

**DRAFT PRELIMINARY REVISED  
BLUE BOX  
PROGRAM PLAN**

**February 12, 2010**

**DRAFT**

# TABLE OF CONTENTS

TABLE OF CONTENTS .....	ii
List of Figures .....	ii
List of Tables .....	ii
ACRONYMS .....	iii
SECTION I: INTRODUCTION & EXECUTIVE SUMMARY .....	5
1 The Original BBPP .....	5
2 Stewardship Ontario .....	6
2.1 Who we are .....	6
2.2 Mission, vision, strategic priorities .....	6
2.3 Program achievements and performance to date .....	7
2.4 Governance .....	9
2.5 Relationship to WDO .....	9
SECTION II: REVISED BLUE BOX PROGRAM PLAN .....	11
3 What is a Blue Box material? .....	11
3.1 How are Printed Papers defined? .....	11
3.2 How are Packaging materials defined? .....	12
3.3 How will printed paper and packaging-like products be defined in the revised Plan? .....	13
4 How Much Blue Box Material is Generated and Recycled in Ontario? .....	15
4.1 How do we establish how much Blue Box waste is available for recycling? .....	15
4.2 How is the recycling rate calculated? .....	15
4.3 How do we establish “gross costs” for each material? .....	16
4.4 How are material revenues applied? .....	16
5 Who are the stewards of Blue Box materials? .....	17
5.1 Brand owners and first importers .....	17
5.2 LCBO .....	18
5.3 Franchise Businesses .....	18
5.4 Other Distribution Channels .....	19
5.5 Who is exempt from Blue Box obligations (De Minimis Threshold)? .....	19
6 How is Industry’s Financial Obligation Determined? .....	22
6.1 Step 1: Collect Recycling Program Data .....	22
6.2 Step 2: Verify municipal costs .....	23
6.3 Step 3: Calculate Stewardship Ontario’s funding based on “best practice” costs .....	24
6.4 Step 4: Calculate and Report on Payments to Individual Municipalities .....	25
6.5 Step 5: Ensure system integrity through auditing and enforcement .....	25
7 How are Stewards’ Fees calculated? .....	26
7.1 Stewardship Ontario’s authority to set fees under the Act .....	26
7.2 Fee Setting Principles .....	26
7.3 Fee Setting Methodology .....	27
8 How Are Municipalities Compensated? .....	30
8.1 CNA/OCNA In-Kind Contribution .....	30
8.2 Continuous Improvement Fund .....	30
8.3 Cash Payments .....	30
SECTION III: ACHIEVING 70% DIVERSION .....	32
9 Modifying the diversion calculation .....	32
9.1 Collection through Channels Outside of the Blue Box Program .....	32
9.2 The Challenge of 70% Diversion .....	36
9.3 Meeting the 70% Challenge .....	36

9.4	Three-year Generation and Recycling Projections.....	38
9.5	Cost Projections .....	40
SECTION IV: CONCLUSION .....		43
SECTION V: ANNOTATED LIST OF RELEVANT PROGRAM DOCUMENTS .....		44
10	Program Developments .....	44
10.1	Addendums to BBPP (August 14, 2003).....	44
10.2	Minister’s Letter (December 22, 2003).....	45
10.3	Minister’s Letter (May 31, 2004) .....	45
10.4	Minister’s Letter (December 30, 2004).....	45
10.5	CNA/OCNA In-Kind Contribution .....	46
10.6	Canada Customs and Revenue Agency Letter (August 9, 2006).....	46
10.7	Blue Box Program Enhancement and Best Practices Assessment .....	47
10.8	Minister’s Letter (August 18, 2008) .....	48
10.9	Municipal Funding Descriptions (2004-2011).....	48
11	ADDITIONAL PROGRAM REPORTS .....	49
APPENDICES .....		50
12	RULES FOR STEWARDS WITH RESPECT TO PAYMENT OF FEES (2010) .....	50
13	Detailed Tables for Tonnage Projections and Program Performance .....	56

## List of Figures

Figure 2.1	Recycling Performance by Program Year.....	7
Figure 2.2	Net System Cost by Program Year .....	8
Figure 2.3	Oversight Established by WDA .....	10
Figure 5.1	Determining If You Are Exempt from the Stewardship Ontario Blue Box Program Plan .....	21
Figure 9.1	Cost Projections .....	42

## List of Tables

Table 7-1	Example of how the 3-Factor Formula Works .....	28
Table 8-1	Allocation of Cash Payments to Municipalities .....	31
Table 9-1	Additional Tonnage included in Generation in the Diversion Calculation.....	34
Table 9-2	Additional Tonnage included in Recycling in the Diversion Calculation.....	35
Table 9-3	Three-year residential generation projections.....	39
Table 9-4	Three-year residential recycling projections. ....	39
Table 9-5	Three-year residential recycling rate.....	39
Table 9-6	Lower Bound – Cost savings and higher revenue.....	41
Table 9-7	Upper Bound – Higher cost and low revenue.....	41
Table 13-1	Generation Projections from Baseline to 2011 .....	56
Table 13-2	Recycling Projections from Baseline to 2011.....	57
Table 13-3	System Performance Projections from Baseline to 2011 .....	58

## ACRONYMS

3Rs	Reduce, Reuse, Recycle
ABC	Activity Based Costing
AMO	Association of Municipalities of Ontario
AMRC	Association of Municipal Recycling Coordinators
BBPP	Blue Box Program Plan
C of A	Certificate of Approval (issued by MOE)
CAO	Chief Administrative Officer
CBC	Canadian Broadcasting Corporation
CCC	Composting Council of Canada
CCCR	Consumer Chemical and Container Regulations (2001)
CCGD	Canadian Council of Grocery Distributors
CCSPA	Canadian Consumer Specialty Products Association
CCTFA	Canadian Cosmetics, Toiletries and Fragrances Association
CD	Compact Disc
CFIB	Canadian Federation of Independent Business
CME	Canadian Manufacturers and Exporters
CNA	Canadian Newspaper Association
CSA	Canadian Standards Association
CSR	Corporations Supporting Recycling
CTA	Canadian Toy Association
DBBW	Designated Blue Box Waste
EPIC	Environment and Plastics Industry Council
EPR	Extended Producer Responsibility
FAQ	Frequently Asked Questions
FOST Plus	Belgian Stewardship Organization
FTE	Full Time Equivalent
GST	Goods and Services Tax
GTA	Greater Toronto Area
HDPE	High Density Polyethylene
IC&I	Industrial, Commercial and Institutional
IFO	Industry Funding Organization
ISP	Industry Stewardship Plans
IWDO	Interim Waste Diversion Organization
LCBO	Liquor Control Board of Ontario
LDPE	Low Density Polyethylene
MAC	Municipal Affairs Committee
MFAM	Municipal Funding Allocation Model
MIPC	Municipal Industry Programs Committee
MMAH	Ministry of Municipal Affairs and Housing
MNR	Ministry of Natural Resources

MOE	Ministry of the Environment
MPAC	Materials and Packaging Advisory Committee
MRF	Materials Recovery Facility
MWIN	Municipal Waste Integration Network
NAICS	North American Industry Classification System
NGO	Non Government Organization
O. Reg	Ontario Regulation
OCC	Old Corrugated Containers
OCNA	Ontario Community Newspapers Association
OMBI	Ontario Municipal Benchmarking Initiative
ONP	Old Newspapers
OPSS	Ontario Provincial Standard Specifications
ORHMA	Ontario Restaurant, Hotel and Motel Association
P&E	Promotional and Educational
PAC	Public Affairs Committee
PET	Polyethylene Terephthalate
PP	Polypropylene
PPEC	Paper and Paperboard Environmental Council
PST	Provincial Sales Tax
PVC	Polyvinyl Chloride
R&D	Research and Development
R.R.O	Revised Regulations of Ontario
R.S.O	Revised Statute of Ontario
RCC	Retail Council of Canada
RCO	Recycling Council of Ontario
SC	Steering Committee
SO	Stewardship Ontario
UK	United Kingdom
WDA	Waste Diversion Act
WDO	Waste Diversion Ontario
WG	Working Group

## SECTION I: INTRODUCTION & EXECUTIVE SUMMARY

### 1 The Original BBPP

The first BBPP was approved by the Minister on December 22, 2003 and has been in effect since February 1, 2004.

The purpose of the original Plan was to achieve the following objectives:

- Diverting 50% of Printed Paper and Packaging by 2006 a target that later Increased to 60% by 2008
- Raising industry contributions to contribute 50% of the funds for municipal recycling by levying companies who put printed paper and packaging into the Ontario marketplace
- Ensuring consumers adopt appropriate recycling behaviours consistent with their expectations for convenience and evolving perceptions of environmental stewardship and responsibility

Since 2003, 5.3 million tonnes (or 68 kilograms per person per year) of printed paper and packaging have been diverted from Ontario's landfills. Various industries from diverse sectors such as consumer and packaged goods, mass merchandise and grocery retailers have contributed a total of \$471 million towards municipal recycling, of which \$61 million has been directed to achieving efficiencies and optimizing the recycling system and related infrastructure in the province. For hard to recycle materials, such as plastics, where the recycling technologies are yet unproven or there is a paucity of markets for processed materials, Stewardship Ontario has contributed nearly \$14M to resolve barriers to recycling.

Today the recycling rate stands at 65.9%. More needs to be done to meet growing government and consumer expectations. In August the Minister of the Environment issued a request to amend the BBPP to achieve a recycling rate of 70% by the end of 2011. Stewardship Ontario, as the organization mandated by the Waste Diversion Act, to discharge industries' stewardship responsibilities, was directed to develop a plan that would achieve the government-mandated target.

Specifically, the Minister's Program Request Letter asked that Stewardship Ontario undertake the following:

- Establish a diversion target of 70% to be achieved by December 31, 2011.
- Improve the methodology for calculating diversion by including additional avenues where residential Blue Box materials are collected.
- Include packaging-like materials, sold as products, that are compatible with current collection and management systems.

This draft revised BB plan has been developed in response to that request. For stakeholders familiar with the original BBPP such as stewards and municipalities, the most notable changes to the original Plan include:

- Expansion of the definition of Printed Paper and Packaging to including printed paper-like and packaging-like products, e.g., aluminum pie plates, compatible with current collection and management systems
- Revisions to the methodology for calculating diversion by including additional quantities of residential waste collected through non-municipal systems, e.g. private sector pick-up at multi-residential buildings and charity drives
- Measures and related costs associated with achieving a recycling rate of 70% by the end of 2011

It also updates the original Plan to reflect subsequent directives from the Minister and all approved changes to the Blue Box Program since the original Plan was approved.

This draft revised Plan is being posted for consultation. A webcast to review the highlights of the revised Plan, answer stakeholder questions and receive feedback is scheduled for February 17, 2010. Comments will be received until 4 pm on March 3, 2010. The Stewardship Ontario board will consider this Plan for approval at its March 15th board meeting. If approved, the Plan will also require the approval of the WDO board before being delivered to the Minister of the Environment on its due date of April 30, 2010.

## **2 Stewardship Ontario**

### **2.1 Who we are**

Stewardship Ontario is Ontario's first not-for-profit Industry Funding Organization (IFO) established under the Waste Diversion Act, 2002. Incorporated in 2003, our mandate is to develop, implement and operate waste diversion programs.

In the case of paper and packaging wastes designated under the Blue Box program, Stewardship Ontario's mandate is to raise industry financing to compensate municipalities for 50% of the cost of collecting and recycling Blue Box materials. In addition to financing, Stewardship Ontario's mandate also extends to developing best practice guidelines for municipal recycling, participating in the auditing and municipal cost verification process as well as initiating and directing system optimization and market development initiatives. Our responsibilities under the BBPP are designed to discharge our stewards' shared responsibilities for the Blue Box in Ontario—a responsibility we share today with our municipal partners.

In 2008, Stewardship Ontario transitioned to become a full operating company with the added responsibility for financing as well as managing end-of-life materials in the Municipal and Household Hazardous Waste program (MHSW). Today Stewardship Ontario is a reverse supply chain business for used paint and batteries, pesticides, fertilizers, certain automotive products such as antifreeze and oil filters as well as a number of containers that held hazardous materials. We operate the MHSW program on behalf of our stewards to ensure they meet their producer responsibility obligations set out in the WDA and accompanying regulations and Ministerial directives. In 2010, Stewardship Ontario will be expanding its MHSW program to include 14 other special household wastes and hazardous materials including aerosols, rechargeable and industrial stationary and non-lead acid motive, corrosives and irritants, fire extinguishers, flammables, fluorescents, leachates, mercury-containing devices, pharmaceuticals, reactives, sharps and syringes, and toxics. This Consolidated MHSW Program will launch on July 1, 2010.

In 2010 Stewardship Ontario will flow some \$150 million of industry funds to meet its stewardship responsibilities under the Blue Box and MHSW programs combined. Our stewards account for all of our revenues and collectively Stewardship Ontario's Blue Box and MHSW stewards constitute its customer base currently numbered at 1,600 companies. The CMHSW program is expected to widen Stewardship Ontario's customer base further.

As an industry governed organization, our goal is to promote the reduction, reuse, and recycling of those materials managed under our programs.

### **2.2 Mission, vision, strategic priorities**

At Stewardship Ontario, we believe that today's economic and environmental challenges require that we put sustainability at the forefront of our endeavors. To have an impact, it is important for our organization to be committed to a strong vision and mission as well as strategic priorities that align our business, drive it forward, and enable us to deliver solutions that contribute to the sustainability of Ontario's communities and allow our stewards to meet their legal responsibilities as set out in the Act and in approved program plans.

**Our Vision is to** become a Canadian leader in responsible product stewardship programs.

**Our Mission is to employ** rigorous and innovative management in the development, implementation and continuous improvement of waste diversion programs that are both environmentally and economically sustainable.

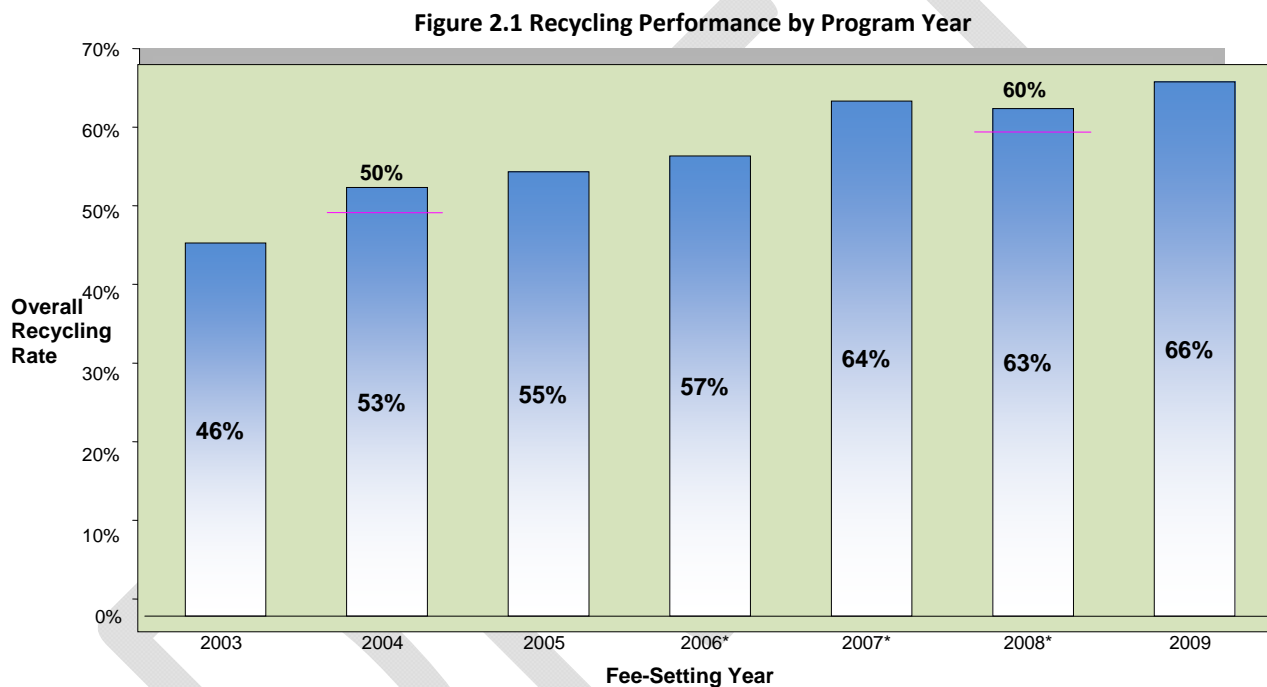
In the context of these values and our core mission, Stewardship Ontario has developed four strategic priorities to provide focus and direction for the organization.

## Our Four Strategic Priorities:

1. To be accountable in everything we do
2. To be efficient in everything we do and manage with rigour and innovation
3. Develop, implement and improve waste diversion programs in an environmentally and economically sustainable way.
4. To earn the trust and confidence of our stakeholders.

### 2.3 Program achievements and performance to date

The Blue Box Program Plan was mandated to recover 50% of eligible Blue Box waste by 2004 and 60% by 2008. Figure 2.1 below illustrates the success Stewardship Ontario's partnership with municipalities has attained in achieving provincial waste diversion objectives. The Blue Box program continues to increase the percentage of recycled waste and has been exceeding its diversion objectives almost since its inception.



