



VERSION 2 – July 15, 2020

New questions since last version in green table cells.

Question	Answer
Steward-related questions	
1. How do stewards report volumes only for those municipalities that continue to offer curbside services?	Stewards will continue to report all of their Ontario sales volumes during transition. However, the volume of packaging and printed paper (PPP) will be spread over progressively declining costs as municipalities exit the Stewardship Ontario program. Stewards can expect to see their material fees decline considerably as the municipal obligation declines each year.
2. What type of changes to fee rates can stewards expect between now and 2025?	All of the financial forecasts in the presentation should be considered hypothetical. They are not meant to be predictions about program costs in the future, but rather suggest the pace with which cost will decline through the transition process. Financial forecasts will be updated annually. Please refer to slides 99 – 106 in the presentation for forecast details. As well, we recommend that you participate in Canadian Stewardship Services Alliance’s (CSSA) consultation on the Material Cost Differentiation Methodology (MCD) on June 25 to learn about how shifting from Activity Based Costing to MCD may impact material costs and fees.
3. Can you please elaborate on the short and long term impact on stewards, especially for the small producers?	Stewardship Ontario is working hard to minimize the short-term administrative impact on stewards. The only thing that will change in relation to steward interaction with Stewardship Ontario over the period of transition is a small reduction in the timeline for making adjustments to prior year reports toward the end of transition. Steward fees are also expected to decline significantly in 2023, 2024 and 2025, as municipalities transition out of the program (though the pace of this decline depends on the pace at which municipalities transition out of the program, which is not yet known. These details are set out in the consultation deck. The long-term impacts of the transition to the new producer responsibility model under the RRCEA will be determined by MECP and is beyond the scope of this consultation.
4. For this year, our reporting does not change then?	Correct. In fact, you will report the same way you always have through to your last report in 2024 (your 2023 data). The only thing that changes is your deadline for submitting adjustments to <u>prior year reports</u> . Your deadline for making adjustments to your 2021 data will be reduced by 60 days (to March 2024), and for adjustments to your 2022 data by one additional year (to March 2024).
5. What were step one and two of the Four-Step Fee Methodology?	Please see slide 119 from the consultation materials . Step 1: All materials share costs, as all Stewards benefit from participating in the system. Step 2: Only materials that generate revenue benefit from the revenue generated.



Question	Answer
<p>6. Do the current exemptions for stewards still apply? i.e., small and medium-sized enterprises who make less than 2 million a year?</p>	<p>Yes, until the end of transition in 2025 a steward is exempt from collecting and reporting data to Stewardship Ontario if the steward (including affiliates/subsidiaries) has less than \$2 million gross revenue from the combined sale of all of its products and services in Ontario in a calendar year.</p>
<p>7. If there is no plan to spend market development funds, why is the fund not returned to stewards until 2023?</p>	<p>Our plan is to return the funds to stewards in the first year of transition (which we thought might be welcome as that is the first year that your obligations under the new regulations begin. Please include your views in your feedback to this consultation and they will be considered along with the views of other stakeholders when we finalize our Transition Plan.</p>
<p>8. For clarity, business as usual for stewards with last reporting on sales from 2023 reported in 2024 and paid in 2025. Correct?</p>	<p>Yes, stewards last report will be in 2024, using 2023 data, and you will make your final payments to Stewardship Ontario in 2025.</p>
<p>9. Keep it simple. Please start lowering material fee to draw down reserve</p>	<p>Thank you for your feedback. Please include your views in your feedback to this consultation and they will be considered along with the views of other stakeholders when we finalize our Transition Plan.</p>
<p>10. Rather than return the \$12M in 2025, can you reduce the fees of the materials between now and then so that reserve is winded down to \$0 at 2025?</p>	<p>Our plan is to return any excess funds to stewards in the final year to coincide with when steward obligations are likely to be highest i.e. stewards have obligations in 2025 to both the Stewardship Ontario program and the new regulatory framework. Until that time Stewardship Ontario will need to maintain sufficient operating capital to pay its bills and fund the transition. We appreciate your perspective and encourage you to include your views in your response to the consultation and they will be considered as we finalize the plan.</p>
<p>11. Could you elaborate on rationale that the funds are not from consumers? Need some clarification on how SO arrives at rationale that reserves and funds flow back to stewards and are not considered consumer funds?</p>	<p>This means that Blue Box fees were not charged directly to consumers via eco fees or stewardship levies, unlike tires and electronics which typically carry environmental disposal charges in addition to the price of the product. Steward fees were paid by stewards and represent a cost of doing business, much like labour costs or utility bills. If stewards were to receive a rebate on their water rates, they would not be considered “consumer fees” even though they formed part of the cost of the products that consumers purchased. “Eco fees” are typically separate charges at the point of sale that are added to the price of the product. Unlike utility bills, many Stakeholders view charges at the point of sale as funds belonging to consumers.</p>



