



Thinking
beyond
the box

Stewardship Ontario

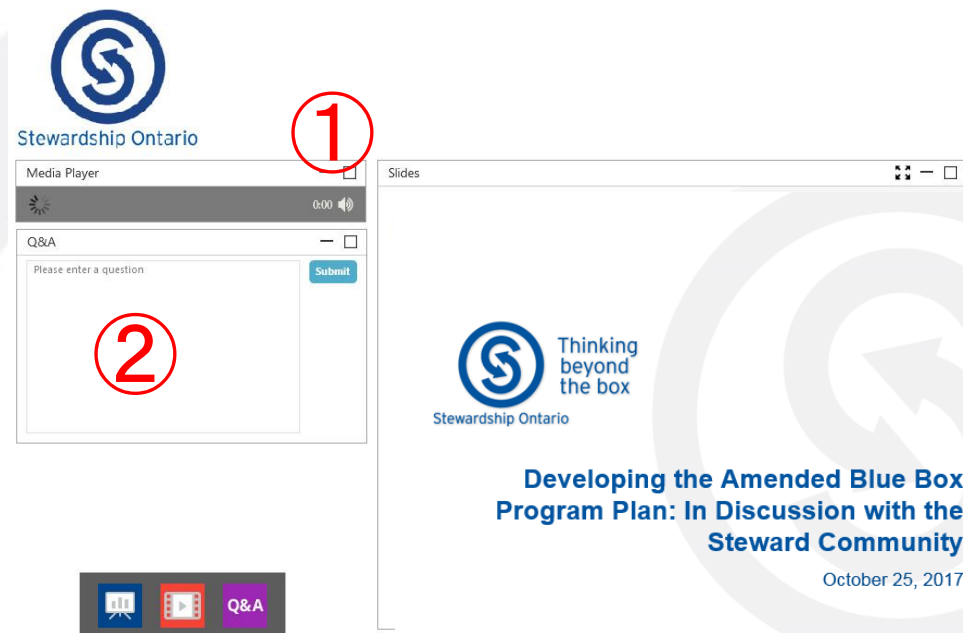
Developing a Proposal for an Amended Blue Box Program Plan:

Consultation with Stewards

October 25, 2017

Webinar details

- Speaker advances slides
- Sound slider ①
- Questions/comments at 'Ask a Question' ② then click 'submit'
- If you have technical issues also let us know via the "Ask A Question" box



Consultation Background

AMENDMENT TO THE BLUE BOX PROGRAM PLAN

October 2017



Why are we here today?

Minister's requirement letter for an amended Blue Box Program Plan

- August 14, 2017 requirement letter from Minister
 - Directing RPRA and Stewardship Ontario to prepare a proposal for an amended Blue Box Program Plan (a-BBPP)
 - To transition the Blue Box Program from its current shared cost model to full producer responsibility
 - To be developed collaboratively with municipalities, stewards and affected stakeholders
 - To build on accord reached by Stewardship Ontario and municipal representatives set out in July 7, 2017 letter to the Minister

Minister's direction for a-BBPP

- Seamless transition for residents
- Support reduction, reuse, recycling and re-integration of PPP
- Continuous improvement of environmental outcomes
- Effective economic methods to incent behaviour changes
- Drive innovation through collaboration and competition
- Avoid stranded assets to extent possible
- Provide choices for transitioned municipalities
 - Can choose to act on behalf of SO for procurement and contract oversight of collection services
 - Can participate in post-collection management
- Address in-kind contribution from newspaper industry at no cost to municipalities

Who is RPRA?

Overview of RPRA

- November 2016, former Waste Diversion Ontario continued as RPRA, a non-crown, not-for-profit corporation responsible for:
 - Overseeing diversion programs continued under the WDTA
 - Approving wind up plans for programs and IFOs as directed by the Minister and overseeing implementation
 - Approving proposal for a-BBPP for submission to minister
 - Operating a registry to receive and store information related to resource recovery and waste reduction activities
 - Providing information to the Minister upon request
 - Undertaking compliance and enforcement under both the RRCEA and WDTA

a-BBPP Roles & Responsibilities

Minister, MOECC

- Minister
 - Provides direction
 - Considers the a-BBPP submitted by the Authority
- MOECC
 - Receives updates from RPRA and Stewardship Ontario