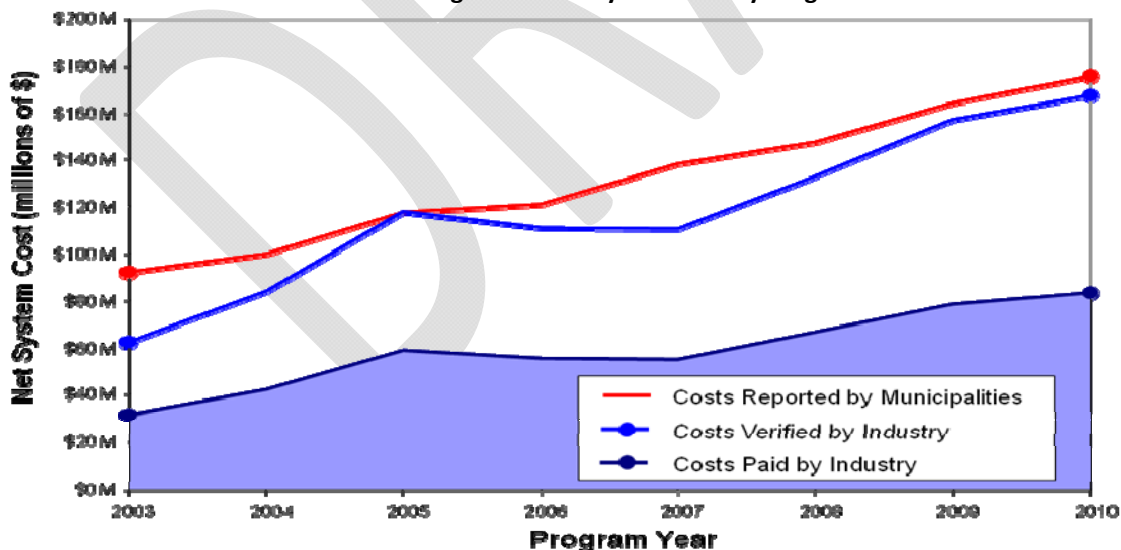
Today 95% of Ontario households have access to consumer recycling; 90% of consumers say they recycle regularly with the result that 66.7% of Printed Paper and Packaging waste is diverted from landfill to more productive uses.

## Blue Box Program – a success story



Ontario’s consumers are proud of their province’s environmental leadership and are committed to their Blue Box to help them meet their household sustainability goals. Industry is equally committed to ensuring that consumers have convenient and cost-effective ways to dispose of their recyclables. For this reason, industry has been a willing partner in financially contributing to the BB program’s success and economic sustainability. Since 2003, industry has contributed \$471 Million to the financial sustainability of Ontario’s Blue Box. We work closely with a tripartite committee comprising the WDO, industry and municipalities to ensure the adoption of best practices and rigorous auditing of costs. Not every financial claim is accepted. Figure 2.2 below shows the recycling costs claimed by municipalities for the period 2003 – 2010 (red), the costs approved for payment following cost verification (blue line) and the total industry obligation paid (blue fill) to fulfill its legislated obligation.

**Figure 2.2 Net System Cost by Program Year**



The costs of recycling have been rising each year. Part of this is due to the change in the composition of materials being handled in the system, shifting from heavy, more dense materials like newsprint and glass to lighter-weight, higher volume materials such as plastic and composite containers. Since the BBPP was adopted, the recycling rate has increased by some 20%. These increases account for some of the costs but not all. Of equal importance is the

nature of packaging that has been put on the marketplace in recent years by manufacturers and brand owners. More and more, easier and cheaper to recycle materials such as newsprint, glass and cardboard have been replaced by materials like thermoform plastics, blister-packs, and film that are more expensive to recycle either because technology and recycling infrastructure have not kept up with packaging innovation or because end-markets for these recycled materials are not readily available. Stewardship Ontario will need to shift its focus to address these issues in order to meet new recycling targets in an economically sustainable fashion in order to allow stewards to continue to exercise packaging choice in the North American marketplace.

## **2.4 Governance**

Stewardship Ontario's Board of Directors is committed to best practices in relation to governance. Accordingly, the board (which currently consists of 15 industry directors) meets, on average 6 times/year, and through its committees (Finance, Audit & Risk, Governance, Compensation & Human Resources) is actively involved in setting the strategic direction of the organization, monitoring its adherence to program plan deliverables and targets, exercising fiduciary oversight over Stewardship Ontario's finances, monitoring and responding to risk and overseeing management's performance in relation to these and other matters. In addition to monitoring the performance of the organization and its senior officers, the board monitors its own performance annually and develops a plan to address governance-related performance issues.

The Board of Directors is committed to recruiting directors who:

- Have the necessary knowledge, experience, ability and commitment to fulfill their responsibilities
- Understand their purpose and their fiduciary obligations
- Understand what constitutes reasonable information for good governance and obtain it
- Understand the strategy & business of the organization they govern
- Are prepared to act to ensure that the organization's objectives are met and that performance criteria have been satisfied
- Fulfill their accountability by reporting on their own as well as the organization's effectiveness."

The board of Stewardship Ontario will change in 2010 pursuant to amendments in its governance regulation O. Reg. 33/08. The Board, to be elected at the Annual General Meeting, will consist of fourteen directors who are employees of steward companies or steward-related associations. The board is elected by qualified voting organizations whose members are stewards. The new Board will then appoint an additional two independent directors. Given the growing importance of environmental Stewardship as a public policy objective in modern society, Stewardship Ontario is aware of the need for independent representation free of commercial ties to either Blue Box or MHSW wastes to provide an independent, external perspective to the governance of the Stewardship Ontario enterprise.

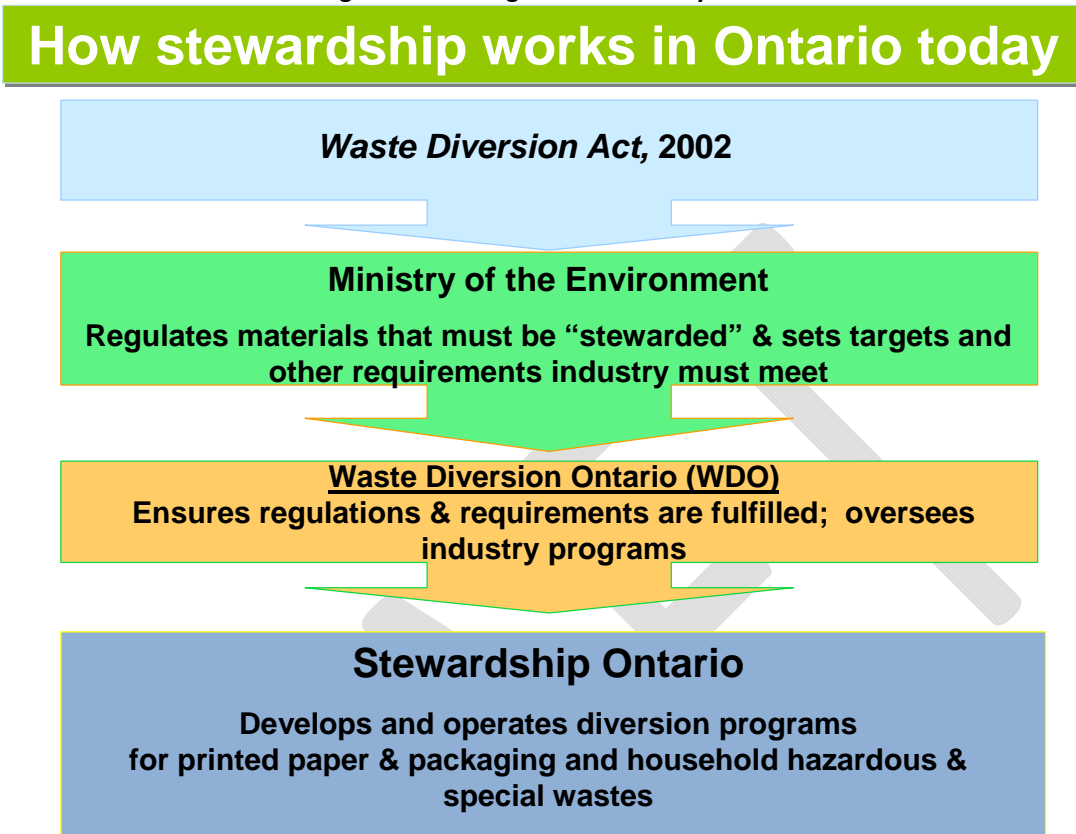
## **2.5 Relationship to WDO**

On June 27, 2002, the Province of Ontario passed the Waste Diversion Act (WDA), with the aim of promoting the reduction, reuse and recycling of waste generated in Ontario. Simultaneously, the Act established a non-crown corporation under the name of Waste Diversion Ontario (WDO), for the purpose of managing waste diversion programs in conjunction with industry funded organizations or IFOs. The WDO has a direct reporting relationship to the Minister of the Environment.

When established by Waste Diversion Ontario, an IFO is incorporated as a non-share capital corporation under the Corporations Act (Ontario) by means of an Application for Letters Patent. The applicants for incorporation (representatives of the organizations recognized by WDO as the IFO proponents) are the initial members of the Corporation. The initial directors of the Corporation are named in the Application for Letters Patent. The role of the IFO is develop, implement and operate waste diversion programs on industry's behalf under the direction of WDO. In addition to any legislated requirements, the program agreement is the instrument which spells out the

relationship between WDO and Stewardship Ontario as well as the obligations between the parties. Figure 2.3 shows how accountability flows from the WDA through to Stewardship Ontario.

Figure 2.3 Oversight Established by WDA



## SECTION II: REVISED BLUE BOX PROGRAM PLAN

### 3 What is a Blue Box material?

Regulation 2002.0351.e under the *Waste Diversion Act, 2002* defines Blue Box wastes in the following manner:

Waste that consists of any of the following materials, or any combination of them, is prescribed as a Blue Box waste for the purpose of the *Act*:

- (1) Glass;
- (2) Metal;
- (3) Paper;
- (4) Plastic; and
- (5) Textile.

This definition is broad in scope and encompasses Packaging and Printed Paper materials as well as a wide range of consumer products. Given that municipal Blue Box programs collect primarily Packaging and Printed Paper materials and do not generally collect consumer products, the Blue Box Program Plan addresses primarily consumer Packaging material and Printed Papers commonly found in the residential waste stream.

In response to the Minister of the Environment's request letter, received August 14, 2009<sup>1</sup>, this revised Plan has been expanded to include products that consist of packaging-like material which are:

- o designated as Blue Box wastes
- o nearly identical to a form of consumer Packaging
- o compatible with current collection and management systems, BUT—
- o NOT currently covered by the Blue Box funding program.

In keeping with the intent of this inclusion, for the purpose of this plan, the term "*Packaging-like products*" refers to products, that are similar to either pre-Printed Paper products or to Packaging for a product. All definitions following in this document which refer to either "Printed Paper" or "Packaging" include such "Printed Paper-like" products and "Packaging-like" products. Section 3.3 below lists the specific products included.

#### 3.1 How are Printed Papers defined?

As a general definition, Stewardship Ontario considers all Printed Paper to be Blue Box waste. Examples of products in this category include, but are not limited to:

- Daily and weekly newspapers including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Daily, weekly, monthly and quarterly glossy magazines including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Product catalogues including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Directories including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Lottery tickets and lottery information;
- Warranty information, assembly instructions, product use instructions and health information, product registration cards and promotional information that is found inside purchased products;

<sup>1</sup> [www.wdo.ca/files/domain4116/09-08-14%20Minister%20BB%20letter%20to%20WDO.pdf](http://www.wdo.ca/files/domain4116/09-08-14%20Minister%20BB%20letter%20to%20WDO.pdf)

- Envelopes, statements and information inserts from banks, credit companies, utilities, service providers;
- Information, forms and promotional materials distributed by municipal, regional, provincial and federal governments;
- Business, investment and securities information (e.g., annual reports, mutual fund prospectus);
- Promotional calendars, posters that are distributed to consumers free of charge (e.g., real estate calendars);
- Greeting cards;
- Unsolicited promotional information, coupons, handbills and flyers; and
- Transportation and transit schedules.

That definition has been expanded to include similar materials that are sold as products, as described in Section 3.3 below.

These definitions will be reviewed annually by Stewardship Ontario using the procedure for amending rules as outlined in Appendix A.

### **3.2 How are Packaging materials defined?**

Largely based on the European Parliament and Council Directive on Packaging and Packaging Waste (94/62/EC), Stewardship Ontario has adopted the following definition of Packaging. The definitions have been modified to suit the requirements of the WDA and the accompanying Blue Box wastes Regulation.

- (1) 'Packaging' shall mean all products made of paper, glass, metal, plastics, textiles or any combination thereof to be used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer. 'Non-returnable' items used for the same purposes shall also be considered to constitute Packaging. 'Packaging' for the purposes of the Blue Box Program Plan consists only of:
  - (a) Sales packaging or primary packaging, i.e., packaging conceived so as to constitute at the point of purchase a sales unit to the final user or consumer;
  - (b) Grouped packaging or secondary packaging that goes to the household, i.e., packaging conceived so as to constitute at the point of purchase a grouping of a certain number of sales units whether the latter is sold as such to the final user or consumer;
  - (c) Transportation, distribution or tertiary packaging that is conceived to be distributed to household consumers. For example, household personal computers are packaged in large corrugated boxes similar to transportation packaging. If this packaging is intended for final use or management by the consumer or end user, it is considered obligated packaging under the Blue Box Program Plan. Transportation packaging that is not intended primarily for use or management by the consumer (e.g., removed by the retailer prior to placing products on the store shelf) is not considered obligated packaging under the Stewardship Ontario program; and

The definition of 'Packaging' shall also take into consideration the criteria set out below.

- (2) Items shall be considered Packaging if they fulfil the definition above without prejudice to other functions which the packaging might also perform, unless the item is an integral part of a product and all elements are intended to be consumed or disposed of together. Examples of Packaging include, but are not limited to:
  - Chocolates box;
  - Film over wrap around a CD case;
  - Decorative cookie tin;
  - Envelopes for goods; and

- Plastic wrap and cores of gift wrap, foil, toilet paper.
- (3) Items designed and intended to be filled at the point of sale and ‘disposable’ items sold, filled or designed and intended to be filled at the point of sale shall be considered Packaging provided they fulfil a packaging function. This is known as service or in-store packaging. Examples of service or in-store Packaging include, but are not limited to:
- Paper or plastic carry-out bags provided at checkout and provided by retailers;
  - Bags filled at the shelves with bulk goods, produce, baked goods, etc.;
  - Disposable plates and cups;
  - Take-out and home delivery food service packaging such as pizza boxes, cups, bags, folded cartons, wraps, trays, etc.;
  - Flower box/wrap;
  - Food wraps provided by grocer for meats, fish, cheese, etc.;
  - Prescription bottles filled and provided by pharmacist;
  - Paper envelopes for developed photographs; and
  - Gift wrapping/tissues added by the retailer.
- (4) Packaging components and ancillary elements integrated into packaging shall be considered as part of the packaging onto which they are integrated. Ancillary elements directly hung or attached to a product and which perform a packaging function shall be considered Packaging unless they are an integral part of this product and all elements are intended to be consumed or disposed of together. Examples of Packaging include, but are not limited to:
- Labels hung directly on or attached to a product;
  - Mascara brush which forms part of the container closure;
  - Sticky labels attached to another packaging item;
  - Staples, pins, clips; and
  - Device for measuring dosage which forms part of the container closure for detergents.

That definition has been expanded to include similar materials that are sold as products, as described in Section 3.3 below.

### **3.3 How will printed paper and packaging-like products be defined in the revised Plan?**

Included in this revised Blue Box Program Plan, as Printed Paper and Packaging, are paper and other products which are made of materials designated as Blue Box wastes. These materials are nearly identical and indistinguishable from Printed Paper and Packaging already covered by the Blue Box Program on which Blue Box Program fees are paid, but they are not covered by the 2003 Blue Box funding program.

These materials have been included in this revised program because their material composition is indistinguishable from Printed Paper and Packaging already covered by the Blue Box Program on which Blue Box Program fees are paid. Many of those products are recycled by municipalities through the existing Blue Box system, and are therefore included in the materials they market.

Added to the Printed Paper category are:

- Calendars (purchased)
- Posters (purchased)
- CD box (plastic & paper)
- Envelopes (purchased envelopes)

- Greeting cards (purchased individually or in bulk)
- Purchased non-printed/fine paper (e.g. blank printer & photocopy paper)
- Day timers
- Notebooks
- Soft or hard covered fiction or non-fiction books or textbooks;

Added to the Packaging category are:

- Pie plates (aluminum)
- Foil (aluminum)
- Boxes (purchased paper, plastic or laminated paper or plastic storage enclosures)
- CD box (plastic & paper)
- Cling wrap (plastic)
- Clothes hangers (Purchased metal and plastic)
- Disposable cups, plates, bowls & containers including “take-out” style (Paper or plastic)
- Food storage bags
- Storage containers intended for use with consumables (Purchased metal or plastic, similar to decorative or durable containers for food, medicine and other consumable products)
- Garbage bags
- Gift bags and boxes
- Gift wrap
- Glass jars
- Plant pots (Plastic or paper or fibre-based)
- Tissue paper (for gifts & packing, etc)

These definitions will be reviewed annually by Stewardship Ontario using the procedure for amending rules as outlined in Appendix A.

## **4 How Much Blue Box Material is Generated and Recycled in Ontario?**

### **4.1 How do we establish how much Blue Box waste is available for recycling?**

The amount of Blue Box waste available for collection, also referred to as residential generation, is necessary to both determine overall program performance (tonnes recycled as compared to the total produced) and also to ensure that all obligated stewards are reporting.

The estimates of available Blue Box material in communities' waste streams are derived from detailed waste composition studies conducted throughout the province, known as waste audits, as well as data reported by stewards. This methodology has been peer-reviewed for statistical validity. Waste audit data has been used since the inception of the BBPP to estimate generation as this was the best available data at the time. As described below, the data reported by stewards has become more complete over time and will be used more extensively for generation estimates.

Over the past six years, those waste audits have measured materials generated from approximately 10,000 single and multi-residential households in large urban, small urban and rural areas across Ontario, including materials set out for Blue Box collection and materials set out as garbage. The quantity of materials set out for Blue Box collection was added to the quantity of Blue Box materials in the garbage stream to determine total available Blue Box materials. This approach is used, rather than sales into the market place, as current data reported by stewards on their sales do not account for material that falls under de minimis or non-compliance

Waste audit data were then segregated according to different types of households, and an average of measured generation is developed for each, expressed as kilograms per household per year (kg/hh/yr):

- a) large, urban single-family household
- b) small, more isolated urban and rural single-family household
- c) multi-family household
- d) seasonal household (portion of small, more isolated urban or rural single-family household)

For some material categories, e.g. newsprint, telephone books and LCBO glass, adjustments were made to reflect more reliable reported steward data. The resulting average amount generated for each household type, in kgs/hh/yr, was multiplied by the appropriate number of reported households, giving total tonnes generated for the province.

Rather than continuing to conduct curbside waste audits each year, sales data reported from Blue Box stewards, normalized for company acquisitions and discontinuation of brands, and economic data have been used last year to provide estimated generation reflecting trends in population growth and consumer expenditure. These data sources were considered together to produce an annual change in generation for each material. This approach will be used to update generation estimates for future years.