Question	Answer
<p>12. What are the expected implications of this new costing model on the allocation between stewards who pay cash and those who pay in-kind?</p> <p>Is the new replacement costing methodology to the ABC methodology expected to have any implication on municipal funding?</p> <p>Are any cost implications expected for municipalities/First Nations communities funding with replacement cost model that replaces ABC model?</p>	<p>The MCD project examined how the characteristics of different materials (density, weight, size, compaction, etc.) impact the cost of managing the blue box recycling system using scientifically controlled procedures. That process revealed that some materials, particularly but not exclusively newsprint, have a larger relative impact on the cost of the blue box recycling system than was previously understood. Adoption of MCD would result in a different distribution of costs among the materials than the current ABC process. Since this redistribution would result in an increase in newsprint fees, the effect would be to increase the proportion of the Steward Obligation that municipalities receive on an “in kind” basis. It should be noted that Stewardship Ontario’s ongoing research suggests that the relative contribution of newsprint and therefore the in-kind amount is likely to decrease over time. Stewardship Ontario appreciates that municipalities will have concerns about the impact MCD would have on the in-kind amount. As noted during the webinar, Stewardship Ontario intends to engage further with municipal representatives on the Transition Plan, including this issue. Additional details on the MCD project and its impacts will be provided at that time, to ensure that municipalities have the information they require to respond meaningfully to this consultation.</p>
<p>13. Doesn't it make sense to share the steward data SO has collected (while maintaining confidentiality) publicly in order to allow fair competition as PROs look to establish themselves?</p>	<p>Steward data aggregated by material category is already available publicly in the documents Stewardship Ontario publishes during the annual fee setting cycle. Our intention is to make public whatever information can be made public, but sales information from individual stewards is highly confidential to those companies and Stewardship Ontario has no authority to release it. The Minister’s letter instructs Stewardship Ontario to keep individual steward data confidential and requires that Stewardship Ontario set out the measures it will take to secure its confidentiality in the Transition Plan.</p>
<p>14. As a steward, what will happen after 2026? Are we going to pay the fee to RPRA instead of Steward Ontario?</p>	<p>RPRA is not replacing Stewardship Ontario. RPRA is the regulator mandated by the Ontario government to oversee the transition of the Blue Box Program to the new individual producer responsibility framework, and enforce the requirements of the new Blue Box Regulation once released. Obligated stewards (now referred to as “producers”) will be required to participate in the new regulatory framework after 2023 which the MECP is currently consulting on. It is expected that parties obligated under the new regulation will be required to pay fees to RPRA to cover costs related to building and operating an online registry and compliance and enforcement activities, as seen with the existing Tires Regulation and Batteries Regulation under the RRCEA. These fees will be consulted on and finalized by RPRA when the regulation is released.</p>
<p>15. Given the Covid-19 impact on stewards, has the gov’t of Ontario given any</p>	<p>Stewardship Ontario asked the Minister for an extension to the original June 30th deadline for submitting the Transition Plan, which was granted until August 31, 2020.</p>



