

a-BBPP Consultation Workbook: Ontario Stewards



Stewardship Ontario

Welcome to the Consultation Workbook for Ontario Stewards on the Proposal to Amend the Blue Box Program Plan

This workbook is designed to facilitate feedback on the topics covered during the consultation meeting on October 25 with Ontario stewards.

This workbook is organized by subject area. On each page of the workbook you will find the relevant slide(s) that were presented at the October 25 meeting, followed by, if applicable, supplementary information and then a question and answer box. This format will ensure you have all the information needed when providing your feedback to specific topics. You can also provide feedback at any time by using the [feedback button](#) on the Stewardship Ontario website.

All feedback received will be carefully considered as the proposal for an amended Blue Box Program Plan is developed.

Please complete and submit the Consultation Workbook by Friday, November 17, 2017.

For convenience, we've also created a [PDF version](#) of the steward Consultation Workbook. We ask that you use the PDF version for review purposes only, and still submit your feedback using the digital version here.

If you have any questions regarding the workbook, please email Jennifer James at jjames@stewardshipontario.ca.

1. Your information: *

First Name

Last Name

Title

Organization

Email Address

Gradual transition to full producer responsibility

Process vs. event



Operational & Financial Responsibility

Shifts **Gradually** to Stewards

On a Community-by-Community Basis

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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.

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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

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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.

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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?

Non-Transitioned Communities

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.

Supplementary Information

Those municipalities that remain “un-transitioned” in any given year will continue to receive funding for up to 50% of their verified net costs. Eligible costs will be clearly defined in the amended program plan. Existing eligible costs will be continued and it is proposed that costs incurred by a community related to transition or costs related to a change in service levels pre-transition will not be eligible.

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?

Managing costs

□

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

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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.

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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).

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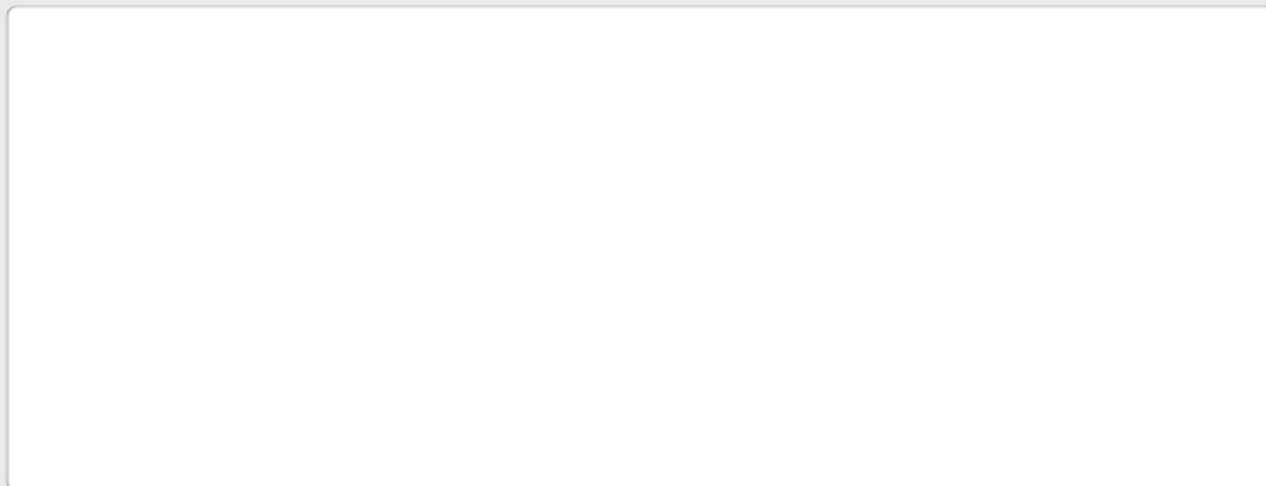
Summary of cost management tools post-transition



- 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.

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Stewardship Ontario has suggested a number of tools to manage costs following transition to full producer responsibility. Do you support use of the tools? Are there others you would like considered?

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Transition objectives

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.

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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.

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Do you agree with the transition objectives outlined? Are there other objectives you would like to see added?

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Creating a level playing field: Proposed definition of steward

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.

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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*.

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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.

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Supplementary Information

For **Primary Packaging** (except for point-of-sale Transport Packaging) the Steward is the Person Resident in Ontario who:

- (a) is the Brand Holder for the Ontario market; or
- (b) if the Person described in paragraph (a) does not exist, then a Person who manufactures, packs or fills or causes the manufacturing, packing or filling of products; or
- (c) if a Person described in paragraphs (a) or (b) does not exist, then the First Importer, unless the First Importer is a Consumer.

