

PROPOSED AMENDMENTS TO THE RESOURCE RECOVERY AND CIRCULAR ECONOMY ACT AND BLUE BOX REGULATION

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PREAMBLE

The *Blue Box Regulation (Ontario Regulation 391/21)* under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) makes producers, including brand holders, importers, and retailers responsible for operating and funding residential blue box programs that collect paper, packaging, and single use items at end-of-life.

Producers and Producer Responsibility Organizations (PROs) have told us that the blue box is costing more than anticipated. Since the regulation was finalized in 2021, inflation, labour shortages, and supply chain bottlenecks for infrastructure have increased waste management costs.

In 2025, Ontario took action to maintain existing recycling services for residents while working to curb future cost growth. [Amendments made to the Blue Box Regulation in 2025](https://ero.ontario.ca/notice/025-0009#original-proposal) (URL: <https://ero.ontario.ca/notice/025-0009#original-proposal>) included extending timelines for recovery targets and expanded collection, focusing on residential materials and removing some planned expansions, and allowing more flexibility to reach targets for hard-to-recycle material.

Since these changes were made, Ontario completed the transition to a producer-run blue box system on January 1, 2026. Producers are now fully responsible for funding and operating the system, creating new opportunities to improve efficiency, accountability, and service delivery across the province.

Under the newly transitioned system, Ontario continues to hear from producers about rising fees and a lack of transparency into why system costs continue to climb.

PROs are taking voluntary action to streamline system operations and contain cost growth. The government welcomes these actions, as PROs are responsible for decisions on system design, procurement, and the operation that drive costs.

The government recognizes its role in supporting producers and PROs to ensure that regulated requirements harness competition, promote collaboration, and reflect current market realities.

That is why the government is considering targeted legislative and regulatory changes to ensure the blue box remains effective for both producers and residents.

1. Strengthen Cost Stability and Transparency

1A - Promote fee transparency and improved cost disclosure from PROs.

1B - Create new authorities to regulate contracts, fees, and costs.

1C - Foster fair, consistent and predictable contract terms for producers.

1D - Facilitate improved collaboration to help PROs find cost savings.

2. Support Cost Containment and Operational Efficiency

2A - Consider whether flexible plastics belong in a province-wide blue box system.

2B - Adjust service requirements to promote accessibility and efficiency.

3. Remove Barriers to Small Business Collection

3A - Allow materials from small industrial, commercial, and institutional (IC&I) establishments to count toward producer targets.

1. STRENGTHENING COST STABILITY AND TRANSPARENCY

PROs contract with service providers to deliver blue box services, including collection, processing, promotion and education, and reporting services. Producers pay fees to PROs to cover these costs.

Producers have told us that continued cost growth makes it hard to properly plan for their fair share of producer responsibility costs. They lack transparency from PROs into what is driving cost increases, have minimal advance notice of cost increases, and can't leverage the competitive market between PROs due to limited transparency over fees.

PROs also tell us that more could be done to improve transparency on system design, operations, and costs, which are not always shared and discussed with all PROs that pay into the common collection system. While all PROs are committed to system improvements, they need access to the same information for collaboration so they can work together to improve the system and bring down costs.

To support the long-term sustainability of the Blue Box system, the government is considering a phased approach to improving transparency and promoting cost stability. Early measures could be introduced using current authorities under the *RRCEA* to improve transparency and accountability, followed by regulatory changes made under proposed legislation that could allow government to establish consistent, fair, and transparent contract requirements between producers and PROs and among PROs.

1A. Promote fee transparency and improved cost disclosure from PROs.

The government is considering requiring PROs to have public fee reporting and improved transparency on system costs as an immediate first step. This could occur in the short-term, using existing authorities under the *RRCEA*.

This will help producers leverage the competitive market and better understand what factors contribute to their fees as the blue box system moves into its second year of being fully producer-run. Producers can use this information to ask PROs to improve cost-efficiency year-over-year.