a-BBPP Roles & Responsibilities

Stewardship Ontario

- Stewardship Ontario
 - Drafts content for and the a-BBPP
 - Conducts consultations on the content for and the a-BBPP
 - Provides all consultation comments to RPRA
 - Following consultation, submits a draft final a-BBPP to RPRA for review
 - Jointly with RPRA, prepares a report on the consultation process for submission to the Minister

a-BBPP Roles & Responsibilities

RPRA

- RPRA
 - Reviews and comments on draft documents developed by Stewardship Ontario
 - Participates in and monitors consultation
 - Considers the draft final a-BBPP submitted by Stewardship Ontario in accordance with the WDTA and the Minister's direction; if compliant, approves and submits to the Minister
 - Jointly with Stewardship Ontario, prepares a report on the consultation process for submission to the Minister

Roles & Responsibilities

Stakeholders

- Consultation is focused on five primary groups:
 - Steward
 - Local governments
 - First Nations communities
 - Waste management industry
 - Environmental non-government organizations (ENGOS)
- Collaborative approach using consultation sessions and meetings
- Seeking stakeholder input throughout process to develop a-BBPP

The Consultation Process

October 2017 to January 2018

- First phase
 - Stakeholders and Indigenous Peoples invited to meetings to discuss and provide feedback on features of the a-BBPP
 - Discussion at and feedback from these meetings will help Stewardship Ontario draft an a-BBPP proposal
- Second phase
 - Draft a-BBPP proposal will be available to stakeholders in December 2017
 - Discussion at and feedback from these meetings will help Stewardship Ontario finalize the a-BBPP proposal

Timeline

February 15, 2018 deadline for submission to the Minister

- **August 14, 2017** – Letter from Minister received by RPRA and Stewardship Ontario
- **September 2017** – Authority and Stewardship Ontario develop a Stakeholder and Indigenous Peoples Engagement and Communications Plan
- **October/November 2017** – Stewardship Ontario presents information on aspects of a-BBPP proposal; Authority monitors the consultation process

Timeline continued...

February 15, 2018 deadline for submission to the Minister

- **December 2017** – Stewardship Ontario posts a draft a-BBPP proposal for comment
- **January 2018** – Meetings to present draft a-BBPP proposal; comments submitted inform preparation of draft final a-BBPP proposal for submission to the Authority
- **February 2018** – Authority considers the a-BBPP proposal and, if approved, submits to the Minister for consideration

Contact RPRA

a-BBPP Questions & Comments

- Geoff Rathbone, Director of Transition
 - grathbone@rpra.ca 416.226.1253
- Wilson Lee, Director of Stakeholder Relations
 - wlee@rpra.ca 416.640.6093
- Mary Cummins, Program Lead for Blue Box Program Plan
 - mcummins@rpra.ca 416.640.6961

Our objective for today

- Receive steward feedback on ...
- Proposed features of an amended Blue Box Program Plan (a-BBPP) that pertain specifically to stewards ...
- And are designed to transition the Blue Box Program to full producer responsibility.
- Your input will inform the ultimate proposed draft of an a-BBPP.

Meeting agenda

1. Consultation commitment
2. Background & context
3. What will full producer responsibility mean for Ontario stewards?
 - a. Gradual transition approach & related cost pathway
 - b. Establishing conditions for a level playing field
 - c. Achievable environmental performance
4. Questions & considerations



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I. CONSULTATION COMMITMENT

Your feedback is important

- The **Stakeholder and Indigenous Peoples Engagement and Communications Plan** jointly prepared by the Resource Productivity & Recovery Authority (the Authority) and Stewardship Ontario is now available at

<http://stewardshipontario.ca/a-bbpp/>

- This Engagement Plan sets out the process by which various stakeholders, including stewards, will be consulted as the a-BBPP development process unfolds.
- The engagement plan also sets out the anticipated issues and concerns of various stakeholders and Indigenous Peoples that the proposed a-BBPP will address during the consultation process.
 - See p.11-14 for specific consultation approach and issues of concern for stewards

