



Proposal for an Amended Blue Box Program Plan: FAQ Based on Phase One Consultation

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#	Question	Answer
Consultation Process		
1.	Will Stewardship Ontario consider requesting that the Minister extend the deadline for the proposal for an a-BBPP so that it can ensure adequate and meaningful consultation from all stakeholders as the current timelines for responses on a draft BBPP are too tight?	Thank you for the feedback. Stewardship Ontario will pass it on to the Ministry as part of its update to Ministry officials.
2.	How are stakeholders expected to provide meaningful feedback on the proposal for an a-BBPP when the timeframe for consultation is so short and takes place over the holiday period when many people are away for holidays, plus it is a very busy time of year for many businesses?	Stewardship Ontario is required to meet the requests as set out in the Minister’s direction letter, which includes meeting the submission deadline of February 15, 2018. That said, Stewardship Ontario is conducting the consultation process in two phases in order to facilitate meaningful consultation and engagement with stakeholders within the required timelines. During phase one the key elements of the proposed a-BBPP are being shared with stakeholders. It is hoped that by discussing and receiving feedback on key elements of the a-BBPP during Phase One, many of the issues will have been discussed prior to the release of the draft a-BBPP on December 22nd. Stewardship Ontario will hold a webinar on January 8th to ensure there is further discussion and opportunity for questions and input on the draft a-BBPP. Details about the consultation and engagement process are available in the Stakeholder and Indigenous Peoples Engagement and Communications Plan jointly developed by Resource Productivity & Recovery Authority (RPRA) and Stewardship Ontario.
Transition Goals		
3.	What capacity does Stewardship Ontario have to manage the transition to full producer responsibility? Stewardship Ontario will have to not only continue to manage the 50/50 cost sharing with non-transitioned communities but also the procurement of collection and post-collection services for transitioning communities.	The Stewardship Ontario board understands the requirement for this work to be resourced properly and will undertake the work to assess the capital and operating budgets required and to get the necessary approvals for those resources to be put in place. However, Stewardship Ontario needs certainty of Plan approval before it can move forward with budgeting for an expansion of resources.
4.	What is Stewardship Ontario doing through the development of the a-BBPP to get ready for individual producer responsibility which will be required under the	The requirement of Stewardship Ontario (and its stewards) under the Waste Diversion Transition Act (WDTA), and as spelled out in the Minister’s letter is to develop an amended Blue Box Program Plan that will ensure the smooth



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	Resource Recovery and Circular Economy Act? When will we see competitive compliance organizations?	transition to full producer responsibility. The Minister will signal when it is time to transition to the Resource Recovery and Circular Economy Act which will trigger the wind down of Stewardship Ontario and the implementation of Individual Producer Responsibility. The timing for that is not yet known.
Transition Mechanism		
5.	How do I manage my contracts if I am planning to transition?	<p>Three scenarios can be in place for a municipality to transition:</p> <ol style="list-style-type: none"> 1) All contracts for collection and/or management of PPP have expired such that the municipal or First Nations community is unencumbered by agreements 2) Contracts for collection and/or management of PPP have been terminated early such that the community is unencumbered by agreements 3) A community self-delivers service (i.e. does not have contracts for collection and/or management of PPP) 4) Please note that a fourth option has been proposed by some communities and service providers which is explained on slide 40 in the consultation deck from the October 12th Module 1 consultation meeting with municipal and First Nations communities. This option relates to a scenario where a community's collection contract expires after its processing contract and involves the community amending its agreement with its collection service provider to allow for the introduction of new terms and conditions necessary to meet Stewardship Ontario's requirements for collecting PPP. <p>In all the above scenarios, the community must be encumbered by post-collection contracts for PPP.</p>
6.	Please provide more details on the proposed lottery approach as it seems unclear as to how that process would work in conjunction with the one and two year notice periods. Can you ensure that if Stewardship Ontario proceeds with the lottery there will be no disruption in service to residents due to the notice periods?	The intent of the lottery process is to ensure a gradual and smooth transition to full producer responsibility. The 20% cap and the lottery process is intended to limit the number of municipalities that transition in any given year. It is envisioned that a community would provide the one or two year notice to its service provider that it intends to enter the lottery to transition and if successful, it would transition upon contract expiry. It is a priority for Stewardship Ontario that there be no disruption in recycling services delivered to residents. That said, initial feedback from Module 1 consultation expressed communities' concern



