

Blue Box Program Plan

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Produced by:
Stewardship Ontario



Stewardship Ontario

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1. GLOSSARY OF KEY TERMS AND ACRONYMS

Ancillary Packaging Elements include but are not limited to labels attached to a package, brushes or measuring devices which form part of the packaging closure, staples, pins, and clips that are discarded by residential Consumers.

Authority means the Resource Productivity and Recovery Authority.

Blue Box Program Plan or **Plan** means the Blue Box Program Plan submitted to the Minister on February 15, 2018.

Brand Holder means a person who owns or licenses a Brand or who otherwise has rights to market a product under the Brand.

Catchment means a logical cluster of Communities that will constitute the geographic service boundaries for Post-Collection.

Census Subdivision is the general term for Communities (as determined by provincial/territorial legislation).

CNA/OCNA Members means members of the Canadian Newspaper Association or the Ontario Community Newspaper Association or members of any such successor organization.

Community or **Communities** means municipalities and Indigenous Communities in Ontario.

Collection is the means by which PPP is gathered from Ontario households.

Collector means either a Community providing Collection services directly or managing one or more Collection service providers on behalf of Stewardship Ontario, or a private service provider providing Collection services directly to Stewardship Ontario.

Consumer means an individual acting for personal, family or household purposes and does not include a person who is acting for business purposes.

Continuous Improvement Fund (CIF) means the fund of money set aside from past municipal payment obligations for the purpose of supporting Communities in their efforts to increase program effectiveness and efficiency.

Convenience Packaging means material used in addition to Primary Packaging to facilitate residential Consumers' handling or transportation of one or more products, such as boxes and bags filled at point of sale.

Datacall means the detailed survey operated, maintained and verified by the Authority of participating Non-Transitioned Communities that operate PPP recycling programs.

Data Year means the year for which the Steward is reporting, which could be:

- (a) calendar year in which the Steward Supplied Designated Blue Box Waste; or
- (b) the Steward's fiscal year in which the Steward Supplied Designated Blue Box Waste; or
- (c) for new Stewards only, an estimate of the Steward's Supplied quantity of Designated Blue Box Waste for the calendar year or fiscal year.

Designated Blue Box Waste is Paper Products or Packaging that is Supplied to a Consumer.

Diversion End-Market means a location at which the material or part of the material is:

- 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.

Excluded Paper Products means bound hard and soft cover books, such as reference books, literary books and text books and paper products intended for human hygiene such as paper towels, toilet paper, facial tissue, wipes and sanitary products.

First Importer is a Person Resident in Ontario who imports Paper Products or Packaging into Ontario or is the first to take possession or control of the Paper Products or Packaging in Ontario for which a resident Brand Holder does not exist.

Franchise, Franchisor, and Franchisee have the meanings ascribed to those words in the [Arthur Wishart Act](#) and includes Franchisors who conduct business in Ontario through their Ontario Franchise System, regardless of whether the Franchisor has a Franchisor-owned fixed place of business in Ontario.

Full Producer Responsibility means financial and operational responsibility and accountability for PPP Collection and management in Ontario.

Minister means the Ontario Minister of the Environment and Climate Change.

Minister's Request Letter means the letter from the Minister to the Chairs of the Authority and Stewardship Ontario dated August 14, 2017.

Non-PPP means any collected material that is not PPP.

Non-Targeted PPP means all PPP that is not Targeted PPP.

Non-Transitioned Communities means those Communities that have not entered into an agreement with Stewardship Ontario and Stewardship Ontario is not delivering Blue Box Collection and management services for these Communities.

Person means an individual, partnership, joint venture, sole proprietorship, corporation, government, trust, trustee, executor, administrator or any other kind of legal personal representative, unincorporated organization, association, institution, or entity.

PPP means Paper Products and Packaging Supplied to Consumers.

Packaging means:

- a. Primary Packaging,
- b. Convenience Packaging,
- c. Transport Packaging
- d. Ancillary Packaging Elements,
- e. Packaging-Like Products,

that is made of glass, metal, plastic and paper or a combination thereof.

Packaging excludes:

- a. Packaging Accessories,
- b. Storage Containers, and

- c. Packaging manufactured in whole from wood¹, ceramic, crystal, rubber, leather or textile.

Packaging Accessories include items associated with Packaging that do not provide a Packaging function including but not limited to plastic cutlery, serviettes, and straws.

Packaging-Like Products means products that are indistinguishable from Packaging when discarded by residential Consumers, and includes but is not limited to aluminum pie plates, aluminum foil, plastic or paper-based beverage cups, kraft paper bags, re-sealable plastic bags, and all other Packaging-Like Products that are indistinguishable from packaging when discarded by Consumers.

Paper Products means paper made from any cellulosic fibre and includes but is not limited to paper that is either blank or contains text or other markings for copying, printing, writing and other general use, bills, booklets, brochures, calendars, catalogues, customer statements, directories, envelopes, flyers, greeting cards, wrapping paper, magazines, newspapers, receipts, corrugated cardboard boxes for moving or mailing items, tissue paper, and all other paper that is not Packaging, except for Excluded Paper Products.

Post-Collection means activities required to prepare collected materials for Diversion End-Markets, including but not limited to, consolidation, transfer, Processing and marketing of materials.

Primary Packaging means material that is used for the containment, protection, handling, delivery and presentation of a product that is provided to a Consumer at the point of sale, and includes Packaging designed to group one or more products for the purposes of sale, but does not include Convenience Packaging or Transport Packaging.

Processing means manual or mechanical sorting and quality control of PPP for the purpose of shipping to recycling Diversion End-Markets.

Promotion and Education means initiatives and activities designed to engage and encourage Consumers to make informed and proper decisions concerning the preparation and management of PPP for Collection and recycling.

Resident in Ontario means, with respect to a Person, a Person that has a permanent establishment in Ontario. In the case of Franchisors, it includes Franchisors who conduct business in Ontario through their Ontario Franchise System, regardless of whether the Franchisor has a Franchisor-owned fixed place of business in Ontario.

RPRA means Resource Productivity and Recovery Authority, and is referenced in this Plan as the Authority.

RRCEA means *Resource Recovery and Circular Economy Act, 2016*.

Steward means the Person who is obligated with respect to Designated Blue Box Waste.

Storage Containers means Primary Packaging intended as long-term storage for the product, including but not limited to CD or DVD cases, power tool cases and for storage of all or portions of the product.

Supplied means sold, leased, donated, disposed of, used, transferred the possession of or title of, or otherwise made available to a Consumer in Ontario or distributed for use by a Consumer in Ontario.

¹ This exclusion does not include paper-based Packaging.

Targeted PPP means PPP referenced in Appendix B under the column labelled “Included” as amended from time to time.

Transitioned Community means a Community that has entered into an agreement with Stewardship Ontario wherein Stewardship Ontario is delivering PPP Collection and management services.

Transport Packaging means material used in addition to Primary Packaging to facilitate the handling or transportation of one or more products by persons other than Consumers and which are discarded by Consumers, such as delivery envelopes or boxes or other such packaging, but does not include shipping containers designed for transporting things by road, ship, rail or air or any packaging used for the business to business (B2B) delivery of goods and not Supplied to Consumers.

Verified Eligible Net Cost means the net cost for each Non-Transitioned Community as determined by the Authority.

WDTA means *Waste Diversion Transition Act, 2016*.

2. INTRODUCTION

2.1 Minister’s Request Letter

This Plan responds to the August 14, 2017 [Minister’s Request Letter](#)² to the Authority and Stewardship Ontario to develop a proposal to amend the Blue Box Program Plan.

The proposal, as detailed in this Plan, sets out the first phase of transition for the Blue Box Program to Full Producer Responsibility under the WDTA thereby setting the stage for a second phase of transition that will result in individual producer responsibility under the RRCEA.

2.2 About Stewardship Ontario

Stewardship Ontario is a not-for-profit, industry-funded organization established under the *Waste Diversion Act, 2002*, and continued under the WDTA. Stewardship Ontario’s mandate is to operate the waste diversion program for which it is designated which, in the case of this Plan, is for PPP.

Stewardship Ontario’s Board of Directors is elected in accordance with [Ontario Regulation 388/16](#). The Board membership is available on Stewardship Ontario’s website.

For more about Stewardship Ontario, please visit www.stewardshipontario.ca.

2.3 Objectives of an Amended Blue Box Program Plan

The Minister’s Request Letter requires that the Plan:

- Preserve the integrity of residential recycling while improving environmental outcomes;
- Effect a seamless transition to Full Producer Responsibility resulting in uninterrupted Collection service to Ontarians;
- Avoid disruption of existing Communities’ contracts and ensure an open and competitive market;

² The Minister’s request to Stewardship Ontario and the Resource Productivity and Recovery Authority is provided pursuant to S. 13 of the [WDTA](#).

- Minimize disruption to Communities' capital assets; and
- Provide for continuous improvement of environmental outcomes.

This Plan outlines the first phase of transition for the management of PPP from shared responsibility to an eventual regulatory policy framework of individual producer responsibility under the RRCEA. Specifically, this Plan sets out the process by which Stewardship Ontario will assume both financial and operational responsibility, as well as accountability, for PPP Collection and management in Ontario, or Full Producer Responsibility, as it is known.

Specifically, this Plan outlines an approach to smoothly transfer the responsibility for the Collection and management of PPP from Communities to Stewardship Ontario, including the consolidation, transfer, Processing and marketing of collected materials to Diversion End-Markets.

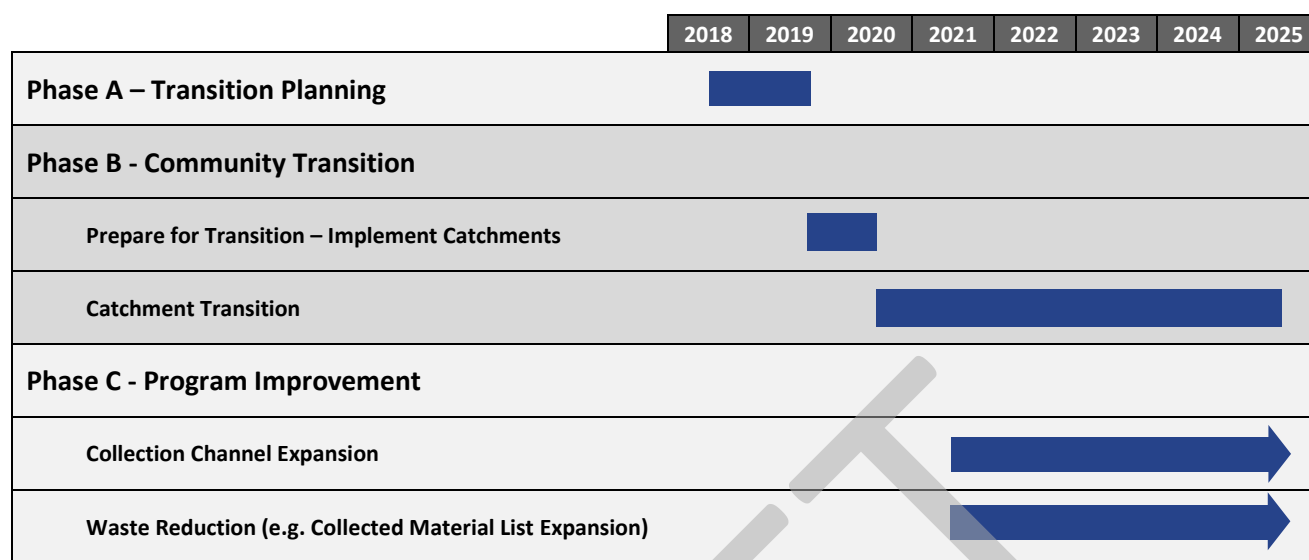
At the time of writing (2017), over 90% of all PPP, by weight, collected and managed in Ontario is done by private sector service providers operating under approximately 400 commercial agreements with individual Communities.

At its essence, the transition of PPP Collection and management to Full Producer Responsibility involves the systematic and systemic replacement of these 400 commercial agreements between Communities and private service providers with those between Stewardship Ontario and private sector service providers, as well as between Stewardship Ontario and Communities where those Communities wish to act on behalf of Stewardship Ontario for the procurement and contract oversight of PPP Collection services or to contract with Stewardship Ontario to deliver the Collection services directly.

Given that this transition is essentially about the replacement of existing contracts with new commercial relationships, the Minister's direction to undertake the transition in a manner that supports cooperation between Stewards, Communities and the waste management industry, as well as his direction to promote competition by ensuring a fair and open marketplace have been the key imperatives in the development of this Plan. Therefore, this Plan is drafted as a business plan – focused on the means by which Stewardship Ontario will establish new commercial relationships.

As shown in Figure 1 below, following a two-year transition planning phase, Stewardship Ontario will enter into Collection and management agreements with Communities and service providers within a five-year period of the transition of the first Community. In assuming this responsibility Stewardship Ontario will seek to divert 75% of the PPP Supplied by Stewards to Consumers, as discussed in Section 10.2.

