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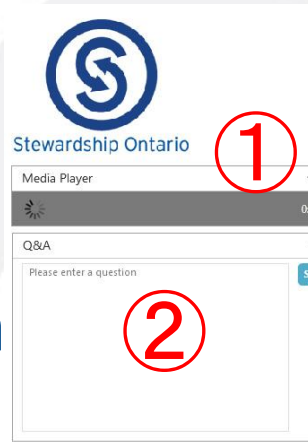
# **Draft Blue Box Program Plan: For Consultation**

Webinar

January 8, 2018

# Webinar details

- Speaker advances slides
- Sound slider ①
- Questions/comments at 'Ask a Question' ② then click 'submit'
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**Draft Blue Box Program Plan: For Consultation**

Webinar  
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Q&A

# Today's Agenda

1. Welcome and Introduction
2. Review of Key Components of Draft Blue Box Program Plan
  - A. Definitions of obligated stewards and materials and program financing
  - B. Non-Transitioned Communities
  - C. Transition Process
  - D. Procurement Approach
  - E. Sample Terms and Conditions
  - F. Standard List of Targeted Materials
  - G. Waste Reduction
  - H. Additional Collection Channels
  - I. Performance Targets and Measurement
3. Rules for Stewards and Fee Methodology
4. Program Agreement (RPRA)
5. Conclusion and Next Steps



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# INTRODUCTION

# Blueprint for the future

- Draft Blue Box Program Plan has been a collaborative effort involving Stewardship Ontario, its regulators and many interested stakeholder groups and First Nations communities
- Substantive investments of your time, participation and thoughtful feedback has resulted in a draft Plan that is a blueprint for the future
- It demonstrates our collective desire to be leaders and innovators
- It reflects our joint vision for a gradual transition to full producer responsibility for packaging and paper products (PPP)

# Draft Plan reflects requirements and stakeholder feedback

- ✓ Responds to all requirements in the Minister's Request Letter
- ✓ Respects the Charter of Interests and the Accord between Stewardship Ontario and municipal representatives that call for increases to steward financial obligations be accompanied by operational control
- ✓ Consistent with need for gradual transition and operational stability of the recycling system
- ✓ Incorporates stakeholder feedback from Phase 1 consultations, specifically in the transition approach, the plastics target and the list of targeted materials
- ✓ Sets the stage for the future transition to IPR under the RRCEA

# Extensive engagement and consultation within short timelines

- Phase 1 consultations launched in late August on key components of an amended Blue Box Program Plan:
  - Over 20 distinct in-person and webinar format meetings held throughout Ontario
  - Approximately 1,500 participants
  - 80+ submissions received from all stakeholder groups: steward community, packaging groups, waste management sector, ENGOs, and municipal and First Nations communities
- Phase 2 launched on December 19 with posting of the Draft Program Plan
- We look forward to your feedback on the draft Plan

# Phase 2 consultation important milestone

- Today's webinar will review each of the key components of the draft Plan
- Your written feedback will be requested by January 15 to inform the final submission to the Stewardship Board
- Plan will be considered by the Authority in advance of the February 15, 2018 deadline and submitted to the Minister along with a Consultation Report



# Program Agreement posted

- In addition to the Program Plan, there is a Program Agreement between the Authority and Stewardship Ontario that will be appended to the Plan, and which will govern the transition to full producer responsibility
- The Authority posted the Program Agreement for consultation on December 20<sup>th</sup> following its approval by the Stewardship Ontario Board, and they are asking for your feedback by January 15<sup>th</sup>.
- The Authority will provide more details about the Program Agreement at the end of this webinar



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# REVIEW OF DRAFT BLUE BOX PROGRAM PLAN KEY COMPONENTS

# 10 Major Consultation Topics

1. Definitions of obligated printed paper and packaging.
2. Definitions of stewards, including approaches to newspaper obligations and small business exemptions.
3. Payments to Non-Transitioned Municipalities under 50%.
4. Criteria for transitioning local governments to full producer responsibility.
5. Proposed procurement approach for collection and post-collection services that satisfies fair and open marketplace provisions.

