

## Questions and Answers from the Blue Box Meeting on March 20, 2014

Question	Response
<p>Would it be possible to send a link to the presentation once posted on the website to all those who have registered for this webinar or to all registered Stewards?</p>	<p>The webcast and a copy of as clarification paper are available at: <a href="http://www.stewardshipontario.ca/engagement/steward-engagement-2014/">http://www.stewardshipontario.ca/engagement/steward-engagement-2014/</a></p>
<p>What is the timeline for the consideration of changes to the 2015 fee methodology? Will SO be seeking feedback from stewards formally on the information provided today (i.e. are you requesting letters)?</p>	<p>Stewards can e-mail comments to <a href="mailto:WeRecycle@stewardshipontario.ca">WeRecycle@stewardshipontario.ca</a> with the subject line 'Blue Box Fee Consultation'. The deadline for feedback has been extended to April 25th.</p>
<p>Please outline the next steps on the proposed changes to the 2015 fee setting methodology. Will there be a formalized process for stewards to take time to digest and write fulsome comments to SO? Is today simply an information sharing process?</p>	<p>Following the consultation, Stewardship Ontario is asking stewards to answer the following two questions:</p> <ol style="list-style-type: none"> <li>1. Do you agree that the option to integrate the three-factor formula (i.e., remove the cost-transfer barrier between printed paper and packaging) would result in a fairer fee setting methodology? If not, why not?</li> <li>2. Do you agree that the option to redistribute all costs for unsteuarded material across all materials results in fairer application of the setting methodology? If not, why not?</li> </ol> <p>Stewards have been asked to provide their feedback by April 25th, 2014. Feedback will be evaluated and shared with the SO and WDO boards and the appropriate next steps will be assessed. The proposed options represent a material change to the fee methodology and would therefore require Ontario's Minister of the Environment.</p>
<p>Are there any changes to website access?</p>	<p>No, there are no changes to SO's website. If you are referring to the WeRecycle Portal, if you have difficulties logging on, please contact Steward Services at 1-888-980-9549.</p>
<p>When will the updated 2013 fee schedule be available?</p>	<p>The 2013 fee schedule can be found on the Stewardship Ontario website here: <a href="http://www.stewardshipontario.ca/wp-content/uploads/2013/03/2013-Blue-Box-Fee-Schedule_0.pdf">http://www.stewardshipontario.ca/wp-content/uploads/2013/03/2013-Blue-Box-Fee-Schedule_0.pdf</a>.</p>



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Question	Response
What is the possibility that the 2014 rates will change from the previously published 2014 Blue Box fee schedule?	Stewardship Ontario's 2014 Blue Box Rules have not yet been approved by Waste Diversion Ontario's Board of Directors due to the uncertainty that currently surrounds the negotiations with municipalities on the 2014 steward obligation. Those negotiations have now been sent to arbitration, and fees that reflect the actual obligation cannot be calculated until the outcome of the arbitration is known.
When will WDO approve 2014 Fee Schedule?	Stewardship Ontario's 2014 Blue Box Rules have not yet been approved by Waste Diversion Ontario's Board of Directors due to the uncertainty that currently surrounds the negotiations with municipalities on the 2014 steward obligation. Those negotiations have now been sent to arbitration, and fees that reflect the actual obligation cannot be calculated until the outcome of the arbitration is known. In the interim, Stewardship Ontario is using the 2013 fee schedule to calculate stewards 2014 invoices.
When is material data required to be submitted for the 2013 calendar year?	Stewards must submit their 2014 reports (their 2013 data) by May 31st, 2014.
Will potential changes to the fee setting methodology impact the May 31st annual reporting deadline?	The proposed new approach to the fee setting methodology will not impact the reporting deadline of May 31 <sup>st</sup> for steward reports.
Payment schedules: Are we still a year behind as in we will be paying for 2013 now?	The 2014 invoices which will be issued in April are based on steward reports submitted in 2013 based on 2012 material data.
Do we still have to report on 2013 tonnage by May 31?	Yes, stewards must report their material data through the WeRecycle portal by May 31st, 2014.