Question	Answer
consideration for more time for these changes and consultation?	
16. When determining the municipal obligation, does RPRa include items like municipal staff layoffs and contract-based fee costs? What is included in the transition costs?	Eligible costs that are used to determine the Steward Obligation to Municipalities are set out in the Blue Box Program Plan and the Datacall Guide provided by RPRa. The Transition Costs referenced during Stewardship Ontario's presentation on the transition plan are the costs associated with developing, implementing the transition plan and managing the transition and windup process.
17. What happens if a steward becomes insolvent and cannot pay?	The amount will be recorded as a bad debt and any required funds would be drawn from the reserve fund.
18. Has Stewardship Ontario had any conversations with government about stewards unable to pay fees?	No, we have not. We are monitoring reports of stewards filing for creditor protection and the impact such filings may have on revenues, but at this time receivables remain healthy.
19. Will Stewardship Ontario communicate what data is transferred to RPRa?	Yes. Once the data is transferred, RPRa is obligated to protect commercially sensitive information in conformance with the requirements in RPRa's governing legislation, its Access and Privacy Code, the Wind-up Plan and the Minister's directions..
20. Does RPRa determine what information is public?	RPRa's Access and Privacy Code sets out how information it creates or obtains will be protected. RPRa protects commercially sensitive information in conformance with the requirements in RPRa's governing legislation, its Access and Privacy Code, the Wind-up Plan and the Minister's directions.
21. Is the gov't going to set aside funds in the event of bankruptcies?	Stewardship Ontario has not made this request of the government at this time.
Municipal-related questions	
22. In the 2011 fee schedule there was an amount of \$500,000 in market development fees that were levied on gable top and aseptic cartons. These funds were never used. Will they be returned to those stewards, similar to the plastics and glass funds?	The Board of Directors authorized the establishment of the Fibre Market Development Fund to develop markets to support additional recycling and efficiency of fibres recycled in the Blue Box Program and internally restricted \$500,000 in 2012 for this purpose. These funds were utilized to explore opportunities to improve and expand recycling of composite paper packaging (packaging that consists of a mixture of mainly paper fibers and other materials such as plastic film and aluminum).
23. Would the plastic funds be available for current projects like Hefty Energy Bag markets development now underway?	Our plan at this point is to discontinue our market development activities and return funds to stewards. Because of the significant investment and lead time required to make recycling system improvements, these initiatives are best undertaken under the new Blue Box system.



Question	Answer
<p>24. Suggest market development occur during transition on projects that have immediate needs like London Hefty energy bag</p>	<p>Thank you for your feedback. Please include your views in your feedback to this consultation and they will be considered along with the views of other stakeholders when we finalize our Transition Plan.</p>
<p>25. Want to suggest the Plastics fund can be used right now for market development on recycled products emerging from London’s HEB program</p>	<p>Thank you for your feedback. Please include your views in your feedback to this consultation and they will be considered along with the views of other stakeholders when we finalize our Transition Plan.</p>
<p>26. As a municipality, I'm not quite understanding the advantages of selecting a specific transition date.</p>	<p>Establishing transition dates is necessary for Stewardship Ontario to plan for costs in each year. Stewardship Ontario will need to know how many municipalities are participating in the program each year and for how long. Municipalities will also need to know when they need to terminate or transfer contracts. These are just some of the reasons that specific transition dates are important. Transition dates are expected to be specified in the new Blue Box regulations. The MECP is now consulting with municipalities on this matter and on the order of transition. You may wish to contact the Association of Municipalities of Ontario (AMO) who is representing municipalities on this matter.</p>
<p>27. Why can't BB surplus fund be used for R&D or subsidizing modernization of recycling facilities? With the green fence and COVID, markets are running slow. We need to facilitate innovation and market efficiency.</p>	<p>Developing and executing an R&D plan of this nature would require that Stewardship Ontario speculate on how the recycling system will be organized after transition, and because of the lead time required, the impact would not be felt until after the transition process was almost complete and Stewardship Ontario no longer has a role in blue box recycling. Our understanding is that most stewards would prefer that these funds be returned to them so they can decide how they can be used to prepare for a future for which they will be responsible. Nevertheless, we appreciate your view and suggest that you include them with your response to this consultation and they will be considered as we finalize our plans.</p>
<p>28. Have municipalities been contacted to get their opinion on when they are likely to transition. After all they also need this for their planning. Their response may give us better cost budgeting for stewards. I would also add that the stewards have been advocating that the transition be conducted such that 1/3 of costs are shed every year (however many municipalities constitute a 1/3 of costs may vary from year to year).</p>	<p>As mentioned, the timing of transition will be set out in the new regulation, which is currently the subject of a separate consultation led by the MECP, in which Stewardship Ontario is not involved. As Stewardship Ontario has no knowledge of the pace at which municipalities will transition, we made the assumption you noted in order to estimate costs through 2026, as we are required to do in the Transition Plan. Stewardship Ontario will revise its forecast once the regulation is filed and the exact timing of each municipalities’ transition date is known.</p>