Phase 1 Consultation: Steward-specific content



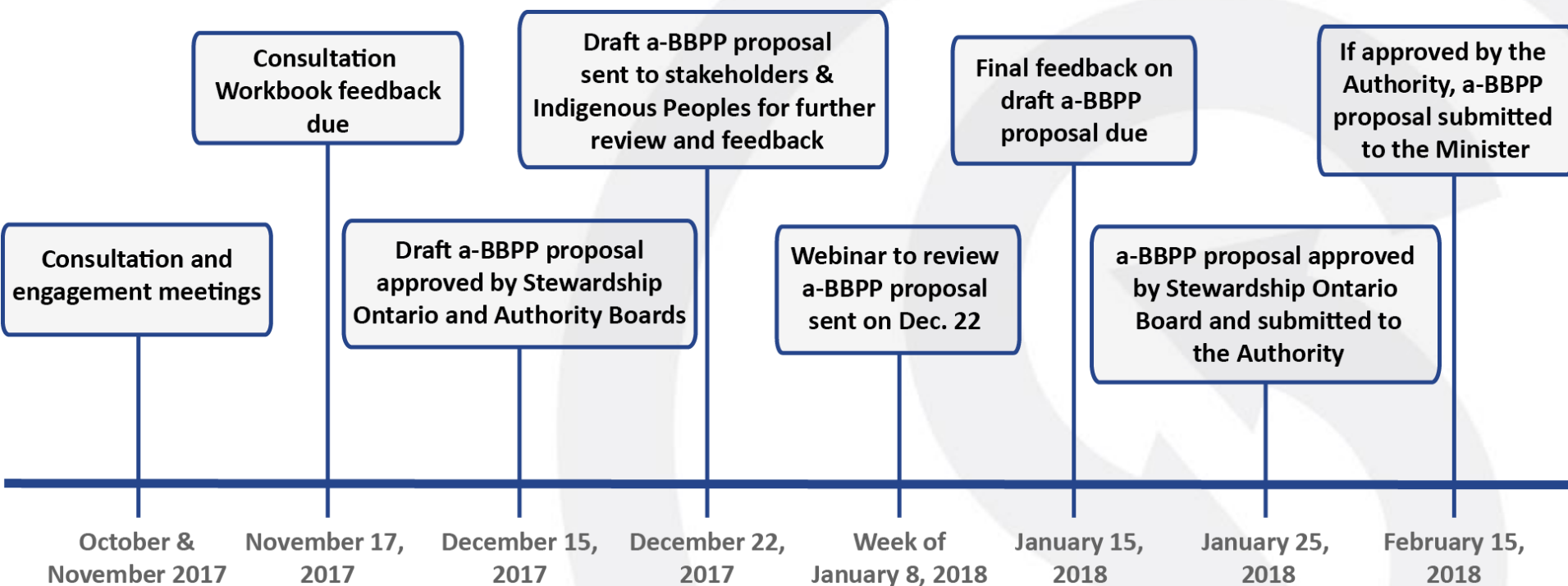
- **Phase 1:** Begins with modular consultations with individual groups to discuss and gather feedback on proposed features of the a-BBPP of particular interest to them.
- Two opportunities for steward & association feedback:
 - **Association Preview – October 5:** Previewed the proposed features of transition and key components of the a-BBPP as they affect stewards for trade association comment.
 - **Steward Consultation – October 25:** A meeting with all stewards on the proposed features of the a-BBPP with refinements based on steward association feedback.
 - Feedback requested by **November 17, 2017**

Phase 2 Consultation: Draft a-BBPP



- The Authority and Stewardship Ontario will release a full draft of the a-BBPP proposal by December 22, 2017 to all stakeholders & Indigenous Peoples.
- Consultation webinars for all stakeholders and Indigenous Peoples will be held on January 8 and written feedback will be requested by January 15.
- The a-BBPP must be approved by the Authority and submitted to Minister by February 15, 2018 deadline, along with a Consultation Report.
- All consultation materials, including webinars and associated slide decks, will be posted here:
www.stewardshipontario.ca/a-bbpp/.

Timeline



Watch for consultation questions

- Following this steward consultation, a Consultation Workbook that includes a series of questions will be distributed.
- We encourage you to provide us with feedback using those questions as a guide.
- Deadline for feedback: **November 17, 2017.**
- Also, at any time, submit questions and comments here:

<http://stewardshipontario.ca/a-bbpp-feedback-questions>

Consultation question

- Do you agree with the approach being taken to stakeholder consultation? If not, what approach would you prefer we consider that would enable the proposal for an a-BBPP to be submitted to the Minister by the February 15 deadline?