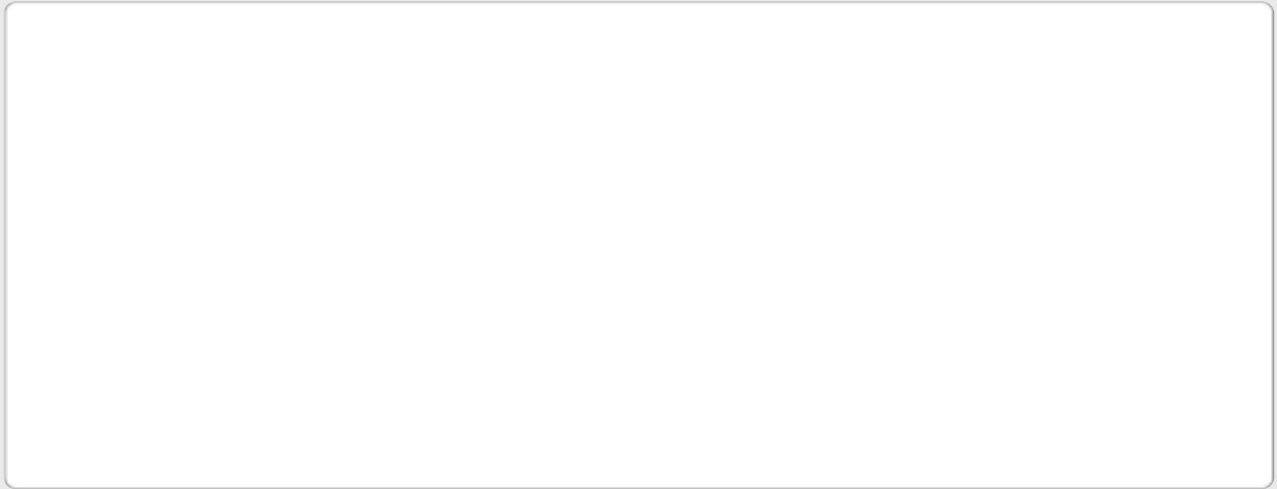
Any Person Resident in Ontario that Supplies Transport Packaging or Convenience Packaging to a Consumer in Ontario at point-of-sale shall be the Steward for such Transport Packaging or Convenience Packaging.

For **Paper Products**, the Steward is the Person Resident in Ontario who:

- (a) is the Brand Holder for the Ontario market; or
- (b) if the Person described in paragraph (a) does not exist, then a Person who manufactures the Paper Products; or
- (c) if a Person described in paragraphs (a) or (b) does not exist, then the First Importer, unless the First Importer is a Consumer.

A Franchisor is designated as a Steward with respect to all Packaging and Paper Products which are supplied to Consumers within the Franchisor's Ontario Franchise System, regardless of whether the Franchisor is resident in Ontario.

Do you agree with the proposed definition of steward? If not, why not and what would you propose instead?



Creating a level playing field: Proposed definition of PPP

Level playing field objectives



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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.

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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**.

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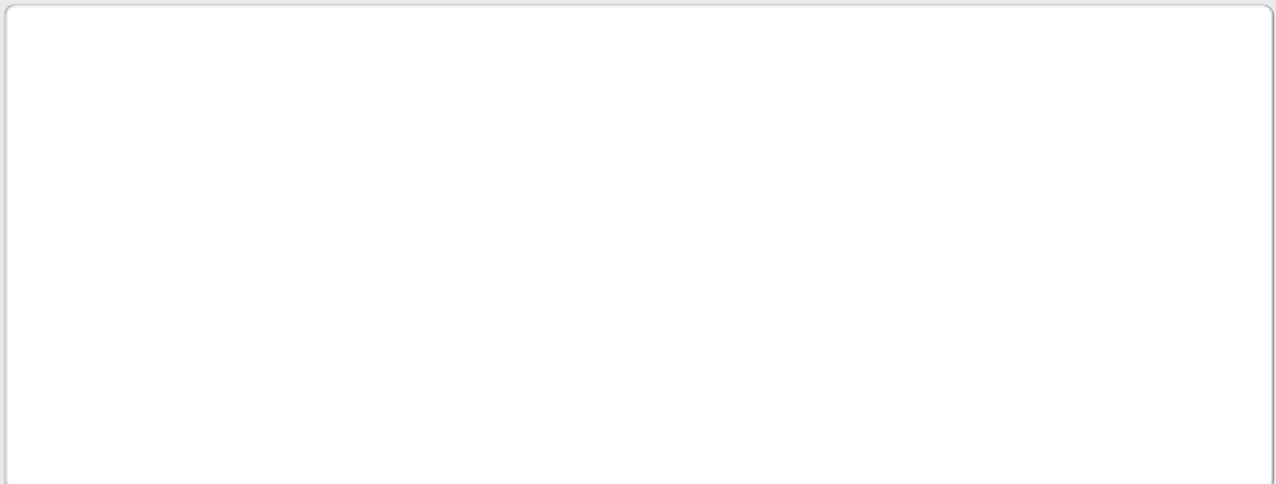
Supplementary Information

Paper Products and Packaging means:

- (a) Primary Packaging,
- (b) Convenience Packaging,
- (c) Packaging-Like Products and all forms of paper products, including for writing, copying and general use
- (d) Ancillary Packaging Elements,
- (e) Transport Packaging, and
- (f) Packaging made of glass, metal, plastic and all paper -based packaging including, but not limited to, corrugated boxes, boxboard, laminated paper containers and cups

The expanded definition of PPP is designed to continue to improve the allocation of costs to reflect the actual cost to manage a given material within the system. The 'new' obligated materials are being added to ensure that all producers whose materials are handled in the Blue Box are paying their fair share.