2.3.1 Figure 1



2.3.2 Addressing the Minister's Direction

This Plan addresses all of the terms of the Minister's Request Letter as well as issues raised during the stakeholder and Indigenous Peoples engagement and consultation process. They can be summarized as follows:

- No disruption to services. There must be an orderly dissolution of existing contractual arrangements between Communities and their service providers and a seamless process by which Stewardship Ontario establishes its own contractual arrangements sufficient to meet its obligations under this Plan;
- The use of competitive procurement processes by Stewardship Ontario and the Communities with whom it contracts for the procurement of PPP Collection services;
- Stewardship Ontario must adequately prepare for each occurrence of Community transition and make suitable commercial arrangements for the Collection and Post-Collection management of PPP which will include expanding and harmonizing the list of materials in the existing Blue Box Program that are accepted from Ontario Consumers;
- Provide private sector service providers with the opportunity to anticipate the expiry or termination of contracts held by Communities and to respond to Stewardship Ontario's requirements for the Collection (directly to Stewardship Ontario or via a Community under contact to Stewardship Ontario) and Post-Collection consolidation, transfer, Processing and marketing of collected materials;
- Provide adequate lead-time for private sector operators to facilitate their participation in Collection and Post-Collection tenders thus promoting competition by ensuring a fair and open marketplace for Blue Box services under the WDTA;
- Provide a reasonable planning window for all parties in order to facilitate, cooperation among parties, including Stewards, Communities, waste management industry, and other affected parties, to bring complementary abilities to deliver better results;
- Enable the development of the Post-Collection system in a manner that optimizes the consolidation, transfer, Processing and marketing of PPP. Specifically, that it will:

- Maximize efficiency as result of increasing Post-Collection scale while minimizing transportation and handling which by extension minimizes cost, energy use and attendant greenhouse gases; and
 - Increase the quantity and improve the quality of materials marketed thus maximizing commodity financial returns and minimizing residual materials requiring disposal; and
- Provide sufficient time for Stewardship Ontario to establish the necessary communications and issues management capacity to engage with Consumers in the case where a Community chooses not to oversee the Collection of PPP on behalf of Stewardship Ontario.

2.4 Changes to this Plan

Changes to this Plan may be made in accordance with Section 5 of the Program Agreement, found in Appendix D.

3. CONSULTATION & ENGAGEMENT

The Authority and Stewardship Ontario jointly developed a Stakeholder and Indigenous Peoples Engagement and Communications Plan, which laid out a roadmap to ensure meaningful consultation and communications with representatives of Stewards, Communities, the waste management industry and other affected stakeholders. A copy of the Stakeholder and Indigenous Peoples Engagement and Communications Plan is posted on Stewardship Ontario's website. A Consultation Report outlining how Stewardship Ontario and the Authority met the consultation and engagement requirements under the WDTA, as required by the Minister, will be available on Stewardship Ontario's website.

4. DEFINITION OF PAPER PRODUCTS AND PACKAGING

Ontario Regulation 386/16 under the WDTA defines Blue Box Wastes in the following manner:

Waste that consists of any of the following materials, or any combination of them, is prescribed as Blue Box waste for the purpose of the Act:

1. Glass;
2. Metal;
3. Paper;
4. Plastic; and
5. Textiles.

This definition is broad in scope and encompasses PPP materials as well as a wide range of Consumer products. This Blue Box Program Plan applies only to Paper Products and Packaging material Supplied to Consumers, and does not include textiles.

In response to the Minister's Request Letter, this Plan includes Packaging-Like Products and certain types of Paper Products, including for writing, copying and general use.

The definitions for Paper Products and Packaging are found in the Glossary in Section 1. These definitions provide general inclusions and exclusions and will form part of the initial Rules for Stewards established under Section 33 of the WDTA. Any changes to these definitions, inclusions and exclusions will be subject to stakeholder consultation and approval by the Stewardship Ontario and the Authority's Boards of Directors.

Where necessary, to assist Stewards in assessing their obligations and completing their reports, Stewardship Ontario will provide clarifications to the inclusions and exclusions using Rules for Stewards interpretive memoranda, and Steward reporting guidance.

Products that fulfill a function similar to Primary, Convenience and Transport Packaging are included in the Plan as Packaging-Like Products. These materials are nearly identical and therefore indistinguishable from Primary, Convenience and Transport Packaging, but they have not previously been subject to fees since they were not covered by the 2003 Blue Box Program Plan. As such, they are currently being managed by Communities in their Blue Box programs and have a cost associated with their end-of-life management within this system that has been allocated to materials that are subject to fees.

To continue to improve the allocation of costs to reflect the actual cost to manage a given material within the system, these materials are being added to address this issue and ensure that all producers whose materials are handled in the Blue Box are paying their fair share of costs.

To determine which products should be added, two criteria were considered. These are:

- How similar is the product to a currently obligated material? The more similar a product is to an obligated item, the more likely it is to be included.
- How did the producer intend the product to be used by Consumers? If the product has a function similar to Packaging and is intended to have a relatively short lifespan, it is more likely to be included.

The definition of Packaging-Like Products provides examples of products that now will be included. However, it is not intended to be definitive or comprehensive. Stewardship Ontario will make decisions regarding specific inclusions and exclusions that may arise in the context of operating the Plan and will provide direction to affected Stewards using the Rules for Stewards.

5. DEFINITION OF STEWARD

The Minister directed Stewardship Ontario to define obligated Stewards. The following definitions provide general inclusions and exclusions and will form part of the initial Rules for Stewards established under Section 33 of the WDTA. Any changes to these definitions, inclusions and exclusions will be subject to stakeholder consultation and approval by the Stewardship Ontario and the Authority's Boards of Directors pursuant to Section 2.4 of this Plan.

Where necessary to assist Stewards in assessing their obligations and completing their reports, Stewardship Ontario will provide clarifications to the inclusions and exclusions using Rules for Stewards, Interpretive Memoranda, and Steward reporting guidance.

For Sections 5.1 and 5.2, the following definitions of "Steward" shall apply, in the order in which they are set out. If two or more Persons are obligated in Sections 5.1 or 5.2, the earlier provision shall apply. Stewards of Transport Packaging and Convenience Packaging are addressed separately in Section 5.3. Franchisors are addressed separately in Section 5.4.

5.1 Stewards for Packaging

For 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.

5.2 Stewards for Paper Products

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 or causes the manufacturing of 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.

5.3 Stewards for Transport Packaging and Convenience Packaging

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.

5.4 Franchisor is Obligated for Ontario Franchisees

A Franchisor is designated as a Steward with respect to all Paper Products and Packaging which are Supplied to Consumers within the Franchisor's Ontario Franchise System.

5.5 Exempt Persons³

- a. A Steward is exempt from filing and paying fees to Stewardship Ontario if, during the Data Year, the Steward's, its Affiliates', and/or its Franchisees' combined Gross Revenues from all:
 - i. products; and/or
 - ii. servicesSupplied in Ontario was less than \$2 million.
- b. Other than a Steward with Gross Revenues of less than \$2 million, a Steward shall file an Annual Steward Report but shall be exempt from paying Stewardship Fees otherwise due and payable to Stewardship Ontario if, during the Data Year, the Steward, its Affiliates and Franchisees in the combined aggregate Supplied less than 15,000 kg of Designated Blue Box Waste in Ontario.

5.6 CNA/OCNA Member Newspaper Fees and In-kind Contributions

The portion of fees payable by CNA/OCNA Members that is attributable to payments to Non-Transitioned Communities, and for supply chain and Promotion and Education costs for Transitioned Communities, will be in the form of in-kind advertising. The remaining portion of fees payable by CNA/OCNA Members under Section 33(5) of the WDTA will be paid to Stewardship Ontario in cash. The portion of fees paid in the form of in-kind advertising and the portion paid in cash will be calculated using the approved fee setting methodology.

The allocation of the in-kind contribution to CNA/OCNA Members, and the permitted use of the in-kind advertising is governed by an in-kind advertising program guide. Stewardship Ontario will review and

³ The same de minimis threshold exemptions in the previous Blue Box Program Plan (2003) and associated Rules (2003 to 2018) have been carried forward into this Plan.

update the guide each year in consultation with representatives of CNA/OCNA Members and Non-Transitioned Communities.

The portion of in-kind advertising allocated to Non-Transitioned Communities and to Stewardship Ontario for Transitioned Communities will be calculated on a relative basis of households serviced where serviced households in Transitioned Communities will receive twice the weighting as services households in the Non-Transitioned Communities.

6. THE STATUS AND PROCESS FOR NON-TRANSITIONED COMMUNITIES

This section specifies the means by which Non-Transitioned Communities will receive payments pursuant to Section 11 of the WDTA. The payments will be based on each Community's Verified Eligible Net Cost of operating its existing Blue Box Program and will reflect each Community's report submitted to the Authority under the reporting protocols for eligible and ineligible sources, costs and revenues as defined in the Datacall User Guide 2016 and as amended to include the list of eligible and ineligible costs and revenues listed in Appendix A.

6.1 Roles and Responsibilities of Non-Transitioned Communities

Stewardship Ontario will make payments to Communities in accordance with Section 6.2 below.

Non-Transitioned Communities will:

- Operate residential recycling programs in accordance with the requirements of Ontario Regulation 101/94 and any other applicable regulations;
- Engage in Consumer education and awareness activities to promote the Collection of PPP;
- Provide accurate diversion and cost reports via the Authority's Datacall in accordance with the Guide, and comply with all requirements therein (e.g. verification and audit); and
- Provide access to data and facilities in order for Stewardship Ontario to discharge its obligations.

6.2 Payments to Non-Transitioned Communities

Stewardship Ontario will provide payments to Non-Transitioned Communities based on the Verified Eligible Net Costs as reported through the Authority's Datacall.

Payments to Non-Transitioned Communities will be calculated in a manner that results in the total amount paid to each Non-Transitioned Community being equal to 50% of the total Verified Eligible Net Costs it incurred to collect and manage PPP as a result of the Blue Box Program, the manner consistent with the requirements of Section 11 of the WDTA, as detailed below.

6.2.1 Calculation of Payments to Non-Transitioned Communities

For the purpose of this section, the following terms are defined in Appendix A.

- Operating Costs
- Promotion and Education Costs
- Capital Costs
- Calculated Administration Costs
- Gross Revenue

Verified Eligible Net Costs for each participating Community are calculated as the verified sum of Operating Costs plus Promotion and Education Costs plus Capital Costs plus Administration Costs less the three year rolling average Gross Revenue.

6.2.1.1 Figure 2



The annual payment for each Community is calculated as 50% of its Verified Eligible Net Costs incurred two years prior to the reporting year (the “Payment”), as shown in Figure 3. For example, Verified Eligible Net Costs incurred in 2017 are reported by the Non-Transitioned Community and serves as proxy to calculate the Payment to a Non-Transitioned Community in 2019.

6.2.1.2 Figure 3



A majority of the Payment to each Non-Transitioned Community will be in the form of cash, with the balance being in the form of advertising space provided by CNA/OCNA Members through their in-kind fee payments.

The value of the in-kind payment provided to each Community will be calculated as the portion of in-kind fees attributable to Non-Transitioned Communities, as described in Section 5.6, prorated amongst all Communities on a relative basis using their Verified Eligible Net Costs.

Cash payments to Non-Transitioned Communities will be calculated as the Payment minus the in-kind payment and will be made in equal quarterly installments, in accordance with the schedule in Figure 4.

6.2.1.3 Figure 4

Payment Quarter	Payment Issued Data
Q1	June 30
Q2	September 30
Q3	December 31
Q4	March 31

6.3 Continuous Improvement Fund

The CIF is a fund of money set aside from past Community payment obligations for the purpose of supporting Communities in their efforts to increase program effectiveness and efficiency. Stewardship Ontario administers the money held by the CIF in a segregated trust account. A CIF Committee will focus

its work on closing down existing projects (no new capital grants), maintaining the support resources established, and providing transition support to Non-Transitioned Communities.

The CIF Committee, as overseen by the Authority, will:

- Have a composition and governance structure as determined by the Authority;
- Develop an annual operating plan and budget for approval by the Authority;
- Administer the approved operating plan; and
- Report annually to the Authority.

6.3.1 Use of Funds and Wind-Down

The CIF will wind-down no later than the transition eligibility date for the last Community to transition to Full Producer Responsibility. Funds may be used for the following purposes:

- To fund the initiatives included in the annual CIF operating plan;
- To fund existing approved project grants; and
- To fund applications by associations representing Communities (e.g. Association of Municipalities of Ontario, Regional Public Works Commissioners of Ontario, Municipal Waste Association, etc.) for additional Blue Box transition support approved by the Authority.

Upon wind-down of the CIF, any remaining balance of the funds will be disbursed to all Communities based on the proportionate share of each Community's Payment as a percentage of Payments to all Communities in the last full calendar year before any Communities transition to Full Producer Responsibility.

7. TRANSITIONING COMMUNITIES TO FULL PRODUCER RESPONSIBILITY

This section sets out the timelines, costing, principles, mechanisms and means by which Stewardship Ontario will transition Communities to Full Producer Responsibility.

7.1 Transition Timeline

The transition to Full Producer Responsibility is comprised of two phases:

7.1.1 Phase A - Transition Planning:

- Stewardship Ontario will, in consultation with Communities and the waste management industry, define the Catchments, which are geographic service boundaries for aggregating, Processing and marketing collected PPP.
- Stewardship Ontario will seek feedback from Communities on the design of supply chain commercial agreements such as Statements of Work (SOW), Master Services Agreements (MSA) and pro-forma PPP Collection contracts.
- Stewardship Ontario will canvass Communities on whether they wish to transition, how they will manage their existing contracts and assets upon transition, and if they wish to deliver Collection contract management services upon transition or directly deliver Collection services.
- Stewardship Ontario will sequence the transition of Catchments using data provided by Communities.