Question	Answer
<p>29. Have municipalities been contacted to get their opinion on when they are likely to transition. After all they also need this for their planning. Their response may give us better cost budgeting for stewards.</p>	<p>The MECP is consulting with municipalities on the order of their transition. We will see the results once the regulations are released.</p>
<p>30. So a municipality will not be provided the up to 50% funding for the blue box expenditures through to the date they transitioned? They are paying 100% of the costs for, using your example of May 15/24, all of 2023 and 4.5 months of 2024 before moving to 100% EPR?</p>	<p>When the Blue Box Program Plan was approved in 2004, municipalities were paid immediately in that year using 2002 data. Similarly, when the program ends, municipalities will receive their last payment in their exit year using cost data from two years' previous. The prior year cost data is simply a proxy for setting the obligation which is paid in the current year. In other words, municipalities will continue to be paid up to 50% until the day they transition, with the payment in each year being based on the reported net costs of two years' prior.</p>
<p>31. Can you clarify how BB program costs from 2025 will be paid out? As in, if a municipality doesn't transition to RRCEA until 2025, can you confirm that they will still be paid for their 2025 BB program costs?</p>	<p>If a municipality transitions in 2025, it will receive its share of the 2025 steward obligation pro-rated for the number of days in 2025 that it remains in the program. While the amount of this obligation is determined based on data submitted during the Datacall in 2024 (which will be cost data from 2023) it represents your compensation for the 2025 year. There is no compensation for 2025 costs in future years. See explanation to question 30.</p>
<p>32. Follow up to that question - does this mean SO will remain for collecting fees until all municipal BB programs are transitioned to RRCEA?</p>	<p>Yes.</p>
<p>33. How will the funding allocation be calculated (slide 94)? Based on three factor or new formula, similar to what was proposed under the draft a-bbpps process? Just to be clear, my question is in reference to the annual payment to municipalities during the transition years for a municipality that has yet to transition period. Under the draft a-bbpps plan, the proposal was that non-transitioned</p>	<p>Reform of steward fee setting would not have an impact on how payments to an individual municipality are calculated. This is determined by RPRA under the "Municipal Funding and Allocation Model (MFAM)". Stewardship Ontario is not proposing any changes to the municipal pay out process and payments will continue as they have until the year that the municipality transitions out of the program. If a municipality transitions on December 31st of its transition year, nothing changes. If it transitions on any other date in its transition year, the total Steward Obligation for that municipality would be prorated based on the number of days in the year the municipality remains in the program.</p>