# 10 Major Consultation Topics

6. Collection and management standards  
Stewardship Ontario will use to determine service levels.
7. Approach to expanding and harmonizing the materials collected in the Blue Box.
8. Material specific targets.
9. Approaches to Waste Reduction.
10. Expansion of Blue Box services.

# **DEFINITIONS OF OBLIGATED PPP AND STEWARDS AND PROGRAM FINANCING**

# Broadened Definition of PPP

See Glossary,  
Section 4 of  
Plan and Rules

- No changes to PPP definition as provided during Phase 1 consultation. Its expanded scope includes:
  - Paper Products
  - Primary Packaging
  - Convenience Packaging
  - Transport Packaging
  - Ancillary Packaging Elements
  - Packaging-like Products that are made of glass, metal, plastic and paper or a combination thereof

# Definition of “steward” unchanged

See Glossary,  
Section 5 of  
Plan, and Rules

- Ontario-resident Brand Holders and First Importers are obligated stewards
  - Rules for Stewards further specify types of businesses that fall into these categories
- Small business exemptions remain status quo
- CNA/OCNA (newspaper publishers) will continue to pay for material management costs in both non-transitioned and transitioned communities with in-kind advertising and with cash for administrative costs

# Program Financing

- Fees will not change for 2018. Plan commits to the utilization of program reserves for 2018 activities.
- Fees will begin to increase in 2019 to build funds for transition

