



August 31, 2004
Steward & Stakeholder Consultation
- Summary of Questions and Answers -

Steward Registration Data

Question: Of the 1461 registrations, how many have paid fees?

Answer: Approximately 90%, but will get exact number.

Question: What is the obligation for a company with no legal presence within Ontario?

Answer:

- *Have a voluntary stewards' process.*
- *Have to go back to many stewards to have them fill out Voluntary Steward agreements.*
- *Legal presence is within the context of the Tax Act; looking to identifying companies which deliver and receive goods in Ontario.*
- *Also in talks with Canada Post.*

Governance

Question: Why are there only 4 business days to review the consultation?

Answer:

- *Stewardship Ontario. has been in discussions since July on these issues.*
- *Many comments received already.*
- *We can take any concerns to board to discuss further.*
- *If more time is needed for consultation and comments, stewards should make clear what they need more information on and outline reasons for extension. Not likely to go back and re-visit the broad direction indicated.*

Question: What is the rationale for changing the board?

Answer: Approved BBPP stated that board would be revised to reflect the membership composition once the registration process was completed.

Question: Do not have the paint sector on slide 28, but it appears on slide 27, will this be revised?

Answer: Association names were intended to be illustrative examples only; no decision made.

Question: Could Stewardship Ontario break down the 1416 declared stewards by steward representation as opposed to by fees or are there confidentiality concerns?

Answer:

- *Good point and will discuss this at the Board with a particular eye to maintaining confidentiality if number of companies in a sector is small.*
- *Reminder: sector numbers will be changing when new fee rates are applied and registration grows.*

Question: Is there a timing option for other stakeholders to vote?

Answer: Voting will be by the membership.

Question: Is there a rationale for having a board made up of 10 to 15 members?

Answer:

- *Smaller boards make decision making easier.*
- *Larger boards can have problem with attendance and sometimes quorum.*
- *Larger boards provide for broader sector representation.*
- *Will review this issue with the Board.*

Question: What do the bylaws say about the number of board members allowed?

Answer: Nil, the number is open, but the approved BBPP says "up to 20 members."

Question: Why was the AGM a closed meeting in April 2004? Is there any opening for stewards to attend meetings?

Answer:

- *In the incorporation of Stewardship Ontario the members of the board are the only members of the corporation.*
- *Very few stewards had reported and been confirmed and therefore not invited. The AGM was essentially an extension of a board meeting.*
- *All stewards will be invited to attend 2005 AGM. Other stakeholders are also likely to be invited in the spirit of openness. Preliminary estimate is 2000 steward members in 2005.*

Question: Has a nomination process been developed?

Answer: No procedures have yet to be determined; stewards input would be valued. Drafting of operating procedures and revised bylaws next step after board decides on governance model.

Question: (reference slide 12 & 27) Can we get a better idea of the breakdown of industries by sector? Are there confidentiality concerns with releasing this information?

Answer: Stewardship Ontario will take this to the board on September 15 to get direction.

Question: How is someone who is a representative of a steward get represented at meetings?

Answer: Board has not addressed, but Stewardship Ontario recommends open forum meetings. Representation may be by individual or by association representatives.

Market Development

Question: MOE was pushing for a percent recycled content as a method of green procurement. Has this been placed on the backburner? What is the MOE's position?

Answer:

- *Stewardship Ontario does not support mandating recycled content.*
- *Cannot speak on behalf of the MOE; should address this question to them.*

Question: Does Stewardship Ontario have a formal position on green procurement?

Answer: Stewardship Ontario has been evaluating the merits of this but will be moving slowly given other competing pressures.

Comment: Stewardship Ontario must clarify their position moving forward.

Question: (Slide 36) What is the rationale behind lower generation rates in 2003 vs. 2002? Are people doing a poorer job of recycling?

Answer:

- *Waste audits and steward reports have given Stewardship Ontario a greater understanding and thus more accurate figures.*
- *Lead us to believe that generation is lower than expected.*
- *These are generation estimates, the WDO Data Call numbers demonstrate that recycling rates continue to grow.*

Question: Does Stewardship Ontario have estimates of the ceiling point for some recyclable materials?

