



City of  
**Peterborough**

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**To:** Members of the General Committee

**From:** Ilmar Simanovskis, Commissioner, Municipal Operations

**Meeting Date:** September 15, 2025

**Report:** MOENV25-009 Recycling - Non Eligible Sources Information.docx

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## **Subject**

A report to provide Council with an update to changes to Ontario's Extended Producer Responsibility Blue Box program and the impact on the City's collection and processing from non-eligible sources after January 1, 2026.

## **Recommendation**

That Council approve the recommendation outlined in Report MOENV25-009, dated September 15, 2025, of the Commissioner of Municipal Operations as follows:

That Report MOENV25-009 be received for information.

## **Executive Summary**

- On January 1, 2024, the City of Peterborough transitioned its residential Blue Box recycling program to Ontario's new Extended Producer Responsibility (EPR) framework, which transferred responsibility for residential recycling to packaging producers. During the transition period (2023–2025), producers were required to maintain existing service levels, allowing continued co-collection and processing of recyclables from non-residential ("non-eligible") sources such as businesses, not-for-profits, and institutions.
- Circular Materials Ontario (CMO), the Producer Responsibility Organization, contracted Emterra Environmental to service residential sources, while the City retained Emterra under a separate contract to service non-eligible sources.

- In May, CMO confirmed with municipalities that as of January 1, 2026, regulations would no longer allow co-collection or co-processing of non-eligible materials.
- To comply, the City was drafting a report to allow staff to amend its existing contract to provide separate collection and processing for non-eligible sources.
- On June 4, 2025, the Ministry of the Environment, Conservation and Parks (MECP) proposed amendments to the Blue Box Regulation that could allow continued co-collection and processing of eligible and non-eligible materials.
- Subsequently, on June 19, 2025, the Association of Municipalities of Ontario (AMO) and the Regional Public Works Commissioners of Ontario (RPWCO) received a letter from MECP that reads “one of the intended outcomes of this proposal is to maintain collection beyond 2026 for industrial, commercial and institutional locations that previously received service from their municipality, where municipalities agree to continue to pay for this service” (non-eligible sources). It is unknown what the cost will be and how this relates to our current program costs until CMO presents this to municipalities.
- City staff will continue to closely monitor regulatory developments and review our current contract with Emterra in relation to non-eligible Blue Box materials beyond 2026. Staff will provide Council with an update once a clear regulatory direction has been confirmed, and costs are available.

## Background

On June 3, 2021, the Province of Ontario finalized new Extended Producer Responsibility (EPR) legislation, transferring responsibility for the operation of residential Blue Box recycling programs to the producers of consumer packaging. The transition of municipal recycling programs to producer responsibility began in 2023 and will be fully implemented by December 31, 2025. The City of Peterborough transitioned its residential recycling program on January 1, 2024.

During the transition period, producers were obligated to maintain existing service levels in each municipality. As a result, producers agreed to continue co-collecting and co-processing recyclables from non-residential (or "non-eligible") sources, including local businesses, not-for-profits, and institutions, where these were historically part of the municipal system. This approach allowed for continued recycling collection from non-eligible sources in Peterborough during the transition.

Circular Materials Ontario (CMO), the Producer Responsibility Organization (PRO), acting on behalf of producers, contracted Emterra Environmental to deliver collection services for eligible (residential) sources. Concurrently, the City retained Emterra under

a separate agreement to continue collecting and processing recyclables from non-eligible sources throughout the transition.

During this period, recycling from eligible and non-eligible sources was co-collected in the same vehicles and processed together. However, effective January 1, 2026, CMO has confirmed that non-eligible materials can no longer be co-collected or co-processed with eligible residential recyclables. This change requires municipalities to establish separate collection and processing systems for non-eligible sources.

It is anticipated that this change will increase costs—due to the need for dedicated vehicles and processing streams, these expenses are expected to be absorbed within the existing solid waste recycling collection budget, which has been managed in anticipation of this change.

Under Ontario's Blue Box Regulation, non-eligible sources are defined as locations for which producers are not responsible for providing recycling services.

These include:

- Industrial and commercial properties, such as:
  - Business Improvement Areas (BIAs)
  - Commercial locations on residential routes
  - Commercial farms
- Places of worship
- Daycares
- Weekend campgrounds and trailer parks
- Public-facing and internal areas of municipal buildings (libraries, arenas)
- Not-for-profit organizations and shelters
- Public and private post-secondary institutions

The City services 1,326 non-eligible sources and collectively generates approximately 320 tonnes of recyclable material per year. If the City were to discontinue service, this material would most likely be landfilled, resulting in a significant loss of landfill capacity.