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



# Gradual transition by households

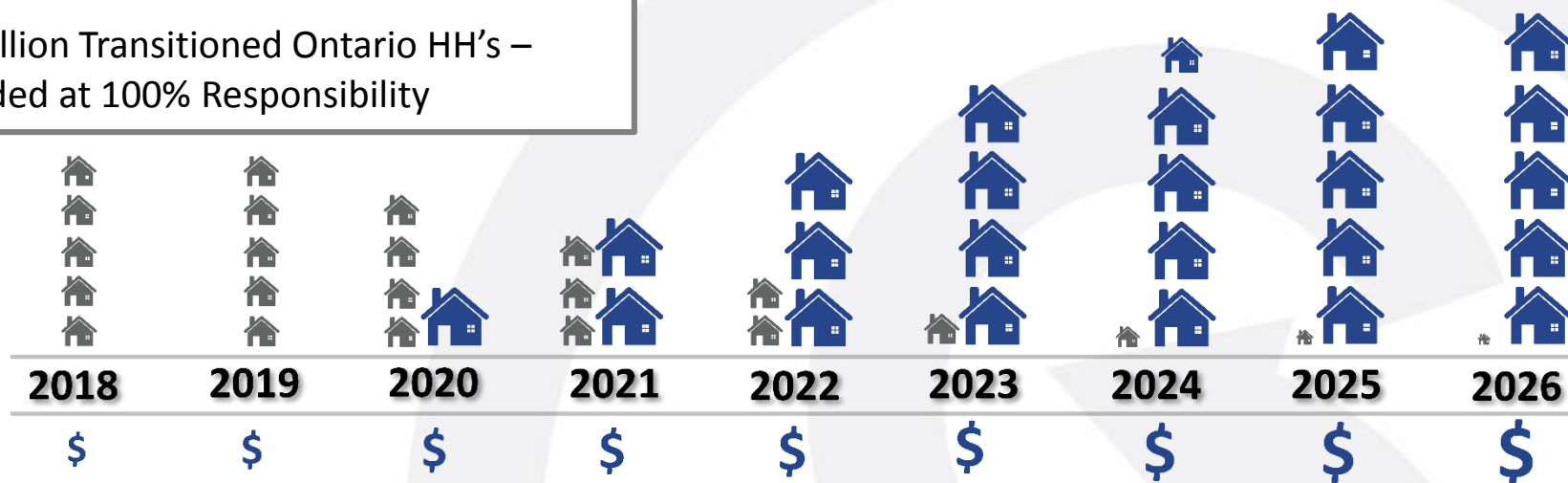
## Key



1 Million Non-Transitioned Ontario HH's –  
Funded at 50%



1 Million Transitioned Ontario HH's –  
Funded at 100% Responsibility



# Questions?



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# **STATUS AND PROCESS FOR NON-TRANSITIONED COMMUNITIES**

# Payments to Non-Transitioned Communities under 50%

See Section 6  
and Appendix A  
of Plan

- Payments will be based on 50% of verified eligible net costs



# Eligible and ineligible costs clarified in Plan

See Section 6  
and Appendix A  
of Plan

- Appendix A of the Plan sets out eligible and ineligible costs for calculating payments
- Updates to ineligible expenses include:
  - Costs related to transition;
  - Costs related to service level changes approved after August 14, 2017; and
  - Costs related to contract operations and management deficiencies.

# Majority of payments in cash

See Section  
6.2.1 of Plan

- The payment and timing format remain unchanged:
  - Majority of payments to each non-transitioned community will be in form of cash
  - Balance paid in form of advertising space provided by CAN/OCNA members through in-kind fee payments
- Cash payments will be made in equal quarterly installments:

Payment Quarter	Payment Issued Data
<b>Q1</b>	June 30
<b>Q2</b>	September 30
<b>Q3</b>	December 31
<b>Q4</b>	March 31

# Continuous Improvement Fund (CIF)

See Section 6.3  
of Plan

- The CIF must continue for a period of time to close down existing project grants.
- Communities want to use the CIF to support transition activities, such as calculating the value of assets or developing business cases for transition.
- Stewardship Ontario will continue to manage the money in the fund, which is essentially a deferred payment from past payment obligations.
- The Authority will continue to oversee the CIF Committee, including its governance.
- CIF will be wound up and remaining funds distributed no later than the date the last Community is eligible to transition, although it could be earlier.



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# TRANSITION PROCESS



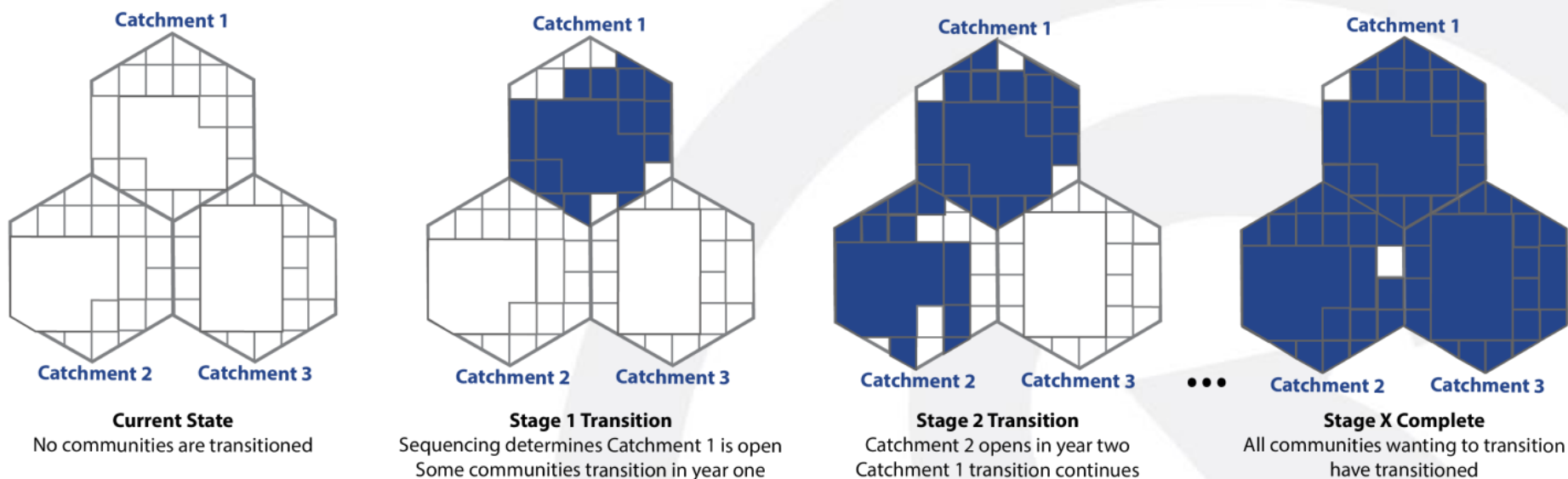
# Catchment approach developed from early stakeholder feedback