### **4.2 How is the recycling rate calculated?**

The quantity of designated Blue Box Waste (DBBW) recycled by Ontario municipal programs is obtained from the results of the WDO Datacall. These are the most comprehensive data available on recycling and are considered more accurate in total than the data obtained from waste audits. For those materials that are reported as a commodity such as various mixed of paper and paper-based packaging, the reported data are further allocated to individual Blue Box material categories using waste audit data and operational data reported by municipalities.

The quantities of each material recycled are divided by the estimate of each material generated as described above, to determine the overall province-wide percentage recycling rate for Blue Box waste and the percentage recycling rate for each material. Similarly, the recycling rates are established for each municipal recycling program

as required using recycling tonnage reported by that program and Blue Box waste generation estimates for that program.

### **4.3 How do we establish “gross costs” for each material?**

Data on the gross cost (\$/tonne) for collecting and sorting for recycling each material are used together with revenue from the sale of collected materials on commodity markets to determine the portion of the total net system cost attributable to that material. These in turn are used to establish Blue Box stewards’ fees. The per-tonne gross costs are determined using activity based costing studies.

The Cost Allocation Principles and methodology<sup>2</sup> were developed by Stewardship Ontario with a multi-stakeholder committee of material and packaging suppliers and stewards. Activity-based costing was used to ensure allocation is accurate, verifiable, replicable and impartial. A third-party review of the activity-based cost allocation principles was undertaken by KPMG in 2007 as a part of a coordinated effort with Éco-Entreprises Québec (EEQ), Multi-Material Stewardship Manitoba (MMSM), and Stewardship Ontario.

To keep this information up-to-date, Stewardship Ontario periodically undertakes studies to collect primary data on the gross cost of managing (collecting, processing and transferring) each material in selected municipal Blue Box programs using the approved Stewardship Ontario cost allocation methodology. Programs are selected to represent the range of different programs and operating situations in Ontario that affect the cost of managing each Blue Box material. The cost data from the study programs are aggregated together, weighted according to the percentage of similar programs across the province, to produce the final per-tonne costs for managing each Blue Box material in Ontario.

### **4.4 How are material revenues applied?**

The revenue derived from the sale of each Blue Box material (\$/tonne) is determined from the data reported by each municipality in the annual WDO Datacall.

Each program reports the revenue received for each commodity for each operating contract, as well as the portion of the revenue retained by the contractor. A weighted average of these data is used to calculate the yearly price for each commodity. The weighted average price is combined with data on bale composition to determine a per-tonne revenue (\$/tonne) for each material category. Finally, the per-tonne revenues for three years are averaged together to smooth market changes.

Those revenue data are combined with the per-tonne gross cost data to establish figures for per-tonne net cost to manage each material, which are used in setting stewards’ fees.

---

<sup>2</sup>[www.stewardshipontario.ca/bluebox/pdf/consultation/workshop\\_2mar2004/Final%20Report%20Cost%20Allocation%20Study.pdf](http://www.stewardshipontario.ca/bluebox/pdf/consultation/workshop_2mar2004/Final%20Report%20Cost%20Allocation%20Study.pdf)

## **5 Who are the stewards of Blue Box materials?**

Stewards are legally and financially responsible for meeting their obligations under the Waste Diversion Act as well as approved program plans and rules. This revised BBPP, while widening those who are potentially obligated as stewards by proposing amendments to printed paper and packaging definitions, does not contemplate any changes to how stewards or their proxies are defined. In addition, no changes are proposed to such things as de minimis thresholds.

This section sets out current definitions and requirements in relation to stewards and their obligations.

### **5.1 Brand owners and first importers**

A Steward of a designated Blue Box waste is identified in the Minister's Request for a Waste Diversion Program for Blue Box waste. Item 5 in the Addendum to the Program Request Letter states:

5. *"The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program".*

For the purposes of this plan, a "Steward" means a person who bears financial responsibility under this program for Blue Box wastes and, in particular, means:

(1) With respect of Blue Box waste that is Printed Paper (including Printed Paper-like materials added to this Revised Program Plan):

- (a) A person who voluntarily fulfills the obligations of Steward for the waste; or
- (b) If a person described in sub-clause (a) does not exist, then, a person in Ontario who is the publisher of the printed material, whether production of the printed material takes place in Ontario or not; or
- (c) If a person described in sub-clause (a) or (b) does not exist, then, a person in Ontario who is the title-owner of the printed material or is a licensee of those rights for Ontario, whether production of the printed material takes place in Ontario or not; or
- (d) If a person described in sub-clause (a), (b) or (c) does not exist, then, a person in Ontario who prints or causes the printing of the printed material whether the printing takes place in Ontario or not; or

If a person described in sub-clause (a), (b), (c) or (d) does not exist, then, the first person to take possession of the printed material in Ontario for distribution of sale.

With respect of Blue Box waste that is Packaging (including Packaging-like materials added to this Revised Program Plan):

- (a) A person who voluntarily fulfills the obligations of Steward for the waste; or
- (b) If a person described in sub-clause (a) does not exist, then, a person carrying on business in Ontario who:
  - (i) For the Ontario market, owns the intellectual property rights to the brand of the packaged product or is a licensee of those rights; and
  - (ii) Manufactures, packages, or distributes the packaged product for sale in Ontario, or causes the manufacture, packaging, or distribution of the packaged product for sale in Ontario, notwithstanding that one or more of the above described activities does not take place in Ontario; or
- (c) If a person described in sub-clause (a) or (b) does not exist, then, a person in Ontario who packs or fills or causes the packing or filling of products whether the activity takes place in Ontario or not; or

- (d) If a person described in sub-clause (a), (b) or (c) does not exist, then, the first person to take possession of the packaged product in Ontario for distribution or sale.

Therefore all brand owners and first importers into Ontario of products that result in the final consumption of Packaging and/or Printed Paper as defined in Sections 1.I.A to 1.I.C are generally deemed to be Stewards under the Blue Box Program Plan, subject to the franchisor rule in Section 5.3 and the *de minimis* exemption as outlined in Section 1.II.D. See Figure II.1 for an overview of the process.

## 5.2 LCBO

The LCBO is an agency of the Province of Ontario. The Province of Ontario has designated the LCBO to be the Steward for all domestic and imported wines and spirits, and imported beers that are listed exclusively with the LCBO. The LCBO is therefore the Steward for all designated Blue Box wastes sold or distributed through LCBO stores, agency stores, winery/distillery retail stores and duty free stores in Ontario. The obligation extends to include all printed informational and promotional materials distributed free at the stores, through newspaper inserts and through subscription.

On Sunday September 10, 2006, the Premier of Ontario announced that, as of February 1, 2007, wine and spirits containers would be subject to a deposit at the point of sale with redemption of the deposit available upon return of the containers to The Beer Store. Under the system, consumers pay a deposit on wine and spirits in containers greater than 100 ml. The LCBO is obligated to report and pay fees on wine and spirit containers sold to the consumer but not returned to the deposit system and which are therefore managed through the municipal collection system.

## 5.3 Franchise Businesses

The definitions of a "franchise," "franchisor," and "franchisee" contained in the Arthur Wishart Act shall be applied in interpreting the meaning of those same expressions for purposes of this Plan. With respect to any business operated partly or wholly in Ontario as a franchise, the franchisor shall be deemed the obligated Steward for all its Ontario franchisees. Therefore, the franchisor will be obligated to report Packaging and Printed Paper generated in Ontario by all of its franchisees and the franchisor itself through its corporately-owned stores (e.g., special promotions, advertising etc.) with the following exceptions:

- (1) With respect to any business operated partly or wholly in Ontario as a franchise, where the franchisor does not supply all or substantially all of the goods to plants, distribution centres, and/or stores operated by its franchisees, each franchisee of the franchisor shall be deemed to be the Steward for purposes of obligations to Stewardship Ontario.
- (2) For example, where the franchisor is solely providing franchisees with the right to use a trade-mark, trade name, and/or a proprietary formulation or ingredients, the franchisee will be the party deemed responsible for the purchasing and generation of Packaging and Printed Paper materials. Therefore the franchisee is the appropriate Steward.
- (3) With respect to any business operated partly or wholly in Ontario under a master (or sub-) franchise agreement, if the franchisor resides outside of Ontario and grants the rights to an Ontario sub-franchisor. If under the terms of the master or sub-franchise agreement, the sub-franchisor is required to supply all or substantially all of the goods to plants, distribution centres, and/or stores operated by the sub-franchisor or such franchisor's associate, if applicable, and/or by its franchisees, the sub-franchisor shall be deemed to be the Steward for purposes of obligations to Stewardship Ontario.

## 5.4 Other Distribution Channels

There are a number of other distribution business models in practice for the sale and distribution of consumer goods. This includes cooperative arrangements and/or the sale of a consumer product or service by an independent sales contractor (ISC) who does not operate from a fixed retail location. For the purposes of this Plan, the criterion for the designated Steward described in Section II above applies.

## 5.5 Who is exempt from Blue Box obligations (De Minimis Threshold)?

A de minimis threshold has been a feature of the Blue Box plan since its inception. The purpose of including a de minimis is to relieve the administrative burden on both small business and Stewardship Ontario. No changes to the de minimis threshold are contemplated in the revised Plan.

The Minister's Program Request Letter states that:

*(5) "The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program. The program will include a rule to exempt stewards under subsection 30 (1) (e) of the Act based on de minimis criteria."*

The purpose of the *de minimis* threshold is addressed in the Operating Agreement between the MOE and the WDO under *Schedule E - Guiding Principles for Fee Setting Criteria: Waste Diversion Ontario*:

*"In accordance with subsection 15.01 of this Agreement, Waste Diversion Ontario shall have regard to the following guiding principles when establishing the amount of fees to be charged: Exemptions from fees should be based on clearly stated criteria relating to the volume or size of operation so that small businesses can be excluded."*

Stewardship Ontario has established a **sales-based** de minimis threshold that includes a two-tiered process for determining if a designated Steward is required to register with Stewardship Ontario.

### **Level 1 - Ontario Sales of Less Than \$2 Million**

Stewards of Blue Box wastes with Ontario gross revenues from sales of less than \$2 million are exempted from paying fees to Stewardship Ontario and furthermore are not obligated to register with Stewardship Ontario. If Ontario sales grow beyond \$2 million in any calendar year, these Stewards will be required to register with Stewardship Ontario and to pay fees.

In Section 1.II.B, Stewardship Ontario designates the franchisor as the obligated party on behalf of their franchisees. With respect to any business operated wholly or partly in Ontario as a franchise, the \$2 million threshold applies to the aggregate gross revenues of all franchisee and corporately-owned stores comprising the franchise system, notwithstanding that some individual franchisees or subsidiaries fall below the \$2 million threshold.

This *de minimis* level is intended to meet the requirements set out by the Minister for consideration of the administrative burden on small businesses while maintaining as level a playing field as possible for all Stewards of Blue Box wastes. In addition, this *de minimis* level reduces the administrative burden on Stewardship Ontario by reducing the total membership base of the corporation while still capturing the significant majority of Blue Box wastes generated in Ontario.

### **Level 2 – Ontario Sales over \$2 Million**

Stewards with Ontario gross revenues from sales over \$2 million are above the *de minimis* threshold and will be required to register with Stewardship Ontario. However, following registration with Stewardship Ontario,

Stewards that generate less than 15 tonnes of Blue Box Packaging and Printed Paper materials are also exempted from the program. There is a separate weight exemption of 75 tonnes for small newspaper generators. If Blue Box wastes generated by a Steward exceed 15 tonnes in any calendar year, these Stewards will be required to pay fees to Stewardship Ontario.

***Non-commercial entities***

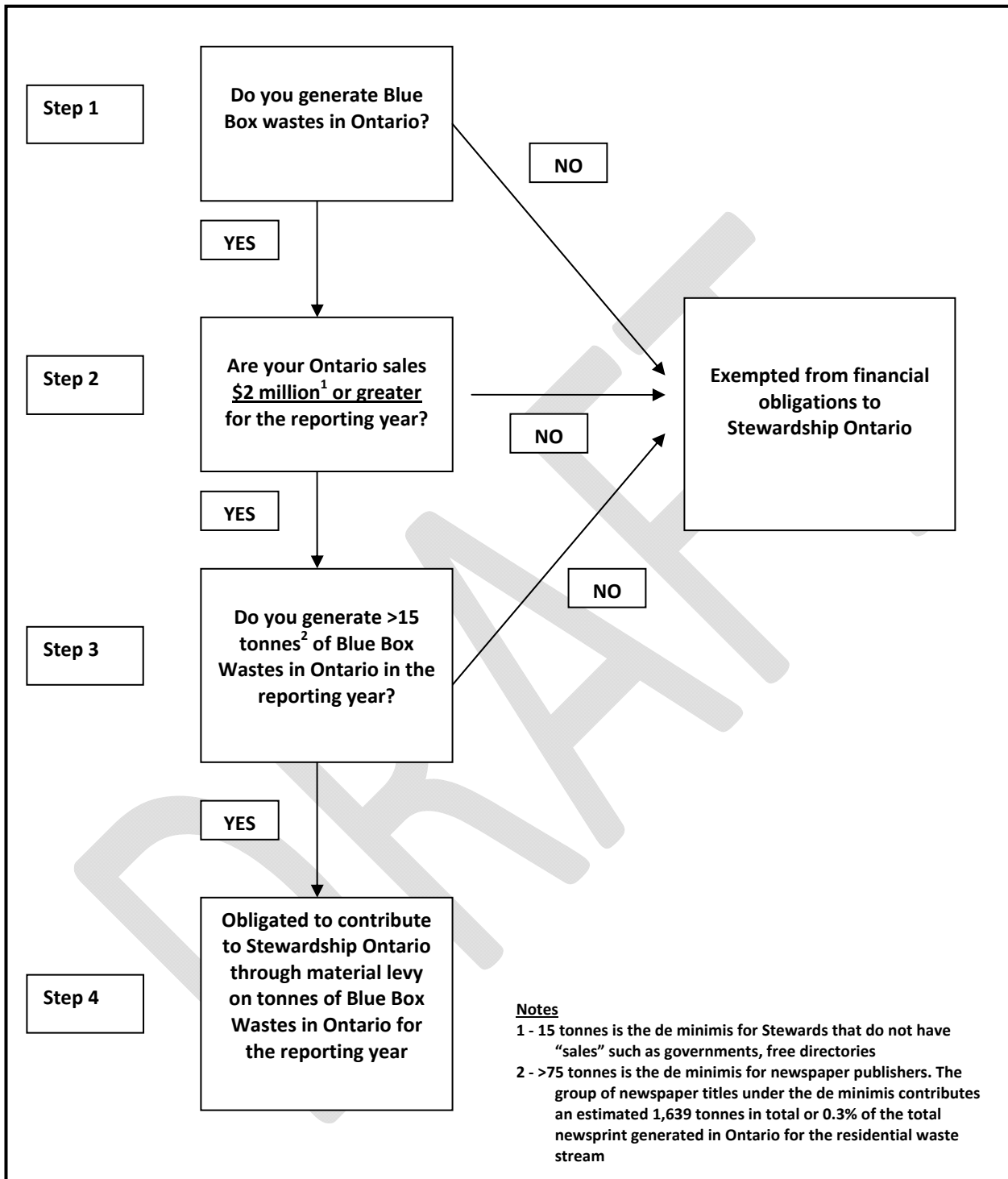
For Stewards that are not commercial entities (e.g., such as municipalities, provincial agencies, etc.) but are designated as Stewards for such material as Printed Papers distributed to households, the 15 tonne threshold limit will apply.

The rationale for this *de minimis* level is to ensure that Stewardship Ontario will not be expending more effort and costs to register and discharge the obligations of Stewards than the corporation is likely to receive in fees. Fifteen tonnes of a mix of packaging material was determined to be the most appropriate level at which administration costs would be likely to equal fees received from the Steward. Also, the weight threshold ensures that those Stewards that have high dollar sales per unit of product but relatively low Packaging generation (e.g., jewellery, watches, crystal, etc.) are not disadvantaged.

Stewardship Ontario will review the *de minimis* levels, Level 2 weight thresholds and reporting procedures annually. The procedures for amending the *de minimis* levels will be consistent with the requirements for making changes as outlined in the Rules in Appendix A.

DRAFT

Figure 5.1 Determining If You Are Exempt from the Stewardship Ontario Blue Box Program Plan



## **6 How is Industry's Financial Obligation Determined?**

According to the WDA, Stewardship Ontario is obligated to distribute to municipalities payments totaling 50% of the approved system **net cost** of the Blue Box System. The net cost of the Blue Box System reflects both the gross cost of managing each material in the system as well as the revenue received from marketing the recycled material. Simply rendered the calculation is as follows:

$$\text{gross material management cost} - \text{commodity revenue} = \text{total net system cost}$$

This information is based on data collected by WDO from various sources including municipalities, which is overseen by a joint municipal-industry committee of the WDO, Municipal-Industry Programs Committee (MIPC). The data collected are used to develop annual Blue Box material generation estimates, overall and material-specific recycling rates, total and material-specific gross system cost and revenue from the sale of materials as described in Section IV.

The Municipal-Industry Programs Committee is chaired by the Executive Director of the WDO and includes four representatives nominated by the Association of Municipalities of Ontario (AMO), one representative nominated by the City of Toronto and five representatives nominated by Stewardship Ontario. MIPC makes recommendations to the Board of Directors of the WDO and as requested by the Board, oversees the delivery of each of the functions outlined below.

The steps that are taken to establish industry's obligation, allot payments to municipalities and ensure the integrity of reporting by both municipalities and stewards are listed below.

### **6.1 Step 1: Collect Recycling Program Data**

The ongoing collection of recycling data from municipalities is a key element of the Blue Box Program Plan.

WDO is responsible for collecting program data from municipalities each year. As a requirement to receive funding, each municipality is required to fill out the Blue Box Datacall, through which data are collected on program operation, quantities of each material collected and/or marketed and previous year's cost, revenue and collected or marketed tonnage for Blue Box materials. The results of the Blue Box Datacall are used to determine the net Blue Box system cost and to calculate stewards' financial contribution to municipalities.