The government is considering amending the Blue Box Regulation to:

- **Require PROs to publicly post proposed and finalized fee schedules on a public-facing website.** Government could specify timelines for posting so producers have information as soon as is practicable for PROs. The regulation would make clear that a fee schedule is any information that will allow producers to compare costs of signing with different PROs. PROs must already report fee methodologies to the Resource Productivity and Recovery Authority (RPRA) and the ministry will look to align or build on existing reporting requirements. This could improve fee transparency and make it easier for producers to compare costs across PROs, while preserving PRO discretion to determine fees and their own fee-setting methodologies.
- **Require PROs to provide producers an itemized breakdown of system costs in quotes, invoices, and receipts.** This could include the portion of costs attributed to each producer for common collection system costs, including collection, material consolidation and transfer, promotion and education, administration costs (including those attributed to the current System Administrator and System Operator), and any reserve funds. Individual PROs could also be required to

specify additional PRO-specific costs, including processing and administration. In addition to this allocation per producer, reporting could include an annual report on PRO-specific costs for processing and administration and steps that are being taken to manage or contain those costs. PROs must already report cost-per tonne for all materials that they manage for their producer clients to RPRA, and the ministry will look to align or build on existing reporting. This could improve transparency by helping producers understand key cost drivers, while preserving PRO discretion in how they allocate costs across individual producers. Over multiple invoices a producer can then track what elements are driving any cost increases.

- **Require PROs to publicly report annually on costs that they share for the province-wide common collection system, key cost drivers, actions taken to reduce or stabilize costs, and explanation of any cost increases.** This could improve transparency for producers, government, and the public by providing greater insight into common collection system costs and cost management efforts while preserving PRO confidentiality over proprietary business information relating to their non-shared operations, like processing. The ministry is seeking feedback on the level of detail needed in such a report to ensure it provides useful information to producers to monitor cost increases and call for improved efficiency. Each PRO must already report their share of collection costs to RPRA on an annual basis and the ministry will look to build on or align with existing reporting. The public report on shared common collection system costs would be submitted to RPRA and posted on their website.

The intent of the government is to have these amendments in place as soon as possible, if pursued.

Additional Feedback Sought:

- How could the government balance improving fee transparency for producers while protecting commercially sensitive information among competing PROs?
- How could cost breakdowns be best itemized on PRO quotes, invoices, and receipts to help producers understand what they are paying for while minimizing

administrative burden and preserving flexibility? What information would be useful?

- What level of detail is needed from PROs on common collection system costs and cost drivers, and efforts to reduce costs to improve transparency and accountability?

1B. Create new authorities to regulate contracts, fees, and costs.

Initial transparency and reporting measures proposed earlier in this document set a foundation for building producer and public confidence in the blue box system.

The government understands that more needs to be done to create the conditions for cost stability. This includes helping producers have more consistent and predictable contract terms, while also helping PROs collaborate to deliver the most efficient common collection system possible.

On October 27, 2026, the government introduced amendments to the RRCEA as part of The Building Ontario Faster Act.

The proposed legislative amendments would broaden existing authorities to make regulations governing contracts related to resource recovery. These proposed amendments would allow the government to:

- **Regulate contracts related to Part IV of the act entered by any type of person.** This could allow government to regulate contracts between PROs and producers, PROs and service providers, and contracts between PROs, such as those that govern the common collection system, System Administrator, and System Operator.
- **Set requirements relating to fees or charges under these contracts.** This could include limits on payments, fees, or charges, or other requirements relating to costs.
- **Set requirements relating to contract terms.** Examples include requirements related to services provided, notice, termination, dispute resolution, exclusivity or non-competition, or renewal.

- **Set criteria that determine a party's eligibility or ineligibility to enter into a contract.** Regulated requirements could identify eligibility criteria for any prescribed requirements.
- **Specify circumstances under which parties must enter into a contract.** Regulations could require parties to have certain agreements or enter into agreements with certain types of persons.
- **Apply requirements to both existing and future contracts.** This could help ensure consistency for all contracts and all parties, regardless of when a contract was finalized.

The government believes these authorities could help ensure that producers have fair contract terms and PROs can effectively collaborate.

The proposed amendments would be enabling – regulations would be needed to specify any new requirements, which would be enforced by the RPRA.

The legislative amendments were introduced on October 27, 2026, and are currently before the Legislature.

Additional feedback sought:

- Are there other authorities that could help ensure fairness, consistency, and transparency in contracts?
- Are there other types of contracts or contract terms that could be included?

1C. Foster fair, consistent and predictable contract terms for producers.

Relationships between producers and PROs are commercial transactions – all contracts are negotiated between parties in the open market. The government is committed to maintaining an open and competitive market among PROs and service providers and recognizes the need to use new authorities with discretion.

The government does not intend to use the proposed legislative authorities to prescribe how PROs set costs or fees. It is understood that PROs are best able to determine their budgets and fees that reflect the costs of running the blue box system and that fees are a key part of a competitive system.

Producers have told us that there isn't enough transparency for them to understand how fees are determined and plan for their costs over the long-term.

The government believes there is value in helping producers feel comfortable that fees and costs have been set in fair and transparent ways. That's why we are considering using these new authorities to make sure existing contracts increase transparency and include more consistent terms and practices for producers.