Do you agree with the expanded definition of PPP? If not, why not and what would you propose instead?



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.

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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.

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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?

Approach to newspaper obligation

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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.

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?

Achieving 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.

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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.

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Continuous improvement of environmental outcomes



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.

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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 and why?



Achieving environmental performance - continued

Minister's request



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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.

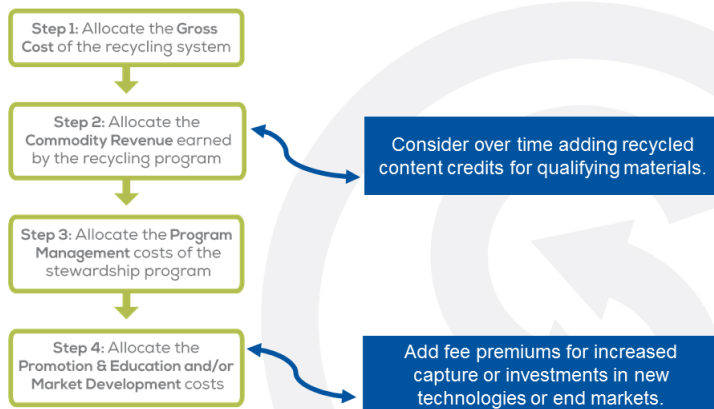
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The Minister has requested material-specific management targets. Are the proposed targets achievable in your view? If not, what do you see as the challenges? Are there any suggestions you could offer to address these challenges?

Achieving environmental performance - continued

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



Do you support the use of the Four-Step Fee Methodology to make investments that address challenges associated with poor material recovery, end markets and recyclability? If so, why? If not, what suggestions would you offer instead to address problematic materials?

Secondly, do you support providing recycled content credits for qualifying materials?

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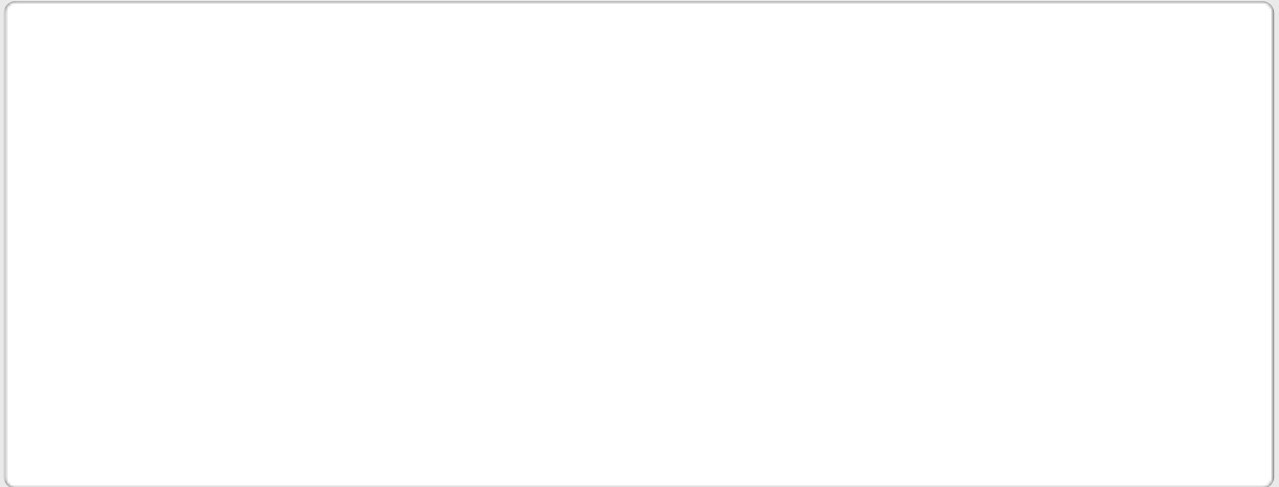
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Supply chain collaboration forums for innovation



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

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 be best utilized?

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Engagement and Consultation Process

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**

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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/.

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Supplementary Information

Stewardship Ontario and the Authority are committed to consulting with all stakeholders in the development of an a-BBPP proposal. The Stakeholder and Indigenous Peoples Engagement and Communications Plan prepared by the Resource Productive and Recovery Authority and Stewardship Ontario can be viewed at <http://stewardshipontario.ca/a-bbpp/>. Consultation with stewards will take place in two phases during which time stewards can provide their feedback on the proposed features of the a-BBPP.

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 15th deadline?



Thank You!

Thank you for providing your feedback.

[Click here](#) to provide us with any additional feedback you think is relevant and to access the materials from the October 25 consultation meeting.