Accurate measurement of: 1) overall and material-specific recycling rates, based on the reported tonnes of materials marketed, and 2) the costs of collecting and recycling these materials is an integral input into the industry levy funding formula and municipal funding allocation. The data that need to be collected annually from municipalities include:

- Basic program information (e.g., key contacts, population, households served, etc.);
- Level of service (e.g., materials collected, bag limits, collection frequency, etc.);
- Recycling performance of program (e.g., contamination rates, capture rates, tonnes of materials marketed, etc.); and
- Municipal Blue Box recycling system costs.

The following expenses are to be included in calculating the gross Blue Box system cost (The annual Guide to the Datacall, available to municipal programs completing the Datacall, provides a detailed summary of eligible costs):

- *Direct Service Delivery Costs*: including collection of Blue Box Wastes, whether the service is performed by the municipality, contracted to the private sector, or a combination thereof.
- *Public Awareness and Public Education Costs*: including costs for printing, postage, lineage rates, air time, etc.;

- *Amortized Capital Costs*: including the amortized capital cost of municipally-owned collection vehicles, Material Recovery Facilities (MRFs), fixed and mobile equipment within the material collection facility, collection containers and Blue Boxes, where the capital costs are not included in the contract service price from a private sector contractor.
- *Indirect Administrative Costs*: including financial, human resources, information technology and legal costs directly related to direct service delivery issues such as review of tender documents or contract disputes. Administration costs are calculated at 3% of gross cost for programs that contract for Blue Box services and 5% for programs that provide Blue Box services directly.

The following sources of revenue are to be included in the calculation of the gross Blue Box system revenue:

- *Revenue from the Sale of Blue Box Wastes*: excluding revenue retained by private sector contractors under revenue sharing agreements with municipalities, on the basis that this risk sharing arrangement reduces direct service delivery costs;
- *Processing Fees*: including processing fees charged at municipal MRFs for processing residential Blue Box Wastes from other municipalities;
- *Revenue from the Sale of Curbside Containers*: where the purchase cost of containers is included in the gross cost calculation;
- *Revenue from Grants or Other Funding*: including funds intended to offset direct service delivery or public awareness and education costs.

## 6.2 Step 2: Verify municipal costs

WDO undertakes a comprehensive process of verification of Datacall submissions to confirm that the data are accurate and attributable to the Blue Box program. Verification of Blue Box tonnage data involves a year-over-year comparison of Blue Box tonnes marketed in relation to households served; materials marketed in relation to materials available in the residential waste stream; and household recycling rates by material. Verification of financial information involves year-over-year comparison of Blue Box costs in relation to households served, year-over-year variance calculation for each cost category for each program, and analysis of gross costs, revenues and net costs by groupings of similar municipalities.

Also, WDO undertakes financial audits of the Datacall submissions of a selection of municipal programs each year to ensure accurate reporting. Programs audited each year represent a cross-section of program characteristics, including size and geography, and are also chosen according to the consideration of possible reporting issues identified during the initial verification process. The results of individual audits are confidential but the municipal database is updated accordingly. Penalties are charged as follows:

- (1) For each audited municipal program in which Blue Box net costs have been over stated by 2% of the reported net system cost in a Municipal Datacall, a financial penalty for over reporting is deducted from Blue Box funding for the audited program up to the limit of funding for the audited year; and
- (2) This penalty will be the value of the adjustments identified in the Municipal Datacall Blue Box Financial Audit or the actual cost of the municipality's audit (based on invoices submitted by the auditor) whichever is lower.

Any adjustments are made to the WDO database and incorporated into the industry financial obligation for the following year. Following verification, the data held by the WDO are publicly accessible through the WDO website, with provision made for protecting confidential information, as required; and MIPC develops the protocols for data management and use (e.g., access to confidential information).

### 6.3 Step 3: Calculate Stewardship Ontario’s funding based on “best practice” costs

As outlined in the Cost Containment Plan<sup>3</sup>, approved by the Minister in December 2004 and subsequently revised in January 2005 according to the Minister’s direction, stewards’ obligation to municipalities is based on best practice system costs. In response to this, in 2006 MIPC requisitioned a report on Blue Box recycling Best Practices and their effect on net system cost. The report identified a number of Best Practices that would likely lead a municipality to operate as efficiently and effectively as possible.

During this process, a cost model was developed to model the cost of the Blue Box Program under best practice. Using data reported by municipalities who are considered to be implementing many of the best practices identified in the report, verified through site visits. These programs serve as analogues for similar programs, to establish the costs that these similar programs should be operating at. The costs for all programs, under these “best possible scenario” are used to determine a province-wide best practice system cost.

On an annual basis, MIPC reviews and confirms or modifies the Best Practice Cost Model factors and updates the Model with data from the appropriate Datacall year. MIPC considers the difference between the output of the Best Practice Cost Model and the reported system cost and then recommends to the WDO the best practice cost on which the industry financial obligation is established.

Fundamental Best Practices were defined as applying to all Ontario programs. The report identified the following as Fundamental Best Practices:

- Development and implementation of a current recycling plan, as apart of an integrated waste management system
- A multi-jurisdictional approach to recycling
- The identification of defined performance measures
- Optimization of collection and processing operations
- Thoroughly training key staff
- Design of a comprehensive Promotion and Education (P&E) program
- Implementation of policies that encourage waste diversion behaviour.

Once the best practice system cost has been established, adjustments are made to the gross cost, revenue or marketed tonnage to account for any corrections to those data reported in prior years and identified as erroneous during the Datacall verification or financial audits, as well as adjustments to account for materials handled by another diversion program that should not be included in the Blue Box system cost.

Following verification of the Blue Box Datacall submissions, and agreement on the best practice system cost by MIPC, WDO calculates Stewardship Ontario’s annual obligation as follows:

$$\begin{aligned} & \text{Total best practice gross cost + prior-year adjustments to the gross cost \& revenue} \\ & \quad - \\ & \quad \text{three-year rolling average revenue} \\ & \quad = \\ & \quad \text{Net Blue Box system costs} \\ & \quad \quad \times 50\% \\ & \quad = \end{aligned}$$

#### **Stewardship Ontario funding to municipal programs**

A weighted three-year rolling average for Blue Box revenue is used to modulate fluctuations in commodity markets and thereby minimize volatility in fees for stewards and payments to municipalities. It is determined by:

<sup>3</sup> [www.wdo.ca/files/domain4116/Final%20Revised%20Cost%20Containment%20Plan%20January%2031%202005.pdf](http://www.wdo.ca/files/domain4116/Final%20Revised%20Cost%20Containment%20Plan%20January%2031%202005.pdf)

- Calculating the average revenue per tonne for all materials together for the previous two years and for the year of the current Datacall;
- Taking an average of these three figures;
- Multiplying the number of tonnes marketed in the Datacall year by the resulting average revenue per tonne.

This average is used to calculate the Net System Cost in place of the revenue reported in the current Datacall.

#### **6.4 Step 4: Calculate and Report on Payments to Individual Municipalities**

Using the results of the annual Datacall, financial Blue Box Program Plan cost survey information and the municipal funding allocation methodology, for which the agreed-upon formula is described in Section 1.V.C, the MIPC is responsible for overseeing:

- Allocating funds due to individual municipalities on an annual basis under the Blue Box Program Plan. Making recommendations to the Boards of Directors of WDO and Stewardship Ontario for distribution of these funds to individual municipalities;
- Posting the payments made to individual municipalities on the WDO and Stewardship Ontario websites; and
- Making recommendations to the WDO Board of Directors for any proposed changes to methodology for allocation municipal funding model in subsequent years.

The approved methodology for allocating payments to municipalities is described in Section 8.

#### **6.5 Step 5: Ensure system integrity through auditing and enforcement**

Ensuring a level playing field so that all obligated stewards pay their fair share of Blue Box recycling costs is a key objective of Stewardship Ontario's compliance, audit and verification program. Discouraging free riders is critical to financial sustainability. Underreporting of Printed Paper and Packaging coupled with misreporting of higher cost materials under fee categories that attract lower fees are just some of the ways that the financial viability of the system can be undermined to the detriment of all stewards who rely on the Blue Box program to meet their consumers' recycling needs.

Accordingly, Stewardship Ontario maintains an audit program that is refined in response to changes in reporting risk. In accordance with our audit program, stewards are required to keep records for the current year and five prior years of all data relevant to reports filed with Stewardship Ontario. These data may be examined by Stewardship Ontario or a mutually agreed designate at any time.

Stewardship Ontario's objectives are to ensure that that all filed reports are an accurate and complete reflection of a company's obligation with respect to designated Blue Box materials introduced into the Ontario marketplace. The approach to annual verification aims to minimize the risk of under-reporting obligations and to confirm that obligated sales are accurately reported.

In cases where Stewardship Ontario is unable to persuade a steward to comply with the obligations under the Plan Rules, Stewardship Ontario refers the matter to the Ministry of the Environment for enforcement. Under the WDA, the MOE may charge reasonable fees to an IFO for enforcement activities. Recognizing that a high compliance rate across all Stewards is critical to meeting the projected fee rates, it is prudent to include funds to support enforcement proceedings from program initiation to ensure that the significant penalties included in the Act are utilized. Stewardship Ontario will attempt to identify and notify all obligated Stewards. Stewardship Ontario and the Ministry agreed to a budget for MOE Enforcement of \$100,000 per year of the program.

## **7 How are Stewards' Fees calculated?**

Once the net system costs are established, Stewardship Ontario calculates steward fees for obligated Blue Box materials. The following sets out Stewardship Ontario's mandate, process and principles regarding this important responsibility.

### **7.1 Stewardship Ontario's authority to set fees under the Act**

Under the WDA, the Industry Funding Organization for an approved Program Plan may assess fees against companies designated as Stewards under the plan. Section 30 of the Act sets out the powers for fee-setting as follows:

30. (1) If an industry funding organization is designated by the regulations as the industry funding organization for a waste diversion program, the organization may make rules,
- (a) designating persons or classes of persons as Stewards in respect of the designated waste to which the waste diversion program applies;
  - (b) setting the amount of the fees to be paid by Stewards under subsection 31 (1) or prescribing methods for determining the amount of the fees;
  - (c) prescribing the times when fees are payable under subsection 31 (1)

[2002, c. 6, s. 30 (1)]

30. (3) In making rules under clause (1) (b), the industry funding organization shall have regard to the following principles:

- 1. The total amount of fees paid by Stewards under subsection 31 (1) should not exceed the sum of the following amounts:
  - i. The costs of developing, implementing and operating the program.
  - ii. A reasonable share of costs not referred to in subparagraph i) that are incurred by Waste Diversion Ontario in carrying out its responsibilities under this Act.
  - iii. A reasonable share of costs incurred by the Ministry in administering this Act.

- 2. The fee paid by a Steward should fairly reflect the proportion of the sum referred to in paragraph 1 that is attributable to the Steward.

[2002, c. 6, s. 30 (3)]

### **7.2 Fee Setting Principles**

In setting fees, Stewardship Ontario has established guiding principles designed to share costs fairly and equitably among all stewards and to meet the legal and policy objectives of the WDA. The industry share of costs to manage Blue Box Waste under the Program will be determined and allocated to each material using a transparent cost allocation methodology that:

- 1. Is based on designated Blue Box waste supplied for use in the Ontario market
- 2. Allocates costs to reflect both the actual cost to manage and the recycling rate of each material to incentivize greater diversion of DBBW at the lowest possible cost.
- 3. Eliminates arbitrary cross-subsidization,
- 4. Assesses common costs for program management and other external costs such as WDO program oversight and MOE enforcement activities in a fair and transparent manner,

### 7.3 Fee Setting Methodology

Each year Stewardship Ontario calculates material specific fee rates for the following year as follows:

1. **Determine the recycling rate** of each designated Blue Box material based on:
  - a. Dividing the total tonnes of each designated Blue Box waste reported recycled through municipal Blue Box programs by the total tonnes of designated Blue Box waste generated in Ontario;
  - b. Sources of data
    - i. Data for the tonnes of Blue Box waste recycled as reported in the annual WDO Datacall for the applicable year and approved by the WDO;
    - ii. Data for the tonnes of Blue Box waste generated as calculated by Stewardship Ontario using available data from existing and annual waste composition studies (waste audit data); and
    - iii. Updated with generation figures as reported by stewards to Stewardship Ontario for the applicable program year.
2. **Determine the net cost** of recycling each designated Blue Box material based on:
  - a. Subtracting the revenue from the sale of each material type calculated as described below from the gross costs to manage each material type calculated as described below;
  - b. Sources of data
    - i. Data for determining the gross cost to manage each tonne of each material in the municipal Blue Box recycling system determined through activity based cost allocation studies conducted or approved by Stewardship Ontario;
    - ii. Data for determining the revenue attributable to each material determined through the material-specific revenue reported in the WDO Datacall for the applicable years and averaged over the current reporting year and the previous two reporting years;
    - iii. Amended by the derived revenue from sale of each individual material resulting from revenue sharing agreements between municipalities and their contractors as reported in the WDO Datacall for the applicable year;
    - iv. Prorating the material-specific net costs using the gross cost and revenue data calculated above so that the sum of net cost for all materials is equal to the system net cost approved by the WDO for the purpose of calculating the Stewardship Ontario financial obligation to municipalities; after
    - v. Applying any applicable cost reductions as determined under the cost containment plan approved by the WDO.

The data and calculations used for establishing material-specific net costs are reviewed and approved on an annual basis by the Stewardship Ontario Board of Directors using the best available data for that year.

3. **Allocate Stewardship Ontario financial obligation to municipalities** to each material according to a three-factor formula described below. The net effect of the three-factor formula is to share the cost of achieving the diversion target for Blue Box waste set by the Minister in the most cost-effective manner equitably among the stewards of all obligated materials.
- a. Net Cost – A percentage, currently set at 40%, of the financial obligation to municipalities as set by the Stewardship Ontario Board is allocated in direct proportion to the net cost to manage each material.
  - b. Recovery Rate - A percentage, currently 35%, of the financial obligation to municipalities as set by the Stewardship Ontario Board is allocated according to the relative percent recycling rate of each material.
  - c. Equalization – A percentage, currently 25%, of the financial obligation to municipalities remaining after that allocated by the net cost and recycling rate factors is allocated based on both the cost to manage a material and recycling. Specifically, this is allocated in direct proportion to the calculated incremental cost for each material to achieve a common threshold percent recycling rate as specified by the Stewardship Ontario Board.

Table V.1 below provides an illustration of how the three-factor formula transfers cost. In this example, two materials with different costs to manage and different recovery rates are used to show how this transfer works. This allows Stewardship Ontario to meet recycling targets at the lowest possible cost given the mix of materials handled within the system as a whole.

Corrugated cardboard & boxboard, which are relatively low in cost per tonne to manage, carry a direct cost to manage of \$35 million, and have a high recovery rate. The net effect of applying the three-factor formula transfers \$16 million away from corrugated cardboard & boxboard, a category which due to its high recycling rate and low cost, boosts the recycling rate for all other blue box materials.

Other plastics (including polystyrene, film, rigid containers, and plastic laminates) have a direct cost to manage of \$6 million and a low recovery rate of 6%. After the three-factor formula is applied, \$18 million is transferred to other plastics, which would otherwise have to recycle much more costly material to achieve the prescribed recycling target.

**Table 7-1 Example of how the 3-Factor Formula Works**

<b>Material</b>	<b>Recovery Rate (%)</b>	<b>50% of Net Cost Obligation (\$)</b>	<b>Base Fees (\$)</b>	<b>Costs Transferred (\$)</b>
Corrugated Cardboard & Boxboard	69%	\$35 million	\$19 million	- \$16 million
Other Plastics	6%	\$6 million	\$24 million	+ \$18 million

- d. Sources of data
  - i. Net Cost as calculated in Step 2
  - ii. Recovery Rate as calculated in Step 1

- iii. Equalization using Net Cost as calculated in Step 2, Recovery Rate as calculated in Step 1, a threshold for recycling determined by Stewardship Ontario and the above relative weightings of Net Cost, Recovery Rate and Equalization.
4. **Add any material specific market development** fees that may be required to support investments to assist in the development of markets for those materials that encounter barriers to recycling. These fees may be used to create investment funds to be directed by Stewardship Ontario. Stewardship Ontario reviews and determines the need for additional market development fees on a material-by-material basis on an annual basis.
5. **Add a share of the direct Stewardship Ontario BBPP delivery costs, Waste Diversion Ontario and Stewardship Ontario administration costs** to each material based on a calculation of the relative number of stewards reporting generation of each material and the relative quantity of each material generated (based on the Stewardship Ontario calculated generation data described in step 1).
6. **Add a share of any shortfall or surplus** in total fees collected in previous years of the program to be recycled or credited in the next program year fees based on a combination of the amount of fees either underpaid or overpaid by each material and the same basis used to determine allocation of common costs (described in step 5). The Stewardship Ontario Board of Directors reviews and amends as necessary the basis for this allocation on an annual basis. The Stewardship Ontario board may direct Stewardship Ontario to hold such reserves as deemed prudent to meet its obligations and establish funds for market development and other investments.
7. **Calculate the total fee** applicable to each individual material type by summing the allocated share of costs and fees for each material as determined through steps 3, 4, 5 and 6 above.
8. **Calculate the fee rates** for each individual material type by dividing the total fee (step 7) for each material by the quantity, in tonnes, of that material generated as determined by Stewardship Ontario from steward reports for that program year.
9. **Aggregate fees** for some material categories for the purposes of setting fee rates, as determined by Stewardship Ontario and approved by Waste Diversion Ontario.

## **8 How Are Municipalities Compensated?**

Payments to municipalities for their municipal Blue Box operation are based on Stewardship Ontario's fifty percent share of the net Blue Box System cost. The total funding is allocated in three parts:

- Cash Payments distributed to all reporting municipal programs (accounting for 78 percent of the industry contribution to municipalities in 2009)
- An in-kind contribution from the Canadian Newspaper Association (CNA) and the Ontario Community Newspapers Association (OCNA) to support newspaper-based consumer awareness campaigns that promote recycling behaviours (2 percent of contributions in 2009)
- The Continuous Improvement Fund (CIF) (20 percent of contributions in 2009)

### **8.1 CNA/OCNA In-Kind Contribution**

As per the Minister's direction, the CNA/OCNA share of the municipal financial payments for newsprint is paid through an in-kind contribution of advertising space. WDO is responsible for administering the allocation of this contribution in the form of advertising lineage among municipalities using the following methods:

- Lineage in CNA/OCNA member newspapers calculated using published CARD rates.
- Advertising content representing the full range of municipal waste diversion programs and services.
- Advertising spread throughout the year, with the heaviest concentrations between January and November, and, where newspapers publish more than once per week, placed relatively evenly throughout the week.
- On behalf of AMO, distribution and production of one insert per year (defined as a one-page flyer) in all CNA member papers throughout Ontario.

