

## **BBPP & Steward Funding Formula Review for 2007 Background Briefing Note for February 14 Consultation**

### **Introduction**

This briefing note provides information regarding the preliminary recommendations of the Steering Committee for the Blue Box Program Plan (BBPP) and Stewards' Funding Formula Review for 2007. Further detail on the proposed changes will be provided by the Steering Committee (SC) at a public meeting to be held at the Novotel Hotel Toronto Centre (45 The Esplanade; Champagne Ballroom, 2<sup>nd</sup> floor) on February 14. The Steering Committee has developed these recommendations following evaluation of the input received from stakeholders during the course of the review.

This briefing note summarizes:

1. The review process to date and the input received
2. The preliminary recommendations on revisions to the Stewardship Ontario funding formula and decisions taken by the Board of Directors
3. Details of the February 14 consultation meeting, and
4. The timeframe and method for stakeholders to provide additional comments

### **The Process to Date and Input Received**

The objectives of the funding formula review are to provide an opportunity for all stakeholders to:

- Re-evaluate the current funding formula, and
- Identify and assess potential modifications or alternative approaches, prior to setting stewards' fees for the 2007 program year.

The Steering Committee committed to consider modifications to the BBPP fee setting methodology through an open, comprehensive, fair and transparent process. This has included the following key steps:

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|--|-------------|
| • Draft Discussion Paper approved & circulated   | October 25  |
| • 1 <sup>st</sup> Advisory Committee meeting   | October 27  |
| • 1 <sup>st</sup> Discussion Paper posted and circulated   | November 23 |
| • 1 <sup>st</sup> Public Meeting   | December 8  |
| • Receive & Review Written Comments  |             |
| • - Detail for modeling impacts  | December 22 |
| • - Further general comments   | January 12  |
| • SC Recommendations   | January 20  |
| • 2nd Advisory Committee meeting   | January 25  |
| • Stewardship Ontario Board of Directors review and approval for purpose of further consultation | January 31  |

Following the February 14 public meeting, the following steps must be completed to amend the BBPP:

- Steering Committee review of comments received and modifications as required March 3
- Review for comment of final Steering Committee recommendations by Advisory Com. March 6
- Review and approval by Stewardship Ontario Board of Directors March 8
- Submission of revised BBPP to Waste Diversion Ontario (WDO) Board of Directors March 15 for March 22 meeting
- WDO submission of revised BBPP to Minister of the Environment Follows WDO approval

Comments received to date have been reviewed and evaluated by the Steering Committee according to the following screening criteria:

- Complies with the legal requirements of the Waste Diversion Act (WDA)
- Furthers the policies and goals of the WDA and BBPP
- Would result in a material impact that warrants making a change
- Treats stewards and materials in a fairer manner
- Strengthens incentives for 3Rs
- Improves simplicity and transparency of the funding formula
- Facilitates compliance and auditing
- Has a proponent, and
- Sufficient outline of proposed approach and available data to allow for effective modeling of the impact on fees.

A [summary of the comments](#) received since the December 8 public meeting is posted on the Stewardship Ontario website.

### **Results of January 31, 2006 Stewardship Ontario Board Review:**

Based on the input received and the analysis undertaken by the Steering Committee, the following outlines the general recommendations and decisions that have been taken by the Board for setting stewards fees for 2007:

- Improve the accuracy of material-specific net costs calculation by changing the way in which revenue and material prices are calculated.
- Simplify the Recovery Rate factor calculation by replacing the current statistical calculation with a simplified calculation based on the relative recovery of each material type.
- Provide an opportunity for a recycled-content credit program to be incorporated into subsequent annual fee setting calculations within the existing market development component of the fee setting formula. Stewards within material sectors would submit detailed plans for such programs for Stewardship Ontario approval.
- Maintain the structure of the current three factor funding formula but revise the factor weightings to shift more of the financial obligation from materials with high recovery rates to those with low recovery rates to;
  - promote reaching the 60% diversion target for Blue Box Wastes at the lowest total cost
  - while sharing the cost more equitably among all materials.