Question	Answer
municipalities would receive 50% of verified costs. So what will the funding allocation look like in 2023 for a municipality transitioning May 2024?	
34. What does BB resource recovery markets" entail? (slide 49)"	It is meant to describe any entity, i.e. Producer Responsibility Organization (PRO) offering compliance services to "producers" of designated material pursuant to a regulatory requirement under the RRCEA.
35. When was the last substantial market development project initiated?	The last project we did was a segregated glass collection pilot project in conjunction with Northumberland County and the CIF. It wrapped up in 2019 and details can be found in our Annual Report being released on July 1.
36. In your transition payment example, why are actual costs in 2024 not paid retroactive?	Even though your 2020 payments are based on 2018 data, they represent the steward obligation to municipalities for 2020 as determined by RPRA. Similarly, 2024 payments are for that year even though they are based on 2022 data. Please refer to the answers to questions 30 and 31.
37. When do requests for cost change eligibility take place. (e.g. Jan 1 2023?). For example, if a municipality wanted to add a new item to the blue box that would increase the cost of the program, when does the requirement for approval start taking place. Or, if the city is currently onboarding multi-residential properties for recycling collection, can the City continue to be reimbursed to do so when there is an existing onboarding program? If not, when would that date come into effect?	RPRA has posted guidance on changing Blue Box service levels during transition and you can now submit an assessment of cost eligibility impacts at any time. Submitting an assessment prior to implementing a change to Blue Box services is recommended, however, there is no requirement to do so. A municipality who adds a new item to its Blue Box after January 1, 2020, may be subject to additional questioning during verification on the matter. Eligibility of the cost increase will then be assessed based on provided information, in line with the guidance in the Datacall User Guide . Changes in servicing of multi-residential buildings will be considered in view of that same guidance. Small year-to-year changes in participation of multi-residential buildings resulting from existing programs are not likely to be impacted, but if you would like confirmation, please get in touch with RPRA by submitting a Blue Box Service Change Assessment Form
38. Does the 1/3 reduction in each of the transition years include growth in costs?	Our forecasts assume at 2% Compound Annual Growth Rate (CAGR) (increase) every year. They also assume each year 1/3 of the tonnage drops off on a straight-line basis. This is an assumption used for forecasting. Forecasts will be updated when we know more about which municipalities are transitioning and when.
39. Why is SO concerned with municipalities increasing blue box costs during transition? when the funding model already has cost containment measures and the cost increases are shared...	Stewardship Ontario is required to propose measures to implement the Minister's direction. The Minister's letter directs that municipalities must operate as business as usual during transition. Recognizing that municipalities will need to make decisions about their programs over the course of transition and that they may require guidance with regard to the Minister's direction when making such decisions, Stewardship Ontario sought advice from RPRA as to how best to address the Minister's requirement. With the engagement of representatives of



Question	Answer
	both municipalities and Stewardship Ontario via MIPC, RPRA developed the approach outlined in the webinar and available in more detail here .
40. How will this impact small municipalities (less than 5K) that do not have existing blue box programs?	This consultation deals with matters related to municipalities and First Nations communities that already participate in the Blue Box Program. Programs with populations smaller than 5000 are not impacted by the new guidance.
41. Would any changes to collections systems be compensated if the decision was made before the date of the letter?	If you want to know whether cost increases associated with a change in Blue Box services are eligible for funding, please submit a Blue Box Service Change Assessment Form
42. Does the transition plan affect our unorganized township which currently receives a rebate from RPRA?	If your unorganized township is currently receiving payments from Stewardship Ontario, it will continue to do so until the transition date which will be established by the MECP.
43. Have you considered returning the fees to Municipalities who in some cases have seen their blue box program under funded by SO.	Stewardship Ontario does not have the authority to use the funds it as raised from stewards for any purpose other than the purpose for which they were raised, such as to pay the annual Steward Obligation, to undertake market development projects, to pay regulatory fees to RPRA or cover Stewardship Ontario’s administrative costs.
44. From a municipal point of view, given stringent controls on quality control and low contamination, would it not be prudent for RPRA to continue directing funds towards residential P&E messages to minimize inclusion of non-targeted items, rather than returning any excess steward fees back to stewards.	Targeted P&E geared towards the example provided in your question will continue until the end of transition. Both stewards and municipalities have a joint interest in minimizing contamination in the Blue Box system. Please include your views in your feedback to this consultation and they will be considered along with the views of other stakeholders when we finalize our Transition Plan.
45. Please explain the rationale for ending municipal payments in the year that a municipality transitions out of the program? Municipal payments in 2023 will be based on costs for 2021, so should	The Blue Box Program Plan was approved by the Minister of the Environment on December 22, 2003 and commenced on February 1, 2004. In order to enable Stewardship Ontario to begin payments to municipalities in 2024, the BBPD sets out in detail how the Stewardship Ontario obligation to municipalities for 2004 was to be determined. No municipal cost data for 2004 was of course available when the plan was approved in 2003. For payments to begin in 2004, they had to be based on prior year information. This practice has been continued through the life of the BBPP, using the most recent verifiable cost data from municipalities to determine the