Questions?



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II. BACKGROUND & CONTEXT

Minister's letter: Direction to transition to full producer responsibility



- Directs Stewardship Ontario and the Authority to prepare a proposal to amend the Blue Box Program Plan (a-BBPP) by **February 15, 2018** pursuant to s.13 of the *Waste Diversion Transition Act (WDTA)*.
- The a-BBPP will transition the program from its current **shared cost** model to **full producer responsibility**.
- Transition “will set the stage for a second phase of transition that will result in individual producer responsibility under the *Resource Recovery and Circular Economy Act, 2016 (RRCEA)*”.

Transition goals support orderly transition

- Preserve integrity of residential recycling while improving environmental outcomes.
- Seamless transition to full producer responsibility resulting in uninterrupted collection service to Ontarians.
- Avoid disruption of existing municipal and First Nations communities contracts and ensure open and competitive market.
- Minimize disruption to municipal and First Nations communities capital assets.

Minister's letter respects terms of Charter & Accord



- Municipalities & Stewardship Ontario had agreed in principle on a number of issues that would form the basis of an a-BBPP. Those agreements were expressed in an Accord.

“It is also my expectation that the proposal for an amended BBPP will build on the accord outlined in the joint letter sent to my predecessor, Glen Murray, on July 7, 2017 from the Association of Municipalities of Ontario, City of Toronto, Regional Public Works Commissioners of Ontario, Municipal Waste Association and SO.”

***Hon Chris Ballard, August 14 letter to
Glenda Gies, Chair, RPRA & John Coyne, Chair, SO***

Shifting responsibility from municipal and First Nations communities to stewards



The amended plan should provide for the obligation for the collection and management of PPP to transfer to Stewardship Ontario upon the expiry, early termination or potentially through a suitable

Financial obligation travels hand in hand with control on a gradual basis.

excerpt from Accord Letter to Hon. Glen Murray from Municipalities & Stewardship Ontario, July 7, 2017.

amendment of municipal contracts with their service providers. Municipal governments will be fully determinant in deciding whether they wish to act on behalf of Stewardship Ontario for the procurement and contract oversight of PPP collection services. Municipal governments will have an opportunity to participate in the post collection management of PPP in transitioned municipalities;



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III. GRADUAL TRANSITION TO FULL PRODUCER RESPONSIBILITY

Process vs. event

Operational & Financial Responsibility

Shifts **Gradually** to Stewards

On a Community-by-Community Basis

Magnitude of the transition

- Over 230 programs including upper-tier and lower tier municipalities and First Nations communities.
- Upwards of 350 collection and post-collection contracts.
- Over 850,000 tonnes of PPP recycled in 2016.
- Over 5 million households served = 97.6% of Ontario households.

Pacing the transition to ensure operational stability

- Pacing the transition is essential to ensure a smooth and orderly transition.
- Two options have been presented to communities for consideration:
 1. Transition based on contract expiry dates; or
 2. Sequential transition based on geographic regions

Communities must provide notice of their intention to transition

- Communities must provide notice so Stewardship Ontario can plan for the transition.
- We will know in advance of each program year which communities will be transitioning, and can therefore develop resource plans and budget accordingly.
- This will provide fee stability within each program year.

Communities must ensure alignments with Stewardship Ontario collection standards



- Whether communities act as collection agents or hand over contract management, Stewardship Ontario will set the service performance standards.
- Through setting these standards, Stewardship Ontario will deliver province-wide cost management.

Current collection channels will be maintained

- Provide curbside, multi-family and depot collection where it is currently being provided by local governments
- Provide curbside collection not less than bi-weekly, and no more than weekly
- When considering new communities, guided by O.Reg. 101/94:
 - Extend curbside service to communities with > 15,000 population if they receive curbside garbage
 - Provide depot collection services in other communities with a population > 5,000

Open competitive procurement of post-collection services

Private sector service providers and communities will have the opportunity to participate in a competitive procurement process.

Stewardship Ontario will look for bidders to provide comprehensive solutions for transportation, sorting and marketing of collected materials.

Standard list of materials collected in every transitioned community

- Establish a single list of materials that is targeted in all transitioned municipalities.
- Expand programs to include materials that have sorting capabilities and stable end markets (e.g. mixed rigid plastics and coffee cups).
- Initially exclude materials that do not yet have stable end markets (e.g. coffee pods, plastic laminates, and foam packaging).

