rather than something to dispose of. With that sector we've developed a tool kit. We've gone out and done individual inspections and we're seeing improved compliance rates—

**Mrs. Liz Sandals:** So when you say "tool kit," give me an idea what a tool kit for construction and demolition is.

**Ms. Gail Beggs:** One of the neatest things I saw in my term as deputy was the product. I actually thought about bringing it today and I'm kind of sorry I didn't, because the members might have been interested.

But I'm going to let Kevin French, our ADM of operations, just talk a little bit more about what's in that tool kit. Then I'd like to come back and answer your question about working with head offices as well. So, Kevin?

**Mr. Kevin French:** Thank you, Deputy.

**Mrs. Liz Sandals:** I think you've literally almost come to the end of your rope, looking at the cord there. You may have to shift left or right.

**Ms. Gail Beggs:** Okay, so I'll move.

**Mr. Kevin French:** Squeeze in here.

As the deputy mentioned, we've worked with a number of sectors—the construction and demolition sector—in developing a tool kit that they can use in their everyday business. The guide includes best practices to promote waste reduction and diversion, as well as a waste

audit and waste reduction work plan to assist individual sites in providing effective ways of diverting waste that may be generated at that site. We worked very hard with the sector itself to make sure it was relevant to them, because that was a really important part of the work that we've done.

We've taken that early first step and moved on to other sectors. Our most recent efforts have been with the education sector and school boards in particular. We're very proud of the work that's happened with a number of school boards over the last two fiscal years and have worked with them to look at how they can improve their efforts related to diversion.

Most recently, we've been working with the Ontario Hospital Association. The hospital association has actually set up a green hospital champion fund, where hospitals are offered an incentive, if you will, to conduct audits at their individual facilities. The guides were rolled out in September and hospitals are expected to have completed the waste audits and waste reduction work plans by June 2011.

**Mrs. Liz Sandals:** So when you're dealing with hospitals, I'm guessing that some of what you're dealing with is technical issues around hazardous wastes, and then you've got the non-hazardous wastes that need to be diverted. What is the big non-hazardous waste stream that needs to be diverted in the hospital sector?

**Mr. Kevin French:** Great question, and you're right: The focus is on the non-hazardous waste. It's waste that's generated in any facility, so the waste that we would see is everything from paper, or office supplies. It's that stream that we're talking about.

**Mrs. Liz Sandals:** And then, because they're food handlers, you'd get organics as well?

**Mr. Kevin French:** Correct. Again, organics is an area that we've talked about a bit earlier, where we see a very large potential to take one third of the waste that's generated in the province. We have made substantial progress, with 850,000 tonnes of that being diverted, but clearly both residential and institutional, commercial and industrial are generating those wastes. So it's a great point to raise, that a clear area of focus in working with hospitals is on not only the office and normal waste but also the organics.

**Mrs. Liz Sandals:** And then I think the deputy was going to talk about some of the more commercial head offices.

**Ms. Gail Beggs:** Yes, and I may ask Kevin to build on it.

The ICI sector, the business sector in Ontario, is a large and diverse sector and there are many, many establishments across the province. So we felt that it would be most effective as we targeted our work—and I think I outlined in my initial remarks that one of the most important first steps is to make sure the sector understands their obligations under the regulations, so that's a key to achieving compliance. But we felt the way to leverage our resources was to work with corporate head offices.

We have undertaken, in the last two years, eight corporate head offices and in the last four months added an additional four corporate head offices. While I wasn't planning to name the companies, I think if we all think about the communities we live in, when I say the words "big box stores" or retail complexes that you'd find across the province, you will all draw on the kinds of names that we've been working on. What I've been pleased to have reported to me is that the corporations have willingly rolled up their shirt sleeves, are educating themselves on their obligations and are putting in place corporate-wide waste audit systems and waste reduction plans.

I believe I mentioned, in an earlier answer to one of the members, that what that has meant is, as they roll it out, they'll actually be going beyond their obligations under the three Rs regulations. By that I mean that the regulations recognize the capacity of large facilities in larger communities, but some of these corporate head offices have smaller facilities in smaller communities. They're making their initiatives corporation-wide, so by that they're going beyond compliance.