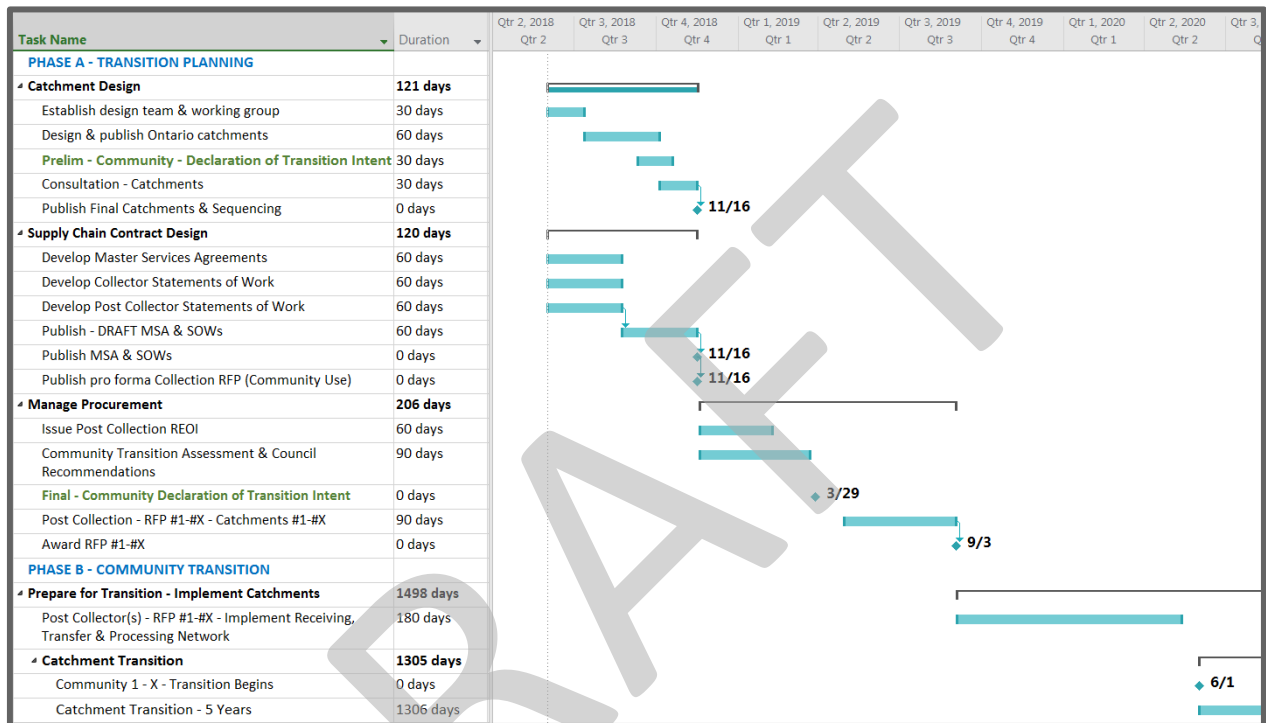
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- The first wave of competitive procurement processes for Collection and Post-Collection management will be undertaken.

7.1.2 Phase B – Community Transition:

- Communities will be eligible to transition to Full Producer Responsibility based on the sequencing of Catchments developed during Phase A – Transition Planning (See Section 7.5.2).

7.1.2.1 Figure 5



7.2 Timeline Assumptions

The following are the key timeline assumptions for the implementation of this Plan:

- This Plan will be approved by June 1, 2018⁴;
- Stewardship Ontario requires two years to prepare for the first Community transition;
- Stewardship Ontario will engage with representatives from Communities and the waste management industry in the design and review of the Catchments;
- Stewardship Ontario will publish draft Master Services Agreements and statements of work in time for the Communities to make a declaration of intention to transition;
- Community representatives will require up to 90 days to review the final design, prepare recommendations and seek approval for transition or non-transition from their local council;
- Stewardship Ontario will issue the final Catchments and sequencing upon final notification of Communities' intention to transition or to remain in the current state;

⁴ Approval of this Plan after June 1, 2018 will result in adjustments to this timeline.

7. Community and waste management proponents of Post-Collection services will require 90 days to respond to the first Request(s) for Proposal;
8. Upon award of Post-Collection services the proponent will require 180 days to their network;
9. The first tranche of Communities will be eligible for transition two years following approval of this Plan (on June 1, 2020);and
10. The final tranche of Communities will be transitioned by May 31, 2025.

7.3 Program Funding

Implementation of the Plan will require Steward funding of two types of costs:

1. **Transition Planning Costs:** Preparation costs for assuming operational responsibility of supply chain activities including staff recruitment and training, development of supply chain contracts, design of Catchments, legal, research, system development, etc.
2. **Supply Chain Management Costs:** Costs related to payments to Communities under Section 11 of the WDTA, as well as costs related to the cost of Collection and Post-Collection services as Communities transition to Full Producer Responsibility, including the accumulation of prudent program reserves appropriate for a non-for-profit corporation with responsibility for operating a real-time supply chain.

Steward fees are typically calculated once per year and announced to Stewards in the fourth quarter of each calendar year in order to provide Stewards with predictability in their budgeting. Transition planning activities completed after Plan approval and before December 31, 2018 will be funded from program reserves to avoid any increases to Stewards' fees during the 2018 fiscal year.

Beginning with the 2019 fee cycle, Stewardship Ontario will increase the annual operating budget commensurate with the projected incremental expense of Transitioned Communities, program management, and operating reserve requirements as outlined in Section 12.

7.4 Program Delivery Principles

As requested by the Minister, this Plan is designed to achieve a smooth and orderly transition and to provide for continuous improvement of environmental outcomes in a manner that does not undermine existing PPP recovery efforts. To that end, the following program delivery principles will guide Plan delivery:

- **Focus on outcomes, not process:** Improve environmental outcomes through diversion, maximized efficiency, and minimized complexity;
- **Maintain or improve Ontarians' experience with and access to residential recycling services:** Consumers will continue to have access to recycling services, and the types of materials that Consumers can recycle will be standardized to reduce complexity and improve system design;
- **Ensure a fair and open marketplace:** Open and fair competition to ensure that all qualified service providers have an equitable opportunity to compete while minimizing program operating costs, as described in Section 8;
- **Foster interaction, collaboration and competition to drive innovation:** Innovation results from the convergence of ideas and expertise found amongst all stakeholders – producers, private, public and not-for-profit organizations – and shared in a manner that fosters collaboration and delivers mutual value; and

- **Set the stage for evolution:** Harness existing activities and build on their success through continuous improvement and use of economic incentives that increase Collection of PPP and improve system efficiency.

7.5 Program Delivery Approach

To assist Communities in determining whether to transition to Full Producer Responsibility, Stewardship Ontario will provide information to help Communities understand:

- The procurement frameworks that set out Stewardship Ontario's terms and conditions for its Collectors and Post-Collection partners; and
- How their specific Community will be prioritized for transition including the method of aggregating Communities into Catchments and the method for prioritizing those Catchments for transition to Full Producer Responsibility.

These program delivery elements are discussed in the following sections.

7.5.1 Procurement Frameworks

Stewardship Ontario will develop and communicate a standard Master Services Agreement (MSA) outlining the terms and conditions applicable to all Collection and Post-Collection Statements of Work (SOWs). The conditions within the MSA will be consistently applied to all Communities and private waste management partners delivering services to Stewardship Ontario.

Stewardship Ontario will also develop and communicate SOWs governing the specific service delivery terms and conditions for curbside, multi-family, depot and streetscape Collection services as well as the SOW for Post-Collection services.

Providing these procurement frameworks to Communities informs their decision to transition to Full Producer Responsibility and the role they may wish to play in the program (e.g., as Collection contract managers or participants in Post-Collection management systems).

7.5.2. Catchment Design & Sequencing

Communities will be aggregated into Catchments organized as logical clusters for the purposes of competitive procurement of Post-Collection services. The process to design and sequence Catchments to enable Communities to transition requires the cooperation and participation of Communities and is iterative. The following summarizes the three steps involved in designing and sequencing Catchments.

7.5.2.1 Step 1: Community – Preliminary Declaration of Intention to Transition

With consideration of the MSA and SOWs, Communities will make a preliminary declaration of their interest to:

- a. transition to Full Producer Responsibility either by:
 - i. providing Collection services under contract to Stewardship Ontario where that Community currently self-delivers Collection, or
 - ii. by acting as a Collection contract manager under contract to Stewardship Ontario

or

- b. to cease to participate in Collection management and in doing so, require that Stewardship Ontario deliver the Collection services to their residents;

or

- c. to remain in the current state of shared responsibility and receive payments as a Non-Transitioned Community (Section 6).

When providing Stewardship Ontario with a preliminary declaration of their intention to transition to Full Producer Responsibility under condition 1a or 1b, each Community will provide Stewardship Ontario with:

- i. their desired transition effective date; and
- ii. the conditions under which they will transition (Section 7.6.1).

7.5.2.2 Step 2: Stewardship Ontario – Development of Catchment Boundaries & Sequence

With input from Step 1, Stewardship Ontario will consider each Community's preference in the context of a number of Catchment design criteria that include physical geography, volumes of PPP available, existing infrastructure and proximity of that Community to other Communities who have declared their intention to transition (See Section 7.6.2). These considerations will be used to prepare preliminary Catchment boundaries and a Catchment transition sequencing proposal in preparation for discussion with Communities and the waste management industry.

After discussion, Stewardship Ontario will publish the final Catchment boundaries and sequencing as needed by Communities when seeking Council or other authorizations.

7.5.2.3 Step 3: Community – Final Declaration of Intention to Transition

Communities will provide Stewardship Ontario with their final declaration of their intention to transition after having given consideration to the impact of the sequencing on their contract conditions and any other considerations required by the Community and its Council.

Completion of these three steps will enable Stewardship Ontario to formalize the Post-Collection tenders needed to ready the first Catchment for transition.

Each of these steps is outlined in more detail in the following section.

7.6 Catchment Design & Sequencing

Diversion of PPP under Full Producer Responsibility requires building a province-wide collection and post-collection reverse supply chain that consolidates and processes PPP at a scale that will result in a high quality output of materials for delivery to end-markets.

Accordingly, to optimize the management of PPP, Stewardship Ontario will aggregate Communities into geographic Catchments. A Catchment is a logical cluster of Communities that will constitute the geographic service boundaries for aggregating, Processing and marketing collected PPP.

7.6.1 Community – Evaluation & Preliminary Declaration of Transition Intention

After having reviewed Stewardship Ontario's MSA and SOWs, each Community will assess its existing Collection and Post-Collection contracts to determine its interest and ability to transition to Full Producer Responsibility.

To submit a preliminary declaration of intention to transition to Stewardship Ontario, Communities will need to consider the status of their contracts and choose an appropriate contract management

approach. There are three potential contract status scenarios and contract management approaches, as follows:

Contract Status 1: The Community will no longer have its own commercial agreements for Collection and Processing of PPP on the date that it wishes to transition because either its Collection and Processing contracts are simultaneously expiring naturally or it intends to terminate its existing Collection and/or Processing contracts where such contracts are ongoing or where one contract extends beyond the natural expiry of the other.

Contract Status 2: The Community will amend its contract with its Collection service provider so that it can collect PPP on behalf of Stewardship Ontario (i.e., the Community will enter into an agreement with Stewardship Ontario whereby the Community will administer the contract with the Collection service provider). In this case, the Community's Processing contract is either naturally expiring or the Community will terminate it on the date that it transitions.

Contract Status 3: A Community has no commercial contracts for Collection and Processing of PPP (i.e., it self-delivers those services).

Stewardship Ontario will require that each Community make a preliminary declaration of its intention to either transition or defer transition to Full Producer Responsibility. Once the Catchment sequence and timing is made available, then Communities will be able to complete the final assessments of the status of their contracts and submit their intention to transition to Stewardship Ontario.

In identifying the sequencing of Catchments, Stewardship Ontario will identify which year any given Community is eligible to transition. Only when the final Catchment sequence and timing is understood will a Community be able to formalize its intention to transition given that the sequence and timing are required to complete a final assessment of its contract status.

Communities that meet or intend to meet any of the above statuses and choose to transition, will notify Stewardship Ontario and declare the following:

- Its decision to transition;
- If transitioning, when it wishes to transition; and
- How it proposes to achieve the necessary transition conditions.

At this stage, Communities will not yet be in a position to finalize their declaration because final contract expiration, extensions or terminations cannot be made until the transitioning Community has confirmation of when their Catchment is scheduled to be open. Only when a Catchment is open is a Community able to transition.

7.6.2. Stewardship Ontario – Principles & Process for Catchment Design in Preparation for Consultation

In defining Catchment boundaries and in sequencing the Catchments, Stewardship Ontario will follow a principled and stepwise approach.

7.6.2.1 Guiding Criteria for Development of Catchments

When developing Catchments, Stewardship Ontario will seek to ensure that:

- Communities comprising Catchments are geographically contiguous;

- There are transportation arteries for the movement of materials from point of Collection through consolidation to Processing. (Processing itself may or may not be contained in any given Catchment.);
- Sufficient aggregate volume is available to:
 - Drive logistics scale and efficiency, thereby minimizing vehicle movements and greenhouse gases;
 - Incent investments in consolidation and/or advanced sorting and Processing technologies, support effective Promotion and Education campaigns and waste reduction initiatives;
- Competitive Post-Collection markets and procurement is promoted;
- Existing public logistics and recycling infrastructure are identified and used to foster Post-Collection efficiency, while minimizing stranded assets and capital duplication;
- There is sufficient latent Post-Collection capacity to address contingencies across Catchments; and;
- Consideration is given to the proximity of communities who have declared their intention to transition to one another.

7.6.2.2 Process for Defining Catchments

The process for defining Catchments will include the following steps:

1. Stewardship Ontario will develop Catchment design criteria in discussion with private sector service providers and Communities;
2. Using the design criteria and the list of Communities with intention to transition, Stewardship Ontario will develop an initial Ontario-wide Catchment boundary and sequencing proposal;

Stewardship Ontario will rely on the Authority and Communities to provide comprehensive information such as the expected PPP quantities, collection methods, contract expiry dates and capital assets.

7.6.2.3 Process for Sequencing Catchments

Stewardship Ontario's sequencing of catchments will be based on the notifications by Communities regarding their desired transition timing and will be driven by the following planning considerations:

1. The volume of collected PPP associated with Communities in a Catchment who have notified Stewardship Ontario of their wish to transition and whose contracts are sufficient to initiate the Post-Collection competitive procurement process for that Catchment; and
2. The timing of desired transition for the remaining Communities in the same Catchment that are not ready to immediately transition.

