



FUTURE GOVERNANCE OF STEWARDSHIP ONTARIO

Report on Phase One “Round Table” Consultation Discussions

July 15, 2004

Note: information concerning where to send comments is included on the page 5.

Under the approved Blue Box Program Plan ((BBPP), Stewardship Ontario is committed to revising the governance structure of the founding board of directors to reflect the membership of the organization upon completion of the initial membership recruitment phase.

Phase one in this process included an invitation to all registered stewards and other interested stakeholders to hear their suggestions for how Stewardship Ontario should be governed going forward. A ‘round table’ consultation meeting and webcast were held on July 15 as the first of this two phase process to discuss two BBPP issues: governance and market development.

The round table consultation began with a plenary at which Stewardship Ontario outlined the two issues. (A separate report has been prepared to summarize comments on market development.) The plenary portion of the consultation meeting and a question period which followed were webcast. At this point the webcast ended and the participants who were present broke into groups for the round table discussions. The first two (simultaneous) discussion groups (one hour in length) focused on the issue of governance. The next discussion focused on market development issues. Participants included brand owners/stewards, end market representatives, trade associations and Ministry of the Environment, Associations of Municipalities of Ontario, Waste Diversion Ontario and Stewardship Ontario staff representatives. This report summarizes the comments offered by participants who attended the meeting (20) and those who participated through the webcast of the presentations (200). (A further 149 have accessed the archived webcast to date.)

Note: throughout the discussion it was noted that the information presented in the round table consultation had not been vetted yet through the Stewardship Ontario Board of Directors. The information provided at the meeting (and attached as an addendum to this

document) was intended to stimulate discussion. The final decision concerning how to move forward will remain with the Stewardship Ontario Board.

Also attached to this report are:

- An overview of the consultation process
- Discussion document circulated by Stewardship Ontario to spark discussion

Summary of Comments Received

Discussions encompassed key issues including:

The Purpose of Stewardship Ontario:

Suggestions ranged from:

- focusing primarily on fee setting, raising funds and discharging members legal obligations with a primary focus on the needs of obligated stewards,
- to encompassing a broad range of related issues including to:
 - help municipalities increase diversion
 - strengthen markets for materials
 - produce high quality materials
 - develop an effective and efficient system of recycling in Ontario from the start of this continuous process to the end.

These activities would require direct engagement from a broad range of stakeholders.

Stakeholders Suggested for Representation in Stewardship Ontario included:

- Obligated stewards
- AMO
- The “value chain”
- Materials and packaging suppliers
- Community newspapers
- End markets

How these Interests should be Represented within Stewardship Ontario:

Comments received covered a wide range of alternatives including:

- A voting board with representation based on “fees paid.” Representation from other stakeholders would be on a committee or advisory group basis.

- Another opinion was strongly expressed in one of the groups that board representation should remain only stewards; other stakeholders should be engaged through advisory committees that report directly to the board.
 - Advisory groups could include:
 - AMO
 - value chain
 - end-markets
 - technical experts
 - Variations on this include taking into consideration such factors as quantity of obligated materials, potential exposure to future fees, revenues contributed by end markets and in kind contributions.
- A split board structure with obligated stewards representing the majority but with representation from other stakeholders.
 - Suggestions included (but no clear consensus) representation from AMO, the value chain, materials and packaging suppliers, end markets, service providers.
 - The degree of minority representation varied from “some” to equal.
 - Stewards to vote on financial issues; other sector reps to vote on other issues (i.e. markets, Effectiveness & Efficiency).
- A 50/50 split of stewards and AMO.
- One third stewards, one third AMO, one third other stakeholders.
- Representation by material type (i.e. glass, paper, etc.) rather than industry sector.

Criteria for Membership in the Organization:

- fees paid in
- representative for entire “value chain”
- transparency
- equity (AMO 50%)
- materials and packaging suppliers
- contribution from end markets
- advisory committees for non-paying sectors

Size of the Board and its Current Makeup:

Little specific detail on size other than:

- 15 may be sufficient
- 20 about right

Comments received about qualifications of current and future board representatives:

- expertise of members
- lack of familiarity with recycling infrastructure
- effectiveness of board
- missing from board:
 - economic expertise
 - visionary/system skills
- suggested: training for board members

Proposed Operating Procedures:

Give consideration to:

- Board focus on policy issues with technical input from advisory groups
- Have chairs of advisory groups report directly to the board
- Having all members and advisors vote
- Double hurdle votes to ensure minority interests represented

When to Make Change/Length of Term of Board:

- General consensus to make changes at next AGM
- Split opinions on basis for allocating representation
 - current registration
 - when initial registration (largely) completed
- Some strong advocacy for holding agreed board structure for a period of three years to provide consistency and continuity
- Can be revised if contributions change (i.e. +/- 20%) in given year

Concerns/Comments on the Existing Board Make-up and Membership:

- Biased board
- Broader representation may lead to less problems (e.g. voluntary stewards issues)
- Board represented by “total fees” may not be beneficial (rewarding inefficient stewards – consider representation in inverse proportion to fees paid)
- Rewarding low diversion levels/ no incentive for cost reduction
- Board may be deficient with respect to economic aspects

- Is there an issue/problem with the overlap between WDO and Stewardship Ontario Boards?
- Would Stewardship Ontario benefit from advice from a third party institute on governance in trying to address future governance issues?

—end—

Direct Comments by August 6 to:

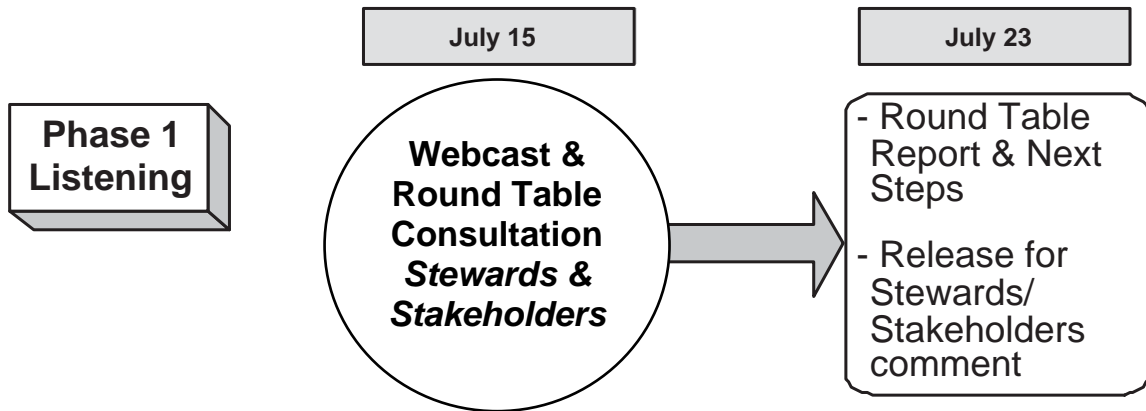
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- *Overview of Consultation Process included below*
- *Presentation information provided separately*

Overview of the Consultation Process: Governance & Market Development

Consultation Process: Phase 1: *Listening*

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|---------|--|
| July 15 | Round Table Discussion and Webcast on Governance and Market Development Issues |
| July 23 | Round Table Report on Comments released to registrants |
| July 27 | Round Table Report on Comments posted to Stewardship Ontario website for general comment |



Consultation Process: Phase 2: *Options*

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|-----------------|---|
| August 6 | Comments on Round Table Report due |
| w/o August 15 | Post & distribute Round Table findings |
| August 25 | Consultation meeting and webcast on Options |
| Early September | Draft final recommendations |