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<p>Are the 2013 quantities actually 2012 data submitted in 2013? Does it also mean that we do not need to report our 2013 quantities by the end of March? The timing of reporting is confusing.</p>	<p>Your 2013 report was based on 2012 material data. Your 2014 report, which is due May 31, 2014, will contain your 2013 data. This data will be used to calculate the 2015 fee schedule.</p>
<p>We received the 2014 submission without us giving any declaration. Are you simply pushing the 2013 data and 2013 fees without our actual 2014 submission?</p>	<p>Stewards' 2014 reports are due by May 31st 2014. Your 2014 report consists of your 2013 data.</p>
<p>Can you confirm if negotiations with municipalities result in a higher obligation? Will SO cover any additional costs with program reserves and not expect stewards to cover the difference?</p>	<p>If the arbitration process results in a higher obligation than can be accommodated by the 2014 fee schedule, Stewardship Ontario will undertake financial analysis to determine if the use of reserves is necessary and appropriate.</p>
<p>Assuming the 2014 fee schedule is approved, what happens to the already-invoiced 2014 amounts? i.e. back-dated fee increases, or only prospective treatment?</p>	<p>See answer above.</p>
<p>Will there be an adjustment to the 2014 payments once the approval process is completed?</p>	<p>See answer above.</p>
<p>Will calculators be available for the new national material list</p>	<p>Stewardship Ontario recommends that stewards calculate their sales data using the most accurate methods available to them, which include the methods provided in the Guidebook. We recognize that some stewards have been using calculators and we will therefore be providing calculators to those stewards. It is important to note, however, that calculators are not recommended or available for all products. If you have any further questions about calculators, please contact Steward Services at 1-888-980-9549.</p>

Question	Response
Should items like warranties, care use, and instructions be reported even though customers should keep these materials?	Yes. Although consumers may keep these items for some time, they will eventually end up in the residential recycling system, and they are considered obligated material in Ontario.
Why isn't the 'generation' data not the actual tonnage staged for processing by the processors of the recycled material? This data would be much more accurate than estimates/sampling from the curb.	Generation refers to the entire amount of packaging and printed material introduced to the market by stewards and has been identified through sampling to be found in the various collection waste streams e.g. garbage, blue box and organics. It includes the printed paper and packaging in the residential garbage stream plus the materials in the residential Blue Box, (because not all householders are conscientious recyclers). Many municipalities have moved to single stream collection systems, the materials received by recycling facilities (material recovery facilities or MRFs) are mixtures of both printed paper and packaging. Whether at the curb or the MRF, a sample of the collected material is required because the entire amount of material that is an input to the sorting facility is unknown. (What is known is the volume and type of materials sent for re-manufacturing but that information is not sufficient for accurate fee setting).

Question	Response
<p>I do not understand the % of cost transferred columns? Please explain what they mean in more detail.</p>	<p>There are four key principles that underpin the funding allocation methodology. The fee structure must: (1) reflect the actual costs to manage each designated Blue Box material type; (2) take into consideration the benefits to all stewards (and materials) from the high recycling rates achieved by some materials; (This is accomplished by allocating some of the costs of high performing materials (those that exceed the recycling rate) to under-performing materials that are below the target recycling rate.) (3) encourage increased material recycling rates; and (4) reflect the positive contribution of some materials to the overall system (e.g., revenues of materials).</p> <p>Fees based strictly on the cost of managing each material through the system would result in an inequitable fee schedule because materials with a higher recovery rate would be assigned higher fees due to the volume of material being managed, and materials with a low recovery rate, i.e., materials not achieving the target recycling rate of 60%, would be rewarded with lower fees.</p> <p>The 3-factor formula was developed in order to address this inequity and to ensure that stewards of highly recyclable materials are not penalized through higher fees. The three factor formula first calculates the net cost for all materials, attributing the value of a material on commodity markets to that material. It then shares the net cost among materials, transferring part of the net cost from the higher recovery materials to the lower recovery materials through the recovery rate factor. The parameters in the model have been set to balance the trade-offs of cost, revenue and recovery in the system to meet the legal requirements and the policy objectives of the Waste Diversion Act and to ensure fairness in the fees among material categories.</p>
<p>Can you please explain the Recovery Rate %?</p>	<p>The recovery rate is based on weight and refers to the proportion of the total amount of a material supplied (generated) into the marketplace that is recovered for recycling through the residential recycling system.</p> <p>Recovery rate = recovered tonnes/generated tonnes x 100%.</p>
<p>How is the recovery rate determined? Is it volume of material processed divided by volume of material reported by stewards or is it determined from doing waste audits of municipality/region?</p>	<p>See answer above.</p>