Catchments for which a clear picture on the status of contracts is established under Steps 1 and 2 will have transition priority because:

- Post-Collection service bidders participating will have a clear picture of the anticipated growth in receipts of collected volumes of PPP from transitioning Communities which will inform logistics

and capital planning (especially with regards to processing) necessary to design their bid proposals; and

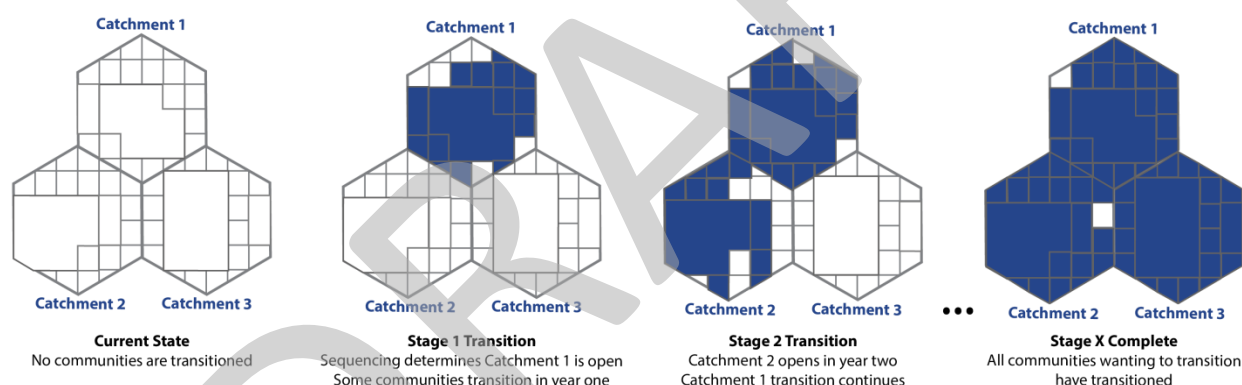
- Stewardship Ontario will be able to anticipate the number of transitioning Communities in each year across Catchments as well as the number of competitive procurements for Post-Collection services it may need to undertake in any given year across Catchments.

The opening of Catchments to enable Communities to transition will have the following characteristics:

- One or more Catchments may open for transition in a specific year;
- Catchments will be prioritized and sequenced such that the Catchments that open for transition each year will collectively include 15% to 25% of Ontario households (resulting in all Catchments transitioning within a five-year transition period);
- The Catchments and their order and timing of transition will be made available to Communities and private sector service providers; and
- A Community may not transition until its Catchment has been opened.

The following Figure 6 is a conceptual representation of the Catchment transition process.

7.6.2.4 Figure 6



7.6.3. Community – Final Declaration to Transition

Once the sequencing and timing of Catchments opening to enable transition is finalized, Communities can formalize and submit their final declaration of their intention to transition⁵. For example, at the time of their preliminary declaration, a Community may have declared their desire to transition in 2021 yet find that the final Catchment design and transition sequencing has determined that their Catchment is not open until 2022. In this case, the Community may need to exercise its option to extend its contract for one year or to seek assistance from Stewardship Ontario for transition support (see next section). Similarly, a Community may have made a preliminary declaration of its intention to transition in 2023 yet when presented with the information that their Catchment is open in 2021, determines it has a business case to incur a contract amendment or termination penalty to allow for an early transition.

⁵ Stewardship Ontario will make a template declaration of intention to transition agreement available on its website for completion by Communities.

In both cases, the Community will need time to seek the necessary authorizations to complete these contract changes.

Communities will need to provide advance notice to Stewardship Ontario of their intention to transition. Notice periods for when the declaration of intention to transition agreements will be provided to Communities when the final Catchment design and sequencing is published.

7.6.4. Transition Support

A Community may choose not to transition when its Catchment opens because it has a Processing contract that extends beyond a Collection contract that is expiring. In this case, Stewardship Ontario will offer to provide temporary transition support to that Community by allowing that Community to issue a long-term hybrid Collection tender. A hybrid Collection tender is such that one contract will contain both a set of Collection service terms in effect in the non-transitioned state, and a different set of Collection service terms for collecting PPP on behalf of Stewardship Ontario once the Community's Processing contract expires (with the Community administering the contract throughout).

7.7 Service Procurement Objectives

Stewardship Ontario will assume responsibility to collect and manage residential PPP by procuring and paying for Collection and Post-Collection management services.

The method of procuring and paying for services will satisfy the following objectives:

- Provide adequate lead-time for the waste management industry to ensure they can participate in Collection and Post-Collection tenders, thus promoting competition by ensuring a fair and open marketplace for Blue Box services under the WDTA as requested by the Minister;
- Facilitate cooperation among parties, including Stewards, Communities, waste management industry, and other affected parties, to bring complementary abilities to deliver better results;
- Ensure that the Post-Collection system evolves in such a manner as to optimize the consolidation, transfer, Processing and marketing of PPP in support of the Transition to Full Producer Responsibility. Specifically, it will:
 - Maximize efficiency as a result of increasing Post-Collection scale while minimizing transportation and handling which by extension minimizes cost, energy use and attendant greenhouse gases; and
 - Increase the quantity and improve the quality of materials marketed thus maximizing commodity financial returns and minimizing residual materials requiring disposal.

7.8 Procurement and Payment for Collection Services

The following sections outline the conditions under which Stewardship Ontario will procure and pay for Collection services.

When a Community transitions to Full Producer Responsibility, Stewardship Ontario will cease to make payments to that Community under the shared responsibility framework (Section 11 of the WDTA) as of the effective date of transition.

7.8.1 Community as a Collection Tendering and Contract Management Agent for Curbside and Multi-Family Dwellings

Communities have a right of first refusal to act as Collection contract management agents on behalf of Stewardship Ontario. The role of a contract management agent involves procuring and administering Collection services from qualified Collection service providers.

7.8.1.1 Development of Tendering Instruments

In discussion with Communities individually and/or through their associations, Stewardship Ontario will develop pro forma operating, performance and reporting standards to be included in the tendering instruments (e.g., statements of work, request for proposals, etc.) for procuring Collection services from qualified Collectors.

Appendix C - provides an example of performance related Collection terms and conditions that may be included in pro forma tendering instruments of Collection services.

7.8.1.2 Procurement of Collection Services

Under agreement with Stewardship Ontario, the Community acting as a Collection agent will:

- Oversee the contracted Collection service provider to ensure its adherence to the performance standards;
- Engage in (itself or through its Collection service provider) an escalating series of remedial measures to engage Consumers where they place more than a set percentage by weight of Non-PPP out for Collection; and
- Deliver prescribed Promotion and Education under agreement with Stewardship Ontario and ensure the Collection service provider executes any Promotion and Education-related tasks assigned to it.

The competitive procurement process administered by the Community will:

- Be open, fair and adhere to best practices for competitive procurement;
- Be competitive such that there is a minimum of three (3) viable responds and the tender process employs techniques to avoid non-competitive procurement practices (See Section 8);
- Use Stewardship Ontario's pro forma Request for Proposal and services agreement; and
- Provide Stewardship Ontario with the opportunity to participate in the evaluation of Request for Proposal responses and the selection of the Collection service provider, including the right to review and amend provisions in the contract to ensure Stewardship Ontario's rights and interests are protected.

7.8.1.3 Payment for Collection Services

Stewardship Ontario will make the following payments to Communities that choose to act as contract management agents on its behalf:

- Payments to cover the unit prices (e.g., prices per household) to be charged to the Community by the Collection agent selected through the tender;
- A per unit payment for administering the Collection contract;
- A per unit payment for Promotion and Education undertaken by the Community on behalf of Stewardship Ontario; and

- Financial top ups or bonuses for exceeding benchmarks for Non-PPP and Non-Targeted PPP in collected materials.

Where a Community wishes to tender for more than one line of business concurrently (e.g. issues a tender for bundled waste Collection and disposal, PPP Collection and organics Collection and Processing), or otherwise chooses not to follow Stewardship Ontario's procurement process and tendering instruments, Stewardship Ontario will declare a benchmark price based on the PPP Collection prices realized in other similar Communities and/or similar Communities' historical costs. Where the bid price received is in excess of the benchmark price, Stewardship Ontario will offer to pay the benchmark price. The Community may accept or reject this offer.

Where a Community has been collecting PPP from non-residential/IC&I sources previously it may include these locations in its Collection tender. However, these sources will be reported to Stewardship Ontario, the associated PPP Collection quantities from those sources will be estimated and Stewardship Ontario will not make payments to the Community for the Collection of those quantities⁶.

7.8.2 Community Chooses not to act as a Collection Tendering and Contract Management Agent for Curbside and Multi-Family Dwellings

In the case where a Community chooses not to act as a Collection tendering and contract management agent and wishes to transition, Stewardship Ontario will conduct the Collection tender process using the performance standards and procurement instruments described in the previous section. Stewardship Ontario will undertake all the administrative and oversight functions in administering Collection of residential PPP in that Community.

7.8.3 Community Self-Delivers Collection and Chooses to Continue to Collect PPP on Behalf of Stewardship Ontario for Curbside and Multi-Family Dwellings

In the case where a Community self-delivers Collection and chooses to continue to collect PPP as an agent to Stewardship Ontario, Stewardship Ontario will require the Community to adhere to the same performance standards that apply to agents retained through a competitive tender as described in Section 7.8.1.2.

7.8.3.1 Payment for Collection Services

Stewardship Ontario will make the following payments to Communities that deliver Collection services themselves and wish to collect PPP on behalf of Stewardship Ontario as an agent:

- Payments per unit (e.g., per household) to be determined by using prices realized through tenders in comparable Communities and/or the Community's historical costs as a benchmark;
- A per unit payment for administering Collections;
- Payment for Promotion and Education undertaken by the Community on behalf of Stewardship Ontario; and
- Financial top ups or bonuses for exceeding per household Collection quantity benchmarks and/or for accelerated reductions in percentage by weight Non-PPP in collected materials.

⁶ These IC&I materials will be received and managed by Stewardship Ontario's Post-Collection service providers. Stewardship Ontario will retain all commodity revenues to offset Post-Collection costs.

Where a Community has been previously collecting PPP from non-residential/IC&I sources it may include these locations in its Collection tender. However, these sources will be reported to Stewardship Ontario, the associated PPP Collection quantities from those sources will be estimated and Stewardship Ontario will not make payments to the Community for the Collection of that material.⁷

7.8.4 Collection from Residential PPP Drop-off at Depots

Stewardship Ontario will offer payments to depot Collectors, both Communities and the waste management industry that are able to comply with the Collector qualification standards to provide depot Collection services.

Depot operators will be required to adhere to performance standards that will include at a minimum the PPP to be collected, the method by which collected PPP will be prepared for pick-up for introduction into the Post-Collection management system, and the maximum allowable contamination percentage by weight.

7.8.4.1 Payment for Depot Collection Services

Payments to Communities for depot Collection will be set in such a manner as to provide them with a meaningful incentive to establish and operate depots and will be benchmarked on depots' historic costs as reported to the Datacall. The level of payments will take into account Stewardship Ontario's performance standards.

Where a Community accepts the offer of the financial incentive, an additional incentive will be offered to provide Promotion and Education to Consumers utilizing the Community's PPP depots.

Where a waste management company accepts the offer of the financial incentive, Stewardship Ontario will provide Promotion and Education to Consumers utilizing the depots through its own means.

7.8.5 Collection of PPP from Multi-Family Buildings not Serviced by Communities

There are 1.41 million multi-family households in Ontario⁸. Communities provide Collection services to 1.1 million multi-family households⁹, which will be serviced by Stewardship Ontario when each Community transitions. Approximately 300,000 multi-family households are not receiving PPP Collection services from Communities, although many of these are receiving Collection services from the waste management industry. This section outlines the timelines and process by which these households, and specifically the buildings in which they reside, can participate in the Blue Box Program.

7.8.5.1 Multi-Family Expansion Approach and Timing

Stewardship Ontario will employ a financial incentive based system for encouraging the waste management industry to engage multi-family dwelling property managers to establish long-term Collection arrangements for PPP. The incentive based system recognizes that:

- Multi-family buildings are owned by private corporations that are not required to provide Stewardship Ontario or its contractors access to their facilities;

⁷ Ibid Ref. 6

⁸ Municipal Datacall.

⁹ Municipal Datacall.

- Multi-family buildings may lack adequate recycling infrastructure to support the Collection and storage of PPP that cannot be readily resolved by Stewardship Ontario or its contractors absent long-term relationships between service providers and building managers; and
- Recycling contracts with buildings may have very long terms, and may be bundled with the provision of other waste management services.

Stewardship Ontario will begin offering financial incentives to Collectors to service multi-residential buildings that are not being serviced by Communities within one year of the Community transitioning. This timing is necessary so that Stewardship Ontario can begin gathering the data required to effect the rollout of Collection services to these multi-family. The data required will include:

- Number of multi-family buildings and households not currently serviced by each Community;
- Number of multi-family buildings and households currently serviced by the waste management industry;
- Number of multi-family buildings with recycling infrastructure restrictions;
- Quantity and type of Paper Products and Packaging materials managed at multi-family households currently serviced by the waste management industry;
- Composition and quality of material managed at multi-family households currently serviced by the waste management industry;
- Incremental material quantity available to be managed from multi-family households not currently receiving services from Communities; and
- Cost of services provided to multi-family households by the waste management industry.

Qualified Collectors will be required to adhere to performance standards, which, among other requirements, will specify the maximum threshold by percentage weight allowable of Non-PPP and Non-Targeted PPP.

Where a significant percentage of multi-family households in a Community are not being managed by the Community, Stewardship Ontario may consider alternate procurement methods, such as a Request for Proposal.

7.8.5.2 Payment for Collection Services

Where multi-family Consumers deliver PPP to a central storage area accessible by all Consumers of the multi-family complex and Collection occurs from this central storage area, Stewardship Ontario will offer financial incentives as set payments to Collectors that are able to comply with the Collector qualification standards (including verification that the Collector has an agreement with the building manager for gaining access to the storage area) to provide multi-family building PPP Collection services.