If proposed legislative amendments receive Royal Assent, as drafted, the government is considering amending the Blue Box Regulation to:

- **Require existing and future contracts between PROs and producers to align with regulated fee setting principles.** This could promote greater consistency and transparency in fee-setting practices, build confidence among producers in how fees are set, and reinforce existing best practices already used across Canada in other producer responsibility systems.

Regulated fee setting principles could include:

- Requiring fees to reflect the full costs of compliance, net of revenues
 - Differentiating fees by material type
 - Ensuring fees reflect recyclability and incentivize more recyclable products
 - Prohibiting cross-subsidization between materials
 - Recognizing different capacities for large, medium and small sized producers to make packaging choices and pay fees
- **Require existing and future contracts between PROs and producers to follow prescribed requirements for mid-year fee increases,** or additional charges in response to unanticipated costs. This could improve predictability and transparency for producers by reducing unexpected fee changes and support consistent billing practices across the blue box system.

Regulated requirements could include:

- Limiting any in-year fee increase to once per year
- Requiring new or increased costs to be itemized by PROs

- Requiring producers to be notified 90-days before a mid-year fee increase

The intent of the government is to have these requirements in place sometime in 2027 if the legislative amendments are passed as drafted and receive Royal Assent.

Additional feedback sought:

- Are there other principles that could be reflected in fee-setting?
- What requirements or timelines could be considered for mid-year fee increases to balance cost predictability for producers with the need for PROs to respond to unforeseen operational or market conditions?

1D. Facilitate improved collaboration to help PROs find cost savings.

If PROs are to be successful in improving system operations and driving down costs, they must work together effectively in a spirit of openness and collaboration, particularly on shared collection costs, which account for the largest portion of costs.

Four PROs currently work together under a System Access Agreement, a private contract signed by all PROs, that governs the administration and operation of the common collection system. One PRO, Circular Materials (CM), acts as System Administrator to plan and oversee the design of the collection system and how costs are shared. CM has hired RLG, a third-party System Operator, to oversee day-to-day collection operations, which includes allocating a share of material collected to each PRO and invoicing of PROs.

The Blue Box Regulation does not require PROs to enter into a System Access Agreement or any other agreement but instead offers PROs the flexibility to determine how best to organize a province-wide collection network through negotiation. The provisions being considered here would not change that. However, we have also heard that more structure, inclusivity, and transparency could help these contracts work more effectively.

Therefore, where contracts have been negotiated to govern PRO collaboration on the common collection system, including the System Access Agreement, the government is considering regulatory provisions to require these contracts to have terms that would better support PRO collaboration by improving opportunities for input, increasing accountability and providing clearer processes for decision-making and resolving disputes.

If proposed legislative amendments receive Royal Assent, as drafted, the government is considering amending the Blue Box Regulation to:

- **Require any agreement between PROs governing the common collection system, such as the System Access Agreement, to include terms creating an Operating Committee.** Regulations could require the Operating Committee to be open to all PROs regardless of market share. Broad participation promotes transparency, accountability, and confidence in system administration, while ensuring that the perspectives of both large and small PROs are considered.
- **Require any agreement between PROs governing the common collection system, such as the System Access Agreement, to include terms setting out consultation of PROs through the Operating Committee.** Meaningful consultation on system design, operational decisions, and cost drivers would provide PROs with greater insight into how the system operates and how costs are incurred and identify opportunities for efficiencies.

Consultation requirements for the System Access Agreement could include:

- Seeking input from PROs on key principles related to the common collection system design, procurement, operational planning, and material and cost reconciliation methodologies
- Providing a minimum of 90 days advance notice and consultation before implementing material changes to system costs, including unplanned or mid-year cost increases
- Consulting PROs before modifying agreements, governance processes, or committee structures that affect oversight of the common collection system
- Providing operating committee members with access to information reasonably required to understand system performance, cost drivers, procurement decisions, and operational outcomes
- Require all PROs to maintain the confidentiality of any commercially sensitive information shared among PROs

- **Require any agreement between PROs governing the common collection system, such as the System Access Agreement, to include terms that establish transparent, independent, and timely processes for audits, reviews, and dispute resolution.** The objective is to ensure that decisions affecting PROs are subject to appropriate review mechanisms and any disputes are resolved in a transparent and impartial manner to promote fairness and accountability.

