

a-BBPP Consultation Workbook: Waste Management Industry



Stewardship Ontario

Welcome to the Waste Management Industry Consultation Workbook on the Proposal to Amend the Blue Box Program Plan

This workbook is designed to facilitate feedback on the topics covered during the November 6 meeting with waste management companies.

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 November 6 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 questions. 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.

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

(untitled)

1. Your information: *

First Name

Last Name

Title

Organization

Email Address

Non-transitioned communities - eligible costs

Roles and responsibilities



- Ontario communities that participate in the Blue Box Program and wish to receive payment will:
 - Operate recycling programs in accordance with the requirements of Ontario regulation 101/94
 - Engage in resident promotion and education activities
 - Provide accurate material cost and diversion reports to the RPRA Datacall in accordance with the Datacall Guidebook
 - Provide or facilitate access to data and facilities as reasonably required by Stewardship Ontario to discharge its obligations (e.g. set steward fees)

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Current eligible costs prevail



- The verified net cost incurred by non-transitioned municipalities and First Nations Communities will be used to calculate payments by Stewardship Ontario
- Existing eligible material sources and cost categories, as set out in the Datacall User Guide, will continue; but
- Excepting as noted on the following slides



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Outcome of proposed payment approach



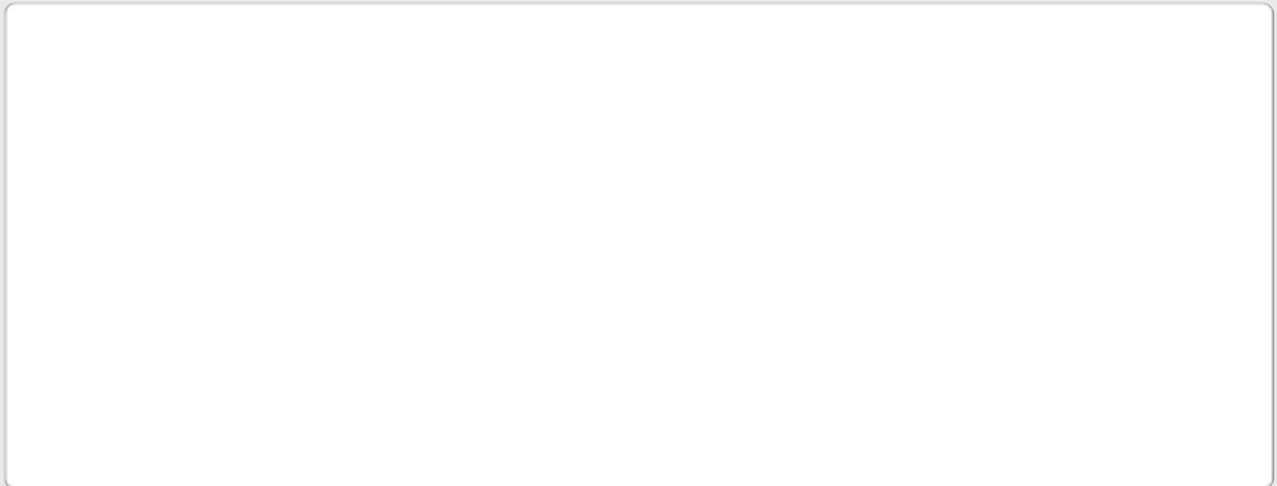
- Moves from complicated cost containment formula and the municipal funding allocation model (MFAM) to straight 50% on verified eligible costs
- Conventions for reporting remain largely the same (i.e. through the RPRA Datacall)
- 90% of communities in Datacall will be receiving more money that they were under previous method

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Do you support the proposed method of calculating payments to non-transitioned communities? If not, what approach would you prefer we consider?

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Do you support the proposed set of eligible costs? If not, what approach would you prefer we consider?

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Non-transitioned communities - ineligible costs

Three new types of ineligible costs



1. Costs related to transition
2. Costs related to service level changes approved after August 14, 2017 (the release date of Minister's requirement letter)
3. Costs related to contract operations and management deficiencies
 - i.e. Penalties or fees incurred as result of service level failure credits, default or similar actions levied by contractor on community

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Ineligible transition costs



Examples of ineligible transition costs include:

- Activities undertaken in anticipation or preparation for transition
- Penalties or fees incurred to terminate contracts to facilitate transition
- Decommissioning, transferring, selling or otherwise disposing of assets associated with transition
- Amortized capital costs that extend beyond transition date
- Severance or other employee termination-related costs related to transition

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Ineligible service level change costs



Examples of ineligible post-August 14, 2017 service level changes include increased costs resulting from:

- Changes in the frequency of service
- Shift from multi-stream to single stream and vice versa
- Shift from depot to curbside collection
- New collection containers or carts (excluding replacements)

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Do you support the proposed set of ineligible costs? If not, what approach would you prefer we consider?