Expand collection services to multi-family dwelling not currently serviced by communities

- Stewardship Ontario will begin offering financial incentives to waste management service providers once the program begins to stabilize.
- This will likely be community by community and occur some time after each community transitions.

Consider accommodating public spaces (e.g. streetscape and parks)

- Several communities already provide public space collection and Stewards pay 50% of the cost.
- Before proceeding, certain criteria need to be satisfied, such as:
 - The collected public space material comes from residential sources (i.e. is stewarded) and is relatively contamination free.
 - Stewardship Ontario must be granted access to existing publicly owned collection containers.

Consider providing services to new communities

Once the program has stabilized, ensure:

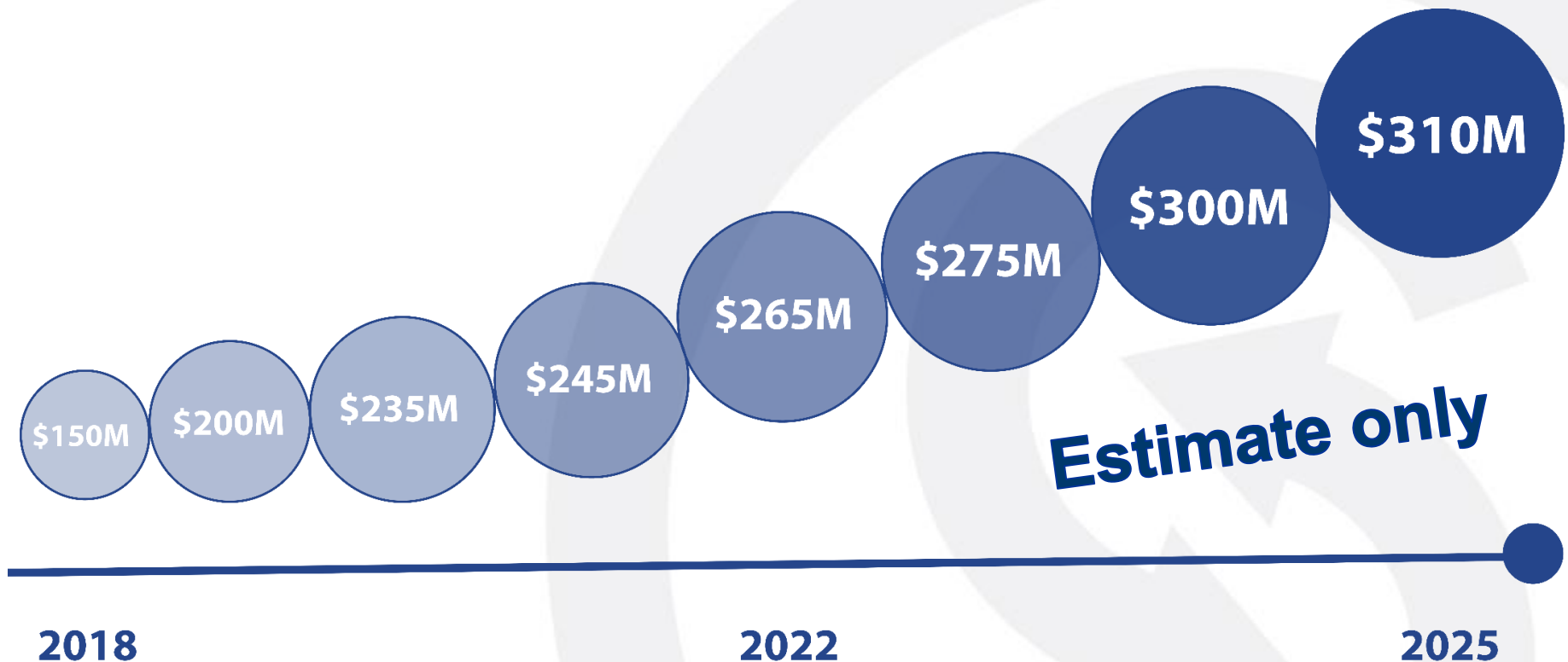
- There is necessary infrastructure to service the community (e.g. road access, depot facilities).
- The community and its residents are willing to participate in the program.

What happens to communities that are not transitioned?