Requirements for the System Access Agreement could include:

- Requiring audits and formal reviews to be conducted by an independent third party
 - Requiring disputes between the System Administrator and PROs to be adjudicated by an independent third party
 - Establishing prescribed timelines within which audits or reviews must be initiated and completed
- **Require the agreement for the blue box System Operator to include terms that require it to report annually to the Resource Productivity and Recovery Authority (RPRA)** on prescribed system costs and performance outcomes related to the operation of the common collection system. This proposal would build on existing financial reporting obligations for PROs to RPRA and the newly proposed reporting obligation set out above. The intent here would be to provide more focussed reporting on the operation and costs of the common collection system and strengthen accountability and transparency within the Blue Box system by creating an independent reporting relationship between system operators and the regulator. This reporting would also be available to the ministry to allow ongoing assessment of the cost-effectiveness of the system.

The intent of the government is to have these requirements in place sometime in 2027 if the legislative amendments are passed as drafted and receive Royal Assent.

Additional feedback sought:

- What are reasonable timelines for requiring these changes?

- What measures could best support meaningful participation by PROs of different sizes in the oversight and operation of the common collection system, while maintaining fair, efficient and timely decision-making?
- What information could PROs be consulted on to support effective system oversight, cost transparency, and accountability, and protect commercially sensitive information?
- Are safeguards needed to avoid conflicts of interest where PROs are owned or associated with waste service providers?

2. SUPPORTING COST CONTAINMENT AND OPERATIONAL EFFICIENCY

The Blue Box Regulation sets out collection and management requirements for producers, including the materials that must be collected, the communities and locations eligible for collection, and the level of collection service that must be provided. Producers are also required to meet resource recovery targets for six categories of materials.

While the Blue box Regulation sets out these requirements, PROs are responsible for system design to determine how best to satisfy these requirements. Both operational decisions and regulatory requirements drive costs.

The government is consulting on adjustments to the Blue Box Regulation to see if changes to regulated requirements could support PROs in maximizing system efficiency and containing costs, while maintaining strong service for residents.

2A. Consider whether flexible plastic belongs in a province-wide blue box system.

The Blue Box Regulation makes producers responsible for paper, packaging, and single-use items made from paper, plastic, metal, and glass, including non-alcoholic beverage containers.

The policy intent behind obligating a wide range of materials is to maximize diversion, provide a level playing field across producers of different materials, and discourage producers from using exempt materials to avoid obligations.

The regulation recognizes that not all materials are alike in their use, collectability or recyclability, and the regulation includes some exemptions.

Materials primarily made from ceramic, wax, or wood, for example, are not included in the regulation due to the difficulty in recycling. Products used for personal hygiene are excluded due to their potential to be unsafe or contaminate recycling streams.

There are also exemptions for flexible plastic packaging-like products, such as food wraps and freezer bags, which are purchased and used by residents. These are exempted due to their special role in helping residents contain, protect, or handle food. Other flexible plastic, provided directly by producers with products, is not exempt.

We have heard that it is expensive to collect high-cost, low-value materials, and that focusing the blue box system on more recyclable materials could help ease cost pressures. Flexible plastic packaging, like plastic bags, grocery film, and shrink wraps, have high recycling costs, low recycling rates and limited end markets.

However, we have also heard that an inclusive approach is important for an effective blue box system. Flexible plastic is increasingly prevalent in products and packaging, and removing these materials could reduce access for residents and create unlevel playing field for producers. In addition, PROs have designed collection and recycling systems to manage these materials with investments planned or underway that are critical to spurring innovation and improvement in Ontario's recycling economy.

The government is considering changes to the Blue Box Regulation to:

- **Remove or change obligations for flexible plastics.** This could include exempting these materials from the Blue Box Regulation, ending their collection outright. Alternately, the Blue Box Regulation could allow other methods of collection, such as those that reflect regional sorting or recycling capacity, or that allow PROs to collect materials more cost-effectively at local recycling depots.

Any action on flexible plastics would need to:

- Consider the impact on the resident recycling experience, including the ability to build effective recycling behaviour

- Minimize impact on contracts between PROs and service providers, and on existing or planned investments in sorting and processing capacity
- Avoid unintentionally increasing costs on producers of other obligated materials or creating producers that are free-riders
- Continue to drive innovation in recycling to maximize diversion and reduce landfilling

The intent of the government is to decide on any amendments to flexible plastics obligations as soon as possible, if pursued.

Additional feedback sought:

- The government understands that investments in flexible plastic processing are currently in planning stages. Is there a way to phase-in the collection of flexible plastics over time or by region to build processing capacity and contain cost increases?
- If these materials are exempted, is there a way to reduce incentives for producers to increase the use of flexible plastics by requiring producers of these materials to contribute toward collection system costs?