- Early during Phase 1 consultation it became clear that the initial “lottery” process Stewardship Ontario had proposed for communities wishing to transition was not popular with communities or the waste management sector because it did not provide them with sufficient certainty
- In response, SO developed a geographically based “catchment” approach to transition, now reflected in the Plan
- Phase 1 stakeholder feedback indicates there is support for this revised approach and it maintains a gradual transition, which is the primary objective

# Catchment approach and first right of refusal key to gradual transition

See Section  
7.6.2.3 of Plan

- Sequenced geographic catchment design will be used to maintain the gradual approach.

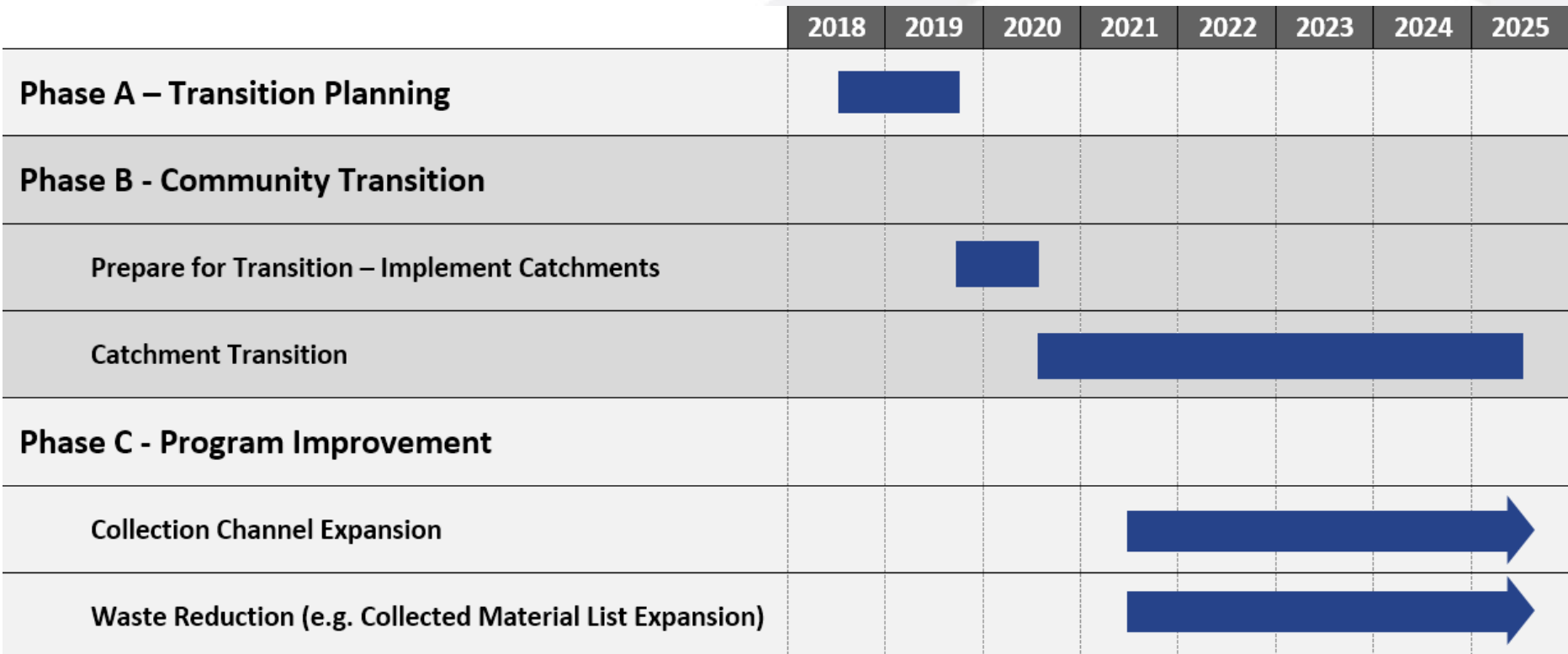


- Communities representing between 15% and 25% of Ontario households will be eligible to transition each year.
- Communities will decide if they wish to transition when their catchment opens, or if they want to defer until a later date.