Transition mechanism

Minister's request



- Identify when and how the responsibility for the collection and management of PPP will be transferred smoothly from communities to Stewardship Ontario.
- “Providing choices for municipalities where Stewardship Ontario is to provide blue box services (i.e. transitioned communities):
 - These municipalities will decide whether they wish to act on behalf of Stewardship Ontario for the procurement and contract oversight of PPP collection services, and
 - These municipalities should also have an opportunity to participate in the post-collection management of PPP collected”

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Objectives of proposed approach



- Provide communities with a right of first refusal to act as collection contract managers or deliver collection themselves where they do so today
- Provide private sector and communities the opportunity to participate in the post-collection competitive procurement process
- Sufficient notice to service providers to make necessary financial and operational preparations
- Avoid stranded assets to the extent possible
- Ensure a seamless and orderly transition of the Blue Box Program to full producer responsibility

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Do you agree with the objectives of the proposed approach for transition criteria? Are there other objectives you would like to see added?

Three Transition Criteria



Communities may transition by satisfying one of the following criteria:

1. All contracts for collection and/or management of PPP have expired such that the community is unencumbered by agreements;
2. All contracts for collection and/or management of PPP have been terminated early such that the community is unencumbered by agreements; or
3. A community self-delivers service (i.e. does not have contracts for collection and/or management of PPP)

Do you support the proposed three transition criteria? If not, what approach would you prefer we consider?

4th transition mechanism proposed by some communities and service providers



Scenario: A collection contract expires sometime after its processing contract has expired:

- Stewardship Ontario enters into agreement with a community for the community to act as collection contract manager and meet prescribed performance standards;
- Community amends existing agreement with collection service provider to embed new performance standards
- Stewardship Ontario pays the community a price established through benchmarking of services (price offer established early to aid community decision-making)
- Once the term of original contract expires the collection service is retendered

Do you support the fourth transition mechanism proposed by some communities and private sector companies? If not, what approach would you prefer we consider?

Transition support will be available



- Scenario: Where a community's collection contract is set to expire but processing contract continues and collection service providers cannot/will not roll forward year-to-year
- Stewardship Ontario will work with the community to competitively procure long-term collection service comprised of two sets of terms and conditions:
 - A set of terms and conditions for status quo collections under shared responsibility for the period until the processing contract expires; and
 - A set of terms and conditions for the subsequent period as a transitioned community.

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In cases where a community's collection and processing contract expirations do not expire at the same time (i.e. a-synchronous contract expiration), we propose that the municipal or First Nations communities implement yearly rolling collection contracts until the processing contract expires.

What kind of contract expiry scenarios do you anticipate? Would you support implementing yearly rolling collection contracts where there is a-synchronous contract expiry? If not, what approach would you prefer we consider?

Transition notice periods to support orderly transition



Communities must provide notice, as follows:

1. One year where a community exercises right of first refusal (RoFR) to be a collector under contract to Stewardship Ontario; or
2. Two years where a community declines RoFR to act as a collector to Stewardship Ontario and intends to have Stewardship Ontario deliver collection services directly to residents.

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Why two years where Stewardship Ontario delivers collection services?



- Prepare and issue a post-collection tender
 - In coordination with the host community
- Establish the administration to oversee the collection service provider and protocols and procedures (inspections, audits, etc.) to ensure compliance with the terms of its agreement with Stewardship Ontario
- Coordinate collection and post-collection activities
- Establish P&E delivery at the household level

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Would you support the proposed notice periods for communities that wish to transition? If not, what approach would you prefer we consider?

In general, would you support the proposed methods for undertaking transition to ensure operational stability and no service disruption as communities transition?