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How is the revenue generated from recovered materials being applied to offset the cost of recovery?	Blue box stewards are responsible for 50% of the <b>net</b> costs of the Blue Box Program. Costs assigned to stewards are based on the gross costs to run the programs less the three-year average of material-specific revenue reported by municipalities.																
The net costs calculation is spreading the revenues coming from material like aluminum and PET to other materials. Why are those revenues not isolated and strictly allocated to these materials instead of creating added complexity in the calculations?	The net costs calculation in Factor 2 of the three factor formula does in fact assign the material specific revenues to the appropriate material. And offsets its gross costs with this revenue.																
Please explain why 'clear' and 'coloured' glass have generally low fee rates compared to 'aluminum cans' where aluminum has a larger demand post recycling?	<p>This is in fact not true. Both current and past fee rates have shown that fees for clear and coloured glass have been higher than fee rates for aluminum food and beverage containers. The following table outlines the trend in fees for these materials over the past few years:</p> <table border="1" data-bbox="1142 833 2134 1016"> <thead> <tr> <th>YEAR</th> <th>Aluminum Food and Bev. Containers</th> <th>Clear Glass</th> <th>Coloured Glass</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.52 ¢/kg</td> <td>3.69 ¢/kg</td> <td>5.35 ¢/kg</td> </tr> <tr> <td>2012</td> <td>2.00 ¢/kg</td> <td>3.27 ¢/kg</td> <td>3.83 ¢/kg</td> </tr> <tr> <td>2013</td> <td>2.56 ¢/kg</td> <td>2.84 ¢/kg</td> <td>4.84 ¢/kg</td> </tr> </tbody> </table>	YEAR	Aluminum Food and Bev. Containers	Clear Glass	Coloured Glass	2011	0.52 ¢/kg	3.69 ¢/kg	5.35 ¢/kg	2012	2.00 ¢/kg	3.27 ¢/kg	3.83 ¢/kg	2013	2.56 ¢/kg	2.84 ¢/kg	4.84 ¢/kg
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Why is the cost percentage for aluminum so high?	<p>The revenue received for aluminum offsets its gross cost in Blue Box recycling programs. Therefore, under the fee setting methodology it receives a credit for every tonne recycled, which is captured in the "net cost factor" of the fee calculations. However, the recovery of aluminum is relatively low at 43%, so it has a significant cost transferred to it from other materials under the "recovery rate factor". Please note however that aluminum does not attract a cost allocation under the "equalization factor", (i.e., the third factor of the three factor formula) despite having a lower recovery rate than the 60% target. This is because it receives a credit for every tonne recycled due to its high commodity value.</p> <p>However, it would be unfair under the equalization factor to allow a credit for not achieving the global target of 60%. That would mean that the lower the recovery of aluminum, the higher the credit. So a floor of zero is set for the equalization factor. Recognizing its value, aluminum benefits from no further cost being allocated to it,</p>																



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	reducing the cost allocated to aluminum, but less than if the negative full value were attributed. The result is that at a relatively low recovery rate, aluminum has a significant cost transferred from other materials, but its value in the system is still recognized in the application of the fee setting methodology.
How do you identify stewards?	Stewardship Ontario actively searches for companies that are not reporting their Blue Box materials and not paying the appropriate fees. Stewards found to be non-compliant are liable for fees since the beginning of the program. If after identification, stewards continue not to comply, they are reported to the Ministry of Environment for enforcement. We also welcome stewards to provide lists of names of any company they feel may not be participating in the program. SO will follow-up with all of these leads.
Shouldn't Stewardship Ontario be chasing the generators of orphan materials to pay their fair share rather than passing the costs to the Stewards who have shouldered their responsibilities?	See answer above.
Is there a list online anywhere of compliant stewards?	The WeRecycle portal has a list of compliant stewards. Please contact Steward Services for assistance at 1-888-980-9549.