# Transition timeline to full producer responsibility

See Section  
7.1.2 of Plan

- 2 years of transition planning and catchment implementation
- Up to 5 years to transition all Communities



# Timing Assumptions

See Section 7.2  
of Plan

- Ministerial approval received by June 1, 2018
- Stewardship Ontario has the cooperation of Municipalities/First Nations and Waste Management in order to design catchments and contract rules within **120 days**.
- Municipalities/First Nations communities can achieve final council approvals on transition plans within **90 days**.
- Post collectors are able to respond to SO's request for a proposals within **90 days**.
- Post collectors can implement new logistics networks within **180 days**.
- The above activities do not overlap—they must happen sequentially not simultaneously.

# Questions?



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# PROCUREMENT APPROACH

# Proposed procurement approach supports competition

See Section 8.1  
and Appendix C  
of Plan

- Stewardship Ontario's procurement process will promote competition and ensure market fairness by:
  - Use of competitive procurement practices and market clearing financial incentives.
  - Use of benchmark pricing where a community wishes to provide curbside or multi-family collection services and does not follow the prescribed SO procurement process.
  - Use of benchmark pricing for depot collection services based on historical costs.

# Procurement will not create future barriers to competition

See Section 8.2  
of Plan

- Stewardship Ontario will ensure all stewards have equal access to services upon transition to a regulation under the RRCEA.
- All collection and post-collection contracts will include assignment rights.
- SO will describe, in its eventual wind-up plan, to whom the contracts will be assigned.



# Dispute Resolution Process

See Section 9 of  
Plan

- Communities and waste management sector requested dispute resolution process
- All contracts with commercial service providers will include a dispute resolution process.
- A generic DRP will continue to be posted on the Stewardship Ontario website to govern disputes with a party with whom Stewardship Ontario conducts business but with whom there is no established DRP



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# TERMS AND CONDITIONS

# Collection and management standards and service levels

See Appendix C  
of Plan

- Current service levels will be maintained (i.e., curbside where curbside exists today).
- Population thresholds will be used to determine service type for new communities and to ‘upgrade’ from depot to curbside collection.
  - Curbside and multi-family collection where the population is 15,000 or more; and
  - Depot collection where the population is between 5,000 and 14,999

# Sample Terms and Conditions

See Appendix C  
of Plan

- During consultation, communities and waste management industry requested more detail about nature of commercial contracts
- Sample terms and conditions that may be included in services agreements are provided in Appendix C of the Plan

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# STANDARD LIST OF TARGETED MATERIALS

# A standardized list of materials targeted for collection

See Section 7.10  
and Appendix B  
of Plan

- While stewards must report and pay fees on all obligated PPP, not all PPP have diversion end-markets
- The Plan provides a standardized and uniform list of PPP that will be initially targeted for collection in transitioned communities
- PPP targeted for collection will therefore be a subset of obligated PPP

# Proposed approach revised due to stakeholder feedback

See Section 7.10  
and Appendix B  
of Plan

- During Phase 1 consultations, Stewardship Ontario proposed that only materials with recycling end-markets would be targeted for collection
- However, feedback from municipal and First Nations communities indicated high level of concern about excluding PPP without recycling end-markets, especially if collected today
- In response to this feedback, the Plan sets out principles used to establish the list of PPP initially targeted for collection.