Initial feedback to proposed transition approach mixed



- **Support expressed:**
 - This means to transition is viewed as supporting the objective of an orderly transition with no resident disruption
 - The ability to amend existing contracts to align with Stewardship Ontario's collection standards
 - Transition support to reduce financial risk of short-term contracts
- **Concern expressed during Module 1 meeting:**
 - The lottery approach introduces too much uncertainty for municipal and First Nations communities

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Alternate Approach: Undertaking transition by catchment



- Contract Amendment paves the way for a geographic-based transition
- The province could be divided into catchments, influenced by geography and informed by contract expiry dates
- Each year, one or more catchments would transition
- Increased certainty will provide communities and post-collection service providers with the ability to plan, order equipment and make commercial arrangements
- Communities could be informed at the launch of the program which year their catchment will transition

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Do you prefer the catchment-based approach to pricing transition? If not, why not? What would you propose instead?

Proposed procurement of collection services

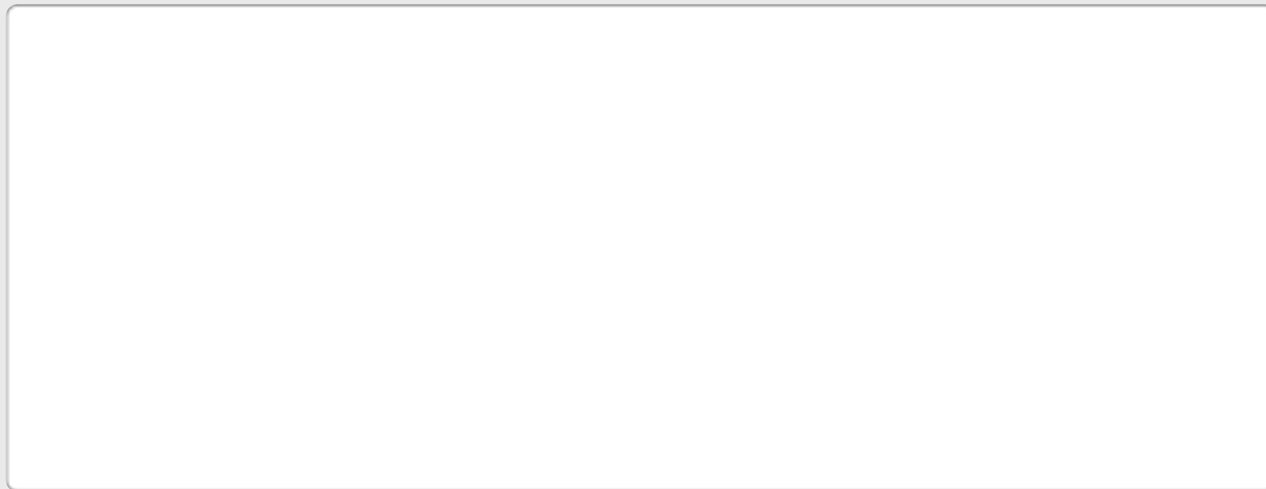
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Objectives of proposed approach



- Promote competition by ensuring a fair and open marketplace
- Facilitate cooperation among the various parties
- Provide communities with the choice to provide collection services, or not

Do you agree with the objectives of the proposed approach for collection services procurement? Are there other objectives you would like to see added?

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Scenario 1: Agent for Stewardship Ontario



For curbside and multi-family:

- Where a community incorporates Stewardship Ontario's performance standards and bid requirements into their competitive procurement, Stewardship Ontario will pay the prices charged by the successful proponent for services.
- Where a community deviates from Stewardship Ontario's performance standards and bid requirements (e.g. bundled bids, additional service requirements, etc.), Stewardship Ontario will pay based on ground-truthing against benchmarks.

For depots:

- Depots will be paid on a per tonne basis (using historic cost as a basis) to collect PPP that meets a quality standard.

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Scenario 2: Self-delivering



For curbside and multi-family:

- Where the community is self-delivering the collection services, Stewardship Ontario will pay a price based on a benchmark.

For depots:

- Depots will be paid on a per tonne basis (using historic cost as a basis) to collect PPP that meets a quality standard.

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Scenario 3: Exits collection of PPP



- Where a community does not wish to collect, Stewardship Ontario will issue a collection tender.
- Private depots will be paid to collect PPP that meets a quality standard.

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Would you support the three proposed collection procurement scenarios? If not, what approaches would you prefer we consider?