- For the purposes of fee setting, aggregate materials with similar recycling characteristics (handling, revenue, data accuracy, etc.):
  - looking for the right balance between competing issues - for example:
  - recognizing that no single solution will address all issues and satisfy all concerns.
- Leave de minimis level as it is.
- Do not give an exemption or credit for biodegradability.
- Leave allocation of Stewardship Ontario common costs as it is.
- Continue to calculate Blue Box Waste generation rates using waste audit data cross-checked against steward data, and
- Focus further stakeholder consultation on the proposed revisions to the three factors in the model and further aggregation/dis-aggregation of material types for the purposes of fee setting.

Following on from these decisions, the Steering Committee will be presenting on February 14:

- A revised formula with the Steering Committees preferred weightings for the recovery rate, net cost and equalization factors, and proposed combinations of materials for aggregation and dis-aggregation for the purposes of 2007 fee setting.
- How these recommendations are intended to improve the current funding formula.
- The effects of the recommended changes on allocating BBPP costs across material types.
- A range of alternative factor weightings and possible aggregation scenarios and how these would affect fee rates, and
- Other options that could be considered for mitigating the effects of changes on the funding formula on future fee rates.

### ***Objective of the February 14 Meeting***

The Steering Committee will be seeking input from stakeholders on the proposed revisions to the funding formula, including requesting responses to a series of questions focused on the specific aspects of the recommended changes.

### ***Agenda***

In addition to detailed presentation to be made by the Steering Committee, brief statements and comments will also be solicited from other stakeholder groups that have previously raised issues of concern to their constituencies or proposed alternative approaches to the allocation of costs among stewards, including:

Canadian Newspaper Association  
EPIC  
RCO  
CERB

Other stakeholder groups who wish to be included on this panel to express their views related to the Stewardship Ontario funding formula review are requested to forward their names and affiliations to [bmccconnell@stewardshipontario.ca](mailto:bmccconnell@stewardshipontario.ca) There also will be an opportunity for all participants to ask questions of the Steering Committee and this panel in person or via the web cast on the February 14 meeting.

The structure of the meeting will be as follows:

1. Opening comments from Stewardship Ontario
2. Steering Committee Presentation
  - Review of consultation process to date
  - Preliminary Stewardship Ontario Recommendations
  - Alternative weightings & modifications under consideration and their effects
  - Specific questions for consideration by stakeholders
3. Other stakeholder group statements
4. Questions from other meeting participants
5. Outline of Next Steps
6. Closing comments

***Additional Information to be made Available to all Stakeholders***

1. Hard copies of all presentation materials will be provided to participants at the February 14 session.
2. Electronic versions of these materials will also be posted on the Stewardship Ontario website, [www.stewardshipontario.ca](http://www.stewardshipontario.ca), on February 14
3. Following presentation of the preliminary recommendations of the Steering Committee, an electronic model of the funding formula will also be posted on the website to enable stakeholders to assess the impact of alternative options on material specific fee rates. Stewardship Ontario will provide the specific URL address to facilitate access to the model.
4. The proceedings of the February 14 session and webcast will be archived on the Stewardship Ontario website for 180 days.

***How you can comment on the proposed changes to the BBPP:***

Stakeholders are requested to provide comments on the proposed changes to Stewardship Ontario before March 1, 2006. Comments can be submitted:

1. As written submissions to Stewardship Ontario (comments@stewardshipontario.ca).
2. Through an on-line survey tool that will be posted on the Stewardship Ontario website immediately following the February 14 session.
3. In person or by webcast during the February 14 public meeting.

***To Register for the February 14 Public Consultation Meeting:***

Please [register](#) electronically to attend this consultation whether you intend to participate in person or through the on-line webcast. Stewardship Ontario recommends that, if possible, stewards and stakeholders attend this second consultation in person in order to benefit fully from the presentations and discussions that will take place.

For those who cannot attend in person, the consultation proceedings will be webcast. Information on how to link into the on-line webcast will be distributed to those who register on Monday, February 13.