- We have worked within the request for enhancements to the BBPP to define a process for defining material specific recovery rates. There will be a point of diminishing economic and environmental returns.

Question: When factoring in the steward reports in generation, does this take into consideration the de minimis?

Answer: Accounts for reports of over \$2 million sales and under 15 tonnes; does not account for: companies with under \$2 million sales who are not required to report.

Question: Of the 1416 declared stewards, how many have paid?

Answer: 86%.

Question: What influence can STEWARDSHIP ONTARIO have on municipalities who remove items from the blue box?

Answer:

- *Stewardship Ontario has little influence or direct powers.*
- *Municipality by municipality decision, not ours.*
- *Stewardship Ontario can offer support and try to have influence.*

Question: What is the total of the year 2003 5/12 obligation? How much has been recovered?

Answer:

- \$15.3 million.
- 86%.

Question: Does Stewardship Ontario plan to endorse energy from waste to support materials? Could the plan not be changed to include credit for material processed through EFW plants?

Answer: WDA says programs should not promote burning. In theory BBPP could be adjusted to take account of that small portion managed this way.

Comment (Derek): Good question to pose to Stewardship Ontario and WDO boards.

Question: What can Stewardship Ontario do to address dropping plastics from the blue box?

Answer: E&E fund allows municipalities to bring forward proposals to address issues like needs of collecting and processing plastics.

Comment (Cathy Cirko): EPIC would like to work together with Stewardship Ontario to address this issue.

Comment (Cathy): Stewardship Ontario should promote integrated waste management in their program.

Comment (Derek): Endorse 100% working together.

2005 Preliminary Fees

Question: If outstanding \$2.4 million fees owing cannot be recovered what can be done?

Answer:

- MOE can begin enforcement.
- Late stewards can be charged penalties and interest.

Question: Do stewards have to pay retroactively?

Answer: Yes. Once notified, obligation is from date deemed notified.

Question: Has there been any progress toward an economic cost analysis of the impact on retailers?

Answer: No, there has not been discussion on this matter.

Question: (Slide 52) The assumed cost of \$62.5 million for 5/12 from this slide is a representative of what?

Answer: Total BBPP costs; these are the costs are shared across all stewards.

Question: (Slide 74) A note on the bottom of this slide suggests the administration and program allocation in 04 fees was higher than 04 budget due to items not included in 03 fees. Why were the costs actually higher and what did they represent?

Answer: Other costs were incurred in 2003 that were not included in 2003 fees (i.e., WDO costs).

Question: Where is the obligation that we have to make up the financial shortfall?

Answer: Current estimate of accumulated shortfall is \$1.6 million but this expected to be reduced to \$1.1 through other Stewardship Ontario program cost savings.

Question: Do stewards have an obligation for the 2003 program fees?

Answer: Yes.

Question: When will information be available about the fees and obligation for 2005?

Answer: Proposed 2005 fees are sent to the board on September 14. If board approves the fees, then sent to the WDO for their September 15 board meeting. The WDO must approve the fees and send to the Minister of Environment for approval. Practice has been to post the fees on the EBR for 30 to 60 days. Minister has the right to approve or not approve the fees at that time. Therefore, if the Stewardship Ontario and WDO boards approve the fees that is your best indication of what to budget for next year.

Question: What is the bulk of the administrative fees?

Answer: Salaries, legal fees, technical support, postage, advertising, accounting, rent, other overhead costs, etc.

Question: Looking at some of the numbers, there is a \$23 difference between fees charged and what the paper material is worth. Therefore, why do we collect this material?

Answer:

- *Stewardship Ontario does not determine what material is collected and what markets pay for this material. Obligation of Stewardship Ontario is to pay 50% of municipalities net costs.*
- *Municipalities decide materials to include (municipality by municipality).*

Q: What comfort is there for stewards that one day there will be a leveling off of fees versus and increase?