Contamination management process

Contamination management process



- Consider contamination management process 12 months after transition
- Provide sufficient notice between activation of process and the measurement of contamination levels
- In collaboration with collectors implement as early as feasible resident P&E and other behavioral mechanisms to encourage residents to minimize contamination
- Develop a composition audit methodology and communicate that methodology to collectors
- Offer rewards to collectors operating below the contamination target
- Not assume the post-collection expense related to excessive contamination
- Only apply Service Level Failure Credits/Financial penalties (SLFC) as a measure of last resort

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Contamination management process (cont'd)



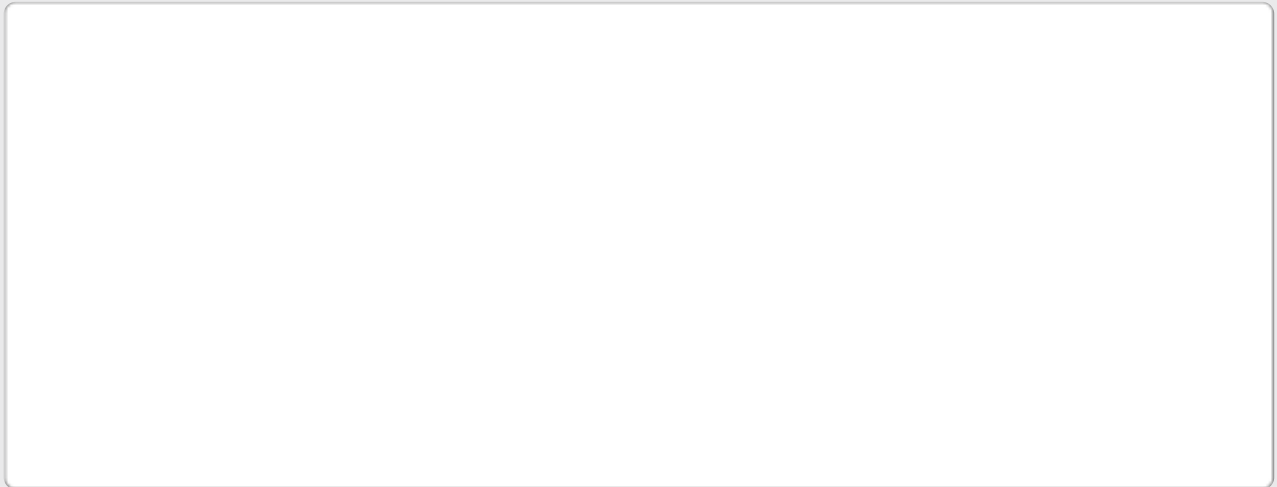
- **A Contamination Ceiling** – the maximum level of acceptable contamination expressed as a percentage of non-PPP and non-targeted PPP in total collected volumes in-bound for post-collection management
- **A Contamination Target** as a percentage of non-PPP and non-targeted PPP in collected volumes in-bound for post-collection management

Contamination management process (cont'd)



Do you agree with the proposed contamination management process?

Does this approach strike an appropriate balance between collaboration to achieve a common desired outcome and holding collectors accountable for meeting performance standards? If not, what alternate approach should we consider?



Proposed procurement of post-collection services

Minister's Request



- Stewardship Ontario establish a fair and open marketplace for the provision of Blue Box services

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Objectives of proposed approach



- Provide adequate lead-time for interested operators to participate in open tenders
- Promote competition by ensuring a fair and open marketplace
- Facilitate cooperation among the various parties
- Ensure the post-collection system evolves in a manner that optimizes the consolidation, transfer, processing and marketing of PPP
- Provide post-collection operator opportunity to propose comprehensive solutions

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Do you agree with the objectives of the proposed approach for procurement of post-collection services? Are there other objectives you would like to see added?



Proposed procurement of post-collection services

Examples of post-collection management activities



- Receive PPP from vehicles from collectors
- Pick up PPP from depot collectors
- Consolidate and transfer PPP from collectors where required
- Prepare and transfer PPP for shipment to end-markets or downstream processors (as required)
- Market PPP to end-markets
- Appropriately manage residual materials
- Track materials received and shipped by the processor to approved end markets
- Report to Stewardship Ontario as required

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Competitive procurement of post-collection services



- Private sector companies as well as municipalities and First Nations communities will have opportunity to participate in competitive process.
- While communities will have first right of refusal to act as collectors, they will not be offered such rights for post collection, but they will be free to bid on providing these services, or perhaps participate as part of a coalition.

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Procurement of post-collection services process



- **Step 1:** Request for Expressions of Interest (REOI) to PPP processors to gauge processors' capacity to receive, process and market a defined list of PPP received from collectors
- **Step 2:** Request for Proposals (RFP) to PPP processors that are able to manage the defined list of PPP
 - Processors will be provided with details of the collection network in order to support the development of their bids

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Would you support the proposed post-collection procurement approach? If not, what approach would you prefer we consider?