Payments to Collectors from multi-family buildings will be set in such a manner as to provide Collectors with a meaningful incentive to establish commercial relationships with multi-family property managers. The level of payments will take into account observed market pricing for comparable multi-family recycling services as follows:

- Where a Community accepts the offer of the financial incentive, an additional incentive will be offered to provide Promotion and Education to multi-family Consumers serviced by the Collector; and

- Where a waste management company accepts the offer of the financial incentive, Stewardship Ontario will provide Promotion and Education to multi-family Consumers through its own means.

7.8.6 Collection of PPP from Public Spaces and Parks

Existing public space recycling will be continued in Communities that transition to Full Producer Responsibility where the Community acts as the Collection agent to Stewardship Ontario. Stewardship Ontario will reimburse the Community for the cost of servicing the public space Collection points included in their procurement for Collection services under Section 7.8.1.3.

Where there is no current public space recycling, or in Communities that turn over Collection services to Stewardship Ontario, public space recycling will be considered at a future date once Stewardship Ontario is satisfied that the collected PPP is of sufficient quality (i.e., not overly contaminated) that it can be effectively diverted and that it does not degrade the quality of materials collected in other channels. In particular, Stewardship Ontario will be piloting and evaluating methods to collect uncontaminated PPP from public spaces.

7.8.7 Consideration for Additional Expansion of PPP Collection Services

Stewardship Ontario will consider the expansion of Collection services over time as described below.

7.8.7.1 New Communities

Stewardship Ontario will consider expanding Collection services to new Communities over time once it is satisfied that such expansion will not negatively disrupt the transition of existing programs. Prior to onboarding a new Community, Stewardship Ontario will determine if there is the necessary infrastructure in place to service the Community, and whether the Community's Consumers are willing to participate in the Blue Box Program and whether the Community's size, location, existing waste management practices (e.g., disposal and PPP recycling) and proximity to Post-Collection recovery warrant expansion of Collection services.

7.8.7.2 Service Level by Community Population

Collection services will be provided in transitioned Communities as follows:

- Curbside and multi-family Collection where the Census Subdivision has a population of 15,000 or more; and
- Depot Collection where the Census Subdivision has a population of between 5,000 and 14,999.

7.8.7.3 Additional Collection Channels

Stewardship Ontario will assess, on an annual basis, the need to establish additional PPP Collection channels to meet the objectives of this Plan, including increasing the total amount of PPP being collected to facilitate the achievement of targets, developing lower cost Collection and management options, or to increase the quality of collected materials.

7.9 Procurement and Payment of Post-Collection Services

Post-Collection management involves receiving collected materials from Collection vehicles, picking up materials from depots, consolidation and transfer where required, handling and sorting materials, preparing materials for shipment to Diversion End-Markets or downstream processors, marketing

materials, appropriately managing residual materials and reporting the quantities of material received and marketed and other metrics to Stewardship Ontario as required.

In preparation for Stewardship Ontario assuming responsibility for the Collection and management of PPP in a given Community, Stewardship Ontario will undertake a competitive procurement process that will provide Post-Collection service providers with the opportunity to propose comprehensive Post-Collection management solutions for the collected quantities of PPP.

The competitive procurement process for Post-Collection service is a means to coordinate Post-Collection activities across Community boundaries within a Catchment to build scale efficiencies in handling, Processing and marketing of PPP and to minimize logistic inefficiency (i.e. unnecessary duplication of vehicle movements and handling).

Accordingly, Stewardship Ontario will engage PPP Post-Collection service providers, both the waste management industry and Communities, on a contractual basis using the following process:

1. Stewardship Ontario will issue a Request for Expressions of Interest (REOI) to PPP Post-Collection service providers to gauge their capacity to receive, process and market a defined list of PPP received from Collectors;
2. Stewardship Ontario will develop the procurement instruments (e.g. tender documents, requests for proposals and statements of work) in discussion with potential Post-Collection service providers identified in the REOI process; and
3. Stewardship Ontario will issue an invitation to prospective Post-Collection service providers that are able to manage the defined list of PPP to participate in a competitive procurement process for Post-Collection services.

Prospective Post-Collection service providers will be provided with the following information for each Catchment for which Stewardship Ontario is procuring Post-Collection services:

- The Communities within the Catchment boundaries;
- The contact information for the Collection service providers for each Community in the Catchment, if it is known at the time;
- The expected quantities of PPP generated by each Community in the Catchment and the method of its Collection (e.g., single-stream cart, dual-stream, etc.); and
- Details about publicly held transfer stations, material-recovery facilities and other PPP related installed capital within Catchment boundaries, if known.

The competitive procurement process will solicit information that will allow Stewardship Ontario to confirm a Post-Collection service provider's ability to meet processor qualification standards set by Stewardship Ontario. The competitive procurement process will also solicit bid prices for Post-Collection services, including:

- Receiving PPP from vehicles operated by qualified Collectors;
- Picking up PPP from depots operated by qualified Collectors;
- Consolidating and transferring PPP from qualified Collectors where required;
- Preparing PPP for shipment to Diversion End-Markets or downstream processors;
- Marketing PPP to Diversion End-Markets;
- Transferring PPP to downstream processors, as required;

- Appropriately managing residual materials;
- Tracking materials received and shipped to Diversion End-Markets or disposal; and
- Reporting to Stewardship Ontario as required.

Post-Collection service providers qualify based on compliance with processor qualification standards and evaluation criteria including but not limited to price, location, capability (operational and reporting), capacity, output to Diversion End-Markets per tonne received and material revenue received.

In assessing best value, Stewardship Ontario will also consider the implications of processor and Diversion End-Market locations on its contract administration activities including, for example, audits and compliance.

With respect to the marketing of processed materials, processors will be incentivized to find the “best” markets for materials (i.e., reliable markets that command the highest commodity prices and that are not at risk of border restrictions) and the agreements will incorporate mechanisms for how Stewardship Ontario receives value for the marketed commodities.

7.10 Standardized List of Materials Collected

The list of accepted and Targeted PPP will be standardized and uniform in all Transitioned Communities. Although Stewards report and pay fees for all PPP, not all PPP has Diversion End-Markets and therefore the list of PPP targeted for Collection will be a subset of all PPP.

The principles for establishing the list of materials targeted for Collection are as follows:

- Materials targeted for Collection have Diversion End-Markets with sufficient capacity to avoid the need for storing materials or requiring their disposal; or if no Diversion End-Markets exist, then the materials have alternative management options to landfill that are environmentally preferable; and
- Materials can be managed in a manner that minimizes residue and disposal; and by extension, all materials targeted for Collection can contribute to environmental performance.

Where a material is not on the list of Targeted PPP, or where the material does not have a Diversion End-Market, the material will be evaluated against the waste reduction criteria in Section 11 of this Plan to determine the activities necessary to collect and/or recycle the material in the future.

The initial list of targeted materials is included in Appendix B - , and will generally include:

- Paper
 - Paper products
 - Paper packaging
- Plastics
 - Plastic #1: Polyethylene Terephthalate (PET) packaging
 - Plastic #2: High Density Polyethylene (HDPE) packaging and film
 - Plastic #4: Low Density Polyethylene (LDPE) packaging and film
 - Plastic #5: Polypropylene (PP) packaging
 - Plastic #6: Polystyrene (PS) packaging
- Metals
 - Steel packaging
 - Aluminum packaging

- Glass
 - Glass packaging

Some exclusions will apply within the general categories due to specific characteristics of the material, including but not limited to contamination, hazardous residue, or size. Such exclusions will be communicated to Consumers through Promotion and Education materials. Additions to the list of materials targeted for Collection will be made for operational reasons in response to changing technology and the availability of Diversion End Markets, for example, as the result of waste reduction activities outlined in Section 11. As such, these changes are operational in nature and do not constitute a change to the Plan and are not subject to the provisions of Section 2.4.

Consumers will be encouraged to return packaging that is addressed through the Liquor Control Board of Ontario's Ontario Deposit Refund Program (ODRP) or Blue Box waste that is packaging associated with products listed for sale by Brewers Retail Inc. (The Beer Store) to The Beer Store for refund.

7.11 Communications, Promotion and Education

Stewardship Ontario will have the primary responsibility to communicate with, and provide Promotion and Education (P&E) materials to Consumers in Transitioned Communities. In many cases, Stewardship Ontario will develop the communications and P&E materials, which will then be delivered by its Collection partners.

Stewardship Ontario will design and deliver an effective resident education program that achieves two primary objectives:

1. Make Consumers and other target audiences aware of the program features and benefits; and
2. Engage and encourage Consumers to make informed and proper decisions concerning the preparation of PPP for Collection in order to increase the amount of Targeted PPP collected and reduce contamination.

The design of the communication activities will be set out annually in a communication and P&E plan.

The principles guiding the development of the communication and P&E plan will be:

- **Understand Stewardship Ontario's resident and stakeholder audiences:** Identify the various audiences who will participate in the PPP program and assess each group's information and P&E needs;
- **Design effective communication and P&E:** Ensure that communication strategies, images, messages and tools reflect needs, are clearly understood, overcome perceptual and real barriers, contain a call to action and motivate appropriate behaviour;
- **Collaboration:** Explore opportunities to collaborate with other Ontario stewardship agencies, Communities, retailers, Community-based organizations and others to develop strategies and distribute P&E materials that strive to inform and motivate;
- **Establish measurement metrics:** Establish a benchmark measurement of program awareness, perceptions and reported behaviour against which to track and assess changes pertaining to year-over-year performance;
- **Maximize the use and effectiveness of in-kind advertising space:** Fully utilize advertising space provided by CNA/OCNA Members cost effectively meet communications and P&E needs;

- **Deploy an effective mix of communication and P&E tactics:** Develop and disseminate a strategic mix of tactics that ensure Consumers and stakeholders are effectively exposed to primary and supportive messaging; and to undertake this in cooperation with Communities and others who have developed and operate successful, mature recycling programs; and
- **Engage audiences to elicit feedback:** Employ contemporary methods of communication interaction (e.g., social media) as well as traditional methods to engage Consumers and encourage them to provide direct feedback regarding program changes and to ask questions.

To assist in the evaluation of communications activities, Stewardship Ontario will conduct research during the year following approval of this Plan to establish benchmark awareness levels.

7.12 Minimizing Stranded Assets

The approach to designing Catchments (Section 7.6.2) transitioning Communities (Section 7.6.3) and procuring Post-Collection services (Section 7.9) will minimize stranded assets as described below.

- Create geographic Catchments that promote the logistically efficient consolidation, transfer and Processing of materials and that encourage maximized use of existing capital assets (i.e. private and public material recycling facilities and transfer stations);
- Use a market solutions-based approach to procuring Post-Collection services that allows private and public operators to design a comprehensive system to move PPP from Collection to Diversion End-Markets by:
 - Provide Communities and the waste management industry with information regarding the inventory of available and publicly held capital assets deployed against waste diversion in Ontario today in order to improve logistic planning and design;
 - Provide sufficient time for private and public operators to assess the redeployment, reuse, refurbishing and recapitalization of those assets towards providing Post-Collection services as well as to establish the commercial relationships necessary to do so; and by extension
 - Provide Communities with the opportunity to divest, lease out or repurpose public facilities as determined by their desire to participate in Post-Collection procurement or based on the interest of proponents that may be participating in Post-Collection procurements.

8. ENSURING COMPETITIVE, FAIR AND OPEN MARKETS

In the operation of the Blue Box Plan the choices that Stewardship Ontario makes in procuring and paying for PPP Collection and Post-Collection services should not have a negative impact on the competitive dynamic in the marketplace for those services, nor should its choices create barriers to competition under a producer responsibility regulation established under the RRCEA. In this regard, Stewardship Ontario will operate the Plan so as to affect the marketplace in a fair manner including providing parties equitable opportunities to compete to support a fair and open marketplace for Blue Box services.

This section describes the steps that Stewardship Ontario will take to support competitive, fair and open markets. Specifically Stewardship Ontario will:

1. Promote competition and ensure market fairness under the amended Blue Box Program Plan by:

- Establishing procurement, payment and related administrative practices that do not unduly restrict competitive markets for PPP Collection and management services; and
 - Treating the marketplace in a non-discriminatory and fair manner by applying transparent and accessible policies, rules and procedures to all participants in a market segment.
2. Avoid creating barriers to competition in the second phase of transition that will result in individual producer responsibility under the RRCEA, and which is predicated on the winding up of Stewardship Ontario by:
- Ensuring that decisions made by Stewardship Ontario during plan operation do not advantage or disadvantage some Stewards or groups of Stewards under the RRCEA;
 - Establishing procurement, payment and related administrative policies, practices and procedures during the plan's operation and Stewardship Ontario's wind-up that do not adversely affect the competitive dynamic in PPP Collection and management markets that will continue to operate following the introduction of a regulation under the RRCEA.