I believe you also asked about our intentions on follow-up. We do have data. The special inspectors have been in place, I believe, since 2007. I'll just let you know that besides construction and demolition, we've been working with hotels and motels, office buildings, retail shopping complexes and retail shopping establishments—Kevin mentioned hospitals—schools, restaurants and multi-unit residential complexes. Those are all the groups captured by the three Rs. So we've been inspecting, educating; going back, inspecting and educating. In all but one circumstance, we've found, as we go back, increased compliance.

In our upcoming inspection plans, we're actually going to begin to go back to individual facilities that we first approached a year or two years ago to follow up. So when I was giving you the improved statistics, it was sector-wide; now we're going to start to look at individual facilities that we visited in the past to ensure that it was received and that they've been able to implement the necessary requirements.

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**Mrs. Liz Sandals:** So you are intervening more closely than you used to, and when you talk about working with corporate head offices, you're working with them to get a policy change. Then that goes out to directive, if it's retail, to every store in the—

**Ms. Gail Beggs:** It has a ripple effect, and by starting at the top we feel we're effectively capturing the full system—

**Mrs. Liz Sandals:** The whole chain, whatever sort of chain it is.

I want to go back to a couple of the questions that Mr. Tabuns was asking and get some clarification. He mentioned both fees and targets. Let's start with fees. The areas where there's a fee—and the obvious ones that come to mind are tires and electronics: When those fees are collected, they are collected from the generator of the

waste in the first place, right? Then they go to Stewardship Ontario or tire stewardship or electronic, whatever the organization has as a name. Then what happens to the fees?

**Ms. Gail Beggs:** I'll start, and then John may be able to fill in any holes that I leave. Under the Waste Diversion Act, Waste Diversion Ontario is struck, and when a program is requested, such as a used tires program, Waste Diversion Ontario works with producers to establish what's called an industry funding organization. In the case of used tires, it's Ontario Tire Stewardship. Ontario Tire Stewardship's board of directors is made up of the stewards of tires, so there are producers of tires or first importers of tires, and that board and the staff of the organization develop a program. In developing that program, under the auspices of the WDA, they estimate what is necessary to collect and properly manage and divert tires away from a landfill—a waste stream—and they estimate what the cost of delivering that program will be. They have a formula based on a producer or a steward's part of the sales into the province. They partition the costs of the program amongst the producers, based on the cost of diversions. Some tires—very large off-road tires, heavy construction—are a lot more expensive to manage at end of life than, perhaps, a tire on a compact car, for example. So the fees are struck based on how to manage and the cost of doing it.

**Mrs. Liz Sandals:** So if the fee goes to Ontario Tire Stewardship, the fee then is used by Ontario Tire Stewardship to divert the tires somewhere.

**Ms. Gail Beggs:** That's exactly true, as well as—

**Mrs. Liz Sandals:** So the fee never reaches the Ministry of the Environment.

**Ms. Gail Beggs:** No; no fees are collected by the government of Ontario, the Ministry of Finance or the Ministry of the Environment.

I would like to add that, in addition to using the monies collected from producers for running the diversion programs, many of the diversion programs also use fees to do market research and to provide incentives for the development of innovative recycling methodologies. John, we're just talking about Ontario Tire Stewardship. They have some particular initiatives.

**Mr. John Lieou:** That's right. They actually have different parts to the incentive that the deputy talked about. For example, if you take the fee for a steward of regular passenger tires, that's \$587, somewhere in that vicinity. Some of that \$587 will go to the person who actually collects the tires. So, say you buy your tires, you bring your tires back to a tire retailer and that retailer who does the collection of the tires hands it off then to, say, someone who then takes it to a recycler. That portion—

**Mrs. Liz Sandals:** So somebody has to be paid to get it from "I don't want it anymore" to "Here's where it goes to be handled."

**Mr. John Lieou:** That's right. The party that takes that tire and actually, for example, cuts it up into little

pieces and so on—that company has costs and gets paid something.

Also, part of the funds actually go to the people who make it into a product. There's a fund, as the deputy as saying, for the tire program actually to develop innovative markets, I think, for recycled tires and so on. There are different parts of the funds that go towards different activities and different objectives.

**Mrs. Liz Sandals:** The concern with tires has always been this vision of tires going into landfill or tires going into private dumps. I noticed Mr. Barrett was here earlier, and I think that down in his neck of the woods you had these huge, big tire-fire sort of things going on that were a horrendous environmental hazard. Is what's happening now with the tires as a result of that diversion fee? Are we getting things so they're not going into these big dumps and not going into landfill?