# Principles for PPP targeted for collection

See Section 7.10  
and Appendix B  
of Plan

1. PPP has diversion end-markets with sufficient capacity to avoid the need to store or dispose it
2. If no diversion end-markets exist, then:
  - the PPP must have alternative management options to landfill that are environmentally preferable; and
  - PPP must be able to be managed in a manner that minimizes residue and disposal
3. Where a material is not on the list of targeted PPP (Appendix B of Plan) or does not have an end-market, it will be evaluated against Waste Reduction criteria in Section 11 of the Plan (more on this in a minute)

# Appendix B is PPP initially targeted for collection

See Section 7.10  
and Appendix B  
of Plan

Generally includes:

- Paper: products and packaging;
- Plastic resins:
  - #1 – Polyethylene Terephthalate (PET) packaging
  - #2 – High Density Polyethylene (HDPE) packaging and film
  - #4 – Low Density Polyethylene (LDPE) packaging and film
  - #5 – Polypropylene (PP) packaging
  - #6 – Polystyrene (PS) packaging
- Metals: steel and aluminum packaging
- Glass packaging

# Promotion & Education: Helping consumers do the right thing

See Section 7.11  
and Appendix B  
of Plan

- Section 7.11 describes how Stewardship Ontario will assume the primary responsibility to deliver P&E in transitioned Communities.
- Baseline research will be conducted during the first year following approval of the plan.





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# WASTE REDUCTION

# Approach to Waste Reduction

See Section 11  
of Plan

- Fee methodology will raise funds for R&D and market development activities to increase diversion performance of poorly performing materials
- Collaboration forums will apply multi-stakeholder approach to solving complex challenges
- The process by which individual stewards or groups of stewards may propose research initiatives to develop solutions for use by Stewardship Ontario and our service providers

# Stewards can propose R&D

See Section 11  
of Plan

- Steward can submit their own research proposals to Stewardship Ontario
- Cost to adopt system changes as a result of successful R&D results will be assessed by Stewardship Ontario and if appropriate these costs will be included in fees for stewards of the affected material
- Stewards will retain intellectual property of successful steward-designed system improvements

# Timeline for Waste Reduction Activities

See Section 11  
of Plan

	2018	2019	2020	2021	2022	2023	2024	2025
<b>Research &amp; Design Activities</b>								
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								
<b>Implementation Activities – Expanding Collection &amp; Improving Management</b>								
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								

# ADDITIONAL COLLECTION CHANNELS



# Expansion of Blue Box Services

- Section 7.8.5: Multi-Family Dwellings
  - Multi-family buildings not serviced by Communities will be eligible for collection services within one year of the Community transitioning.
- Section 7.8.6: Public Spaces, Parks, etc.
  - Existing public space recycling will be continued where the Community acts as the collection agent to Stewardship Ontario.
- Section 7.8.7: New Communities & Additional Collection Channels
  - New Communities will be considered if their onboarding will not disrupt the transition of existing programs, and there is necessary infrastructure in place (e.g., road access, collection facilities).
  - New collection channels may be added from time to time to meet the objectives of this plan including increasing the amount of collected PPP, developing lower cost options, or increasing the quality of collected PPP.



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# PERFORMANCE TARGETS AND MEASUREMENT

# Diversion target set at 75%

See Section 10  
of Plan

- Diversion target for transitioned communities will be calculated and reported annually by Stewardship Ontario:

$$\text{Diversion Performance for Year } n = \frac{\text{Tonnes of PPP Managed}^{15} \text{ in Year } n}{\text{Tonnes of PPP Supplied}^{16} \text{ in Year } n - 2}$$

- Each non-transitioned community's total tonnes will also be annually reported by Stewardship Ontario

# PPP Diversion Calculation

See Section 10  
of Plan



# Plastic target revised in light of stakeholder feedback

See Section 10  
of Plan

- During Phase 1 consultations, Stewardship Ontario proposed material specific targets, including a 40% target for plastics
- Diverse stakeholders (communities, CPIA and ENGOs), suggested target was too low
- In light of stakeholder feedback Stewardship Ontario increased plastics target to 50%
- All targets to be reached within two years of completion of transition

# Material Specific Targets

See Section 10  
of Plan

- To be achieved within two years following the transition of all communities.