8.1 Promoting Competition and Ensuring Market Fairness

Economic efficiency and environmental performance objectives under this Plan must be achieved by fostering competitive markets for the Collection and management of PPP. To ensure competitive markets are promoted Stewardship Ontario will:

- Utilize a combination of procurement practices and economic incentives to obtain Collection services directly from private sector service providers in a manner that complies with the Competition Act of Canada and other established practices and procedures designed to ensure competitive procurement;
- Ensure that where Communities are acting as Collection contract managers, Stewardship Ontario's pro forma requirements for ensuring competitive procurement processes for Collection services are reflected in those Communities' tendering processes;
- Ensure that where benchmark prices are used to remunerate Collectors they are established giving consideration to prices realized in competitive procurement processes in Communities with similar geographies, population and other relevant characteristics that used Stewardship Ontario's pro forma requirements;
- Use cost-based assessments where such direct benchmark prices are unavailable or incomplete, which may include giving consideration to historical prices obtained by the Community or to adjust observed market prices for salient differences between the most-like benchmark Community and the Community subject to benchmarking;
- Ensure that where Stewardship Ontario uses incentive based remuneration (e.g. for incentivizing private delivery of PPP Collections from multifamily dwellings) the incentives are available to any qualified Collector; and
- The size of Catchment boundaries for Post-Collection procurement will be limited to provide opportunity for many Post-Collection service providers to deliver services (See Section 7.6.2);

Stewardship Ontario will establish administrative rules, procedures and practices (e.g. qualifying service providers, registering parties, requiring reporting, making payments etc.) that are non-discriminatory so that administrative barriers to competition are minimized consistent with the WDTA, the Competition

Act, and the Minister's Request Letter, which requires a fair and open marketplace for Blue Box services, as follows:

- Ensure that qualification, procurement and payment practices will:
 - Not unduly limit the number of Collection and Post-Collection service providers by:
 - Providing exclusive rights for a supplier to provide goods or services outside of those procured through competitive procurement¹⁰;
 - Establishing qualification standards beyond those necessary to deliver the objectives set forth in the Minister's direction, the WDTA and its regulations and this Plan; and
 - Creating geographical barriers other than those necessary to establish the basis on which service providers will be procured to provide Collection and Post-Collection management of PPP.
 - Not limit the ability of Collection and Post-Collection service providers to compete by:
 - Limiting their ability to set the prices for goods or services proposed in competitive procurements;
 - Limiting the freedom of service providers to advertise or market their goods or services that are unrelated to the services provided to Stewardship Ontario;
 - Setting performance standards that are discriminatory and which significantly raise costs to some service providers relative to others (especially by treating incumbents differently from new entrants);
 - Not extending Community contracts beyond their natural expiry, including any renewal terms, where existing Community Collection contracts with service providers are amended to align with standards provided by Stewardship Ontario; and
 - Reduce the incentive for service providers to compete by requiring or encouraging information on proponent prices, sales or costs to be public.

In addition to ensuring competition under plan operation these measures will also ensure the competitive dynamic in PPP Collection and management markets that may continue to operate under a regulation under the RRCEA.

8.2 Preventing Barriers to Competition Under Individual Producer Responsibility Regulation Under the RRCEA

When Stewardship Ontario has fully assumed the responsibility for collecting and managing PPP in every Community choosing to transition, it will be administering several hundred commercial contracts with Communities and private service providers.

This Collection contract portfolio will include, at minimum, contracts with:

- Communities that are acting as Collection contract management agents;

¹⁰ On occasion, Stewardship Ontario may identify additional goods or services that are natural extension of existing contracts, in which case it may consider amending its existing contracts to include the goods or services. On other occasions, Stewardship Ontario may enter into sole source or single source contracts as part of a pilot study.

- Private Collection service providers providing residential PPP Collection services procured through competitive procurement;
- Public Collection service providers providing residential PPP Collection services;
- Private Collection service providers providing PPP Collections from multi-family dwellings under financial incentives; and
- Private depots providing PPP Collection services.

Stewardship Ontario will also hold a portfolio of Post-Collection contracts with any combination of individual private and public service providers and consortia of those service providers.

The extent to which competition occurs in service provider and producer markets under the RRCEA will be determined by regulatory design (i.e., requirements on responsible persons and other regulated persons), the form and design of the contracts held by Stewardship Ontario and the method by which, “contracts held by Stewardship Ontario for the Collection and management of PPP will be managed upon wind up of the Blue Box Program”.¹¹

8.2.1 Contract Design

To secure the most favorable price responses from service providers, Stewardship Ontario will enter into Collection and Post-Collection contracts for a period of time that is appropriate for the type of service and capital investment required by the successful proponent. The terms of these contracts will necessarily extend beyond the date by which all Communities are expected to transition.

To ensure that all stewards regulated under the RRCEA have equal access to the services and financial arrangements contained in these contracts, all Collection and Post-Collection contracts held by Stewardship Ontario will contain provisions to make them both assignable and subject to necessary amendments to align with regulatory requirements under the RRCEA upon wind-up of the Blue Box Program.

8.2.2 Assignment of Collection contracts

Each Collection and Post-Collection contract held by Stewardship Ontario will allow, without restriction, for its assignment to a third party “Assignee(s)” where the Assignee(s) are identified in a wind-up plan prepared pursuant to s. 14 (1) WDTA and the plan is approved by the Authority under s. 14 (15) WDTA. The details of the assignment will be contained in the wind-up plan pursuant to s. 14 (12) 4, and the transfer of any relevant related data to Assignees pursuant to s. 14 (12) 5. WDTA.¹²

Assignee(s) will only be identified in a wind-up plan if the Assignee(s) is willing to receive the contracts in question.

¹¹ Minister’s Request Letter.

¹² The wind-up of Stewardship Ontario and regulation of responsible persons under the RRCEA is a form of deregulation. How responsible persons convene themselves to discharge their obligations under the RRCEA will be largely unregulated unlike the way in which Industry Funding Organizations are convened and regulated under the *Waste Diversion Act 2002* (and the WDTA as its successor statute). This change marks a distinct policy transition and, depending on the design of the PPP regulation, may require the wind-up plan to establish a comprehensive set of rules and processes to provide responsible persons with access to the contracts that underpin the common Collection system established during the operation of the amended Blue Box Program Plan. See: *Competition Law and Deregulation in Network Industries* University of Toronto, Faculty of Law Symposium paper: Essential Facilities and the Duty to Facilitate Competition. John J. Quinn and Glenn F. Leslie June 14, 1996

Potential Assignee(s) will only self-identify when the need to receive some or all of the contracts held by Stewardship Ontario is established. The determinants of that need are the requirements placed on responsible persons under the RRCEA PPP regulations.

As such, the RRCEA PPP regulations must be promulgated well before Blue Box Program wind-up planning begins to allow responsible persons to assess their options for gaining compliance.

Accordingly, subsequent to the promulgation of the RRCEA PPP regulations, a process will need to be established for potential Assignee(s) to identify themselves to the Authority, for allowing prospective Assignee(s) to evaluate the contracts held by Stewardship Ontario and for prospective Assignees to then propose the means by which they would receive those contracts (including any amendments they may wish to make).

As discussed above, the wind-up plan submitted to the Authority for approval will identify the designated Assignee(s) and the process for making the assignments to them.

9. DISPUTE RESOLUTION PROCESS

The objectives of the dispute resolution process are to manage disputes to resolution, rather than adjudication, earlier and faster and at a reduced cost to all parties involved.

Stewardship Ontario will seek to balance the principles of access, efficiency, fairness and equitable outcomes in the design of its dispute resolution mechanisms. Dispute resolution processes will be tailored to the nature of disputes and will be embedded in commercial agreements between Stewardship Ontario and its service providers. A general dispute resolution process will be posted to the Stewardship Ontario website to govern disputes where there is no established dispute resolution process between Stewardship Ontario and another party with which it conducts business.

10. PROGRAM PERFORMANCE

10.1 Tracking Program Performance for Non-Transitioned Communities

Stewardship Ontario will report the total tonnes reported by each Community that has not transitioned. The source will be the verified Datacall as administered by the Authority

10.2 Tracking Program Performance for Transitioned Communities

The diversion target for the Blue Box Program has been set at 75% of PPP Supplied by Stewards to Transitioned Communities. The diversion target calculation is:

$$\text{Diversion Performance for Year } n = \frac{\text{Tonnes of PPP Managed}^{13} \text{ in Year } n}{\text{Tonnes of PPP Supplied}^{14} \text{ in Year } n-2}$$

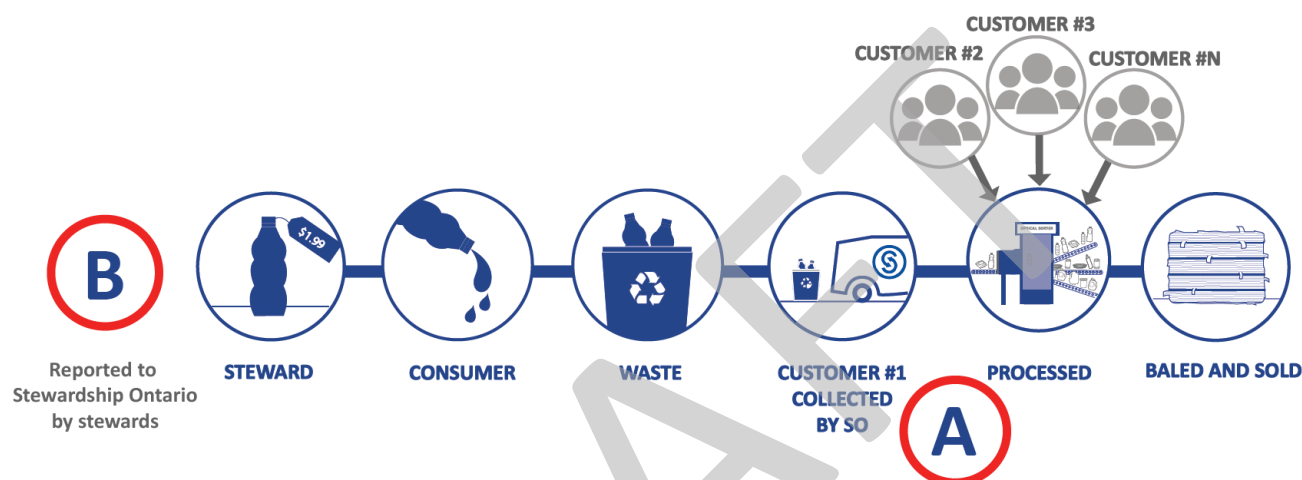
¹³ In Transitioned Communities.

¹⁴ In Transitioned Communities.

10.2.1 Method for Calculating the Diversion Target

Stewardship Ontario will begin performing composition audits on inbound material from a representative¹⁵ sample of Transitioned Communities¹⁶ (A below). The results of the composition audit process will allow Stewardship Ontario to determine the total quantity of Targeted PPP managed (i.e., with Diversion End-Markets), and to exclude the quantities of Non-PPP, Non-Targeted PPP and PPP without Diversion End-Markets from the total quantity of inbound material. This composition will be applied to all inbound loads delivered by all Transitioned Communities to produce the numerator for the diversion performance calculation as illustrated by “A” in Figure 7 below.

10.2.1.1 Figure 7



To report on diversion performance for a Transitioned Communities, Stewardship Ontario will prorate the total PPP Supplied by Stewards (B in Figure 7 above) into Ontario by the population of all Transitioned Communities¹⁷. It will then divide the total amount of Targeted PPP managed that originated from Transitioned Communities by the total amount of Supplied PPP prorated for all Communities. Where a Community transitions on a date other than January 1st of a given year, Stewardship Ontario will prorate the calculated Supplied quantities based on the transition date.

10.2.2 Timeline for Reporting the Diversion Target

Stewardship Ontario will report the program’s diversion performance for the 2021¹⁸ calendar year and each year thereafter. For 2020¹⁹, Stewardship Ontario will report the total inbound quantity of material collected from Transitioned Communities because there will not be sufficient composition audit data nor sufficient representation from all Community types to apply audit results to all inbound PPP from Transitioned Communities.

¹⁵ It is cost prohibitive to conduct statistically significant composition audits for every Transitioned Community and therefore a statistically significant representation of Transitioned Communities will be defined for use in the composition audit process. The audit results will then be applied to all inbound tonnes from all Transitioned Communities.

¹⁶ Communities will be candidates for inclusion in the representative samples three months after they have transitioned to allow time for operational and reporting processes to stabilize.

¹⁷ Use of Supplied quantities is a requirement of the RRCEA. Previously, the denominator was based on the quantity of material generated.

¹⁸ Assuming that the Plan is approved by June 1, 2018.

¹⁹ Assuming that the Plan is approved by June 1, 2018.

10.2.3 Timeline and Approach to Achieving a 75% Diversion Rate

Stewardship Ontario will achieve the aggregate province-wide 75% diversion target two years following the transition of all Communities. Actions Stewardship Ontario will take to achieve the target include:

- Ensuring appropriate and convenient access to PPP Collection services;
- Increasing participation by encouraging Consumers to utilize available Collection systems;
- Resolving technical and convenience barriers in multi-family Collection systems;
- Increasing capture rates by encouraging Consumers to place Targeted PPP in the PPP Collection system rather than the garbage Collection system; and
- Standardizing the list of materials collected.

Stewardship Ontario estimates that by the second year following the transition of all Communities, it will have increased the annually managed tonnes by 91,000 tonnes over 2017 performance, as in Figure 8 below.

10.2.3.1 Figure 8

Action	Assumption	Incremental Tonnes
Addition of 300,000 multi-residential households	80 kg/household	24,000
Standardize the list of materials collected	3% increase	25,000
Increased capture due to Promotion & Education	5% increase	42,000
TOTAL		91,000

Stewardship Ontario will require a period of time to assess the impact on program performance resulting from changes to the types of materials designated as PPP (e.g., paper for general use) and the establishment of a standardized list of materials accepted in recycling programs.

10.3 Material-Specific Management Targets for PPP Supplied to Transitioned Communities

Stewardship Ontario is required to establish material-specific management targets for PPP Supplied by Stewards to Transitioned Communities.

In setting these targets, Stewardship Ontario will adopt the material-specific categories included in Ontario Regulation 386/16. The categories for material-specific targets are:

- Paper
- Plastic
- Metal
- Glass

10.3.1 Material-Specific Targets

Material-specific management targets represent the minimum percentage share of each material type that Stewardship Ontario will seek to manage. For the purpose of the Blue Box Program, the methods of

managing the materials will allow for the material or part of the material to be, in accordance with Ontario standards and regulations:

- Reused;
- Used in the making of new products, packaging or other activities in Diversion End-Markets; or
- Used as a nutrient for improving the quality of soil, agriculture or landscaping.