**Mr. John Lieou:** That's right. As I was saying earlier, for example, for passenger tires, the objective is to recycle almost all of them, 90% of them: that really is to have almost no tires at all go either towards landfill, illegal tire sites or being illegally dumped—and so on and so forth. That's really the objective of that.

**Mrs. Liz Sandals:** Okay. The other thing that I wanted to follow up on a bit was the notion of targets, because—

**Mr. John Lieou:** The notion of what, sorry?

**Mrs. Liz Sandals:** Of targets.

**Mr. John Lieou:** Targets, yes.

**Mrs. Liz Sandals:** Because I presume that when you say you've got an overall 60% goal for diversion, that just means what it means in plain English. But when you get down to, let's say, a diversion target for electronics, is that—because there are some numbers that the auditor directed us to on page 230: some percentage for year one and another percentage for year two.

What I don't get there is, how would you know how many people dumped a TV that year? I'm suspecting that that's based more on a projection of, "This many people bought one. I don't know what the expected life expectancy of a TV is now, but six or seven years ago, this many TVs were bought. Therefore, we expect this many are going to be dumped this year, and that's how many we have to divert." Is that more of a projection as opposed to a target?

**Mr. John Lieou:** Yes, it is. Yes, that's an excellent point you make there, Ms. Sandals. Basically, the targets for these individual programs really are not anchored in the overall 60%. They are based on the industry organization that was called upon to actually develop the program: based on their expertise and based on their due diligence process of consulting with their stakeholders, with the companies that make and sell TVs, as to what they're going to sell in the marketplace and how long they will actually be used. For example, the panel TV life will be different from the vacuum-tube-TV life of the past and so on. They have to take all that into account.

Based on whatever best information they have at the time when they actually develop these numbers, they

establish, as you say, a forecast of what will be collected and how many will be sold. They develop an estimate of what it will cost to handle it, to dismantle the TV, actually take it apart and take out, say, the mercury switches or some of the contaminants inside those TVs and properly handle it; how much that will cost. Then they have to set a fee based on how many players there are in the market and all these things; how many stewards are in the market. It's all based on the forecast done at a time, based on best available information.

Then they roll it out and actual information comes back in. Better and better information becomes available as you have more and more experience with actually implementing the program on the ground.

**Mrs. Liz Sandals:** So if—

**The Vice-Chair (Mr. Peter Shurman):** Ms. Sandals, thank you very much.

**Mrs. Liz Sandals:** Can I just—one short follow-up?

**The Vice-Chair (Mr. Peter Shurman):** Do a quickie? Sure.

1410

**Mrs. Liz Sandals:** If the projection was, "We're going to sell this many new TVs this year," therefore we presume that most of these people already have a TV and they're replacing it, so we need to get rid of that one. Then we have a recession and everybody decides they can keep their old TV for another year because they can't afford a new one. It's almost like you wouldn't meet the projections just because you had a recession as opposed to a whole bunch of people who threw their TVs away and it didn't get diverted properly.

**Mr. John Lieou:** That's certainly a possibility in terms of—

**Mrs. Liz Sandals:** As I say, the 60% overall target is a target target. We need to understand that some of these things lower down the chain may be more like projections than targets, if I can put it that way.

**Mr. John Lieou:** That's right.

**Mrs. Liz Sandals:** Thank you.

**The Vice-Chair (Mr. Peter Shurman):** Ms. Sandals, thank you. May I suggest—it's 2:15, and we want to be out of here by 3—that we do three 15-minute-maximum rounds? You don't have to use the 15, but that'll be the max. Everybody agreed? Done?

*Interjection.*

**The Vice-Chair (Mr. Peter Shurman):** Everybody else agree, 10? We're on for 10. Over to the PCs, Mr. Ouellette.

**Mr. Jerry J. Ouellette:** I want to follow up on Ms. Sandals's and Mr. Tabuns's questioning regarding the tire program.

My understanding is, you said it's about \$6 per tire that's collected, John, and \$5.85 is what the retailer or wholesaler would pay. As well, though, my understanding is that they pay about 75 cents a tire when those tires come in, correct? At least in our area, in the region of Durham.

**Mr. John Lieou:** No; the \$5.87 actually is being paid by the tire stewards—for example, the people who

actually input the tires into Ontario or people who actually manufacture tires, like Bridgestone, Pirelli and so on. They are actually the ones who have to pay that cost into the Ontario Tire Stewardship program.