Expansion of services

□

Minister's request



- Stewardship Ontario to propose a timeline for offering collection services to multi-family residential buildings that are not serviced by municipalities and First Nations communities.
- Consider accommodating associated public spaces, parks and other related services provided by communities.
- Consider expanding collection services over time to communities not currently serviced.

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Objectives for multi-family service



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services
- On-board multi-family buildings in a manner that is scalable and reflects Stewardship Ontario's ability to influence building owners' participation in the Blue Box Program

Objectives for public space



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services

Objectives for service expansion to new communities



- Prioritize the transition and stabilization of existing recycling systems before expanding to new services
- Ensure necessary quality and cost controls are in place

Do you agree with the objectives of the proposed approach to expansion of services to:

- **multi-family buildings**
- **public spaces, and**
- **new communities and through new depots?**

Are there other objectives you would like to see added?

Multi-family proposed approach



- Once the program has stabilized, collectors would be eligible to receive a payment per multi-family household serviced if:
 - Qualification requirements are met
 - Multi-family residents deliver PPP to an accessible central storage area
 - Collector has written agreement with the building manager to gain access to the storage area
- Payments set to provide meaningful incentive to establish long-term relationships with multi-family property managers taking into account observed market pricing for comparable services

Public space proposal



- Stewardship Ontario will evaluate public space recycling provided by communities that provide collection services to Stewardship Ontario
- Stewardship Ontario will set criteria that must be met to ensure success (i.e. collected volumes do not degrade quality of materials collected in other channels)

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Service expansion proposal



- Stewardship Ontario will set conditions in the a-BBPP to be met before it expands service to new communities such as:
 - There is necessary infrastructure to service the community (e.g., road access, depot facilities)
 - There is expressed willingness by the community and its residents to participate in the Blue Box Program

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Adding new depots in service expansion communities



- Offer payments to depot collectors that are able to comply with the collector qualification standards.
- Depot operators must meet performance standards that include at a minimum:
 - PPP to be collected
 - Minimum number of weekly operating hours
 - Method by which collected PPP will be prepared for pick-up for introduction into the post-collection management system; and
 - Maximum percentage by weight allowable non-PPP in collected PPP.

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Would you support the proposed approach to expansion of services to:

- **multi-family buildings**
- **public spaces, and**
- **new communities and through new depots?**

If not, what approach(es) would you prefer we consider?



Creating a level playing field

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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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?



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 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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There are some changes to the definition of PPP (Con't)



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

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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?

Standardized list of targeted materials for collection

Minister's Request



- Provide for continuous improvement of environmental outcomes by “Expanding and harmonizing the list of materials in the existing Blue Box program that are accepted from Ontario residents.”

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Proposed objectives



- Accept materials in the Blue Box that can be sorted and that have end markets
- Expand list of accepted (targeted materials) as markets become available and materials can be sorted

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Proposed approach



- Establish a list of materials that are targeted in all transitioned communities because they can be sorted and have end markets
- Expand programs to include materials such as coffee cups and mixed rigid plastics that have sorting capabilities and end markets
- Initially exclude materials, such as coffee pods, and expanded polystyrene packaging that do not yet have robust end markets
 - Expand material list as end markets, sorting technologies become available
 - Conduct R&D to advance these outcomes

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Do you agree with the proposed approach to expanding and harmonizing the list of materials in the Blue Box program to include those materials for which end markets exist and expanding the list of materials as markets become available? If not, what approach would you prefer we consider?

Performance targets

Minister's Request



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

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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? Why?



Achieving environmental performance

Minister's Request



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

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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*	Proposed	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).

**Assumed based on changes to definitions of PPP and other proposed changes*

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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?