2B. Adjust service requirements to promote accessibility and efficiency.

Under the Blue Box Regulation, producers are responsible for meeting regulated collection requirements.

These requirements include providing residents with free receptacles for the collection of blue box material. The regulation also requires that all blue box materials set out for curbside collection is picked up. Requirements like these are intended to provide a comprehensive, resident-focus recycling service for all eligible communities.

The transition to a fully producer-funded system has created an opportunity to review existing service requirements and identify efficiencies that could reduce costs while maintaining convenient and accessible recycling services for residents.

The government is considering changes to give producers and PROs greater flexibility to manage costs while continuing to meet collection and management obligations.

The government is considering amending the Blue Box Regulation to:

- **Phase out requirements to collect bagged or baled overflow materials placed beside Blue Box receptacles, if other collection methods are provided for excess materials.** Under this proposal, PROs could choose to end collection of bagged or baled excess recyclable materials set out at the curb as long as alternative methods are provided to residents. A transition period could be established to support public awareness and allow residents and service providers time to adapt to the new requirements.

Regulated criteria could allow PROs to fulfill overflow collection by:

- Providing additional free collection receptacles, or receptacles of a larger capacity
 - Offering access to a local PRO-run depot or alternative collection location for the collection of excess materials
- **Establish clear criteria to determine when residents can receive additional collection receptacles delivered to their place of residence.** The Blue Box Regulation will continue to require that residents receive free receptacles. Under this proposal, PROs would always be required to deliver recycling carts to residents, as it is not feasible for residents to collect these bins individually. Where residents use recycling boxes to manage blue box material, PROs could be required to provide home delivery of additional collection receptacles in prescribed circumstances.

Regulated criteria for additional free at-home recycling box deliveries could include where residents:

- Require additional or different recycling boxes for accessibility purposes
- Do not have access to a PRO-run depot or alternative collection location for the collection of excess materials
- Have not received more than two recycling boxes delivered to their residence

The intent of the government is to have these amendments in place as soon as possible, if pursued.

Additional feedback sought:

- What opportunities, challenges, costs, or service impacts could the government consider if transitioning away from curbside collection of bagged or baled overflow materials, and what measures could help ensure residents continue to have convenient access to recycling services?
- What criteria could be used to determine when residents are eligible to receive additional collection receptacles, and how can requirements be designed to balance resident service needs with cost-effective operation of the Blue Box system?

3. REMOVING BARRIERS FOR RECYCLING SERVICES FOR SMALL BUSINESSES

3A. Allow materials from small industrial, commercial, and institutional (IC&I) establishments to count toward producer targets.

Under the Blue Box Regulation, producers are not obligated to collect and manage waste from industrial, commercial, and institutional (IC&I) establishments.

This approach is consistent with how the legacy blue box system operated before the transition to full producer responsibility. Under the old approach, municipalities were only required to offer residential collection, and producers were only obligated to fund 50% of residential collection costs.

While most businesses and institutions in Ontario arrange their own recycling, some municipalities previously chose to provide blue box services to small IC&I locations, such as small businesses, places of worship, or non-profit organizations, or in specific locations such as downtowns and Business Improvement Areas. These were decisions made by individual municipalities and funded by local taxpayers.

Municipalities currently have the flexibility to choose whether to contract with a private waste service provider to collect recyclables from IC&I locations and decide how to fund these services, although feedback indicates that contracting for only small IC&I collection is costly due to limited economies of scale.

The government has heard that municipalities want to leverage the producer-led blue box system to arrange for cost-effective recycling for small IC&I locations.

PROs have expressed concerns that the need to separately account for material collected from residences and small IC&I establishments to ensure only residential materials are counted toward targets is onerous and costly – and this stands in the way of providing cost-effective services to local communities.

The government is considering amending the Blue Box Regulation to:

- **Allow blue box materials collected from small IC&I locations to count toward producer recovery targets.** The Blue Box Regulation could allow this to occur without separate reporting or auditing of small IC&I materials to reduce burden and facilitate co-collection, where materials are collected under an agreement with a municipality or First Nation community.

The intent of the government is to have these amendments in place as soon as possible, if pursued.

Additional feedback sought:

- Which types of establishments could be eligible for this provision under the Blue Box Regulation? Is there a role for the Blue Box Regulation or RPRA in clarifying a consistent list of eligible establishment types?
- Are there other qualifying criteria that could help identify suitable small IC&I locations, such as the use of similar receptacles or being located on the same street as a regulated eligible source?