There's also a fee that you mentioned being charged at the retail level. Basically, individual stewards will decide in their own business decision to pass down a cost or not to their wholesale or retail chain, and the retailers also decide on their own to recover some of that—

**Mr. Jerry J. Ouellette:** Yes. I stepped out and spoke to a retailer who specifically told me that he pays \$6 a tire for the tire diversion fee on his bills on every tire that comes in.

**Mr. John Lieou:** So he pays back through the chain.

**Mr. Jerry J. Ouellette:** That's right. So it eventually comes out to the customer because he charges them there. However, there's also a fee of about 75 cents that was being paid out for tires that were turned in, so that when individuals brought old tires in, in that process they were given 75 cents.

**Mr. John Lieou:** They are being given a fee.

**Mr. Jerry J. Ouellette:** Right. So you've gone from \$5.87—in this case, \$6—to being paid out 75 cents per tire. So that's \$5.25 per unit that's out there, which is a big difference, and as was mentioned, there was research being done on other things, which is a large difference in the price.

But some of the questions I would have would be: Specifically how do you determine 91% compliance? You've achieved a diversion target rate of 91%.

**Mr. John Lieou:** It's a target.

**Mr. Jerry J. Ouellette:** You mentioned 12 million tires.

**Mr. John Lieou:** Yes.

**Mr. Jerry J. Ouellette:** How do you determine that?

**Mr. John Lieou:** It's an industry funding organization that basically determined whether it's doable or not. In this particular case, it was a request made by the minister, I believe, to the industry funding organization to develop a program that could actually achieve that objective.

**Mr. Jerry J. Ouellette:** Okay, because what I found very unusual was, first of all, 91%. I would have thought it would have been about 150% simply because I know that many individuals and retailers had storage piles of tires that they saved until, surprise, they got 75 cents a tire and they were turning in hundreds of tires at the same time. So what you're getting is the stockpiles. I would assume that the way you determine it is: Okay, we pay \$6, \$5.87, as you mentioned, per tire that goes out, and then what's being paid out in the case is 75 cents a tire, and then when the two balance, we get 91%. Is that correct?

**Mr. John Lieou:** No. Basically—

**Mr. Jerry J. Ouellette:** How do you determine the diversion rate then to be 91%?

**Mr. John Lieou:** I think it's based on the tires that eventually go back to the recyclers. There are facilities that actually take the tires in and turn them into small

pieces that then go into product-making, like playground mats, floor mats and things like that.

**Mr. Jerry J. Ouellette:** So 91% is of what, then? What's the base number you're subtracting that you use to determine?

**Mr. John Lieou:** It's an eventual target in the last year of the program. There's a five-year target. This is a fifth-year target for the percentage of tires that are being sold.

**Mr. Jerry J. Ouellette:** Okay, so that's what it is: It's the percentage of tires being sold.

**Mr. John Lieou:** Yes.

**Mr. Jerry J. Ouellette:** So when those ones that are turned in equate to 91% of the ones that have been sold.

**Mr. John Lieou:** Yes.

**Mr. Jerry J. Ouellette:** In the first year, there were large numbers of stockpiles of tires. Individuals went out and hockey teams went out and collected tires along the roadside to turn them in to get the 75 cents per tire. Lo and behold, you end up with only 91%. I would have thought that the number would have been extremely higher, because in the first year, all those individuals who had stockpiled tires were turning them in to get the funds for them. Does that not seem rational to you?

**Mr. John Lieou:** You're suggesting that—

**Mr. Jerry J. Ouellette:** I'm suggesting that it's an artificially inflated number that should be substantially incorrect; that it's not actually 91%; that there's a large number of tires that were turned in that were not sold in the first year, because you've got 10 years of stockpiles of tires out there sitting in people's farmyards and barnyards and in the back that all of a sudden get turned in, and lo and behold, we only get 91%. To me, it would say that the program is doing far less than it's actually doing out there. It's far less successful. It should have been a lot higher number.

**Mr. John Lieou:** Actually, I don't have information on that front. Let me just say that there's another aspect of the program that will work with stockpile cleanups. Basically, our own ministry is actually working closely with Ontario Stewardship to prioritize a cleanup of all the tire sites in terms of the stockpiles. That's another aspect of the program. There's a stockpile cleanup part of the program as well. Maybe that mitigates the issue that you were talking about.