The material-specific management targets have been set with the following objectives:

- In aggregate, the achievement of all material-specific management targets will enable the achievement of the overall diversion target of 75%;
- The focus on increased performance should be on materials with existing diversion rates below 75%; and
- Material-specific targets should be achievable within two years following the transition of all Communities.

Material-specific targets for 2027 are listed in Figure 9 below.

10.3.1.1 **Figure 9**

Material	Target	Current Performance ²⁰	Improvement Percentage
Paper	95%	94%	+ 1.1 %
Plastic	50%	35%	+ 42.9 %
Metal	65%	58%	+ 12.1 %
Glass	75%	73%	+ 2.7 %

Material-specific performance shall be calculated as outlined in Section 10.2 above and using the four material-specific reporting categories proposed.

10.4 Other Performance Indicators

In addition to the program and material-specific diversion rates to be reported as outlined in Sections 10.2.1 and 10.3.1 above, Stewardship Ontario will report the following performance indicators on an annual basis:

- Total Supplied Tonnes as reported by Stewards;
- Number of Stewards;
- Total tonnes of collected residential material (PPP and Non-PPP) from Transitioned Communities;
- Total tonnes directed to Diversion End-Markets from Transitioned Communities;

²⁰ Assumption based on changes to definitions of PPP and other proposed changes in this Plan.

- Total tonnes directed to end-markets other than Diversion End-Markets or Disposal, such as recovery;
- Percentage of total tonnes from Transitioned Communities directed to Diversion End-Markets by country²¹;
- Total number of Transitioned Communities;
- Number of households serviced in Transitioned Communities;
- Percentage of households with access to Collection services for Transitioned Communities;
- Cost per tonne for all services delivered in Transitioned and Non-Transitioned Communities;
- Cost per household for all services delivered in Transitioned and Non-Transitioned Communities; and
- Diversion performance for sub-categories within the four material-specific reporting categories as needed to inform Stewards of actions taken to support waste reduction initiatives (see Section 11).

Stewardship Ontario will report Consumer awareness performance indicators at least every three years.

11. WASTE REDUCTION

Reduction or “waste reduction” means the minimization of waste generated at the end-of-life of products or packaging, including through activities related to design, manufacturing and material use²². Reducing the amount of Paper Product or Packaging, reuse and increasing recyclability and recycling are all measures to effect reduction²³. Where Stewards bear the cost of the end-of-life management of their Paper Product and Packaging choices, consideration of opportunities to reduce, reuse and increase both recyclability and recycling is expected to increase.

Accordingly, the following measures will be taken to advance waste reduction:

- Where PPP is being collected and managed in Transitioned Communities, communicate the material’s Collection and management performance to Stewards. Where such Collection and/or management performance is assessed to be low, determine and communicate to the responsible Stewards the following:
 - Why the performance is low;

²¹ The actual end-market name and location is commercially confidential to the Post-Collector. Stewardship Ontario will approve the use of Diversion End-Markets by a Post-Collector and report the end-market name and address to the Authority on an annual basis.

²² *Resource Recovery and Circular Economy Act, 2016*, S.O. 2016

²³ The Packaging choices that Stewards make are driven by factors including but not limited to utilizing recyclable materials, maintaining product integrity during handling and transport, ensuring food safety, providing marketing distinction and reducing shipping cost. In some cases, there may be tension when trying to satisfy all objectives – as an example, a lightweight package that reduces raw material use, transportation cost and energy use may not currently be readily recycled at end-of-life.

- Recommendations for operational and technological innovation and Promotion and Education that can be undertaken by Stewardship Ontario and its commercial partners to improve Collection and management performance;
 - The costs of operational and technological innovation and promotion and education that are being undertaken by Stewardship Ontario and its commercial partners to improve Collection and management performance; and
 - How these costs are reflected in the responsible Stewards' fees for the particular paper product or package.
- Where a paper product or package is not being collected and managed in the transitioned system, determine why not and communicate to the responsible Stewards the following:
 - The reason it is not being currently collected and managed;
 - Recommendations for technological and operational innovation and Promotion and Education that can be undertaken to establish Collection and management of the paper product or packaging in question;
 - The cost of the efforts toward technological and operational innovation and Promotion and Education necessary to establish Collection and management of the paper product or packaging in question; and
 - How these costs are reflected in the responsible Stewards' fees for the particular paper product or package.

Stewardship Ontario may convene collaboration forums comprised of a combination of experts with a mandate to identify and bring to market solutions to improve the Collection and management of PPP. Collaboration forums may be composed of Stewards, Collectors, the waste management industry, secondary processors, or other qualified individuals or producer responsibility programs (e.g., Recycle BC or European programs).

Whether or not the paper product or packaging is being collected and managed in the transitioned system, Stewardship Ontario will employ a fee setting methodology for purposes of financing the Plan. The fee methodology will enable the allocation of cost to material categories in order to fund remedial actions to improve the diversion performance of poorly performing materials and actions necessary to allow items that are not currently collected, to be collected and managed. The Fee Setting Methodology will contain mechanisms that advance the Minister's interest in driving waste reduction of PPP but it is understood to be but one of a number of tools at Stewardship Ontario's disposal to advance the waste reduction objectives. Methodologies for calculating the various inputs to the fee setting process as well as supply chain contract and service designs are examples of additional tools that can provide the necessary economic incentives to incent waste reduction.

Stewardship Ontario will ensure that performance metrics are available annually to provide evidence of the requirement for these investments.

Stewardship Ontario will undertake research to establish Collection and management of the affected materials that are not currently targeted for Collection or to address those materials that have low diversion performance in the Full Producer Responsibility system.

Stewardship Ontario will identify the materials in question and may notify affected Stewards of the need for research and development and the specific areas to be studied.

In this case, Stewards may be provided an opportunity to propose their own research and development plan to Stewardship Ontario. A proposal by Stewards to undertake such planning will at a minimum specify:

- The work the Steward(s) and their research partners plan to undertake with regard to operational and/or technological changes needed to effectively collect and manage the material and for its receipt by stable Diversion End-Markets;
- The timeline for submitting their findings to Stewardship Ontario; and
- The method by which Stewardship Ontario will be involved in the ongoing research.

The Stewards' plan will propose any technological and operational changes to the Collection and Post-Collection management of PPP necessary to address the deficiencies identified by Stewardship Ontario. Where Stewardship Ontario accepts the proposal Steward(s) and their research partners will provide regular project updates to Stewardship Ontario.

Where such research is successful, Stewardship Ontario will assess the cost of the necessary changes to the PPP Collection and management system in order to implement the technologies and practices proposed by the research and development work. Stewardship Ontario will incorporate the costs of these changes in fees charged to Stewards of the affected materials.

Where the affected Stewards develop solutions through their own research and development the affected Stewards will retain any intellectual property developed through their efforts.

Where affected Stewards decline the opportunity to undertake the research and development necessary to improve the environmental performance of the respective materials in question, or where Stewardship Ontario rejects the proposal, or where Stewardship Ontario chooses an alternate approach to research and development, Stewardship Ontario will undertake and fund (via its assessment of material-specific stewardship fees) the research and development effort.

The affected Stewards will bear the costs of implementing and operating the proposed changes as part of their assessed stewardship fees.

11.1 Timeline for Waste Reduction Initiatives

Upon Plan approval Stewardship Ontario's first priority will be the development of Collection strategies that allow for the effective Collection of expanded and extruded polystyrene foam to enable these materials to be included in the list of collectable materials in the Collection and Post-Collection statements of work to be finalized in November 2018.

Research will be conducted in 2019 to identify the list of problematic materials requiring Collection and material management solutions. Once identified, a design phase will initiate to allow for the continuous expansion of the materials collected and managed. The research, design and implementation phases will continue throughout the Plan duration as depicted in Figure 10 below.

11.1.1 Figure 10

	2018	2019	2020	2021	2022	2023	2024	2025
Research & Design Activities								
Determine Foam Collection Strategy								
Research – Identify Top X Problematic Materials								
Design – Problematic Material(s) #1 – Collection & Management Strategy								

Design – Problematic Material(s) #2 – Collection & Management Strategy			
Design – Problematic Material(s) #3 – Collection & Management Strategy			
Design – Problematic Material(s) #X – Collection & Management Strategy			
Implementation Activities – Expanding Collection & Improving Management			
Foam Collection – Transitioned Communities			
Problematic Material(s) #1 – Collection – Transitioned Communities			
Problematic Material(s) #2 – Collection – Transitioned Communities			
Problematic Material(s) #3 – Collection – Transitioned Communities			

12. PROGRAM FINANCING

Stewardship Ontario has a responsibility to deliver an efficient and effective PPP stewardship program. Stewards are responsible to pay fees that are sufficient to implement and operate the Plan. The Plan has two major phases:

- Phase A – Transition Planning
- Phase B – Community Transition

The 2018 fees are approved and will not change. Activities required to support Phase A activities in 2018 will be funded using program reserves.

Stewardship Ontario will, beginning with the 2019 fee schedule, incorporate new cost items within the annual business plan and budget published to Stewards annually. These new cost items will be incorporated at a measured pace and in alignment with its increasing financial and management responsibilities.

Stewardship Ontario incorporates the following costs into its annual budget, which are inputs to calculate material fees:

- Share of Supply Chain costs for Non-Transitioned Communities – the amount the Authority has determined to be the Community payment obligation;
- Promotion and Education and Market Development – costs to educate Ontario Consumers and invest in performance improvement;
- Program Management – costs to operate the program; and
- Regulatory Costs – the Authority charge to Stewardship Ontario for program oversight.

These cost items will remain components of the Stewardship Ontario annual budget. To fund the Transition Planning and the Community Transition phases, Stewardship Ontario will add the cost items in Figure 11 below to the program budget.

12.1 Figure 11

Anticipated Year	Cost Item
2019	1 - Implementation Plan resources
	2 - Reserve accumulation
	3 - Cost of Waste Reduction investments
2020	1 - Implementation Plan resources
	2 - Reserve accumulation
	3 - Cost of Waste Reduction investments

2021 – 2025	4 - Transition Plan support resources
	5 - Incremental Supply Chain costs for transitioning Communities
	1 - Transition Plan support resources
	2 - Cost of Waste Reduction investments
	3 - Incremental Supply Chain costs for transitioning Communities

Stewardship Ontario will publish the budget and fees annually to Stewards in Q4 of each year to allow Stewards to understand the basis of their fees and to plan for the incremental annual expense to be incurred beginning in 2019 until a steady state is achieved in 2025.

13. REGISTRATION, REPORTING, RECORD KEEPING AND AUDITING

Stewardship Ontario is responsible to provide Stewards with a registration and reporting system.

13.1 Registration & Reporting

Stewardship Ontario will facilitate the registration of Stewards and to provide Stewards with an online reporting system, support services and tools.

13.2 Record Keeping

Stewardship Ontario is responsible for maintaining the confidentiality and security of reported information.

13.3 Auditing

Stewardship Ontario is subject to the audit provisions established by the Authority. These provisions require that Stewardship Ontario disclose Steward registration and reported information upon request.

APPENDIX A - CHANGES TO THE 2016 MUNICIPAL DATACALL USER GUIDE

This section outlines the eligible and ineligible costs and revenues for the purpose of calculating payments to Communities pursuant to Section 6. These eligible and ineligible costs remain unchanged from those used to calculate the 2018 steward obligation, except for the inclusion of Ineligible Costs items 1, 2 and 3.

Operating Costs means:

Service Delivery Costs include expenditures for the Collection and Processing of residential PPP, whether the service is delivered by the Community, contracted to the private sector, or a combination thereof.

Contracted Service Delivery Costs

If the service is contracted to the private sector, the direct service delivery cost is the Collection and Processing fees charged by the contractor to the Community for the management of PPP.

Direct Service Delivery Costs

If the service is delivered by the Community, direct service delivery costs include, but are not limited to:

- Payroll costs of recycling Collection truck drivers and sorters at a material recovery facility for the management of PPP;
- Services such as utilities, insurance, equipment repair and maintenance to enable the management of PPP;
- Supplies such as fuel, baling wire, replacement Blue Boxes;
- Rent or lease costs for buildings, equipment or vehicles in use by the Community for PPP Collection and management on or prior to August 14, 2017;
- Taxes and payments-in-lieu of taxes;
- Interest on debt to acquire buildings, equipment or vehicles in use by the Community for PPP Collection and management on or prior to August 14, 2017; and
- The non-refundable portion of the HST where applicable.

Capital Costs means:

Where the capital costs do not form part of the contract service price from a private sector contractor, this includes the amortized capital cost, based on the Datacall Amortization Schedule provided below, of Community owned Collection vehicles, material recovery facilities, fixed and mobile equipment within the material Collection facility, and Collection containers, in use by the Community for PPP Collection and management on or prior to August 14, 2017. Grants for capital improvements will be subtracted from the capital costs to calculate the eligible capital costs under the program prior to amortization.

Promotion and Education Costs means:

Resident awareness and education costs include the costs to promote the use of the recycling program and educate residents on proper local PPP recycling procedures.

- The actual costs incurred by the Community to conduct resident awareness and education of PPP recycling as submitted through the Datacall for activities such as graphic design, production costs, printing, postage, linage rates, air time, etc.

Administration Costs means:

Administration costs are costs incurred by Communities in support of PPP program operations. Eligible administration costs include the portion of the following cost items that are attributable to residential PPP program operations:

- Financial, including accounts payable and receivable, purchasing, payroll and audit;
- Human resources, including health and safety, labour and employee relations, training and development;
- Information technology, including electronic databases to record and track Blue Box tonnage information; and
- Legal, only for legal costs directly related to direct service delivery issues such as review of tender documents or contract disputes.

Calculated Administration Costs means:

the lesser of:

- Administration Costs; or
- A specified percentage of total Operating Costs, Capital Costs and Promotion and Education Costs, being:
 - 5% for Communities that provide services directly; and
 - 3% for Communities that contract for one or more services.