Answer:

- *Many elements are out of Stewardship Ontario's control.*
- *Costs will always be subject to changes in revenue, composition and quantity of materials collected. We believe that we are developing robust data and that increases due to catching up "discounted" payments to municipalities and other costs have been identified.*
- *Some costs are out of the system after the first year. Ex. Initial stewards registration, one-time start-up costs, postage, advertising, legal, etc.*

Question: Is there anything within cost containment principals to make us see an impact? What can stewards do to help reduce costs?

Answer:

- *Within the pay out formula there are incentives for municipalities to improve efficiencies*
- *The posting of individual municipal costs will be an impetus to high cost programs to address these costs.*
- *10% of the municipal payments is held in the E&E fund to be applied to reducing costs*
- *The Minister has requested costs containment strategies and a WDO paper has been submitted to the Minister.*

Question: Cost containment – there is no share of the administration and other direct program costs allocated to the municipalities. Stewards are required to contribute all the funds to support Stewardship Ontario programs. Why are some programs not covered by municipalities?

Answer: Not something we can do. The WDA is clear in that the MOE and WDO can recover costs from Stewardship Ontario Costs of administering Stewardship Ontario rest with Stewardship Ontario.

Question: Other than the E&E fund, what can stewards do to help municipalities? Why doesn't the government mandate pay as you throw programs and allocate monies to the municipalities?

Answer:

- *Stewards should pay attention to revenues municipalities are receiving.*
- *Look at best practices and selection of materials.*
- *Municipalities already have the power to implement and many (smaller ones) have.*

Question: Are the municipal costs (payout) broken down and available to be viewed?

Answer: 2002 municipal costs available on WDO website.

Question: What is the typical percent increase for municipal costs?

Answer: Overall costs included in the charts presented; individual costs by key program element included in the WDO posting.

Question: If the minister approves 60% diversion then the costs would jump from \$118 million to \$225 million. What is Stewardship Ontario doing to look at this?

- *Stewardship Ontario promotes getting to 60% by focusing on the next lowest cost tonne. Stewardship Ontario is aggressive on this point.*
- *Stewardship Ontario is asking MOE to let the approved BBPP get established as outlined and put off changes to at least next year.*
- *Further information on requested enhancements and responses to these from the WDO.*

Question: This program is taking a lot of effort to learn about. I'm not optimistic about cost containment. Is there a better way to fund this program?

Comment: start to work on a revised, simplified funding formula.

Question: (Slide 83 - Stewards comment) Do not disaggregate fees because it becomes too complicated.

Answer: Through consultation and comments received, some stewards have recommended disaggregating fee rates further.

Steward comment: There is a distinct difference between a steward's definition of cost containment and Stewardship Ontario's definition of the phrase. There should be a fixed cap on costs and we should look for ideas to deal with materials.

Question: (Slide 79) Why is the printed paper recovery rate so low when it is collected together?

Answer:

- *Other paper is mixed with newspapers and magazines and then sorted.*
- *Recovery rates reflect actual sampling data.*

Comment: since recovery rate is lower for other printed paper versus newsprint, fees need to be higher.

Question: Why does printed paper cost 10 times more in 2005 and what can be done to about it?

Answer:

- *System looks at recovery rates, collecting, sorting, revenues, etc. in order to set costs.*
- *Reported weight by stewards much lower than projected so base for allocating costs is smaller.*
- *We need to look further at end market prices.*

Question: Why are companies not obligated to pay retroactively if they are found in future years to be obligated?

Answer: (Correction from statement made at meeting)- companies are required to pay fees back to their date of obligation.

Question: (Slide 76) Are heavier materials taking more of the brunt of the administrative costs?

Answer: Allocation is based on a combination of weight and volume and the number of stewards in each material group.

Question: (Slide 76) Why would paper and plastics decrease so much in the table of the distribution of admin & program costs?

Answer: New and better data has lead Stewardship Ontario to shift and reallocate figures to be more representative.