Material	Target	Current Performance <sup>22</sup>	Improvement Percentage
Paper	95%	94%	+ 1.1 %
Plastic	50%	35%	+ 42.9 %
Metal	65%	58%	+ 12.1 %
Glass	75%	73%	+ 2.7 %

- Assuming that the definitions of PPP and other changes, as reflected in the plan are adopted

# Annual Performance Tracking and Reporting

See Section 10  
of Plan

- Steward Metrics (e.g. Count of stewards, tonnes supplied)
- Collection and Diversion Metrics (e.g. Tonnes collected in transitioned communities, tonnes directed to diversion end markets)
- Metrics about Accessibility (e.g. Count of transitioned communities, households serviced)
- Metrics about Program Cost (e.g. Cost per household serviced)
- Consumer Awareness Indicators (at least every three years)

# Questions?



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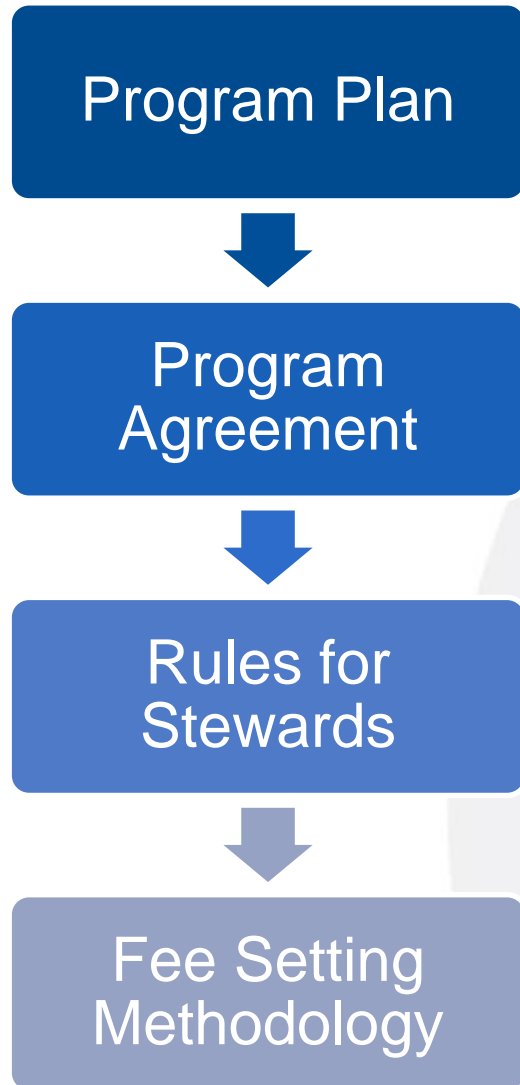


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# **RULES FOR STEWARDS AND FEE METHODOLOGY**

# Rules for Stewards included here for consultation



1. The Program Plan submitted to the Minister must contain the Program Agreement.
2. The Program Agreement must contain the Rules for Stewards.
3. The Rules for Stewards must contain the Fee Setting Methodology.

# Draft Rules are based on the approved 2018 Rules

- The definition of PPP has been updated to reflect the draft program plan.
- The Four-Step Methodology for calculating fees, previously approved by the Board, replaces the Three Factor Formula.

# Questions?



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# Introduction to the Program Agreement

AMENDMENT TO THE BLUE BOX PROGRAM PLAN

January 2017



# What is RPRA?

## Overview of RPRA

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

# Program Agreement (PA)

WDTA subsection 10(4) requires that a PA between the Authority and Stewardship Ontario be included with the a-BBPP

- The PA governs the role of Stewardship Ontario in the operation of the program and the exercise of Stewardship Ontario's powers under the WDTA
- A final PA will be included with the a-BBPP if approved by the Authority's Board of Directors for submission to the Minister by February 15, 2018
- A draft PA has been developed and is currently being consulted on by RPRA
  - Draft PA and an Introduction to the Draft PA is on RPRA website