### **8.2 Continuous Improvement Fund**

After the deduction of the CNA/OCNA contribution from the 50% industry obligation, 20% of the remaining obligation is set aside for the Continuous Improvement Fund (CIF<sup>4</sup>) according to a three-year agreement between Stewardship Ontario, AMO, City of Toronto and WDO. Contributions to the CIF will continue through 2010 after which time, continuation of the Fund will be reviewed. The CIF provides grants and loans to municipalities to execute projects that will increase the efficiency of municipal Blue Box recycling and help boost system effectiveness. The CIF has a mandate, outlined in the Strategic Plan,<sup>5</sup> to direct funding to projects that will:

- identify and implement best practices,
- examine and test emerging technologies,
- employ innovative solutions to increase blue box materials marketed, and
- promote gains in cost-effectiveness that can be implemented province-wide.

Municipalities are awarded CIF support in two ways. CIF may approach a municipality to take on high priority projects that have been identified as deserving priority by CIF staff, recycling industry experts and CIF committees. Or, municipalities may apply to CIF, identifying community-specific project concepts or those that may be of broader interest.

### **8.3 Cash Payments**

The remainder of the industry obligation is paid to municipalities through cash payments. The methodology for distributing the cash payments among municipalities has changed several times during the first five years of the

---

<sup>4</sup> The CIF website can be found at: [www.wdo.ca/cif/](http://www.wdo.ca/cif/)

<sup>5</sup> [www.stewardshipontario.ca/bluebox/pdf/eefund/CIF\\_Strategic\\_Plan.pdf](http://www.stewardshipontario.ca/bluebox/pdf/eefund/CIF_Strategic_Plan.pdf)

Program reflecting attempts to balance transparency and fairness with incentives to improve effectiveness and efficiency. Historic approaches and allocations can be found on the WDO website<sup>6</sup>.

The allocation of the cash payments to municipalities for the next three years will be according to three elements:

- The program’s responses to 2008 Datacall Best Practice questions<sup>7</sup>, which represent key activities in each of eight fundamental best practices as outlined in the Blue Box Recycling Program Enhancement & Best Practices Assessment Project (see Section 10.7);
- The program’s recycling performance, currently measured using Efficiency & Effectiveness (E&E) Factors. The E&E Factor of a program is expressed by dividing its efficiency (net cost per tonne) with its effectiveness (percent of materials recycled). Better performing programs have a relatively low cost per tonne in the numerator combined with a relatively high recycling rate in the denominator, resulting in a low E&E factor;
- The program’s reported net cost.

The cash payments to municipalities in 2011 and 2012 will use the same methodology as was used for 2010 funding, with changes to the percentage by which each of the three elements are weighted, reflecting an increase over the period of best practice and effectiveness and efficiency.

**Table 8-1 Allocation of Cash Payments to Municipalities**

	<b>2010</b>	<b>2011</b>	<b>2012</b>
Allocation by Best Practice Questions in Datacall	5%	15%	25%
Allocation by Program Recycling Performance	30%	40%	45%
Allocation by Net Cost	65%	45%	30%

Additionally, the funding to a given municipality is capped at 75% of each its reported verified net cost by adjusting as necessary the program performance element of the calculation. This funding cap will be reviewed in 2011 and 2012 as the relative proportion of best practice funding, performance-based funding and net cost funding changes.

<sup>6</sup> [www.wdo.ca/content/?path=page80+item35760](http://www.wdo.ca/content/?path=page80+item35760)

<sup>7</sup> [www.wdo.ca/files/domain4116/2009%20Datacall%20BP%20Funding%20Questions%20-%20FINAL%20Nov%202009%20for%20posting.pdf](http://www.wdo.ca/files/domain4116/2009%20Datacall%20BP%20Funding%20Questions%20-%20FINAL%20Nov%202009%20for%20posting.pdf)

## SECTION III: ACHIEVING 70% DIVERSION

### **9 Modifying the diversion calculation**

In his August 2009 letter, the Minister directed that the Blue Box program plan be amended to achieve a diversion target of 70% for Blue Box wastes by the end of 2011. In addition, the Minister prescribed that in order to reach the new target the methodology for calculating diversion be improved by including: i) additional avenues where residential Blue Box materials are collected and ii) packaging-like materials, sold as products, that are compatible with current collection and management systems.

As part of this revised Plan, Stewardship Ontario undertook research to establish how many more tonnes of Blue Box recyclables could be found in multi-family dwellings serviced independently by private sector waste management collectors and through other less traditional channels. In addition, Stewardship Ontario estimated the number of tonnes that would be generated by expanding the definition of Printed Paper and Packaging to include printed paper-like and packaging-like products. Also, Stewardship Ontario attempted to identify any reuse activities currently underway in the province. The results of this research are described in the following sections, with the tonnes added to generation and recycling as a result of these new additions summarized in two tables following the text.

#### **9.1 Collection through Channels Outside of the Blue Box Program**

##### **Multi-residential Buildings**

Multi-residential (MF) buildings cover all types of housing from townhouse complexes and lower-rise buildings to condominiums and large high-rise buildings. Depending on the level of access to the property, local bylaw requirements and decision by property management, these buildings may receive service from their local municipality, or they may opt to contract out for a private service provider to collect their recyclables. Some buildings may not have any recycling program despite O. Reg 101/94 requiring them to have a program.

Reporting of the number of MF households in the Datacall varies by municipality; some have reported all households within the municipality while others have reported only those that they service. As such, current generation estimates account for material generated by multi-family households served by private sector only in those municipalities that have reported all households in the the Datacall.

Stewardship Ontario surveyed all municipalities with 5,000 or more MF households to determine the proportion of households served by the municipally vs. private sector, whether buildings have a recycling program, and whether privately-serviced MF households are included in household figures reported in the Datacall.

The additional generation from multi-family households excluded from the reported data has been estimated using waste audit data. Similarly, estimates of the quantity of material recycled from such multi-family households that were included in the Datacall, but do not receive municipal recycling service, were added. Tables VII.1 and VII.2 show the additional tonnage from privately serviced multi-residential buildings.

##### **Direct to End-Market Recycling: Newsprint and Scrap Aluminum**

While municipalities continue to recycle the majority of newsprint and printed paper and aluminum cans in Ontario, some of these materials flow directly to mills or to scrap metal dealers, via private operators and charitable events and programs. There are currently no large-scale charitable organizations undertaking this work, although local organizations continue to hold can or newspaper drives for fundraising purposes. As this material is entirely outside the scope of the municipal Blue Box system, the material has been excluded from both generation and recycling estimates in the 2003 BBPP and subsequent reports.

As part of the province-wide advertising campaign undertaken in 2005 (E&E Fund Project 105), an analysis was undertaken to track used beverage can (UBC) flow in the province. While information on where municipalities market their aluminum is no longer collected in the Datacall, the analysis has been updated to provide an estimate of current UBC sales that are outside of the municipal system. Based on information from Natural Resources Canada's Minerals staff and data from Global Trade Information Services, it is estimated that UBC sales from Canada to the US grew about 10% since 2005. Applying this growth to the 2005 data indicates that 2,100 tonnes of UBCs currently pass through the non-municipal system before being sent to the US for smelting. Generation and recycling estimates have been adjusted to reflect these quantities recycled.

Paper processors have established collection programs for paper outside the municipal systems. The number of processor bin locations is publicly available. Data from some individual locations (schools, nursing homes, churches) on usage information suggest that there is a high rate of participation and that most material captured is from residential sources. The average tonnage per location per year is approximately 5 tonnes/year at schools and approximately 50 tonnes/year at churches and other institutions. Generation and recycling estimates have been adjusted to reflect these quantities recycled.

Tables 9-1 and 9-2 show the additional tonnage from direct recycling of aluminum cans and printed paper.

### **Packaging-like materials**

As referenced in Section 3.3, included in this revised Blue Box Program Plan are paper and other products, which are made of materials designated as Blue Box wastes and are nearly identical to a form of consumer Printed Paper or consumer Packaging on which Blue Box program fees are paid, but which are not covered by the 2003 Blue Box funding program have been accounted for in residential generation estimates and also the amount of material recycled.

As described in Section 4, generation estimates are based on curbside waste audits. By definition these Printed Paper-like products and Packaging-like products being added to the scope of material covered by this plan are identical to some form of Printed Paper or Packaging. As such, both original and new additional materials would be sorted in the same manner in a waste audit. For this reason, these additional paper and other products are already included in current residential generation estimates. The only exception is for Foil and Other Aluminum Packaging, where a reduction had previously been applied to account for material that was sold as a product. This reduction will be discontinued.

These additional paper and other products are already recycled by municipalities through the existing Blue Box system. No changes are required to account for these items, as they are already included in the collected and/or marketed tonnages reported by municipalities in the WDO Datacall. In the future more municipalities may actively target these materials through promotion and education.

The inclusion of additional tonnage to baseline generation estimates, to account for additional material generated through privately serviced multi-residential buildings, material collected directly by processors and printed paper and packaging-like products, adds a total of 16,938 tonnes.

**Table 9-1 Additional Tonnage included in Generation in the Diversion Calculation.**

<b>PRINTED PAPER</b>	<b>Current Residential Generation</b>	<b>Privately Serviced MF Buildings</b>	<b>Direct to End Market Recycling</b>	<b>Printed Paper and Packaging-like Products</b>	<b>Total</b>
Newsprint - CNA/OCNA	255,785	1,491	1,036		258,313
Newsprint - Non-CNA/OCNA	125,176	730	507		126,413
Magazines and Catalogues	91,339	457	370		92,166
Telephone Books	15,392	118	62		15,572
Other Printed Paper	121,206	799	491		122,496
<b>PRINTED PAPER TOTAL</b>	<b>608,898</b>	<b>3,595</b>	<b>2,467</b>	<b>0</b>	<b>614,960</b>
<b>PACKAGING</b>					
Old Corrugated Containers	169,170	1,040			170,210
Gabletop	15,184	104			15,288
Paper Laminants	39,289	236			39,526
Aseptic Containers	4,252	29			4,281
Old Boxboard	130,538	753			131,292
<b>Paper Packaging Total</b>	<b>358,435</b>	<b>2,162</b>	<b>0</b>	<b>0</b>	<b>360,597</b>
PET bottles	49,503	296			49,799
HDPE bottles	27,372	144			27,517
Plastic Film	60,605	452			61,057
Plastic Laminants	30,062	181			30,244
Polystyrene	22,465	130			22,595
Other Plastics	54,611	342			54,953
<b>Plastics Total</b>	<b>244,619</b>	<b>1,546</b>	<b>0</b>	<b>0</b>	<b>246,165</b>
Steel Food & Beverage Cans	50,800	297			51,097
Steel Aerosols	4,439	27			4,466
Steel Paint Cans	5,788	25			5,813
<b>Steel Total</b>	<b>61,027</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>61,376</b>
Aluminum Food & Beverage Cans	23,216	122	2,100		25,438
Other Aluminum Packaging	3,989	25		3,989	8,002
<b>Aluminum Total</b>	<b>27,204</b>	<b>147</b>	<b>2,100</b>	<b>3,989</b>	<b>33,440</b>
Clear Glass	85,914	451			86,364
Coloured Glass	24,071	131			24,202
<b>Glass Total</b>	<b>109,985</b>	<b>582</b>	<b>0</b>	<b>0</b>	<b>110,566</b>
<b>PACKAGING TOTAL</b>	<b>801,269</b>	<b>4,787</b>	<b>2,100</b>	<b>3,989</b>	<b>812,145</b>
<b>TOTALS</b>	<b>1,410,167</b>	<b>8,383</b>	<b>4,567</b>	<b>3,989</b>	<b>1,427,105</b>

The inclusion of additional recycling tonnage to baseline recycling tonnage to account for material recycled by privately serviced multi-residential buildings, material collected directly by processors and printed paper and packaging-like products, adds a total of 8,439 tonnes. The amount of recycled tonnes (8,439) is relatively low in relation to the number of tonnes generated (16,938) because the new material added to generation estimates was already included in the data reported by municipalities.

**Table 9-2 Additional Tonnage included in Recycling in the Diversion Calculation.**

<b>PRINTED PAPER</b>	<b>Current Residential Recycling</b>	<b>Privately Serviced MF Buildings</b>	<b>Direct to End Market Recycling</b>	<b>Printed Paper and Packaging-like Products</b>	<b>Total</b>
Newsprint - CNA/OCNA	224,344	984	988		226,316
Newsprint - Non-CNA/OCNA	109,790	482	483		110,755
Magazines and Catalogues	80,112	325	353		80,790
Telephone Books	13,500	71	59		13,630
Other Printed Paper	59,844	288	263		60,396
<b>PRINTED PAPER TOTAL</b>	<b>487,590</b>	<b>2,150</b>	<b>2,146</b>	<b>0</b>	<b>491,887</b>
<b>PACKAGING</b>					
Old Corrugated Containers	155,563	770			156,333
Gabletop	3,576	19			3,595
Paper Laminants	393	2			395
Aseptic Containers	784	4			788
Old Boxboard	85,092	389			85,481
<b>Paper Packaging Total</b>	<b>245,408</b>	<b>1,184</b>	<b>0</b>	<b>0</b>	<b>246,592</b>
PET bottles	28,240	138			28,379
HDPE bottles	15,717	66			15,783
Plastic Film	4,220	23			4,243
Plastic Laminants	301	1			302
Polystyrene	777	3			780
Other Plastics	7,464	35			7,499
<b>Plastics Total</b>	<b>56,718</b>	<b>267</b>	<b>0</b>	<b>0</b>	<b>56,985</b>
Steel Food & Beverage Cans	31,317	150			31,467
Steel Aerosols	1,168	6			1,175
Steel Paint Cans	1,652	7			1,659
<b>Steel Total</b>	<b>34,137</b>	<b>163</b>	<b>0</b>	<b>0</b>	<b>34,301</b>
Aluminum Food & Beverage Cans	9,586	40	2,100		11,726
Other Aluminum Packaging	1,107	5		0	1,112
<b>Aluminum Total</b>	<b>10,693</b>	<b>46</b>	<b>2,100</b>	<b>0</b>	<b>12,838</b>
Clear Glass	76,687	317			77,004
Coloured Glass	18,295	66			18,361
<b>Glass Total</b>	<b>94,982</b>	<b>382</b>	<b>0</b>	<b>0</b>	<b>95,365</b>
<b>PACKAGING TOTAL</b>	<b>441,938</b>	<b>2,042</b>	<b>2,100</b>	<b>0</b>	<b>446,081</b>
<b>TOTALS</b>	<b>929,529</b>	<b>4,193</b>	<b>4,246</b>	<b>0</b>	<b>937,967</b>

## 9.2 The Challenge of 70% Diversion

After incorporating the additional materials into the diversion calculation (i.e. packaging-like products, multi-residential buildings receiving private service and materials collected through other channels), the resulting overall recycling rate is 65.7%. It remains essentially unchanged because the majority of material added to the diversion calculation was due to privately serviced MF buildings, which tend to have a lower than average recycling performance (relative to the rest of the system).

Historic annual growth in recycling (tonnes) of Designated Blue Box Waste (DBBW) is approximately 3.5%. The recycling rate has grown on average 2.5 percentage points per year. The historic growth reflects success in capturing the most readily recyclable materials as well as the most accessible materials. Achieving a recycling target of 70% by 2011 requires an average annual growth of about 1.5 percentage points for the three years between 2008 and 2012. However, since this Plan is being developed during 2010, there are less than two years to ensure implementation of requirements to meet that target.

### *Changing Generation*

Achieving that growth will be more challenging than the increases achieved to date because of the changing material composition. The sales of print media are flat or declining, removing one of the largest volumes and most highly recycled materials from the Blue Box and leaving lower volume and lighter material, much of which is recycled to a lower degree. As well, packaging continues to evolve with the introduction of many new lighter-weight and composite materials and formats, which are harder to collect, sort and market and which do not earn the same revenue.

### *Lower Accessibility of Unrecovered Material*

Since the Blue Box system was introduced, convenient recycling services have been developed and made available to most sectors of the population. Where material is most accessible and services most convenient, for example single-family households, collection rates are very high. However, where material is less accessible and where services are less convenient because of geographic location or the type of housing, for example multi-family households and public spaces, recycling rates remain lower. Therefore, meeting the 70% target will require recovering material from those less accessible sources.

## 9.3 Meeting the 70% Challenge

Stewardship Ontario believes the 70% recycling target can be met with continued partnership between industry and municipalities. It will require continued investment in the municipal Blue Box system, targeting the sectors in which material is recycled at lower rates, including multi-residential buildings and targeting those materials with lower recycling rates, particularly some plastics and paper packaging. The target will be met through three areas:

1. The natural growth of the system
2. Market development, and
3. Continued partnership with municipalities to optimize system through 2011.

### **Natural Growth**

The quantities recycled have increased every year for the past decade. Blue Box recycling remains a very high profile and convenient system for people to reduce their resource utilization and make a contribution to reducing their environmental footprint. Moreover, demand for post-consumer material continues to grow as manufacturers and brand owners attempt to increase the recycled content of their products and packaging. Accordingly, while the most readily accessible sources of recyclable material have been tapped, the natural growth in the quantities of materials recycled is likely to continue. However, that natural growth is unlikely to be sufficient to meet the recycling target of 70%.

Meeting the target of 70% recycling would be facilitated with regulatory changes currently being considered by the government such as establishing disposal levies and requiring greater consistency in the materials collected through municipal Blue Box programs. This would facilitate promotion and education activities and support the supply of material to the market development initiatives being implemented by Stewardship Ontario.

### **Market-development Activities**

The current overall diversion target of 60% was met mostly via Blue Box materials which are relatively easy to collect, sort and prepare as a manufacturing input (newsprint, boxboard, tin cans, PET beverage containers and aluminum). An established supply chain generally makes effective use of almost all material of this kind that is collected.