- Non-transitioned communities remain in the shared cost state and continue to deliver collection and processing services to residents on their own terms.
- Eligibility for 50% payment under Section 11 of the *WDTA*.
- A verified net eligible cost calculation will replace complex cost containment reduction calculations.
- Eligible costs need to be clearly defined. In general, Stewardship Ontario has proposed that:
 - Today's eligible costs will be continued; and
 - Charges related to transition or variations in service levels will not be eligible.

Transition cost pathway based on contract expiry dates

Stewards assume more costs as Stewardship Ontario gradually transitions from today's 50% cost sharing model with communities to full producer responsibility.



Summary of cost management tools post-transition

- Standards for collection and processing
 - Standardize the basket of goods to include materials with sorting capabilities and end markets.
 - Reduce contamination, improve quality of commodities.
- Improved scale
 - Consolidated processing using state-of-the-art technology.
 - Consolidated marketing of commodities.
- Competitive tendering for collection and processing
 - Regularly testing the market to establish competitive pricing for services.

Proposed approach seeks to satisfy transition objectives

1. Ensure a seamless transition of PPP collection and management responsibilities.
 - Residents are not inconvenienced and transition experience should be positive—more materials can be collected!
2. Create an orderly and stepwise transition.
 - Avoid abrupt cost shift to full producer responsibility and the resulting operational uncertainty of transitioning the entire province at once.
3. Avoid stranded assets to the extent possible.
 - Providing multiple options for transition, depending on the status of recycling contracts, avoids abrupt termination and resulting penalties.

Proposed approach seeks to satisfy transition objectives (cont'd)

4. Provide choices for communities in the provision of services.
 - Municipal and First Nations communities may choose to continue providing collection services and may choose to bid on processing services.
 - Communities may choose to turn over the keys to Stewardship Ontario.
 - Stewardship Ontario can exercise the control it needs regardless of what municipalities choose.
5. Predict operational and financial requirements to the extent possible.

Questions for consultation

1. Do you support the gradual approach to full producer responsibility? Do you agree with the need to pace the transition to ensure operational stability? If so, why? If not, why not and what approach would you prefer that we consider?
2. Do you support the revised payment mechanism of paying to defined eligible costs for non-transitioned communities? If not, what approach would you prefer we consider?

Questions for consultation (cont'd)

3. Stewardship Ontario has suggested a number of tools to manage costs following transition to full producer responsibility? Do you support use of these tools and are there others you would like to see considered?
4. Do you agree with the transition objectives outlined? Are there other objectives you would like to see added?

Questions?



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IV. CREATING A LEVEL PLAYING FIELD

Level playing field objectives

1. Seek to minimize “un-stewarded” or orphan material.
2. Obligate items that are commonly placed in the Blue Box.
3. Create obligations that can be practically implemented by Stewardship Ontario and the steward and that can be enforced by the Authority.
4. Harmonize with other jurisdictions to the extent possible to create administrative simplicity.

The Minister's letter requires definitions in the a-BBPP

- Define steward.
- Define obligated materials which shall include:
 - Paper products
 - Primary packaging
 - Convenience packaging
 - Transport packaging
- The Minister further directed that the definitions for primary, convenience and transport packaging follow the definitions in the *RRCEA*.

Definition of stewards remains as is

- **Obligated stewards fall into two main categories:** *resident brand holders and first importers into Ontario of products that result in Blue Box wastes under the program.*
- Descriptions in the Steward Rules further specify the types of businesses that fall into these categories.
- There are no substantial changes to the definition of steward proposed under the a-BBPP.

Definition of PPP is changing

- Paper products (**NEW**)
 - Paper for writing, printing and copying and other general use, but does not include books or paper products intended for hygienic use.
- Primary packaging (**EXPANDED**)
 - Aluminum pie plates, aluminum foil, corrugated cardboard boxes for moving or mailing items, plastic or paper-based beverage cups, Kraft paper bags, re-sealable plastic bags, tissue paper, wrapping paper.
 - These materials are similar to Primary Packaging, have a similar function to packaging and are found in the Blue Box.

Definitions of PPP are changing

- Convenience packaging
 - This definition remains the same.
- Transport packaging
 - This category is new. The definition is intended to fully capture e-commerce packaging supplied by resident brand holders and first importers to households, but **not IC&I.**

Approach to small business exemptions

Retain the status quo (two-tier exemption) and conduct an analysis to determine whether de minimis thresholds should be amended in the future.