# Key Components of the PA

Outlines Roles & Responsibilities of the Authority and Stewardship Ontario

- Aspects of the Authority's oversight of Stewardship Ontario's operation of an a-BBPP
- The Authority's oversight of changes to the a-BBPP
- Transparency requirements for Stewardship Ontario
- Governance of the relationship between Stewardship Ontario and the Authority



# Oversight of Stewardship Ontario

## Stewardship Ontario's operation of an a-BBPP

- WDTA S. 31 – The Authority may request, in accordance with any prescribed requirements, that an industry funding organization provide the Authority with information, and the industry funding organization shall provide the information.
- The Authority will notify Stewardship Ontario if they fail to comply with the a-BBPP, the WDTA or if they operate the a-BBPP so as to affect the market place in an unfair manner. This notification will include the specific actions the Authority requires Stewardship Ontario to take.

# Oversight of Stewardship Ontario

## Documents for approval

- The draft PA requires Stewardship Ontario to submit certain documents for the Authority's approval, including
  - Steward fee setting methodology
  - Steward fee rates
  - Rules for stewards
  - InKind Guide for non-transitioned municipalities
  - Dispute resolution procedures for stewards, transitioned municipalities and service providers
  - Stakeholder consultation plans

# Oversight of Changes to the a-BBPP

Applicable to all changes

- The draft PA states that any change Stewardship Ontario wishes to make to the a-BBPP must be submitted to the Authority
- The Authority can direct Stewardship Ontario to consult
- The Authority may determine the change is material and consult in addition to Stewardship Ontario's consultation
  - If approved by the Authority, the material change would be submitted by the Authority to the Minister of the Environment and Climate Change

# Transparency Requirements

Stewardship Ontario's requirements to operate the a-BBPP in a transparent manner

- The Authority can
  - Direct Stewardship Ontario to consult on the manner in which the a-BBPP is delivered with those who may be affected
  - Cause Stewardship Ontario to publish non-confidential information
  - Conduct a Program Performance Audit to audit data pertaining to performance objectives such as recycling targets
    - Failure to achieve targets can result in changes to the PA

# Governance of the Relationship

## Stewardship Ontario & the Authority

- The draft PA outlines
  - Requirements for reviewing the PA and the a-BBPP
  - The process, including consultation, to change the PA if there are changes to law or if Stewardship Ontario has failed to achieve performance targets set out in the a-BBPP
  - The process by which the Authority and Stewardship Ontario will resolve disputes between each other
  - A process to share draft communications and draft public announcements
  - A requirement that Stewardship Ontario notify the Authority of any complaints made about Stewardship Ontario or the operation of the a-BBPP

# The Authority – Additional Roles

- Continue to be responsible for the Datacall
- Create any stakeholder committees or groups it deems appropriate to support the Datacall and the a-BBPP
- Administer the governance and operations of the Continuous Improvement Fund

# Stewardship Ontario – Additional Roles

- Take all steps reasonably required by the Authority to enable the Authority to implement policy directions established by the Minister and ensure activities under the a-BBPP are consistent with all applicable policy statements
- Administer the InKind program for non-transitioned municipalities
- Hold the Continuous Improvement Fund in trust and disburse funds as determined by the Continuous Improvement Committee in accordance with its budget as approved by the Authority

# Next Steps

The Authority will be consulting on the draft PA until January 15, 2017

- Stakeholders are encouraged to submit comments to the Authority through written submissions sent to [consultations@rpra.ca](mailto:consultations@rpra.ca)
- Stakeholders can also contact the Authority at [consultations@rpra.ca](mailto:consultations@rpra.ca) to request a meeting



# Send us your feedback

- Today's webinar will review each of the key components of the draft Plan
- Your written feedback needed by January 15, 2018
- Program Plan and Consultation Report completed for the SO Board to review and approve on January 25
- Both documents must then be considered by the Authority with sufficient time for their consideration in advance of the February 15<sup>th</sup> 2018 deadline to submit to the Minister

# Questions? Feedback?

Submit questions and feedback here:

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

Or email to:

[jjames@stewardshipontario.ca](mailto:jjames@stewardshipontario.ca)