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		about the lottery approach because it would cause too much uncertainty for them. Consequently, Stewardship Ontario is considering an alternate proposal that used a sequential “catchment area” approach, which could provide more predictability to both communities and stewards.
7.	In considering the ‘catchment area’ approach to transitioning communities, please explain how Stewardship Ontario would determine which catchment areas would transition and the criteria for determining that.	The catchment area approach would involve the province being divided into catchments, i.e., areas defined with reference to geography and informed by contract expiry dates. Each year one or more catchments would transition. Catchment areas would be defined using RPRA data on communities’ processing and collection contract expiry information. From this data, Stewardship Ontario would create a map and determine the best aggregation of communities based on similar contract expiry dates. Stewardship Ontario would advise communities in a geographic region when they would transition thus removing the unpredictability of the lottery approach.
8.	Is the catchment area transition approach not just another version of a lottery since communities still won’t have much choice on when they transition as those decisions will be out of our control?	By Stewardship Ontario advising communities when they will transition communities will be able to plan accordingly and in this approach the unpredictability of the lottery approach is addressed. However Stewardship Ontario is very interested in receiving feedback from municipalities and First Nations communities on their views of this approach.
9.	With either the catchment area approach or the lottery, how many communities would transition each year?	Stewardship Ontario will be able to provide more details on the pace of transition of communities when it has had the opportunity to analyze the data on collection and post-collection contract expiry dates across the province. The pacing of transition needs to be done in a way that ensures no disruption of service to residents and in a manner that allows stewards to assume their full producer responsibilities in a manageable way.
10.	Can a municipality or First Nations community choose not to transition?	Stewardship Ontario cannot dictate that a community must transition; communities are able to stay at the 50% shared responsibility arrangement if they so choose.
11.	Please explain how a community transitions if it has asynchronous contract expiry for collection and post-collection services.	In order for a community to transition it needs to be unencumbered by contracts for both collection and processing. Options for doing so are: <ul style="list-style-type: none"> • Extending either collection or processing contracts such that the end date of the earlier expiring contract matches the one expiring at a later date; or



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		<ul style="list-style-type: none"> • Terminating the longer contract; or • In the case of a collection contract that expires after a processing contract, amending the collection contract such that Stewardship Ontario’s terms and conditions for collecting PPP can be met (See Question 5); or • In the case where a collection contract expires before a processing contract issue a hybrid collection tender by which: <ul style="list-style-type: none"> ○ The period in which the processing contract remains in effect is under the community’s terms and conditions; and ○ The period after the processing contract has expired is under Stewardship Ontario’s terms and conditions.
Non-transitioned communities		
12.	Can you provide more clarity on eligible costs for pre-transitioned communities? Is it the case that Stewardship Ontario is not permitting any new investments in recycling programs and does this include investments approved prior to August 2017? If no program expansion/ enhancements are permitted, programs will become dated.	Costs eligible for cost-sharing today continue to be eligible prior to transition. Ongoing operational costs and capital expenditures that are necessary to ensure ongoing program delivery will be unaffected. Stewardship Ontario expects municipalities to continue to maintain and invest in their programs and assets in a manner that will continue to provide quality recycling services for residents. The language around service level changes being ineligible for cost sharing is intended to discourage communities from implementing wholesale service changes, for example, moving from bi-weekly to weekly service.
13.	Can you clarify if penalties or additional costs incurred by non-transitioned communities due to the need to enter into short-term contract renewals are eligible for 50/50 cost sharing?	Penalties resulting from service level failure credits, default or similar actions levied by a contractor on a community would not be eligible for 50/50 cost sharing. Where a municipality cannot immediately transition and cannot avail itself of any of the options described under Question 11 the costs of short-term contract renewals will be shared by the community and Stewardship Ontario; however, Stewardship Ontario will work with communities to find arrangements that minimize short term and long term costs.
14.	Are service standards imposed on non-transitioned communities?	No, service standards are only applicable to transitioned communities, but incremental costs resulting from significant changes to existing services will not be eligible costs.
Proposal for Procurement of Collection Services		