1. Businesses with sales <\$2M are exempt from both registration and reporting.
2. >\$2M sales but <15te PPP, stewards report only but do not pay fees.

Objectives of future research into de minimis thresholds

1. Balance level playing field with the administrative burden on SO of onboarding thousands of small businesses that contribute marginal fee revenue.
2. Minimize the administrative burden on small businesses.
3. Provide sufficient time for research and consultation with the small business community during implementation of the a-BBPP, if approved.

Approach to newspaper obligation

- Status quo for non-transitioned communities (a portion of their 50% is compensated through in-kind lineage).
- Program management costs paid in cash (as is the case today).
- As communities transition, Stewardship Ontario assumes an increasing portion of the in-kind lineage for use on mutually agreeable terms to discharge much of Stewardship Ontario's P&E obligations.

Questions for consultation

1. Do you agree with the proposed definition of steward?
If not, why not and what would you propose instead?
2. Do you agree with the expanded definition of PPP? If not, why not and what would you propose instead?
3. Do you agree with the proposal to maintain exemptions for small business at current levels while Stewardship Ontario collects data to inform changes in the future? If not, what approach would you suggest?

Questions for consultation

4. Is Stewardship Ontario's proposal to leverage in-kind payments from newspapers in lieu of P&E spending a practical approach to meeting the Minister's direction? If not, what would you propose instead?

Questions?



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V. ACHIEVABLE ENVIRONMENTAL PERFORMANCE

Minister's request

- Program Performance

- Increase the diversion target for the Blue Box Program to 75% in transitioned communities.
- Establish material-specific management targets in transitioned communities.

- Waste Reduction

- Establish methods to reduce the amount of waste generated related to defined PPP materials.
- Discourage the use of materials that are difficult to recycle and have low recovery rates.
- Establish mechanisms to identify and address issues associated with problematic materials.

Proposed objectives

- Propose achievable targets that will contribute to the overall diversion target.
- Focus on increasing the performance of materials currently under the 75% future target.
- Propose achievable waste reduction strategies.

Attainable Targets + Appropriate Tools + Time = Success

BBPP (2004-2008)	BBPP (2008-present)	Amended BBPP
50%	60%	75%

- Stewards achieving a 64% diversion rate today.
- The Minister's prescribed overall target of 75% is anticipated to be achievable over a 2 year time period, on average, in transitioned communities and will be facilitated by:
 - Standardizing the list of materials;
 - Expanding collection to multi-family households and new communities.

Proposed material-specific management targets

Stewardship Ontario is proposing the following material-specific management targets for four categories of PPP:

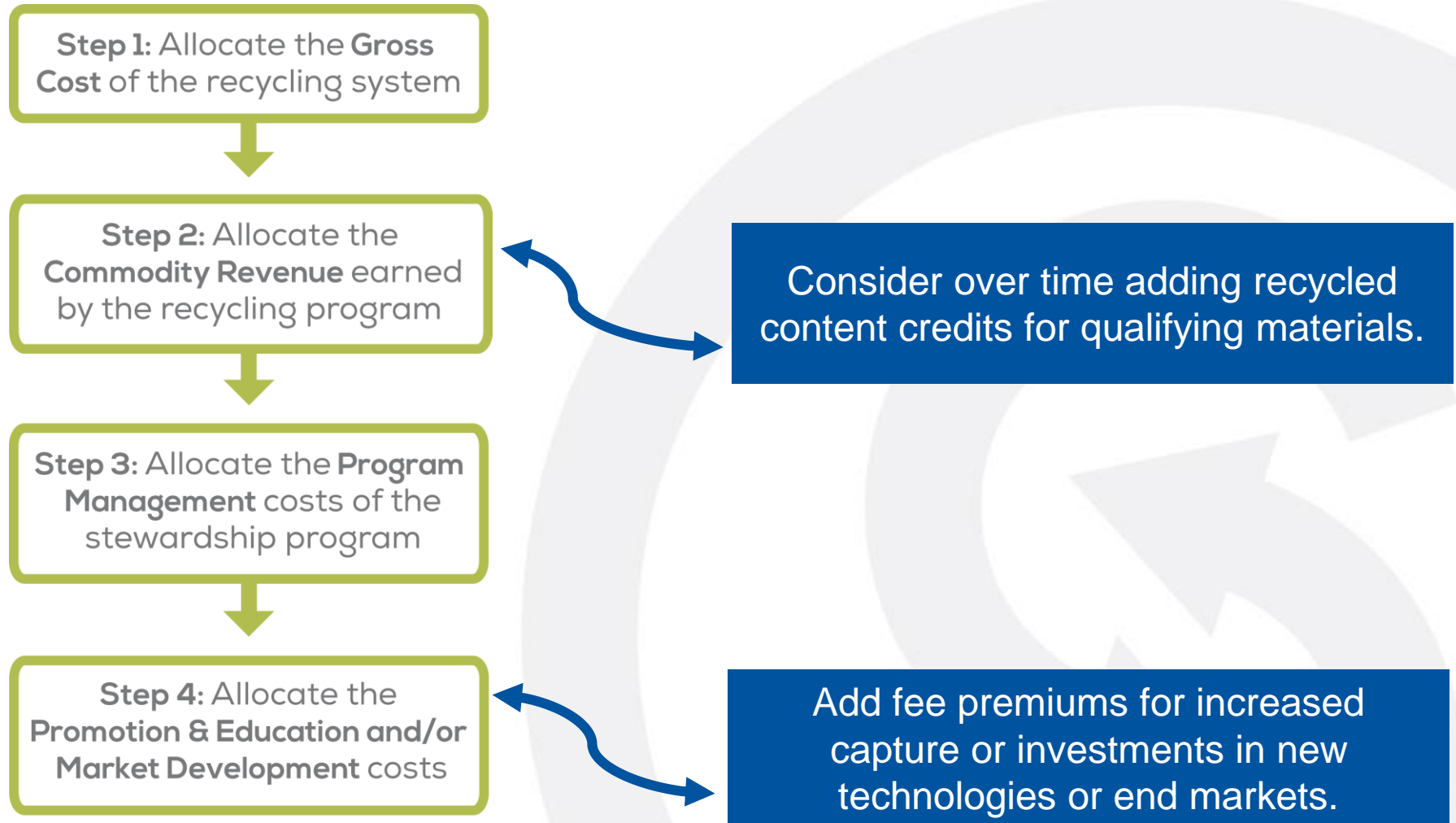
Material	Today ¹	Proposed ²	Improvement
Paper products/packaging	94%	95%	+ 1%
Glass packaging	73%	75%	+ 2%
Plastic packaging	35%	40%	+ 5%
Metal packaging	58%	65%	+ 7%

Targets apply only to transitioned communities (calculated on a per household prorated basis).

1 – Assumed based on changes to definitions of PPP and other proposed changes

2 - % of material managed, calculated as shipped to secondary processors divided by supplied, in tonnes.

Using the Four-Step Fee Methodology as a tool to improve environmental outcomes



Supply chain collaboration forums for innovation



Stewardship Ontario



Use collaboration between stewards, the packaging and waste management industry to generate solutions for problematic materials.

Questions for consultation

1. The Minister has requested a 75% diversion target. Do you think this is achievable using the approach outlined? If not, what else do you propose Stewardship Ontario consider? Why?
2. The Minister has requested material specific management targets. Are the proposed targets achievable in your view? If not, what do you see as the challenges? Are there any suggestions you could offer to address these challenges?
3. Do you support the use of the fee methodology to make investments that address challenges associated with poor material recovery, end markets and recyclability? If so, why and if not, what suggestions would you offer instead to address problematic materials? Do you support providing recycled content credits for qualifying materials?
4. Are you in favour of using supply chain collaboration forums to develop solutions to problematic materials? Do you have any experience with such forums that you would like to share? Do you have any advice for how these forums can best be utilized?

Questions?



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Watch for consultation questions

- All meeting materials, including this webinar will be posted here: <http://stewardshipontario.ca/a-bbpp>.
- Online Consultation Workbook will be emailed to you.
 - The Consultation Workbook will contain information provided to you today accompanied by questions inviting your responses.
 - Your feedback will be carefully considered as the draft a-BBPP is developed.
 - **Please submit your feedback by November 17, 2017.**

Questions? Feedback?

For project updates and to submit questions and comments please visit:

<http://stewardshipontario.ca/a-bbpp>