**Mr. Jerry J. Ouellette:** It just seems that the numbers should have been a lot greater, because I would have anticipated, and I would imagine you saw peaks and lows in the first several months of it if the monitoring was that close, where during the first several months there would be large numbers that were coming in. I don't imagine you did determinations to determine whether it was single tires that were coming in or was it quantities, because the individuals whom I spoke to and the garages that I went around and talked to were taking truckloads of tires in that they had sitting around because they didn't want to pay for them to be disposed of at a dump site.

Some of the other questions I would have would be: You mentioned the relationship between municipal and

commercial tipping sites. Municipally, if you go into the region of Durham, or the city of Oshawa in my particular case, you would drive into the dump site where there would be separate bins. Somebody would come up and ask you what you have, and then they would break it down into various recyclables and non-recyclables.

At the commercial sites, there's none of that. When you go to the commercial site it's, "Put it in over there." There doesn't appear to be any recycling in any way, shape or form. Quite frankly, when I look into this, I find out that it's not to their cost advantage to break it down because it costs them more, as commercial tipping sites, to dump this than it does to break it down. Is there any movement to go forward with the five-year plan so that we can have that, to have these sites actually separate a lot of their waste disposal?

**Mr. John Lieou:** Actually, it goes back to what the deputy and Kevin were talking about earlier, which is working with all the ICI sectors towards complying with the regulations and so on and working with them on these source separation programs at a corporate level so that then gets acted on by all the different corporate entities within the system.

**Ms. Gail Beggs:** Maybe I can just add a little bit. The framework that governs the industrial, commercial and institutional sector is a framework that requires the sector to develop a waste audit, to develop a waste reduction plan, to source-separate and to make best efforts. It's a facility-based requirement. So if I'm business ABC and I meet the screening level and am captured by the regulation, those are the steps I must take: a waste audit, a waste reduction plan, source-separate and then also make best efforts. The source separation requirement is on the facility.

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**Mr. Jerry J. Ouellette:** There's some monitoring that is taking place of these particular sites to ensure that's in compliance?

**Ms. Gail Beggs:** There is. We were talking earlier that the ministry in 2007 put together a dedicated team to work with the ICI sector. We focused our first efforts on education and outreach because we found that much of the sector was unfamiliar with their legislative regulatory obligations. We are following through after the education and outreach to go back and check that they're actually complying with it. We've noticed, over the course of the three years that the team has been in place, that compliance has improved in virtually all of the sectors; in one sector, it's static.

**Mr. Jerry J. Ouellette:** One quick question.

**The Vice-Chair (Mr. Peter Shurman):** A little one? Finish up.

**Mr. Jerry J. Ouellette:** I recall a stat, and I just wondered where we are at this particular time. If the province's ability to ship all of its waste outside of the province were to suddenly happen—how much time, days, would we have before all the dump sites in the province were filled?

**Ms. Gail Beggs:** That's a good question, and I don't have the exact answer, but I can just give you a little bit of information that I think is pertinent to the question. The ministry worked with all of the large municipalities who were shipping waste to Michigan to develop a plan that has been executed over the last three or four years to stop shipments of waste to Michigan, and we were successful at concluding that by our goal of December 2010.

I did a quick calculation of landfill capacity just in my head, and I think the Auditor General may have referenced this in his report, that there were 20 to 25 years remaining. But since the Auditor General's report, the ministry has approved the environmental assessment for a York/Durham energy-from-waste facility, and we are continuing to receive applications and working with other parts of the sector to increase capacity for organic processing. So when we look at what's available in the province, we have to look not just at landfills but at the energy-from-waste sector, the diversion, the organics processing part, to get a full picture of it. If you'd like, we can try to calculate this; we'll have to make a lot of assumptions, so the confidence limits may be wide.

**Mr. Jerry J. Ouellette:** That's okay.

**The Vice-Chair (Mr. Peter Shurman):** Thank you very much. Over to the NDP. Mr. Tabuns.

**Mr. Peter Tabuns:** I just have one question, one area: the ICI sector. The auditor noted, with regard to the compliance with waste reduction work plans, that there was little evidence in half the files reviewed that the ministry inspector reviewed waste audits or waste reduction work plans. Why?

**Ms. Gail Beggs:** What I can tell you is that as a result of the auditor's review and recommendations, we've taken a look at how we're doing on waste inspections of non-hazardous wastes, which is what this audit was about, and we have put in place protocols for inspectors that include review of plans and follow-up on their inspections. We have also improved our record-keeping and our internal databases. We've worked hard, I think, over the last year to do this. Our protocols are being rolled out to our field inspectors this month, February; training is being conducted in March. Implementation requirements are at the beginning of next fiscal year.