Question	Response
<p>If some materials have no stewards or are not targeted, why should other materials/stewards have to pay for it? These costs should be excluded from the compensation.</p>	<p>Unstewarded material includes packaging and printed paper supplied by companies that fall below the government-mandated de minimis of \$2 million in revenue or 15 tonnes of material. Unstewarded material also includes products that resemble packaging but are not obligated such as sandwich bags, aluminum foil, plastic cutlery; and paper products such as paper that householders buy to use in their home printers such as calendars, posters and bound books. These are items that householders regularly put in their blue boxes, and which are in some cases processed and sold to end markets, but for which no steward exists as they are either not designated as blue box wastes or they are expressly exempted.</p> <p>Stewardship Ontario is suggesting from a fairness perspective, that the costs/revenues attributed to materials for which there is no identified steward be shared by all material categories because they represent a cost to the system rather than being material specific costs.</p>
<p>As a steward that is supportive of paying for its own obligations, I question why the distribution of costs for which fall under de minimis or where no steward has been identified need to be downloaded to stewards (in whatever mechanism). Participating stewards have no control over the rules regarding these elements and no influence over how effective Stewardship Ontario is at identifying missing stewards or the de minimis standard.</p>	<p>The de minimis policy was required by Ontario's Minister of Environment. Please note however, that Stewardship Ontario dedicates significant resources to identifying all obligated companies and encouraging them to join Stewardship Ontario and assume responsibility for their packaging and printed paper materials. Those organizations that do not comply with the regulation are reported to the Ministry of Environment for compliance action. We also encourage stewards to identify organizations that are not members of Stewardship Ontario so that they can be contacted.</p> <p>Stewardship Ontario is suggesting from a fairness perspective, that the costs/revenues attributed to materials for which there is no identified steward be shared by all material categories because they represent a cost to the system rather than being material specific costs.</p>
<p>Why would Stewardship Ontario cross-subsidize the cost of unstewarded materials across materials? Isn't that penalizing the materials that are easily recyclable?</p>	<p>Unstewarded material includes packaging and printed paper supplied by companies that fall below the government-mandated de minimis of \$2 million in revenue or 15 tonnes of material. Unstewarded material also includes products that resemble packaging but are not obligated such as sandwich bags, aluminum foil, plastic cutlery; and paper products such as paper that householders buy to use in their home printers such as calendars, posters and bound books. These are items that householders regularly put in their blue boxes, and which are in some cases processed and sold to market, but for which no steward exists as they are either not designated as blue box wastes or they are expressly exempted.</p>



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	Arguably, the costs/revenues attributed to materials for which there is no identified steward should be shared by all material categories rather than a single material category that most resembles the item (which is how the fee methodology works today).
Is consideration being given to smaller enterprises (who pay fees for material categories that they generate into the system) paying lower or indexed fee rates, especially for shared fees for "unstewarded" materials?	It is a principle underpinning the design of the fee setting methodology that stewards pay fees in proportion to the quantity of material produced. This is the same for all cost elements.
In regards to the questions for consultation - has it been verified that non-stewardship reported materials are not a result from the ICI (Industrial, Commercial, Institutional) sector?	ICI material is not included in Stewardship Ontario's Program. Municipalities are required to separate and deduct the costs associated with collecting and processing material from the IC&I sector in their annual reports through the WDO Datacall. The cost data reported by municipalities is verified by WDO and there is an audit process to ensure that only the appropriate costs are included in the municipal reports.
Our company is a plastic film contributor. Most of our products end up with the consumer, who as far as we know are not allowed to place the empty bags in their blue boxes, which then leads to a low recovery rate. It would appear that stewards like us will be penalized due to low recovery rates. Could you please explain how this is fair that our rates will increase when the product is not allowed in most municipal blue box programs.	Not all materials are as easily recyclable as others, nor are there markets for every kind of packaging used by stewards, but these materials remain obligated in accordance with the Waste Diversion Act. However, legislation requires that stewards report and pay fees on all their obligated packaging regardless of whether or not it is collected by municipalities. In Ontario, the municipalities run the recycling systems and Stewardship Ontario, on behalf of stewards, reimburses them for 50% of the net costs of the Blue Box Program. It rests with municipalities to decide which materials they can collect and process beyond the five basic materials they are regulated to collect (i.e., aluminum cans, glass bottle and jars, newsprint, PET bottles and steel cans). See Regulation 101/94 for more information: <a href="http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_940101_e.htm">http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_940101_e.htm</a> .
What is % of Blue Box tonnage collected via single stream, versus tonnage collected via two stream systems?	Approximately 50% of the material collected in Ontario and marketed in Ontario is collected through single-stream operations. Most of the larger GTA municipalities have a single stream collection system.
Is there a place we can go to obtain a description of how you define "other paper" products?	Please refer to the National Reporting Guidebook which provides definitions and examples. It can be found here: <a href="http://guidebook.cssalliance.ca/">http://guidebook.cssalliance.ca/</a>

