



Thinking
beyond
the box

Stewardship Ontario

Blue Box Fee Setting Methodology

Consultation Meeting/Webinar

May 31, 2012

Welcome



1. In person (72)/ Webcast audience (57)

a) Slides advance automatically

b) Question box for questions/
comments on webcast console

c) While dialogue difficult in this format, we have set aside
blocks of time for questions/answers and comments

2. Webcast will be archived and made available on line for future review

Agenda



1. Background and First Principles
2. Questions to Consider and Discuss
3. Next Steps

Session Objectives



Stewardship Ontario

1. Hold a first principles discussion with blue box stewards about the fee setting methodology
2. Determine what kinds of modifications stewards would like to see
3. Begin to explore potential implications of modifications



Thinking
beyond
the box

Stewardship Ontario

Part 1: Background and First

Background



1. 2011 commitment to stewards to review the fee setting methodology
2. Significant changes to consumer expectations and marketplace packaging trends since 2006 review
3. Complex fee methodology made more complex by numerous input variables
4. Difficult to understand, even more difficult to explain

Blue Box Program Objectives



Stewardship Ontario

1. Deliver curbside recycling to consumers at lowest possible cost
2. Ensure widest range of printed paper and packaging is recycled
3. Make the steward experience with program as positive as possible

Original principles of model



1. Shares costs fairly and equitably among stewards
2. Meets policy objectives of Waste Diversion Act
 - a) Sufficient funds are raised from stewards to meet industry's obligations under the program
 - b) Increase recycling rate of blue box materials
 - c) Steward fees must fairly reflect costs of managing the materials
3. Rewards materials that achieve comparatively higher recycling rates
4. Eliminates arbitrary cross-subsidization
5. Fairly assesses common costs

What has changed since 2006?



Stewardship Ontario

1. Steward innovation is changing material mix
2. Consumers equate sustainable packaging with ability to put in blue box
3. Next-least-cost-tonne focuses on materials that are inexpensive to recycle and limits system improvements

What has changed since 2006?



Stewardship Ontario

1. Three factor formula can temper fairness

- a) Recovery Rate effect can result in low recovery materials absorbing disproportionate share of increase in system costs
- b) Low Volume Effect can mute expected fee decrease from improved recovery rate by low volume materials

2. Technology now available in North America to process three part mix of gable top, aseptic and paper laminates

3. Stewards request that they be rewarded for packaging with reduced carbon/water footprint and recycled content



Thinking
beyond
the box

Stewardship Ontario

10 minute break followed by



Thinking
beyond
the box

Stewardship Ontario

Questions to Consider and

3 factor formula modifications?



Stewardship Ontario

1. Are there modifications that we can make to the 3 factor formula that represent “continuous improvement” toward our ultimate goal of sharing costs fairly and equitably while also acknowledging efforts stewards are making toward the overall sustainability of their businesses and supply chain?
 - a) If yes, conceptually, what kinds of modifications would you like to see?
 - b) If yes, are you prepared to see potentially substantial shifts in fee rates (increases/decreases) in order to achieve our objectives?

Replace next least cost/tonne?



Stewardship Ontario

2. Should we adopt an approach that supports recycling of broadest range of materials?

a) If no, why not?

b) If yes, would you support potential fee increases on “hard-to recycle” materials, at least in the short term?

Reward performance improvements?



3. Should we do more to reward materials that achieve a substantial improvement in recycling performance?
4. Should the amount of the reward be tied to material's contribution to overall recycling rate?
5. Or, should a material that improves performance achieve a threshold before realizing a reward?

New disposal factor?



Stewardship Ontario

6. Should we replace weight with cubic volume to measure recycling performance?
 - a) Should consumption of landfill space be the key factor?
 - b) Should high density materials attract a lower fee than low density materials?
 - c) How would this impact your current reporting processes?

Aggregate materials with similar performance?



Stewardship Ontario

7. Should materials be grouped based on similar performance, regardless of material type?
 - a) Should materials be grouped based on recycling performance and maturity of markets?
 - b) Or should they be grouped based on revenue trends?
 - c) Or should they be grouped based on performance trend, i.e., highest growth in recycling tonnes are rewarded and flat or declining rates not rewarded?

Reward packaging innovation?



Stewardship Ontario

8. Should packaging innovation beyond end-of-life be rewarded, e.g., lower carbon and water footprints?

a) If yes, what should be rewarded?

b) If yes, would stewards be willing to report requisite data to Stewardship Ontario and cover additional administrative costs?

Recycling content reward?



Stewardship Ontario

9. Should Stewardship Ontario consider rewarding percentage of recycled content?

a) If yes, would stewards be willing to report requisite data to Stewardship Ontario and cover additional administrative costs?

Simplify the formula?



Stewardship Ontario

10. Rather than consider making the formula more complex (which all preceding questions presume), should Stewardship Ontario instead focus on making the formula simpler?
- a) Should we use fewer variables? If so what would they be?
 - b) Should we eliminate the three year rolling average?
 - c) Should we apply calculations less frequently, e.g., every two or three years?

Other questions?



Thinking
beyond
the box

Stewardship Ontario

11. Are there other potential changes that we have not considered?

Next Steps



- b) Please submit comments/suggestions to Stewardship Ontario **by June 29th**. (Step 1)
- c) At a follow up session in July we will report out on findings and present options for consideration (Step 2)
- d) Stewardship Ontario will develop recommendations based on stewards' preferences (Step 3)
- e) Depending on their nature recommendations may or may not be executed in time for the 2013 fee setting process (September/October 2012)



Thinking
beyond
the box

Stewardship Ontario

Comments & Questions



Thinking
beyond
the box

Stewardship Ontario

Thank you