Kevin, I'm going to turn it over to you, but it's my understanding that while we've been working on that at a corporate level, we've actually implemented some of the auditor's findings as they relate to inspections.

**Mr. Kevin French:** Right. Thanks, Deputy. As you point out, the auditor did have a recommendation that the ministry has followed up on. We have worked with our staff to make sure there are guidelines in place. As importantly, the results of those inspections are documented so that we can actually talk about the progress that's being made.

I can assure the committee that the recommendation was taken and a plan was developed. That plan is in place, the training with our environmental officers is happening and we will see the results in our records as we move forward in the inspection reports.

**Mr. Peter Tabuns:** That's the only question I had.

**The Vice-Chair (Mr. Peter Shurman):** Thank you very much. Let's go to the Liberals, who have a couple of questions. Mr. Arthurs.

**Mr. Wayne Arthurs:** Among your earlier comments, you talked about making gains. I kind of want to reference a little bit of my experience, probably not unlike that of some of the other elected officials and others around the table, that waste diversion really is an incremental process as opposed to meeting a specific target in a very short period of time.

You referenced 1983 as the time frame in which Kitchener started the blue box program. If I could—Chair, just indulge me—it was probably about 1986-87, when I was a councillor in the town of Pickering, that we had a landfill site, the Brock West landfill site, which was then the old Metropolitan Toronto site. In my view, it was poorly run in those days. They didn't cover stuff; they brought in sewage sludge overnight. I was about a mile downwind from it, and I got all of the benefits of that, plus the truck traffic and the stuff blowing around. They've become a much better operator over the years.

In that history, I ended up on council and was involved in a very early Metro process called SWEAP, the solid waste environmental assessment plan. I see Mr. Tabuns nodding; he would be familiar with that as well. For me, this was really a learning experience: a from-the-ground-up, from-the-bottom-up kind of experience where it was the citizenry that ultimately would drive waste diversion.

For a period of time in about 1987-88, I became the chairman of Durham Recycling Centre Inc. before I went to the mayor's office in Pickering. It was a volunteer organization, ultimately taken over by Durham region, that was the founder of the blue box and recycling program in Durham region at that point in time.

I could probably tell you a lot about Durham, and certainly Mr. Ouellette knows as well, about their, I'll say, successes. They were involved in waste diversion and waste reduction early, in part because we had the Brock West landfill site. That drove a lot of the politics, but it also drove it from the ground up. The history is extensive, right through to the most current approvals on the EA for the energy-from-waste facility.

My own experience with a private sector operator was that Miller Waste has a very significant facility in Pickering that was put in place while I was in the mayor's office. It was an operating system that they took over, but it has a recycling facility; it has diversion facilities; it has a compost facility. It's a very efficient facility, and they work very co-operatively with the region and with the local municipalities.

That's kind of the background.

The kids—the young people—are the ones who, in my view, have been driving and will drive this incremental growth in waste diversion. We can look around at our families, and it's the kids now who are saying, "Are you putting that in the green bin that's on the counter?" It was

a few years ago that Durham introduced the little green bins that go on the counter.

Weekly collection went to bi-weekly collection of what was left—the residual waste. The blue box is collected weekly; the green bin is collected weekly. So they've made some good strides in that regard.

Having said all of that, what are the successes that you are seeing for residents in waste diversion by the programs that are currently going on or initiatives that are being championed by municipalities or others?

Your comments about the big box stores, the power centres: I think they came to that in part because their customers said, in their own way, "We want you to do something about waste. We want you to do something about packaging-related waste. We want you to be a player in that." I don't think they decided on that on their own without something driving as well from the bottom up.

I'm interested in the kinds of successes you see happening, whether it's from the bottom up, whether it's for residents or whether it's for the corporate sector.

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One of our greatest successes has been the wine and spirits program of deposits and returns. We had that debate. There's always the debate about: Will people endorse it? What store is the best one to take it back to: the LCBO or the Beer Store? What kind of reaction are we going to have? If you put a deposit on something, will people actually pay it? I think the diversion rate, as a result of that, has been excellent. I don't know whether it's reached or exceeded the targets, but I think it's got to be a very, very high level.

Any comments on some of the success levels and other opportunities?