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15.	Can you provide more details on the contract provisions and provide draft statements of work, bid requirements, terms and conditions and performance standards for review as soon as possible?	Stewardship Ontario will provide a description of the qualifications and conditions for providing collection and post-collection services for transitioned communities in the plan. A more detailed description of the terms and conditions that relate to how Stewardship Ontario will work with communities to improve the quality of collected PPP will also be provided. These details are forthcoming shortly. Specific detail on the common commercial terms and conditions applying to collectors and post-collection service providers will be provided once the plan is approved.
16.	With respect to a standard list of materials to be collected in transitioned communities, have you taken into account the possibility of this resulting in more material destined for landfill if communities are required to discontinue collection of materials they currently allow in their recycling program?	It is Stewardship Ontario’s intent to collect a standard list of targeted material in each transitioned community. While not all PPP is expected to be on the initial list due to a lack of robust end markets, it is expected that in aggregate, more PPP will be collected in the province as a result of this standardization. Materials that are not on the initial list of targeted PPP will be subject to R&D and market development in an effort to add them to the list over time.
17.	What will happen to the recycling services that some communities currently provide to small businesses as part of their collection route? Will those communities be required to discontinue recycling services to those small businesses and will this result in more materials going to landfill?	Stewardship Ontario will work with communities to enable those that wish to co-collect PPP from small businesses with PPP from residential sources. However Stewardship Ontario will not pay for PPP from ICI locations and will ensure that audit and accountability protocols are in place to separate out the ICI volume from the residential volume collected for performance reporting.
18.	Will communities be compensated for PPP materials managed through the organics system?	Stewardship Ontario may consider additional collection channels in the future as a mechanism to collect additional materials or to reduce system costs. Decisions on these additional channels, which may include organics, will be made as the program matures.
Proposal for Procurement of Post-collection Services		
19.	In establishing post-collection service contracts, how will Stewardship Ontario manage the situation where processing facilities are restricted to servicing only limited geographical areas and is there an opportunity to request that the MOECC lift those restrictions?	This issue has been raised with the MOECC for their consideration.
20.	What is Stewardship Ontario’s strategy to minimize stranded assets and will Stewardship Ontario provide more information on the management of those assets given that	Stewardship Ontario will implement competitive procurements for post-collection services that will be open to both the public and private sector operating as individual entities or as collaborations. These proponents will have to identify



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	the Minister’s letter specifically requires that stranded assets be minimized?	facilities that they propose to utilize in their proposed post-collection systems and whether to upgrade, refurbish or re-utilize certain facilities. It is expected that these proponents will propose to redeploy and repurpose much of the existing post-collection infrastructure in Ontario. At the end of a given post-collection procurement process Stewardship Ontario will assist the community in assessing the potential for sale or reuse of any municipal infrastructure that remains unutilized.
21.	Would Stewardship Ontario permit municipalities to work with existing contracts and be allowed greater flexibility because of the relationships they have already established with their existing contractors? Stewardship Ontario should consider permitting contract amendments that would meet Stewardship Ontario and municipality’s objectives.	Stewardship Ontario agrees and has provided opportunities to do so with regards to collection of PPP (see question 5). That said, given that the post-collection procurement process is to evolve a comprehensive system for the movement, processing and marketing of collected PPP Stewardship Ontario cannot accommodate contract amendments with incumbent processors.
Proposal for Expansion of Services		
22.	Can you please explain the basis of payments to depots?	Depots will be paid a rate that reflects the cost to collect the material at a prescribed level of quality. These costs will be established using historic cost data and any new costs that may be imposed by Stewardship Ontario’s performance standards.
23.	Will all materials that stewards report be on the list of designated materials that communities will collect?	Not all PPP on which stewards report are expected to be on the initial list of designated materials that communities collect. There will be a move toward the collection of additional materials over time as end markets are developed. Materials that are not on the initial list of targeted PPP will be subject to R&D and market development in an effort to add them to the list over time.
24.	How will expansion of services to multi-family buildings and new communities be managed in a way that is cost-efficient?	The priority for Stewardship Ontario is to ensure the smooth and stable transition of existing recycling programs. Once that is underway, Stewardship Ontario will look at opportunities to expand services in line with the Minister’s request in order to meet performance targets.
Creating a Level Playing Field: Definition of Steward and Paper Products & Packaging		
25.	Please explain why transportation packaging is now an obligated material?	In the request letter, the Minister required that transport packaging be included in the definition of PPP. Transportation packaging as an obligated material refers to packaging that is delivered to a residential consumer. It does not apply to ICI delivery materials such as pallets and shrink wrap which are used for