For Stewardship Ontario to meet a 70% recycling target for Blue Box Waste by 2011, Stewardship Ontario will have to facilitate the development of new markets for certain materials for which there is currently little demand in the manufacturing process.

In order to develop new supply chains for non-traditional materials, particularly mixed plastic and some paper packaging:

- Modifying primary processing practices or technologies to produce new streams of material that a secondary processor could transform into marketable commodities.
- Add new secondary processing capacity whose entry into the marketplace would depend on having a critical mass of materials at a constant volume and consistent quality to serve as a reliable substitute for virgin material. As part of their marketing efforts, secondary processors would encourage product manufacturers consuming virgin material to use recycled substitutes

In 2009, two companies with technologies capable of processing mixed plastics were identified through a competitive process and are being supported with grants from both Stewardship Ontario and from the Continuous Improvement Fund (CIF). Those grants are supporting the implementation of more than 40,000 tonnes of reprocessing capacity in Ontario for the harder to recycle mixed plastics, primarily #1 through #7 rigid plastics (excluding PET and HDPE bottles) and film plastic.

The next step requires securing the supply of mixed plastics of a consistent quality from municipal Blue Box recycling programs and supporting the processors to identify manufacturers interested in using the resulting products. Stewardship Ontario is working in cooperation with the CIF to accomplish these.

Stewardship Ontario is also working with other organizations to test potential applications for processing plastics, such as thermoformed PET. Stewardship Ontario has committed up to \$3 million per year over the next three years to support the development of that broader supply chain for recycled plastics. Additional financial and technical support has been earmarked from the CIF, and continuation of the partnership between municipalities, particularly through the CIF will be a critical requirement for success in reaching 70% target.

Stewardship Ontario will bring the same approach and commitment over the next three years to overcoming the challenges to increasing the recycling of other materials, including some paper packaging materials.

## Partnership with Municipalities to Optimize System

Municipalities and Stewardship Ontario and WDO recognized the need for directed investment to improve the effectiveness and efficiency of the Blue Box system. Therefore, a dedicated fund was established to implement improvements and best practices.

The Continuous Improvement Fund (CIF) is a program developed through Waste Diversion Ontario (WDO), the Association of Municipalities of Ontario (AMO), the City of Toronto and Stewardship Ontario to fund municipal Blue Box programs to improve effectiveness and efficiency. The CIF's role is to also identify and assist in the implementation of best practices, emerging technologies and innovation that will lead to increased recovery of blue box material while promoting cost effectiveness.

The CIF comprises 20% of the annual financial obligations of the stewards to municipalities under the Blue Box Program Plan and is the successor to the Effectiveness and Efficiency Fund. The CIF program agreement among the partners is for three years starting in 2008 and could be extended should it demonstrate success in achieving its objectives and results.

The CIF has identified in its 2010 Operations Plan<sup>8</sup> priorities, activities and budgets to assist municipalities to invest in program changes and infrastructure improvements that will benefit the Blue Box program in both the short-term and long-term. The priorities include:

- Implementing best practices such as:
  - establishing waste management plans, which must address recycling,
  - collaborating with other municipalities and pooling material,
  - establishing program performance measures to track diversion and improvement over time,
  - training of key staff in core Blue Box competencies,
  - analyzing collection and processing operations to identify optimization potential,
  - planning, designing and funding promotion and education programs to support recycling objectives,
  - established enforced policies that induce waste diversion,
  - following generally accepted principle (GAP) to effectively manage contracts and procurement,
- Improving multi-residential building collection capacity,
- Innovation in plastics processing and re-processing and transportation technologies,
- Innovative MRF and transfer station upgrades, and
- Automated collection.

Budgets have been developed to support specific initiatives addressing those priorities.

The continuation of the partnership with municipalities to direct the CIF funds to projects that will increase the efficiency and effectiveness of the Blue Box system and to continue the Fund through 2011 is important to ensure necessary infrastructure and services are in place to meet the 70% recycling target.

## 9.4 Three-year Generation and Recycling Projections

Tables 9-3, 9-4 and 9-5 present three year projections of Blue Box waste generation, recycling and % recycling from the 2008 Baseline through 2011 by major material category. Please refer to Appendix B for more detailed by-material estimates. These projections include the additional materials that are collected outside the Blue Box System, e.g. from multi-residential buildings served independently by private waste management companies. The quantities associated with these other collection systems have been kept flat for the purpose of projecting three-year performance.

---

<sup>8</sup>[www.wdo.ca/cif/pdf/operations\\_plan\\_2010.pdf](http://www.wdo.ca/cif/pdf/operations_plan_2010.pdf)

To project generation over the next three years, the existing generation estimates for 2008 were adjusted using key economic indicators on population growth, consumer expenditures, as well as reported steward data. These data were considered together, for each material, to produce an annual growth rate (positive or negative). Table 9-3 shows the three year projections for residential generation of Blue Box wastes.

**Table 9-3 Three-year residential generation projections**

	<b>Baseline (tonnes)</b>	<b>2009 E (tonnes)</b>	<b>2010 E (tonnes)</b>	<b>2011 E (tonnes)</b>
<b>Printed Paper</b>	614,960	597,831	581,455	573,377
<b>Paper Packaging</b>	360,597	373,753	387,443	394,430
<b>Plastics</b>	246,165	242,237	241,537	240,871
<b>Steel</b>	61,376	62,096	62,829	63,191
<b>Aluminum</b>	33,440	33,166	32,896	32,758
<b>Glass</b>	110,566	111,462	112,364	112,958
<b>Total</b>	<b>1,427,105</b>	<b>1,420,545</b>	<b>1,418,524</b>	<b>1,417,586</b>

The three year projections for the number of tonnes to be recycled in the Blue Box system include i) the natural growth in the system, based on the changes in the overall system from 2003 until 2008, and ii) the anticipated increased tonnage resulting from market development and CIF activities underway to develop capacity for hard-to-recycle materials like rigid plastics and plastic film. To account for these, reasonable percentage changes were applied to the quantities recycled in the previous year, cross checked with year over year changes. Table 9-4 shows the three year projections for residential recycling of Blue Box wastes.

**Table 9-4 Three-year residential recycling projections.**

	<b>Baseline (tonnes)</b>	<b>2009 E (tonnes)</b>	<b>2010 E (tonnes)</b>	<b>2011 E (tonnes)</b>
<b>Printed Paper</b>	491,887	487,369	480,985	477,324
<b>Paper Packaging</b>	246,592	259,474	273,891	286,259
<b>Plastics</b>	56,985	59,400	65,069	77,301
<b>Steel</b>	34,301	35,666	37,355	38,924
<b>Aluminum</b>	12,838	14,090	14,536	15,184
<b>Glass</b>	95,365	97,007	99,829	99,669
<b>Total</b>	<b>937,967</b>	<b>953,006</b>	<b>971,665</b>	<b>994,661</b>

Combining the projections for residential generation and the number of tonnes expected to be recycled yields the recycling rates shown in Table 9-5. By 2011, it is projected that the BBPP will be at a recycling rate of 70.2%.

**Table 9-5 Three-year residential recycling rate.**

	<b>Baseline (%)</b>	<b>2009 E (%)</b>	<b>2010 E (%)</b>	<b>2011 E (%)</b>
<b>Printed Paper</b>	80.0%	81.5%	82.7%	83.2%
<b>Paper Packaging</b>	68.4%	69.4%	70.7%	72.6%
<b>Plastics</b>	23.1%	24.5%	26.9%	32.1%
<b>Steel</b>	55.9%	57.4%	59.5%	61.6%
<b>Aluminum</b>	38.4%	42.5%	44.2%	46.4%
<b>Glass</b>	86.3%	87.0%	88.8%	88.2%
<b>Total</b>	<b>65.7%</b>	<b>67.1%</b>	<b>68.5%</b>	<b>70.2%</b>

## 9.5 Cost Projections

### *Assumptions*

Projections for the net Blue Box system cost have been prepared for 2009, 2010 and 2011 based on:

- Continued operation of the system by municipalities with 50% funding from industry
- Estimated quantities of each material to be recycled as presented in Table I-4, considering together natural growth, market development initiatives and CIF investments
- Extrapolation of historic capital and operating costs and assumptions on how these could change as the quantities handled increase
- Recent data on the cost to manage each material within the current system and assumptions about how the cost could be affected by investments in new technology over the period
- Recent prices received for materials and assumptions about future markets
- Planned market development investments

### *Key Drivers of Cost*

These cost projections are high level estimates rather and are intended to be directional in nature rather than a reflection of the precise activity-based costs associated with operating programs in individual municipalities. The key drivers of cost are:

1. Natural growth in capital and operating cost of municipal system
2. Additional material collected resulting from municipal and Stewardship Ontario collaboration through CIF and market development activities
3. Commodity prices

The primary drivers of cost in the system will not change as it is not expected that existing infrastructure, municipal operations and operating contracts with waste management companies will alter substantially by 2011. As quantities of each material increase because of natural growth and investments in market development and through the CIF, the overall cost for managing these materials will increase. Moreover, since the system will be handling relatively more of the materials that are harder and more costly to recycle, the cost per tonne is expected to increase.

Therefore, the cost estimates are calculated using the existing data on the per-tonne cost to manage each material multiplied by the quantity in tonnes of each material recycled. The per-tonne cost have been adjusted to account for inflation, continued re-investment, turnover in service contracts and some economies of scale as quantities increase. In making the year-over-year adjustments, historic data from the WDO Datacall and from activity-based cost studies have been considered.

Another key factor in the cost projections is commodity prices. Recent data on prices have been used and the cost figures reflect the three-year average formula used to determine industry's financial obligation. The significant drop in commodity prices at the end of 2008 and through much of 2009 will mean an estimated drop in revenue of about \$7 million in 2009, adding significantly to the net system cost for 2009. Despite the projected recovery in commodity prices that is assumed for 2010 and 2011, the effect of the lower 2009 prices will carry forward to the net system cost for 2010 and for 2011 due to the use of this three-year-average revenue formula.

Tables 9-6 and 9-7 show the costs and revenues associated with a Low Scenario and a High Scenario.

**Table 9-6 Lower Bound – Cost savings and higher revenue**

	<b>Baseline</b>	<b>2009 E</b>	<b>2010 E</b>	<b>2011 E</b>
Gross Cost		\$305,295,000	\$319,589,000	\$339,765,000
Less sale of materials		\$116,599,000	\$119,996,000	\$126,177,000
<b>Net system cost</b>	<b>\$166,986,000</b>	<b>\$188,696,000</b>	<b>\$199,593,000</b>	<b>\$213,588,000</b>

**Table 9-7 Upper Bound – Higher cost and low revenue**

	<b><u>2008 A</u></b>	<b><u>2009 E</u></b>	<b><u>2010 E</u></b>	<b><u>2011 E</u></b>
Gross Cost		\$311,549,000	\$330,448,000	\$353,424,000
Less sale of materials		\$116,599,000	\$118,767,000	\$122,390,000
<b>Net system cost</b>	<b>\$166,986,000</b>	<b>\$194,950,000</b>	<b>\$211,681,000</b>	<b>\$231,034,000</b>

Due to the high level of uncertainty in projecting 3 year system costs, primarily driven by industrial price indices and commodity price levels, Stewardship Ontario has bounded the system cost to 8% by presenting two scenarios. The upper-bound considers the situation in which the gross cost to manage materials (including factors of production, labour rates and capital costs) increase at a similar rate to those experienced over the previous six years of the Blue Box Program, combined with commodity price levels similar to prices in 2007 and 2008. The lower-bound is developed by using a lower than historic cost escalator, combined with commodity levels slightly higher than prices in previous years.

A more significant increase in the quantity of plastics managed is planned for 2011 as the investments in plastics re-processing are implemented. The increase in plastics is estimated to be double in 2011 than in 2010 and the cost of managing mixed plastics will still be a relatively high. The value of the plastics may increase in the future as demand for recycled material increases and technology continues to improve the supply of consistently good quality material. Stewardship Ontario investments in market development, including a commitment of \$9 million over the three years for mixed plastics, have been added to the estimated capital and operating cost of the municipally-run recycling system.

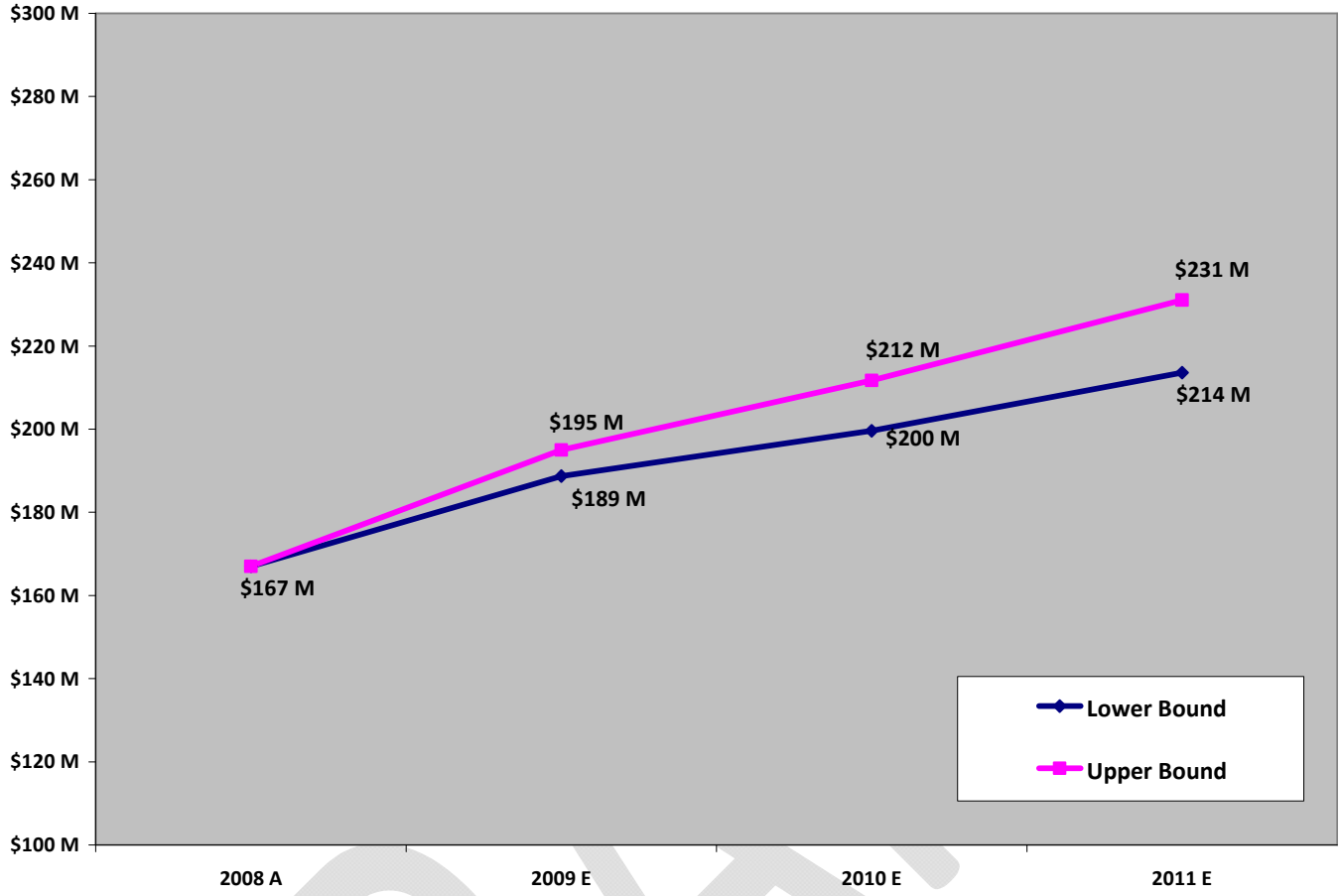
*Additional Materials Now Included in the Recycling Calculation*

These projections do not include any costs or revenue that may result from tonnes handled through other collection avenues, including material collected from multi-residential buildings that are serviced independently by private waste management companies and material collected through non-municipal programs such as those operated independently by paper companies and charities. These are not part of the municipal Blue Box system.

However, the costs and revenue projections do account for additional Printed Paper-like and Packaging-like products flowing through the municipal system and now included in the diversion calculation.

Figure 9.1 shows the projected net cost of the Blue box system over the three-year Plan period reflecting the high and low scenarios. The industry financial obligation will be 50% of these costs.

Figure 9.1 Cost Projections



## SECTION IV: CONCLUSION

This draft revised Blue Box Program Plan builds on the overwhelming success of the Blue Box Program in providing sustainable diversion services for Ontario residents and surpassing the recycling target of 60% established by the Minister of the Environment when the original Program Plan was approved in 2003. The scope of the program has been expanded to include in the diversion calculation additional residential printed paper and packaging that is managed by non-municipal services and to include consumer products that are indistinguishable from printed paper and packaging as directed by the Minister of the Environment.

With the natural momentum for increased recycling established within the current Blue Box system infrastructure and services together with continued investment in the development of the full supply chain for recovered materials and the continued implementation of best practices established for collection, sorting and marketing, we believe the system can achieve the 70% diversion target established by the Minister by 2011.

It is important to note however, that the target set by the Minister is an ambitious one. The program has tapped the most accessible and readily recyclable materials. The quantities and composition of the printed paper and packaging continue to evolve in ways that present challenges. The cost of collecting, sorting and marketing these materials will continue to increase to overcome those challenges.

Therefore, achieving the target will require the continued collaboration and partnership between municipalities and industry to ensure that funding continues to support services which achieve the objective of increasing diversion in a cost-effective manner and to ensure that investments are directed to activities and infrastructure which will improve the recycling system and recover and recycle more BB materials. This should include continuation of the Continuous Improvement Fund through 2011 as was contemplated in the agreement between SO, the municipalities and WDO.

## SECTION V: ANNOTATED LIST OF RELEVANT PROGRAM DOCUMENTS

### 10 Program Developments

#### 10.1 Addendums to BBPP (August 14, 2003)<sup>9</sup>

##### Highlights

- How the Blue Box Program Plan seeks to affect Ontario's marketplace in a fair manner
- Dispute resolution process for matters related to municipal payments
- Rules for stewards with respect to payment of fees
- Addendum to the Program Agreement
- Material-specific diversion targets
- Stewardship Ontario Bylaws

Waste Diversion Ontario (WDO) submits a series of six addendums to the Blue Box Program Plan (BBPP) to the Ministry of the Environment (MOE) in response to a request for clarification of certain elements of BBPP.