**Ms. Gail Beggs:** Thank you very much for your question. I think I would share the premise of your observation: The success of diversion really is about a shared goal and getting individual members of the public, families and businesses in partnership to actually reach diversion goals. I think we are seeing a real interest in the environment by individual citizens, by school-aged children and, increasingly, by workplaces.

One of the things we haven't talked about here today is a greening initiative in the Ontario government and in the broader public sector. We, as the Ministry of the Environment, have worked in partnership with the Ministry of Government Services to help green government operations. We felt strongly as a ministry that we had to try and be a role model if we were going to try and implement regulations and legislation and require it of others, so we've worked voluntarily to reduce our environmental footprint, including improving our waste diversion record at our corporate head offices at 135 St. Clair. We've also provided advice to the Ministry of Government Services, which has rolled out greening across government.

Increasingly, we're being asked as a ministry to help green others' operations. Most recently, we allowed some of our officials to be seconded to assist with the implementation of the G20 meeting in Toronto, where they

provided advice to the organizers on how to make that as green as was possible.

I am really heartened by the interest in all sectors of the economy in becoming green. So I would make that observation.

I talked in my opening remarks about the Woodbine Entertainment Group, and I talked about Honda. Another in the ICI sector that's been working really hard is the Canadian National Exhibition grounds. The Rogers Centre has reached out; they're trying very hard to green, and in particular, they've focused on waste diversion. I think these institutions like to focus on waste diversion because it's very visible and tangible. Despite our difficulty in talking about recovery rates across the province, it's easy for an individual facility to measure and monitor. So I think that has been great.

Some of the other highlights for us include:

—the very successful Take Back the Light program: over two million lights, I think, in two years of operation, which is incredible;

—the growth in organics diversion; and

—a 35% growth in municipalities offering curbside services or other collection means to their citizens over three years—another huge jump.

Again, I would say it goes to a latent desire amongst individuals and institutions to do the right thing. The Ontario Hospital Association, which we've been working with, has put together a tool kit and an incentive for hospitals to divert waste; another great example of an initiative. And I referred to earlier, as we've done our outreach to all of the ICI sectors, the improvement in compliance that we've seen.

As well, I think businesses are finding, as we as a society recognize the expense of raw materials and as new business innovations happen on the recycling end, there is a bottom-line impact and they can actually improve their fiscal position by finding alternatives to dumping waste. So some folks will pay them: What is waste to one company is a resource to another. Kevin, I don't know if—

**The Vice-Chair (Mr. Peter Shurman):** Why don't we hold it there. I know that Mr. Lalonde has a question and the Liberals are basically out of time, so with the indulgence of everyone else, please proceed.

**Mr. Jean-Marc Lalonde:** My question would be: Knowing that the blue box program has been very successful, especially the kids educating adults on the program, have you ever thought about implementing a program that would help a municipality to have some location, like big containers, where the people could drop their old electrical equipment? At the present time, we know that a lot of it is going to the landfill site, and that's not where it should be. Knowing that there are already some programs in place and that there are individual groups collecting it, they have long distances to go in the rural sector and they don't tend to go around to every small community.

**Ms. Gail Beggs:** I'm going to answer your question at a general level first, and perhaps John Lieou may be able to add some details. When the ministry, through the minister, requests diversion programs from Waste Diversion Ontario and they work with an industry funding organization, part of the development of that program is to find ways to work with accessibility issues, particularly in rural or remoter parts of the province. Many of the programs done by the stewardship organizations, whether it be the Ontario Electronics Stewardship, the Ontario Tire Stewardship or Stewardship Ontario—they fund collection sites and collection events implemented by municipalities. As well, they work with retailers for drop-off and provide incentives there. It's a win-win, because retailers get traffic in their stores to come and buy the next light bulb when they drop off one light bulb. But it's an integral part of the program development to consider accessibility, and just like the programs develop targets or goals for diversion, they also develop targets and goals for accessibility. John, do you want to add—

**The Vice-Chair (Mr. Peter Shurman):** With your indulgence, I think we're going to cut it off there, because we've gone about 13 minutes on the 10, and I think we have enough.

Thank you very much, Deputy Minister, assistant deputy ministers Mr. Lieou and Mr. French, as well as staff. That concludes the public part of this hearing. I'll ask the members to stay behind for some direction.

**Ms. Gail Beggs:** Thank you very much to the committee and to the Auditor General.

*The committee continued in closed session at 1441.*



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