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		transportation from a manufacturer to a retailer and which does not end up with the residential consumer.
26.	Please explain the rationale behind the expansion of materials on which stewards must report and pay fees.	The Minister requested the addition of Paper Products and Transport Packaging. Stewardship Ontario is proposing the inclusion of packaging-like products. The intention is to create a level playing field by minimizing un-stewarded or orphan material and obligating materials that commonly find their way into the Blue Box. We believe that this creates a more level playing field by ensuring that those who supply these materials into the Ontario marketplace and are managed through the recycling system are assuming the costs for their management.
27.	What is Stewardship Ontario doing through the program Plan to address e-commerce materials that are being imported from outside Ontario? Will they be included in the new definition of obligated steward?	E-commerce businesses that distribute materials to Ontario residents and are brand owners with residency in the province are obligated stewards like all other businesses that supply materials to Ontario consumers and must report and pay fees. Materials that are supplied from businesses located outside the legislated jurisdiction (in this case Ontario) pose a challenge and one that EPR programs are facing around the world. We are considering how we can obligate the right party for that material in an enforceable way.
28.	What will newspapers' obligation be in the a-BBPP?	Stewardship Ontario is seeking stakeholder feedback on the proposed approach for newspapers to discharge their fee obligations. Stewardship Ontario is proposing that CNA/OCNA stewards retain the ability to make in-kind contributions to cover their share of material management costs. Non-transitioned communities would receive a portion of their payment in the form of in-kind lineage. As communities transition, Stewardship Ontario would assume an increasing portion of the in-kind lineage for use based on mutually agreeable terms to discharge much of Stewardship Ontario's P&E obligations.
29.	Why do small businesses continue to be exempt under this a-BBPP? This does not contribute to achieving a level playing field.	Stewardship Ontario is suggesting that the de minimis thresholds remain as is for at least the first year while it conducts an analysis to determine whether de minimis thresholds should be amended in the future. Stewardship Ontario is seeking to balance the aim of achieving a level playing field with the administrative burden on Stewardship Ontario of onboarding thousands of small businesses that contribute marginal fee revenue. In addition, Stewardship Ontario wants to ensure it minimizes the administrative burden on small businesses.



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Steward Costs and Fees		
30.	When can you tell me what our costs will be in 2019 and in 2020? Stewards need more certainty for budgeting purposes.	We understand the need for stewards to understand costs going forward for budgeting purposes. Cost increases due to the transition to full producer responsibility will not impact 2018 fees. 2019 is the earliest that stewards will see any cost increases due to the implementation of the a-BBPP and Stewardship Ontario will provide stewards with as much notice as possible about what the expected cost increases will be.
31.	What provisions is Stewardship Ontario proposing in order to ensure a gradual transition so that stewards can manage the cost increases in a reasonable manner over time?	Stewardship Ontario is consulting on a number of options to ensure the gradual transition to full producer responsibility that addresses both the operational and financial concerns raised.
32.	Will stewards have to pay costs associated with penalties for early termination of contracts by municipalities?	Any community that is subjected to penalties due to early contract termination would bear those costs, not stewards.
33.	Is there the possibility that steward fees might change mid-year if more communities transition than Stewardship Ontario expected?	Stewardship Ontario will know which communities are transitioning in a coming year and will be able to determine fees to cover the obligations for the non-transitioned and transitioned communities. Stewardship Ontario will provide stewards with their fees in the Fall of each year as it does now.
34.	If my packaging is biodegradable and can be managed through the organics stream must I pay fees on it since it will not be managed through the recycling system?	Stewards must pay fees on all materials that are obligated in the blue box program plan regardless of how the materials are managed through the waste system.
35.	How are revenue projections factored into the projections for system costs between 2019 and 2025? Have you taken into account the anticipated decline in commodity revenues as a result of the recent ban on recyclable materials going to China?	The transition cost pathway projections are based on the current conditions and status quo recognising that commodity prices rise and fall due to many factors and cannot be predicted. You can review the cost pathway projection on slide 43 here .
Achieving Environmental Performance		
36.	What is the timeframe for achieving the 75% target?	Stewardship Ontario believes that the 75% diversion target will be achievable over a two year timeframe on average in transitioned communities and will be facilitated by implementing a standardized list of material and expanding collection to multi-family households not currently serviced by communities.
37.	How can the four-step fee methodology be used to create markets for non-recyclables when the Four-Step fee methodology has not been approved for use in Ontario yet?	Stewardship Ontario is hoping to use the four-step fee methodology to set fees under an amended program plan.



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38.	Please explain how you define 'recycled' for the purpose of measuring progress toward the diversion targets? What criteria is there around the final destination of the collected material?	As set out in the addendum to the Minister's direction letter , the methods for managing the materials will be in accordance with Ontario standards and regulations and shall be: reused, used in the making of new products, packaging or other activities in end markets, or used as a nutrient for improving the quality of soil, agriculture or landscaping.
39.	If a steward puts in place a collection system for its materials (return to retail for example) can it manage the recycling of its materials outside of the blue box program plan?	Stewardship Ontario must have visibility to the material being collected and its end market which means the collected material needs to be within the Stewardship Ontario collection network in order to have it contribute to the diversion targets. If materials are collected outside established channels it means that it is not governed by performance standards and is not part of Stewardship Ontario's program.
40.	How will Stewardship Ontario reduce contamination in the recycling system which is a cost to stewards and hinders the ability to achieve the diversion targets?	Contracts entered into with service providers will include performance standards for contamination. In addition, with a common set of collected materials across all transitioned communities, there will be a better understanding amongst residents of what is and is not recyclable. Stewardship Ontario will undertake province-wide P&E to supplement the communication efforts of individual communities in order to raise the awareness of proper recycling.



Stewardship Ontario

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