**Addendum 1** clarifies how the BBPP fairly affects the Ontario marketplace, highlighting the extensive consultation with industry stewards, respect for the principle of no cross-subsidization of materials, highlighting that many stewards pay fees across a variety of Printed Paper and Packaging categories, and therefore have an incentive to ensure that costs are allocated fairly.

**Addendum 2** outlines the dispute resolution process for municipal payments by identifying the situations in which a dispute might arise. It concludes that a meaningful dispute would only arise should a municipality dispute any adjustments made by the Municipal Issues Program Committee (MIPC) in its data review. The municipality will be provided with the opportunity to offer corroborating information, which MIPC will evaluate. Should MIPC still deem the adjustment necessary, it will inform the municipality of its decision and reasoning, at which point, the municipality can appeal to the executive director (ED) of WDO. The ED's decision is final, and is made without the involvement of the WDO Board.

**Addendum 3** presents the program rules for steward payments, as approved by the WDO Board, in accordance with Section 25(4) of the Waste Diversion Act (WDA).

**Addendum 4** amends the program agreement between Stewardship Ontario (SO) and WDO to include the aforementioned program rules, in accordance with Section 30(4) of the WDA.

**Addendum 5** presents WDO Board approval of an amendment to the BBPP to include Section 6.5.2 – Interim Material Specific Targets. This state that, while planning work on devising targets for 2004-2006 is carried out, WDO has adopted the targets presented in Table 6.6 of the BBPP as interim material specific targets. These targets will be tied to the calculation of stewards' fees to promote the objectives of the BBPP and WDA.

**Addendum 6** defines the general by-laws governing the affairs of Stewardship Ontario, the Industry-Funded Organization created to develop the BBPP at the request of the Minister of the Environment.

---

<sup>9</sup> [http://www.stewardshipontario.ca/bluebox/pdf/BBPP2003/BBPP\\_addendums.pdf](http://www.stewardshipontario.ca/bluebox/pdf/BBPP2003/BBPP_addendums.pdf)

## 10.2 Minister's Letter (December 22, 2003)<sup>10</sup>

### Highlights

- 60% diversion target
- Request for Cost Containment Plan
- Request for material-specific targets
- Stewardship Ontario and WDO administration costs to be less than 5% of program costs

The Minister requests that WDO propose measures to increase diversion in the Blue Box system to 60% by 2008.

As part of the 2004 fee schedule, the Minister requests 1) a cost containment strategy, including containment principles for municipalities and stewards with corresponding enforcement mechanisms and practices to ensure that WDO and SO Administrative costs do not exceed 5% of total system cost; 2) An analysis of the economic effect on small businesses, including incentives for improved BB diversion that would reduce small business costs.

## 10.3 Minister's Letter (May 31, 2004)<sup>11</sup>

### Highlights

- Direction on Voluntary Stewards

The Minister expresses concerns about the procedure set up for enrolling voluntary stewards and stipulates that the policy framework for admitting these stewards must not compromise the definition of a steward as defined by the WDA and the BBPP. SO has identified two categories under which it is reasonable to admit voluntary stewards: 1) Brand owners outside of Ontario; 2) Franchisors, although they may not supply their franchisees.

To be applied to the 2005 schedule, the Minister directs SO to suspend acceptance of volunteer stewards in any other category and to identify a policy and rules for acceptance of volunteer steward categories including how these apply to the exceptions noted above.

## 10.4 Minister's Letter (December 30, 2004)<sup>12</sup>

### Highlights

- Expanded CNA/OCNA in-Kind contribution
- Accelerated time line for the Cost Containment Plan
- Request for plan language report

The Minister requests an amendment by Feb 28, 2005 to expand the existing in-kind contribution of CNA/OCNA. This contribution is to be applied only in lieu of direct payments to municipalities. It does not substitute for CNA/OCNA obligation for program administration and delivery and program shortfall costs. The 2005 fees will thus remain unchanged, as the reduction in fees from members will be replaced by in-kind contributions to municipalities. For the period prior to BBPP approval, the existing in-kind contribution, pro-rated, will constitute the payment from CNA/OCNA. CNA/OCNA must agree on the nature of the in-kind contribution and must propose a mechanism to insulate municipalities from the effects of the decline in the price of old newspapers, which would take into account market fluctuations over time.

---

<sup>10</sup> [www.stewardshipontario.ca/bluebox/pdf/ministers\\_letters/Enhancement\\_Letter.pdf](http://www.stewardshipontario.ca/bluebox/pdf/ministers_letters/Enhancement_Letter.pdf)

<sup>11</sup> [www.stewardshipontario.ca/bluebox/pdf/ministers\\_letters/May31\\_Ministers\\_Letter.pdf](http://www.stewardshipontario.ca/bluebox/pdf/ministers_letters/May31_Ministers_Letter.pdf)

<sup>12</sup> [www.stewardshipontario.ca/bluebox/pdf/ministers\\_letters/dec30\\_2004.pdf](http://www.stewardshipontario.ca/bluebox/pdf/ministers_letters/dec30_2004.pdf)

The Minister approves the cost containment plan submitted by WDO on July 12, 2004, but requires a more aggressive implementation schedule, and reiterates the need for municipalities to increase operational efficiency; for stewards to incorporate more recycling friendly designs in their products and support markets for recycled materials; and, for greater transparency in BB cost calculation, fee calculation and containment actions. To this end, the Minister issues three directives:

- To implement cost-containment plan on an accelerated schedule, with reasonable cost bands implemented in 2006, and not 2008. The plan is to be re-submitted by Jan 31, 2005
- To report on areas for future cost savings by March 31, 2005, addressing: capacity and location of MRFs, with options for efficiently situating new MRFs or replacing aging MRFs, including the possibility of consolidating public and private MRFs
- Analysis of current waste management contracts, with options for increasing value and introducing a more competitive bid process
- To prepare an annual plain language report on BB, to accompany notice of WDO approval of stewards' fees and to include:
  - BB performance info
  - BB cost calculation and verification
  - BB fees calculation and verification
  - Administrative cost containment actions
  - Operation cost containment actions
  - Efficiency promoting activities
  - Market and revenue development, and product design initiatives

## 10.5 CNA/OCNA In-Kind Contribution

On April 19, 2005, in response to a request from WDO, the Minister clarified that: 1) CNA/OCNA's financial obligation to municipalities may be exclusively discharged through provision of in-kind advertising, except in adverse market conditions; 2) The amendment is to apply to the life of the program plan; 3) In adverse market conditions, defined as those during which old newspaper prices (ONP) fall below 50% of their April 2005 value, CNA/OCNA members must make up the difference between the 50% floor and the actual sale price in cash. Additionally the calculated value will reflect the 2004 relative weighting of ONP #8 and ONP #6.

Accordingly, in conjunction with SO, CNA/OCNA, the Association of Municipalities of Ontario (AMO), WDO developed an amendment to the BBPP incorporating these clarifications. The amendment specified that any in-kind advertising in excess of \$1.3 million would be pro-rated from the date of approval of the amendment. The amendment also provided for a readjustment of ONP revenues in any year in which the price of ONP was 15% lower than the price of Buffalo Yellow Sheet. In such cases, the price of ONP used to calculate revenues would be adjusted upward to the price of Buffalo Yellow Sheet less 10% in order to neutralize a shift to a greater contractor share of revenue.

The amendment was approved on November 4th 2005 with the direction that WDO in conjunction with other interested parties initiate discussions on ongoing program improvements to the rules in the amendment.

## 10.6 Canada Customs and Revenue Agency Letter (August 9, 2006)<sup>13</sup>

The Excise and GST/HST Rulings Directorate ruled, in response to an inquiry made on behalf of Stewardship Ontario, that steward fees are not subject to GST charges, on the basis that stewards do not receive a supply in return for remitting what are essentially regulatory charges.

---

<sup>13</sup> [www.stewardshipontario.ca/bluebox/pdf/fees/GST\\_ruling.pdf](http://www.stewardshipontario.ca/bluebox/pdf/fees/GST_ruling.pdf)

## 10.7 Blue Box Program Enhancement and Best Practices Assessment

### Highlights

- Examination of best practices for operating Blue Box Program
- Net system cost under Best Practice
- Payment to Best Practice

### Volume I (July 31, 2007)<sup>14</sup>

In 2006, MIPC requisitioned a report on Blue Box recycling Best Practices and their effect on net system cost. Volume I identified two types of Best Practices: Fundamental and Contingent.

Fundamental Best Practices were defined as applying to all Ontario programs. The report identified the following as Fundamental Best Practices:

- Development and implementation of a current recycling plan, as apart of an integrated waste management system
- A multi-jurisdictional approach to recycling
- The identification of defined performance measures
- Optimization of collection and processing operations
- Thoroughly training key staff
- Design of a comprehensive Promotion and Education (P&E) program
- Implementation of policies that encourage waste diversion behaviour.

The report identified a series of Best Practices for specific program components, such as:

- Multi-Family Recycling
- Curbside Collection
- Material marketing

The report also identified a number of Conditional Best Practices, which applied only under certain conditions and to programs with the relevant characteristics. A decision tree was created to classify program types, based on three factors: geography, program size, and household density. Based on these criteria, twelve program types were identified.

### Volume II (July 6, 2007)<sup>15</sup>

Volume II of the report estimated the net system cost of Ontario Blue Box recycling under Best Practices. The methodology used to estimate net cost was based on analogy to similar programs utilizing Best Practices.

Possible analog programs were identified based on their E&E Factors and the utilization of Best Practices was confirmed through site visits. Upon confirmation, program factors were adjusted to account for variables that might affect its use as an analog community.

Based on this methodology, it was estimated the 2006 net system cost under Best Practices would range from \$134.1 million to \$144.9 million.

---

<sup>14</sup> [www.stewardshipontario.ca/bluebox/pdf/eefund/KPMG\\_final\\_report\\_vol1.pdf](http://www.stewardshipontario.ca/bluebox/pdf/eefund/KPMG_final_report_vol1.pdf)

<sup>15</sup> [www.stewardshipontario.ca/bluebox/pdf/eefund/KPMG\\_final\\_report\\_vol2.pdf](http://www.stewardshipontario.ca/bluebox/pdf/eefund/KPMG_final_report_vol2.pdf)

## **10.8 Minister's Letter (August 18, 2008)**

### **Highlights**

- Discontinuation of the plain language report

## **10.9 Municipal Funding Descriptions (2004-2011)**

For descriptions of the funding methodologies, E&E factors and municipal payments from each program year, please visit WDO's website: <http://www.wdo.ca/content/?path=page80+item35760>

DRAFT

## **11 ADDITIONAL PROGRAM REPORTS**

### **Stewardship Ontario Annual Reports (2003 – 2008)**

<http://www.wdo.ca/content/?path=page82+item35785>

### **Study of Opportunities for Cost Savings in Municipal Blue Box Contracts (April 28, 2005)**

<http://www.wdo.ca/files/domain4116/Contracts%20Report%20Final2.pdf>

### **Blue Box Materials Cost Allocation Study (March 2004)**

[http://www.stewardshipontario.ca/bluebox/pdf/consultation/workshop\\_2mar2004/Final%20Report%20Cost%20Allocation%20Study.pdf](http://www.stewardshipontario.ca/bluebox/pdf/consultation/workshop_2mar2004/Final%20Report%20Cost%20Allocation%20Study.pdf)

### **Disposition of Residential Blue Box Materials (December 2007)**

<http://www.wdo.ca/files/domain4116/Review%20of%20Blue%20Box%20Material%20Destinations%20Report%20Dec%202014,%202007.pdf>

### **Report on Ontario Blue Box Material Recovery Facilities (May 2005)**

<http://www.wdo.ca/files/domain4116/WDO%20Report%20May%202005.pdf>

### **Report on Ontario Blue Box Material Recovery Facilities (March 2007)**

[http://www.wdo.ca/files/domain4116/FINAL\\_WDO\\_MRF\\_REPORT\\_Public.pdf](http://www.wdo.ca/files/domain4116/FINAL_WDO_MRF_REPORT_Public.pdf)

### **Assessment of Stewards' Actions in Response to Stewardship Ontario Fees (June 30, 2006)**

[http://www.stewardshipontario.ca/bluebox/pdf/bbpb\\_docs/waste\\_minimization.pdf](http://www.stewardshipontario.ca/bluebox/pdf/bbpb_docs/waste_minimization.pdf)

### **12 RULES FOR STEWARDS WITH RESPECT TO PAYMENT OF FEES (2010)**

These Rules do not revoke or amend any previously approved Rules for Stewards with Respect to Payment of Fees Respecting Designated Blue Box Waste.

#### **1) Interpretation in these Rules:**

**Affiliates**, means a steward is affiliated with another entity if it controls or is controlled by the other entity or if both entities are controlled by a common entity, where "control" in the case of a corporation has the meaning ascribed thereto by subsection 1(5) of the Business Corporations Act (Ontario) as amended from time to time;

**Brand Owner**, with respect to a specific trademarked Printed Material which is Designated Blue Box Waste, and with respect to a specific good, the Packaging of which is Designated Blue Box Waste, where either the good or the Packaging bears a trademark means during any time in the Data Year;

- (a) a person Resident in Ontario who is the holder of the registered trademark, or
- (b) a person Resident in Ontario who is the licensee, in respect of the registered trademark, or
- (c) a person Resident in Ontario, who owns the intellectual property rights to the unregistered trademark ;  
or
- (d) a person Resident in Ontario, who is the licensee, in respect of the intellectual property rights of the unregistered trademark;

Where "licensee" includes a person who packages goods, the Packaging of which is Designated Blue Box Waste and bears a trademark, other than a packer or filler of Private Label Goods, and includes any person whose corporate name or business name registration contains the trademark;

**Commencement Date** means January 1, 2010;

**Commercial Connection**, a person has a commercial connection with Designated Blue Box Waste (DBBW) if it derives a direct economic benefit when such product that is contained in the DBBW is supplied for use in Ontario;

**Data Year** means the calendar year January 1, 2009 to December 31, 2009;

**Designated Blue Box Waste (DBBW)** means Packaging, Service Packaging and Printed Materials that are comprised of metal, glass, paper, plastics, textiles or any combination thereof but does not include packaging or printed materials used exclusively for packaging products during their shipment from their place of manufacture to their place of distribution in Ontario, and packaging that is intended for continued use as packaging by the consumer over a period of five years or more;

**Excluded Waste** means Designated Blue Box Waste that is retained by a steward or its commercial customer, franchisee or licensee, at a location which one of them owns or occupies and is not carried away by retail customers and is not collected by municipal waste management services;

**Filed** means electronically submitted at [www.stewardshipdatasystem.ca](http://www.stewardshipdatasystem.ca) or delivered to 26 Wellington Street East, Suite 601, Toronto, Ontario, M5E 1S2;

**First Importer** means a person Resident in Ontario, who imports into Ontario:

- (e) a specific printed material which is Designated Blue Box Waste, for which a Brand Owner does not exist,  
or
- (f) a specific good, the packaging of which is Designated Blue Box Waste, for which a Brand Owner does not exist;

and includes a person Resident in Ontario who is the first to take title to such material or good, upon or after arrival in Ontario from elsewhere during the Data Year;

**Franchisor, Franchisee and Franchise System** have the meaning ascribed thereto under the Arthur Wishart Act (Ontario);

**Interest Rate** means the prime rate established by CIBC as at the close of business on the first day of each month plus three (3) percent;

**Packaging** means materials that are used for the containment, protection, handling, delivery and presentation of goods sold or delivered to consumers in Ontario;

**Private Label Goods** means goods that carry the brand or trademark of a Brand Owner and sold or delivered to consumers by such Brand Owner that is a retail outlet in Ontario;

**Printed Materials** means printed materials that are sold, issued, distributed or delivered to consumers in Ontario;

**Published Address** means an address in Ontario appearing in a current telephone directory or a recognized current published business directory;

**Resident in Ontario**, with respect to a corporation, means a corporation that has a permanent establishment in Ontario, in accordance with the provisions of Appendix A, during any time in the Data Year;

**Rules** means these rules;

**Service Packaging** is packaging which may or may not bear a trademark that is filled or delivered at the point of sale by the retail, food service or other services providers to the consumer in Ontario to enable or facilitate the delivery of goods;

**Steward's Report** means a report prepared by a steward and Filed with Stewardship Ontario, describing the aggregate amount of Designated Blue Box Waste, expressed in kilograms by category as required under these Rules, that were sold or delivered in Ontario in the Data Year by the steward and his Franchisees and / or his Affiliates containing the information in accordance with Appendix B;

**Supplied** means sold, leased, donated, disposed of, used, transferred the possession or title of, or otherwise made available or distributed for use in the Province of Ontario. Supply and Supplies have similar meanings.

## **2) Designation of Stewards**

For the purposes of determining which person shall be designated as a Steward for a particular category of DBBW, the following provisions shall apply, in the order in which they are set out. If two or more persons are designated as a Steward pursuant to the following, then the earlier provision shall prevail.

- (1) A Brand Owner is designated as a steward with respect to all Printed Material, Service Packaging, and the Packaging of all goods, for which he is Brand Owner in the Data Year for which it has a Commercial Connection
- (2) A Franchisor is designated as a steward with respect to all Printed Material, Service Packaging, and the Packaging of all goods, Supplied within the relevant Franchise System in the Data Year.

- (3) In the event that there is no Brand Owner or Franchisor, a First Importer is designated as a steward with respect to all Printed Material, Service Packaging, and the Packaging of all goods, Supplied for use in Ontario, for which he is First Importer in the Data Year.
- (4) In the event there are two Brand Owners for the same Designated Blue Box Waste, the Brand Owner or First Importer more directly connected to the production of the Designated Blue Box Waste shall be designated as the obligated steward, provided that in the case of a Franchisor who is Resident in Ontario, the Franchisor shall be designated as the obligated steward.
- (5) In the event that consumer products containing two or more independent brands are packaged together for sale in Ontario, then the Brand Owner more closely associated to the joint packaging shall be designated as the obligated steward for such joint Packaging;
- (6) In the event there is not an identifiable brand for a particular Designated Blue Box Waste and if the manufacturer of the good is resident in Ontario, the manufacturer of such good shall be designated as the steward for such Designated Blue Box Waste, otherwise the First Importer shall be designated as the steward for such Designated Blue Box Waste.
- (7) Any person who Supplies Service Packaging to consumers in Ontario in the Data Year.
- (8) Any person who elects to become a steward respecting Designated Blue Box waste that would otherwise be the responsibility of another steward, shall be designated a steward upon execution of a contract with Stewardship Ontario, notice of which appears on the Stewardship Ontario website, and the steward otherwise responsible is exempt from the requirement to pay fees respecting such Designated Blue Box Waste during the currency of the contract. Stewardship Ontario shall not be required to execute a contract contemplated herein.
- (9) Notwithstanding the above, any person who has executed a contract with Stewardship Ontario under clause 2(8) above prior to June 30, 2006, notice of which appears on the Stewardship Ontario website, shall remain an elected steward under the terms of the agreement.