Ineligible Costs include

1. Costs related to transition including:
 - 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 in anticipation of transition (This is not to be confused with the treatment of Community assets not utilized in transitioned Post-Collection systems developed through competitive procurement processes - See Section X)
 - Unamortized capital costs that extend beyond transition date
 - Severance or other employee termination-related costs related to transition.
2. Costs related to service level changes approved after August 14, 2017 including:
 - Changes in the frequency of service
 - Changes in Collection methods (e.g. shift from multi-stream to single stream and vice versa, from depot to curbside Collection and switching Collection containers types).
3. Costs related to contract operations and management deficiencies

- Specifically, penalties or fees incurred by Communities as levied by service providers resulting from service level failures (e.g. contamination in materials in-bound to processors) or other deficiencies in Community performance as in terms of their agreements with service providers.

4. The cost of land.

Gross Revenue means:

Revenue from the sale of PPP is from the Community's general ledger and includes:

- Revenue received by the Community for the sale of PPP;
- Revenue from service fees, including Processing fees and depot access fees, charged to other Communities for the management of residential PPP;
- Revenue from the sale of Collection containers; and
- Revenue from grants and other funding that are intended to offset PPP Collection, management or resident awareness and education costs.

Excluded from Gross Revenue is revenue retained by private sector contractors under revenue sharing agreements.

Datacall Amortization Schedule

Blue Box Collection Costs:

Items Purchased	Years Amortized
Owned and Operated Recycling Vehicles	7
Purchase of Blue Boxes	3
Purchase of Curbside or Multi-Residential Carts	10
Purchase of Roll-Off Bins / Compartmentalized Trailers	3
Other Uncategorized Capital Purchases	Define amortization period, up to 20 years

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Blue Box Processing Costs:

Items Purchased	Years Amortized
Purchase of MRF Building	20
Purchase of initial MRF Equipment, Major Expansions, Major Retrofits, Weighscales	10
Purchase of Minor Expansions, Minor Retrofits	5
Purchase of Rolloff Containers / Dumpsters	5
Purchase of Rolling Stock	3
Other Uncategorized Capital Purchases	Define amortization period, up to 20 years

Blue Box Depot/Transfer Costs:

Items Purchased	Years Amortized
Purchase of Depot / Transfer Building	20
Purchase of initial Depot / Transfer Equipment, Major Expansions, Major Retrofits, Weighscales	10
Purchase of Minor Expansions, Minor Retrofits	5
Purchase of Rolloff Containers / Dumpsters	5
Purchase of Rolling Stock	3
Other Uncategorized Capital Purchases	Define amortization period, up to 20 years

APPENDIX B - INITIAL LIST OF PPP TARGETED FOR COLLECTION IN TRANSITIONED COMMUNITIES

Material	Included	Exclusions
Paper Products	Newsprint	
	Magazines and Catalogues	
	Telephone directories	
	Loose paper, Notebooks, Note pads, Diaries, Cardstock, Brochures, etc.	
	Envelopes	Envelopes with plastic bubble filling
	Wrapping Paper	Foil wrapping paper; Paper with non-fibre components
	Calendars	All disposable fibre dishware
	File folders	Hanging folders with metal inserts
	Greeting cards	Cards containing batteries
	Corrugated containers and boxes	Waxed corrugated
	Boxboard and paper cores (rolls)	
	Kraft paper	
	Molded pulp	
	Aseptic and Gable Top cartons, Polycoat containers and cups	Foil laminated containers, waxed containers, other paper laminates
Plastic Packaging	Plastic #1: Polyethylene Terephthalate (PET) bottles, jars and packaging	Foamed PET; Strapping; Beverage alcohol containers on deposit; Film
	Plastic #2: High Density Polyethylene (HDPE) bottles, jars, packaging and film	Foamed HDPE; Containers with metal handles; Squeeze tubes; Hangers
		Plastic #3: Polyvinyl Chloride (PVC)
	Plastic #4: Low Density Polyethylene (LDPE) bottles, jars, packaging and film	Foamed LDPE; Squeeze tubes; Hangers
	Plastic #5: Polypropylene (PP) bottles, jars and packaging	Foamed PP; Squeeze tubes; Paint cans with metal; Hangers; Film
	Plastic #6: Rigid polystyrene (PS) and Expanded Polystyrene (EPS/XPS)	PS Film
		Plastic #7: Other Mixed Plastics, Polylactic Acid (PLA), Polyhydroxyalkanoates (PHA), Polyhydroxybutyrate (PHB), Unmarked Packaging, Film, Multi-Laminated Packaging (e.g., pouches, net-style bags)
Metal Packaging	Steel food and beverage containers	
	Steel paint containers	Paint containers containing paint
	Other steel packaging	Aerosol containers; Hangers; Strapping
	Aluminum food and beverage containers	Aluminum laminated packaging
	Other aluminum packaging; Aluminum foils; Aluminum trays/plates	Aerosol containers;
Glass Packaging	Clear and coloured glass bottles and jars	Beverage alcohol containers on deposit

Changes to the list of materials targeted for Collection will be made for operational reasons in response to changing technology and the availability of Diversion End-Markets, for example, as the result of waste reduction activities outlined in Section 11. As such, these changes are operational in nature and do not constitute a change to the Plan and are not subject to the provisions of Section 2.4. Stewardship Ontario will provide Consumer-friendly lists of the inclusions and exclusions on its website.

APPENDIX C - SAMPLE TERMS AND CONDITIONS

The following are sample terms and conditions to provide service providers with information on the types of requirements that may be included in commercial agreements.

Curbside Collection Services

- Collector will collect In-Scope PPP at Curbside from all Customers within the defined Service Area
- Service area and household count can be amended through a defined change process on a quarterly basis.
- Collector will collect all In-Scope PPP from all Customers that: (I) are placed in Containers (including both Collector-provided and Customer-owned Containers); and (II) any Corrugated Cardboard, tied securely and stacked by the Customers' Container (or stacked alone if no Container is present).
- Collector will abide by the contamination management protocol.
- May not collect Non-PPP under this agreement.
- Pick-up in-Scope PPP placed by Customers at the Curb along the Collection vehicle route which may be a Public Street or a Private Road where service vehicles can navigate the Private Road and the owners have agreed to allow service vehicles access.
- Curbside Collection on a bi-weekly basis, except that curbside Collection may be conducted on a weekly basis where the Community is already providing curbside Collection on a weekly basis.
- Collector will not compact In-Scope PPP in Curbside Collection vehicles at a ratio higher than X:1.
- Collector will make Collections in an orderly, non-disruptive, and quiet manner, and will return Containers (including, in the case of Carts, with their lids closed) in their set-out location in an orderly manner. Location of Containers should not block sidewalks, driveways, or on street parking.
- Collector will monitor the quality of In-Scope PPP set out for Collection. Customers with more than the listed percentage by weight of Non-PPP and Non-Targeted PPP items will receive a written notice from Collector to reduce the quantity of Non-PPP and Non-Targeted PPP items.
- Customers that receive three or more written notices per calendar quarter (three months) will be contacted by the Collector by phone or in person to resolve the issue. If the quantity of Non-PPP and Non-Targeted PPP items is not reduced to less than the requisite yearly percentage by weight after a minimum of three (3) attempts to educate the Customer, Stewardship Ontario may temporarily remove the Customer from the Service Area.

Containers

- Collector will, at Collector's cost, provide re-usable Containers that provide Customers with sufficient volume to accommodate In-Scope PPP generated by the Customers between Collections so that Container capacity is not a barrier to Customer use of the Curbside Collection service.

Designated Post-Collection Service Provider

Collector will deliver all collected materials to the Designated Post-Collection Service Provider in a prescribed manner.

The point of acceptance will be prescribed in the agreement and will generally fall within a XX minute drive from an urban Community boundary at the point of least distance to the facility operated by the Post-Collection Service Provider. If the Service Area is not in an urban area the Post-Collection Service Provider will accept delivery of In-Scope PPP from the Collector at a location no more than YY kilometers from the Community boundary at the point of least distance to the facility operated by the Designated Post-Collection Service Provider.

Customer Service and Management

As part of Curbside Collection, Collector will provide the following Services.

- Facilitate access to a Customer service office and call center.
- Collector will ensure a digital record all Customer complaints and service requests.

Record and Reporting Requirements

Collector will meet record keeping and reporting requirements, for example:

- Tonnage by Collection date and weight scale ticket (which must include the Collector name and truck number); and
- Customer communications related to Curbside Collection including telephone calls, letters, e-mails, text messages or webpage messages received.

Contamination Management Process

To ensure that the quality of the collected PPP consistently improves over time the Collector will participate in a “Contamination Management Process” in order to achieve the following (as updated from time to time):

1. 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.
2. A Contamination Target as a percentage of Non-PPP and Non-Targeted PPP in collected volumes in-bound for Post-Collection management.

The Contamination Management Process involves the following steps:

Step 1: Identify Candidate Collectors

A Collector will only be considered a candidate for the application of the Contamination Management Process 12 months after a given Community has transitioned.

In due course of operating the program, Stewardship Ontario will undertake composition audits of collected materials in transitioned Communities. As a result of this ongoing monitoring, Collectors may fall into one of three categories:

1. Collectors for whom statistically significant composition audit data²⁴ is available

²⁴ Stewardship Ontario will seek to strike a balance between the cost of composition auditing and the quality of the resulting data. Therefore, it does not expect to complete a statistically significant number of composition audits on PPP from every Community and for some Communities, no composition audits will be completed unless required by the Contamination Management Process.

2. Collectors for whom some composition audit data is available, but where the data is not statistically significant
3. Collectors for whom no composition audit data is available

These data and ongoing field observations may trigger the Contamination Management process in one of three ways:

1. Face value assessment of empirical data indicates contamination levels exceed the ceiling; and/or
2. Observation of materials in-bound for Post-Collection management indicates contamination levels may exceed the ceiling; or
3. A random selection of a Collector has been made

Once a Collector has been identified as a candidate for the application of the Contamination Management Process, it will progress to the next steps.

Step 2: Notify Collector that the Contamination Management Process has been activated

1. Stewardship Ontario will notify the Collector that the Contamination Management Process has been activated;
2. Within 15 business days of notification, Stewardship Ontario and the Collector will meet to:
 - a. Discuss short term remediation plans and a test timeline where the 'baseline test' timeline will not exceed 90 days from notification
 - b. Agree the number and timing of contamination sampling where the number of samples in the baseline is not less than 10 and conducted over not less than a 3 month period
3. Conduct tests and review Contamination Result where:

$$\text{Contamination Result} = \frac{\text{Sum (Non-PPP + Non-Targeted PPP)}}{\text{Total Quantity Collected}}$$

4. Where baseline tests indicate that the Contamination Result exceeds the Contamination Ceiling, the Collector shall produce a remediation plan and review the remediation plan with Stewardship Ontario within 30 days outlining what activities will be undertaken to reduce contamination levels

Step 3: Improve quality and retest

1. Conduct retests based on timeline and count of tests agreed.
2. Review results.
3. Where results indicate the Collector's remediation plan is effective and contamination levels in excess of the Contamination Ceiling have been reduced by at least 50%, Stewardship Ontario and the Collector will repeat Step 3 one time and on the same terms with no financial penalty to the Collector.
4. Where results indicate the Collector's remediation plan is ineffective and contamination levels remain in excess of the Contamination Ceiling and have been not been reduced by at least 50%,

Stewardship Ontario and the Collector will repeat Step 3 one time and on the same terms. The cost of the audits shall be borne by the Collector.

Step 4: Apply or Absolve Collectors of a Service Level Failure Credit (SLFC)

1. Stewardship Ontario will conduct test and review results.
2. Where results indicate the Collector has fallen below the Contamination Ceiling, the Collector will exit the Contamination Management process until such time as their re-entry is triggered by Step 1.
3. Where results indicate the Collector remains in excess of the Contamination Ceiling, Stewardship Ontario may:
 - a. charge the Collector for the Post-Collection expense associated with the tonnes in excess of the Contamination Ceiling; and/or
 - b. apply a Service Level Failure Credit.
4. The Collector will remain in Step 4 until they fall below the Contamination Ceiling.

Collector performing better than the Contamination Target

Collectors may trigger the Contamination Management Process for the purpose of earning a Contamination Process Reward by completing the following process steps:

Step 1: Notify Stewardship Ontario

1. Collectors will provide Stewardship Ontario notice of its request to trigger the Contamination Management Process.
2. Within 15 business days of notification, Stewardship Ontario and the Collector will meet to:
 - a. Discuss test timeline where the 'baseline test' timeline will not exceed 90 days from notification.
 - b. Agree to the number and timing of contamination sampling.
3. Conduct tests and review results where the number of samples in the baseline is not less than 10 and conducted over not less than a 3 month period.

Step 2: Evaluate results and determine Contamination Reward eligibility

1. Where the Contamination Result is greater than the Contamination Target, the Collector will be charged for the cost of the contamination samples.
2. Where the Contamination Result is greater than the Contamination Ceiling, Stewardship Ontario may notify the Collector that the Contamination Management Process has been initiated.

Where the Contamination Result is less than the Contamination Target, Stewardship Ontario will pay the Collector a Contamination Reward.

Service Level Failures

The following are considered service level failures that may be subject to Service Level Failure Credits.

Service Level Failure	
1	Failure to provide a required report on time.
2	Failure to separate Curbside Collection of In-Scope PPP collected from Customers in Service Area from materials collected outside of the Service Area without prior written approval.
3	Delivery of materials to Designated Post-Collection Service Provider that contain more than the percentage by weight of Non-PPP Items for a given contract year.
4	Failure to enact its applicable Business Continuity Plan, on the occurrence of a Labour Disruption.
5	Contractor delivers In-Scope PPP to any location other than the Designated Post-Collection Service Provider without prior written permission.

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**APPENDIX D - PROGRAM AGREEMENT BETWEEN STEWARDSHIP
ONTARIO AND THE AUTHORITY**

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