

Background: Non-Eligible Sources and Blue Box Transition

June 2025

In 2022, the Province of Ontario passed the new Blue Box Regulation (O. Reg. 391/21), shifting the responsibility for funding and operating the residential Blue Box Program from municipalities to producers of paper, packaging, and similar products. Producers are defined as brand holders, importers, or retailers of products that contain blue box materials.

The regulation requires producers to collect materials from eligible sources, including residences, multi-residential buildings, schools, and non-profit long-term care and retirement homes. However, it excludes non-eligible sources that are currently receiving Blue Box curbside collection services.

Non-eligible sources currently serviced by the Niagara include:

- Small to medium sized businesses
- Non-profit organizations
- Community buildings such as arenas and libraries
- Daycares, churches and other places of worship

In areas with mixed residential and commercial operations, the residential portion remains eligible, while the commercial portion is deemed ineligible. These non-eligible sources are not captured under the new Blue Box Regulation and are excluded from the new Blue Box Program.

Impact of the Transition Period and Post-2026 Collection Rules

During the transition period (January 1, 2024 to December 31, 2025), Circular Materials, the primary Producer Responsibility Organization (PRO) in Ontario representing a majority of the producers, has directed that recyclables from non-eligible sources in Niagara region can continue to be collected on the same truck as the residential materials.

However, post-transition (January 1, 2026 and beyond), recyclables from non-eligible sources can no longer be collected on the same truck as the residential materials.

This approach introduces inefficiencies and significant cost increases, posing challenges for municipalities that have successfully supported recycling diversion programs for both residents and small businesses over the past three decades.

Key Concerns for Municipalities and Taxpayers

1. Inefficient Collection Methods

- Banning the commingled collection of eligible and non-eligible materials post-2026 creates inefficiencies, as many non-eligible sources are located on routes currently serving eligible sources.
- This change will unnecessarily result in more collection trucks on the road, increasing greenhouse gas emissions and operational costs.

2. Funding Non-Eligible Source Programs

- Currently, many municipalities fund Blue Box recycling programs through municipal taxes, spreading costs equally among residents and businesses, regardless of participation.
- Under the new regulation, producers will fund eligible sources, reducing the tax base available for services to non-eligible properties.
- Establishing a mechanism to bill non-eligible source customers separately will also create significant administrative burdens for municipalities.
- Some municipalities have already decided not to continue to collect recyclables from non-eligible sources, starting January 1, 2026.

3. Lack of Market Competition

- Over the past 5-10 years, fewer service providers have bid on municipal waste collection contracts, indicating limited competition in the sector.
- This lack of competition places municipalities at a disadvantage, leading to higher service costs for non-eligible sources and further financial pressure on small businesses, non-profits, and community organizations.

Urging a Policy Reconsideration

The Region, along with other Ontario municipalities, and Niagara's business community for much of 2026 has strongly advocated to the Province of Ontario to reconsider the criteria for non-eligible sources under the Blue Box Regulation. At a minimum, Circular Materials and

producers should be directed to allow for collection of these materials on the same truck as the residential materials.

Such changes would bridge regulatory gaps, promote continued recycling participation and mitigate the significant environmental and financial impacts of the current approach.

Provincial Consultation on NES – A Critical Opportunity

On June 4, 2025, the Ministry of the Environment, Conservation and Parks (MECP) released ERO Notice 025-0536, seeking feedback on whether producers should be required to offer recycling services to NES properties, such as small businesses. The consultation closes July 21, 2025.

This consultation is a direct response to growing concerns raised by municipalities, business organizations and service providers about the impacts of excluding NES properties from the Blue Box program. We encourage all impacted stakeholders to review the proposal and submit comments before the deadline.