Improving environmental outcomes through waste reduction

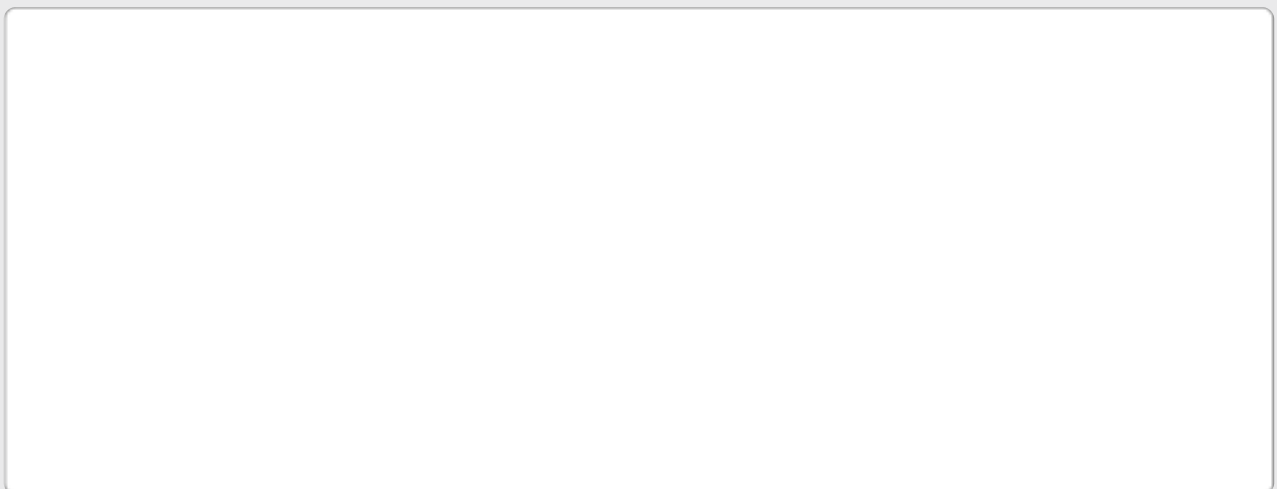


- Fee setting methodology as a tool to improve environmental outcomes by adding costs to materials requiring investments in new technologies or end markets
- Develop collaboration forums between stewards and the waste management industry to generate solutions for problematic materials.

Do you support our proposed approaches to encourage improved environmental outcomes? If so, why and if not, what suggestions would you offer instead to address problematic materials? Do you support investigating the provision of recycled content credits for qualifying materials?

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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?

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Minister's Request



- Identify geographically-based collection and management standards, including rural, northern and remote areas

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Proposed Objectives



- Maintain convenience and accessibility standards including the provision of services where those services exist today (i.e., provide curbside collection where it is available today)
- Set baseline services for new communities and triggers for “upgrade” to curbside from depot

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Proposed approach



- Stewardship Ontario will provide reasonable and free access to collection facilities for residential PPP, in consideration of the need for:
 - Services in large, urban areas as well as remote, sparsely populated areas
 - A collection system designed with sufficient capacity to achieve performance targets
 - Collection services that is appropriate to geographic area

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Proposed approach (con't)



- Stewardship Ontario will provide:
 - Curbside, multi-family and depot collection where it

- Curbside, multi-family and depot collection where it currently exists
- Not less than bi-weekly curbside collection
- In areas where Stewardship Ontario considers expanding collection services, it may:
 - Provide curbside service to communities with a population greater than 15,000, if they currently receive garbage collection
 - Provide depot collection services to communities with population less than 15,000

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Do you agree with the proposed approach to maintaining existing service standards and the proposed triggers for determining eligibility for expanding services? If not, what approach would you prefer we consider?

Your feedback is critical



- The Stakeholder and Indigenous Peoples Engagement and Communications Plan jointly prepared by Resource Productivity & Recovery Authority (the Authority) and Stewardship Ontario is now available.
- Phase 1: Begins with modular consultations with individual groups to discuss and gather feedback on proposed features of particular interest to them.
- Phase 2: Begins on December 22nd with the release of the full draft a-BBPP proposal.

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Phase 2: Draft a-BBPP



- The Authority and Stewardship Ontario will release a full draft of the a-BBPP proposal by December 22, 2017
- Consultation webinars for stakeholders will be held on January 8 and written feedback will be requested by January 15
- a-BBPP must be approved by the Stewardship Ontario Board and the Authority and submitted to Minister by February 15th 2018 deadline, along with a Consultation Report
- All consultation materials, including webinars and associated slide decks will be posted

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Supplementary Information

The Minister's direction letter received by Stewardship Ontario and the Resource Productivity and Recovery Authority (the Authority) on August 14 requires that the proposal for an amended Blue Box Program Plan be developed in consultation with stakeholders and Indigenous Peoples and submitted to the Minister by February 15, 2018.

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 timeline?



Thank You!

Thank you for providing your feedback.

[Click here](#) to find the materials from the November 6 meeting.