Although the current regulation permits municipalities to opt out of servicing non-eligible sources, doing so would be inconsistent with the City's Waste Management Master Plan (WMMP) and would undermine the objectives of Phase Two of the Organics Program, which prioritizes expanding diversion services to currently non-eligible generators, including restaurants and multi-residential buildings.

On June 4, 2025, the Ministry of the Environment, Conservation and Parks (MECP) posted a proposal to amend the Blue Box Regulation and the Resource Recovery and Circular Economy Act Regulations on the Environmental Registry of Ontario. The proposed acknowledged feedback from stakeholders, stating that Producer Responsibility Organizations (PROs) could work more closely with municipalities to service non-eligible sources—particularly small businesses—located along existing

residential collection routes. This was an indication that the Ministry was exploring the potential of servicing both eligible and non-eligible properties using the same collection vehicles.

Subsequently on June 19, 2025, the Association of Municipalities of Ontario (AMO) and the Regional Public Works Commissioners of Ontario (RPWCO) received communication from MECP clarifying the intent behind the proposed regulatory amendments. In the letter, MECP stated that “one of the intended outcomes of this proposal is to maintain collection beyond 2026 for industrial, commercial and institutional locations that previously received service from their municipality, where municipalities agree to continue to pay for this service” (non-eligible sources).

This statement reinforces the government’s recognition of the operational realities many municipalities face and suggests that, while the EPR framework transfers the responsibility for residential Blue Box material collection to producers, municipalities may continue servicing non-eligible locations post-transition if they choose to do so and cover the associated costs. This offers municipalities the flexibility to maintain service continuity.

Specifically, the proposed amendment would enable the government to require PROs to offer service agreements to municipalities (or other entities) to collect Blue Box materials from small businesses. However, the Ministry’s stated intent is to preserve the current approach, in which municipalities and PROs may negotiate commercial agreements to provide collection to non-eligible sources—at the municipality’s expense.

City staff will continue to closely monitor regulatory developments and review our current contract with Emterra in relation to non-eligible Blue Box materials beyond 2026. Staff will provide Council with an update once a clear regulatory direction has been confirmed, and costs are available.

## **Strategic Plan**

Strategic Pillar: Community & Well-being

Strategic Priority: Demonstrate strong leadership in environmental stewardship by proactively addressing issues and challenges of climate change and the environment.

The recommendation outlined in this report aligns with the Community and Wellbeing strategic pillars, as it aims to ensure City leadership has timely and accurate information to support decision-making regarding recycling services for non-eligible sources.

## **Engagement and Consultation**

The City, in collaboration with the Association of Municipalities of Ontario (AMO) and other municipal stakeholders, has actively lobbied the provincial government, Circular Materials Ontario (CMO), and related agencies to reconsider the requirement to eliminate the co-collection of non-eligible and eligible Blue Box materials. Despite sustained advocacy efforts, these attempts to influence the regulatory framework have, to date, been unsuccessful.

The City has also met and consulted with the Peterborough Downtown Business Improvement Area (DBIA) to understand the impact of service changes on the local business community. The DBIA has expressed support for the continuation of recycling services and emphasized the importance of maintaining convenient and reliable diversion programs to support businesses operating in the downtown core.

In addition, staff have communicated information to the Peterborough and the Kawartha Chamber of Commerce.

The City submitted comments in support of the proposed amendment, citing potential cost savings and operational efficiencies that could be achieved by allowing the continued co-collection and processing of eligible and non-eligible materials. If enacted, the amendment would eliminate the need for significant operational changes, as this is already the standard practice in Peterborough and across Ontario.

Municipalities have collectively recommended that MECP go further by including small businesses and other non-eligible sources under full producer responsibility, thereby reducing costs to municipalities and ensuring that producers are accountable for the Blue Box materials they introduce into the marketplace, regardless of where they are generated.

## **Budget and Financial Implications**

The current contract cost for recycling collection and processing is \$172,000 per year, or \$2.47 per stop per week, serving 1,326 locations across the City.

It is anticipated that costs can be absorbed within the existing collection budget, as funds have been carried forward since 2024 in anticipation of this transition.

## Conclusion

Given the recent provincial proposals, the City will continue to monitor regulatory developments in relation to non-eligible Blue Box material collection and processing beyond 2026.

Maintaining service for over 1,300 non-eligible sources remains a priority, given the significant waste diversion and landfill preservation benefits.

Staff will provide Council with an update once clear regulatory direction has been confirmed, and costs are available.

Submitted by,

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