### **3) Fees Payable**

- (1) Stewards shall pay fees to Stewardship Ontario in accordance with Appendix C of these Rules. The amount of fees payable shall be the sum for categories set out in the Steward's Report of the product of the amount of each such Designated Blue Box Waste set out in a Steward's Report multiplied by the rates set out in the table of fees attached as Appendix D of these Rules.
- (2) Stewards who are members of the Canadian Newspaper Association and the Ontario Community Newspapers Association shall pay applicable Stewardship Ontario administrative costs, in the aggregate, equivalent to the fees otherwise payable, and will meet their obligation for the payment of fees, as calculated by Stewardship Ontario, by providing advertising lineage in a manner approved by Waste Diversion Ontario.

### **4) Steward's Report**

- (1) Subject to Section 6, every steward shall file a Steward's Report with Stewardship Ontario not later than 90 days after Commencement Date, or 90 days after such steward is notified, whichever is later. A steward is notified:
  - a. on the day the steward receives personal service via email, or
  - b. three days following the sending by prepaid first class postage to the steward at its Published Address in Ontario, of a copy of these Rules or a written notice of how to obtain a copy of these Rules,

- (2) Stewards may amend a Steward's Report with the consent of Stewardship Ontario to correct information in the Steward's Report that is in error or to replace data previously determined by a formula or a calculator provided by Stewardship Ontario.
- (3) If a Steward's Report has not been filed within 90 days of the date specified in Section 4(1) of these Rules, Stewardship Ontario may file a Steward's Report on behalf of such steward, based on the steward's previous years Steward's Report.

A Steward's Report that contains incorrect data, may, upon notice from Stewardship Ontario to the steward, be deemed by Stewardship Ontario not to have been filed by the steward

Failure to file a Steward's Report within the time frames mentioned above is a violation of these Rules and may be subject to enforcement under the Waste Diversion Act.

## **5) Penalties, Interest and Back Fees**

- (3) Stewards who fail to pay fees by the dates specified in Appendix C, will be subject to a penalty calculated at 10% of fees due and payable.
- (4) Interest on unpaid fees shall accrue from such date at the Interest Rate.
- (5) Stewardship Ontario may waive all or part of any penalty or interest charges otherwise payable under these Rules.
- (6) In the event that the amounts reported in a Steward's Report are inaccurate, any deficiency in fees paid resulting from such inaccuracies shall be immediately due and payable from the date of the filing of the correcting Steward's Report, and if not paid within 30 days will be subject to a penalty equal to 10% of such fee deficiency and interest on such fees shall accrue from such date at the Interest Rate.

## **6) Steward Exemptions**

- (1) Stewards are exempt from filing a Steward's Report and paying the fees otherwise due if during the Data Year, the steward, its Affiliates, and Franchisees had combined gross revenues from the sale of all its products and services in Ontario which was less than \$2 million, which for stewards in the business of retailing the gross revenues shall be deemed to be the revenue from services provided and the cost of their merchandise sold was less than \$2 million.
- (2) Stewards shall file a Steward's Report but shall be exempt from payment of fees otherwise due provided that during the Data Year, the steward, its Affiliates and Franchisees Supplied DBBW into Ontario, an aggregate quantity of less than 15,000 kilograms.
- (3) A Steward, its Affiliates and Franchisees shall not file any Steward's Report reporting less than 15,000 kgs in the aggregate if the steward, its Affiliates and Franchisees Supplied DBBW into Ontario, with a combined quantity of greater than 15,000 kilograms. .
- (4) For greater clarity, where a steward files a Steward's Report, respecting Affiliates or Franchisees, such Affiliates and Franchisees shall not file a Steward's report.
- (5) Stewards that are not for profit entities (including municipalities, provincial agencies, colleges, universities) are not exempted by 6(1).
- (6) Notwithstanding the above Stewardship Ontario may, acting reasonably require a steward to file a Steward's Report by sending a written request to a steward.

## **7) Record Provision and Retention**

- (1) Stewards shall promptly provide data including calculation methodology, packaging data, audit reports, list of brands reported and list of brands excluded from report, and allocation percentages, used by stewards in the preparation of the Steward's Report upon request from Stewardship Ontario.
- (2) Stewards shall retain records to substantiate and verify the amount set out in their respective Steward's Report for a period of not less than five years from the date of the Steward's Report to which they relate. A steward shall grant access to Stewardship Ontario upon its request to examine its books and records to enable

Stewardship Ontario to audit and inspect such records respecting a Steward's Report up to five years after the date of receipt of such Report by Stewardship Ontario.

## **8) Dispute Resolution**

If any dispute arises between a steward and Stewardship Ontario as to the amount of Designated Blue Box Waste that is required to be included in a Steward's Report:

- (1) The parties shall attempt to resolve the dispute through designated representatives from each of Stewardship Ontario and the steward within thirty (30) days upon which written notice of the dispute was first given, or as otherwise agreed upon;
- (2) If the parties are unable to resolve the dispute within the above period, the steward and Stewardship Ontario shall within thirty (30) days thereafter jointly select an arbitrator to arbitrate the dispute and failing agreement as to the arbitrator within such time frame, Waste Diversion Ontario shall appoint the arbitrator on behalf of the parties;
- (3) The arbitrator shall render a decision on the dispute and the award arising there from, in accordance to the Arbitration Act, 1991, as amended from time to time;
- (4) Non-payment or failing to file a Steward's Report by a steward shall not be items subject to arbitration.

The decision of the arbitrator shall be final and binding on the parties and shall not be subject to appeal on any grounds whatsoever, and shall be enforceable against Stewardship Ontario and the steward, as the case may be, immediately on the issue of the decision to the parties to the dispute.

## **9) Interpretive Memoranda**

Stewardship Ontario may publish on its website interpretive memoranda describing its interpretations of these Rules and how it proposes to administer them.

## **10) Publishing of Company names**

- (7) The names of stewards reporting under Section 6, with Stewardship Ontario will be posted on the Stewardship Ontario website as such.
- (8) The names of stewards submitting Steward's Reports to Stewardship Ontario will be posted on the Stewardship Ontario website.
- (9) The names of stewards who have executed a contract with Stewardship Ontario under section 2 (8) shall be posted on the Stewardship Ontario website.
- (10) Stewardship Ontario may post the registry of all brands reported in Steward's Reports from time to time.
- (11) Stewardship Ontario may publish on its website the names of any person that may appear to be a steward Resident in Ontario, but which it has determined upon investigation not to be Resident in Ontario.
- (12) Stewardship Ontario may publish on its website the names of those persons to whom, in 2008, 2009 and 2010, it sent written notice of how to obtain a copy of the Rules pursuant to the Waste Diversion Act, 2002.

## **Appendix A: Resident in Ontario (Corporation)**

**Resident in Ontario, with respect to a corporation, means a corporation that has a permanent establishment in Ontario, where:**

- (a) **"permanent establishment"** includes branches, mines, oil wells, farms, timberlands, factories, workshops, warehouses, offices, agencies and other fixed places of business and
- (b) the following rules apply,

### **Contracting Employees or Inventory Sufficient**

Where a corporation carries on business through an employee or agent who has general authority to contract for the corporation or who has a stock of merchandise owned by the corporation from which the employee or agent

regularly fills orders which the employee or agent receives, such employee or agent shall be deemed to operate a permanent establishment of the corporation.

**Commission Agent not Sufficient**

The fact that a corporation has business dealings through a commission agent, broker or other independent agent shall not of itself be deemed to mean that the corporation has a permanent establishment.

**Parent of Subsidiary not Sufficient**

The fact that a corporation has a subsidiary controlled corporation in a place or a subsidiary controlled corporation engaged in a trade or business in a place shall not of itself be deemed to mean that the first-mentioned corporation is operating a permanent establishment in that place.

**Licensed Insurance Company Sufficient**

An insurance corporation is deemed to have a permanent establishment in each jurisdiction in which the corporation is registered or licensed to do business.

**Purchasing Office not Sufficient**

The fact that a corporation maintains an office solely for the purchase of merchandise shall not of itself be deemed to mean that the corporation has a permanent establishment in that office.

**Ownership of Land Sufficient**

Where a corporation, otherwise having a permanent establishment in Canada, owns land in a province or territory of Canada, such land is a permanent establishment.

**Production Packing and other Activities Sufficient**

The fact that a non-resident corporation in a year produced, grew, mined, created, manufactured, fabricated, improved, packed, preserved or constructed in whole or in part anything in Canada, whether or not the corporation exported that thing without selling it prior to exportation, shall of itself, be deemed to mean that the corporation maintained a permanent establishment at any place where the corporation did any of those things in the taxation year.

**Machinery or Equipment Sufficient**

The use of substantial machinery or equipment in a particular place at any time in a year of a corporation constitutes a permanent establishment of such corporation in that place for such a year.

**Principal Place of Business Sufficient**

Where a corporation has no fixed place of business, it has a permanent establishment in the principal place in which the corporation's business is conducted.

**Charter or By Laws designating Head or Registered Office Sufficient**

Where a corporation does not otherwise have a permanent establishment in Canada, it has a permanent establishment in the place designated in its charter or by-laws as being its head office or registered office

### 13 Detailed Tables for Tonnage Projections and Program Performance

Table 13-1 Generation Projections from Baseline to 2011

PRINTED PAPER	Baseline*	2009	2010	2011
Newsprint - CNA/OCNA	258,313	245,567	233,456	227,452
Newsprint - Non-CNA/OCNA	126,413	122,826	119,341	117,570
Magazines and Catalogues	92,166	91,374	90,589	90,230
Telephone Books	15,572	15,899	16,233	16,410
Other Printed Paper	122,496	122,166	121,836	121,716
<b>PRINTED PAPER TOTAL</b>	<b>614,960</b>	<b>597,831</b>	<b>581,455</b>	<b>573,377</b>
<b>PACKAGING</b>				
Old Corrugated Containers	170,210	177,431	184,960	188,822
Gabletop	15,288	16,431	17,661	18,293
Paper Laminants	39,526	41,047	42,626	43,431
Aseptic Containers	4,281	4,367	4,454	4,498
Old Boxboard	131,292	134,478	137,741	139,385
<b>Paper Packaging Total</b>	<b>360,597</b>	<b>373,753</b>	<b>387,443</b>	<b>394,430</b>
PET bottles	49,799	49,984	50,171	50,270
HDPE bottles	27,517	27,927	28,205	28,486
Plastic Film	61,057	54,996	52,269	49,678
Plastic Laminants	30,244	30,351	30,458	30,519
Polystyrene	22,595	22,932	23,275	23,622
Other Plastics	54,953	56,045	57,159	58,296
<b>Plastics Total</b>	<b>246,165</b>	<b>242,237</b>	<b>241,537</b>	<b>240,871</b>
Steel Food & Beverage Cans	51,097	51,833	52,580	52,946
Steel Aerosols	4,466	4,543	4,620	4,662
Steel Paint Cans	5,813	5,720	5,628	5,584
<b>Steel Total</b>	<b>61,376</b>	<b>62,096</b>	<b>62,829</b>	<b>63,191</b>
Aluminum Food & Beverage Cans	25,438	25,124	24,814	24,656
Other Aluminum Packaging	8,002	8,042	8,082	8,102
<b>Aluminum Total</b>	<b>33,440</b>	<b>33,166</b>	<b>32,896</b>	<b>32,758</b>
Clear Glass	86,364	87,019	87,678	88,027
Coloured Glass	24,202	24,443	24,686	24,932
<b>Glass Total</b>	<b>110,566</b>	<b>111,462</b>	<b>112,364</b>	<b>112,958</b>
<b>PACKAGING TOTAL</b>	<b>812,145</b>	<b>822,714</b>	<b>837,069</b>	<b>844,210</b>
<b>TOTALS</b>	<b>1,427,105</b>	<b>1,420,545</b>	<b>1,418,524</b>	<b>1,417,586</b>

Note: Baseline values include additional paper and other products as described in Section VII A.

**Table 13-2 Recycling Projections from Baseline to 2011**

<b>PRINTED PAPER</b>	<b>Baseline*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Newsprint - CNA/OCNA	226,316	220,756	212,240	206,824
Newsprint - Non-CNA/OCNA	110,755	110,398	108,460	106,862
Magazines and Catalogues	80,790	82,158	82,348	82,024
Telephone Books	13,630	14,271	14,728	14,887
Other Printed Paper	60,396	59,786	63,210	66,727
<b>PRINTED PAPER TOTAL</b>	<b>491,887</b>	<b>487,369</b>	<b>480,985</b>	<b>477,324</b>
<b>PACKAGING</b>				
Old Corrugated Containers	156,333	163,017	170,156	173,515
Gabletop	3,595	3,924	4,314	5,471
Paper Laminants	395	410	426	434
Aseptic Containers	788	828	882	1,120
Old Boxboard	85,481	91,295	98,113	105,719
<b>Paper Packaging Total</b>	<b>246,592</b>	<b>259,474</b>	<b>273,891</b>	<b>286,259</b>
PET bottles	28,379	28,955	29,543	31,115
HDPE bottles	15,783	16,455	17,357	18,201
Plastic Film	4,243	4,386	6,349	10,836
Plastic Laminants	302	303	303	305
Polystyrene	780	915	1,042	1,177
Other Plastics	7,499	8,387	10,474	15,665
<b>Plastics Total</b>	<b>56,985</b>	<b>59,400</b>	<b>65,069</b>	<b>77,301</b>
Steel Food & Beverage Cans	31,467	32,612	34,073	35,419
Steel Aerosols	1,175	1,225	1,317	1,442
Steel Paint Cans	1,659	1,829	1,965	2,063
<b>Steel Total</b>	<b>34,301</b>	<b>35,666</b>	<b>37,355</b>	<b>38,924</b>
Aluminum Food & Beverage Cans	11,726	12,876	13,199	13,708
Other Aluminum Packaging	1,112	1,213	1,337	1,476
<b>Aluminum Total</b>	<b>12,838</b>	<b>14,090</b>	<b>14,536</b>	<b>15,184</b>
Clear Glass	77,004	78,223	79,547	80,009
Coloured Glass	18,361	18,784	20,282	19,660
<b>Glass Total</b>	<b>95,365</b>	<b>97,007</b>	<b>99,829</b>	<b>99,669</b>
<b>PACKAGING TOTAL</b>	<b>446,081</b>	<b>465,637</b>	<b>490,679</b>	<b>517,337</b>
<b>TOTALS</b>	<b>937,967</b>	<b>953,006</b>	<b>971,665</b>	<b>994,661</b>

Note: Baseline values include additional paper and other products as described in Section VII A.

**Table 13-3 System Performance Projections from Baseline to 2011**

<b>PRINTED PAPER</b>	<b>Baseline*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Newsprint - CNA/OCNA	87.6%	89.9%	90.9%	90.9%
Newsprint - Non-CNA/OCNA	87.6%	89.9%	90.9%	90.9%
Magazines and Catalogues	87.7%	89.9%	90.9%	90.9%
Telephone Books	87.5%	89.8%	90.7%	90.7%
Other Printed Paper	49.3%	48.9%	51.9%	54.8%
<b>PRINTED PAPER TOTAL</b>	<b>80.0%</b>	<b>81.5%</b>	<b>82.7%</b>	<b>83.2%</b>
<b>PACKAGING</b>				
Old Corrugated Containers	91.8%	91.9%	92.0%	91.9%
Gabletop	23.5%	23.9%	24.4%	29.9%
Paper Laminants	1.0%	1.0%	1.0%	1.0%
Aseptic Containers	18.4%	19.0%	19.8%	24.9%
Old Boxboard	65.1%	67.9%	71.2%	75.8%
<b>Paper Packaging Total</b>	<b>68.4%</b>	<b>69.4%</b>	<b>70.7%</b>	<b>72.6%</b>
PET bottles	57.0%	57.9%	58.9%	61.9%
HDPE bottles	57.4%	58.9%	61.5%	63.9%
Plastic Film	6.9%	8.0%	12.1%	21.8%
Plastic Laminants	1.0%	1.0%	1.0%	1.0%
Polystyrene	3.5%	4.0%	4.5%	5.0%
Other Plastics	13.6%	15.0%	18.3%	26.9%
<b>Plastics Total</b>	<b>23.1%</b>	<b>24.5%</b>	<b>26.9%</b>	<b>32.1%</b>
Steel Food & Beverage Cans	61.6%	62.9%	64.8%	66.9%
Steel Aerosols	26.3%	27.0%	28.5%	30.9%
Steel Paint Cans	28.5%	32.0%	34.9%	37.0%
<b>Steel Total</b>	<b>55.9%</b>	<b>57.4%</b>	<b>59.5%</b>	<b>61.6%</b>
Aluminum Food & Beverage Cans	46.1%	51.3%	53.2%	55.6%
Other Aluminum Packaging	13.9%	15.1%	16.5%	18.2%
<b>Aluminum Total</b>	<b>38.4%</b>	<b>42.5%</b>	<b>44.2%</b>	<b>46.4%</b>
Clear Glass	89.2%	89.9%	90.7%	90.9%
Coloured Glass	75.9%	76.8%	82.2%	78.9%
<b>Glass Total</b>	<b>86.3%</b>	<b>87.0%</b>	<b>88.8%</b>	<b>88.2%</b>
<b>PACKAGING TOTAL</b>	<b>54.9%</b>	<b>56.6%</b>	<b>58.6%</b>	<b>61.3%</b>
<b>TOTALS</b>	<b>65.7%</b>	<b>67.1%</b>	<b>68.5%</b>	<b>70.2%</b>

Note: Baseline values include additional paper and other products as described in Section VII A.