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<p>Does SO have ABC study data specifically for category costs for single-stream collection and subsequent MRF processing, and separate ABC cost for the two stream collection and subsequent MRF processing? If so they should be provided to stewards so that they can be assessed.</p>	<p>Access to the facilities to conduct the ABC studies is granted by commercial and municipal service providers on the condition of confidentiality and that any presentation of data would be aggregated. A summary of the most recent ABC study is available at: <a href="http://www.stewardshipontario.ca/wp-content/uploads/2013/04/ABC-study-exec-summary_Final-for-web.pdf">http://www.stewardshipontario.ca/wp-content/uploads/2013/04/ABC-study-exec-summary_Final-for-web.pdf</a>.</p> <p>The ABC cost data must be aggregated to obtain precision and representativeness among the operations studied.</p>
<p>Please ensure that recycling program includes blue/clear recycle bags since it's the least expensive (capital &amp; operating cost) system. SO has excluded bags and moved towards carts and boxes that may be leading to higher collection costs. Comments?</p>	<p>Thank you for the suggestion. Please note that municipalities have autonomy in how they manage their blue box operations and they select the method for collection of materials, i.e., boxes, carts or bags.</p>
<p>My company currently exceeds the threshold of 15 tonnes disposal of packaging cardboard. I would like to know whether we pay only the threshold differences or the whole total of 32 tonnes.</p>	<p>If your company distributes packaging that exceeds the minimum threshold of 15 tonnes, you must report and pay on the total weight of materials you supply to Ontario consumers NOT on the difference between 15 tonnes and your total weight. Please contact Steward Services at 1-888-980-9549 if you have questions about how to report your materials.</p>
<p>How do we manage indirect sales? Example: We sold units to our Ontario customer and the units are sold across Canada. How do we share information between all Stewardship provinces?</p>	<p>Please contact Steward Services at 1-888-980-9549 to discuss acceptable methods for applying assumptions to the volume of materials which are redirected to other provinces.</p>
<p>Have there been recent changes to the density factors, if yes, what are they?</p>	<p>As discussed during the webcast on March 20th, updated density measurements of the collected blue box material are a major contributor to increased costs of printed paper relative to packaging. Density is an important variable used to convert weight to volume for some allocation calculations. The density of printed paper has decreased by about 27% (~182 vs. 250 kg/m<sup>3</sup>) due to a variety of factors including lightweighting (e.g., newspapers are generally smaller than they used to be). Also, the way materials are handled in the system has changed. Materials that are increasingly being co-mingled at collection are then sorted using numerous screens which tends to fluff up the materials, making it more voluminous.</p>



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	For packaging, most materials have actually increased in density, not decreased, with the exception of fairly minimal decreases in density for steel & PET (PET: 28 vs 25 kg/m <sup>3</sup> and Steel: 87 vs. 90 kg/m <sup>3</sup> ).
What are the orphan materials? How are these quantities calculated?	The orphan or "unstewarded" materials include packaging and printed paper supplied by companies that fall below the government-mandated de minimis of \$2 million in revenue or 15 tonnes of material. Unstewarded material also includes products that resemble packaging but are not obligated such as sandwich bags, aluminum foil, plastic cutlery; and paper products such as paper that householders buy to use in their home printers, as well as calendars, posters and bound books. These are items that householders regularly put in their blue boxes, and which are in some cases processed and sold to market, but for which no steward exists as they are either not designated blue box materials or they are expressly exempted. The quantity of unstewarded material is calculated by determining the difference between the recovery rate of 'stewarded' (or reported) material recovered through the system vs. the total recovery rate of all materials recovered. Where there are more tonnes of total materials recovered vs. what is recovered out of steward reports - that difference represents the unstewarded material.