Question	Answer
<p>it not receive payments for the costs it incurs in 2022 and 2023 afterward?</p>	<p>obligation for the next program year, and using supplied into market data from two years previous from stewards as a proxy for the steward obligation in a given program year. A municipality that transitions at the end of 2023 will have been part of the program for nineteen years, and will have received payment from Stewardship Ontario for nineteen years.</p>
<p>46. Regarding the MCD Methodology, what is the difference between Area Weight vs. Weighted Area Weight? And Pick Rate vs. Weighted Pick Rate?</p>	<p>The metric Area Weight is used to measure the impact on or utilization by a material of mechanical sorting equipment. For all mechanical sorting targeting specific materials, e.g. optical sorting of each plastic resin, electromagnetic sorting (eddy current) of aluminum, or sorting out OCC with an OCC screen, Area Weight is used to differentiate the utilization by materials targeted by that equipment.</p> <p>In the special case of quality control (QC) sorting The Area Weight metric is weighted by the proportion of each material undergoing the QC sorting. For example, several types of plastic packaging must be separated from the mixed paper stream in order for the mixed paper stream to meet the market specifications for its repurposing and to recover the plastic packaging for its repurposing. The screens are not able to separate the mixed paper and all the plastic packaging to the degree required because of the mix of characteristics of both the fibre materials and the plastic materials that flow together. Therefore, additional mechanical (optical) sorting is required to separate these materials. So in the case of this QC sorting, the Area Weight measurement for each material undergoing the optical QC sorting is weighted according to (multiplied by) the proportion of that material present and that must be separated.</p> <p>The difference between the metrics of [Manual] Pick Rate and Weighted [Manual] Pick Rate is precisely analogous. Pick Rate is used to measure the utilization of manual sorting labour and Weighted Pick Rate is used to measure the utilization of manual QC sorting labour. For example, manual QC sorting is required to separate materials that cannot be effectively separated by optical QC sorting, e.g. black plastics and fibre materials in the mixed paper stream. In this case the Pick Rate metrics of each material are weighted (multiplied) by the proportion of the material that utilizes the manual QC sort, in this case the black plastics and the fibre materials in the mixed paper stream.</p>
<p>47. Regarding the MCD Methodology, can you explain the Percent Contribution Metric?</p>	<p>Some impacts on the cost of the recycling system are difficult to measure with a simple measurement apparatus. This is because of the time over which the impact occurs and because of the challenge of establishing standard conditions under which to make the measurement. The impact of abrasiveness is an example. Therefore the Delphi method was adopted, in which a series of questions framed by the same context in which all other measurements are made, i.e. the MCD System, are posed to both a panel of industry experts knowledgeable about the issue and to a broad sample of recycling system managers and operators.</p>



Question	Answer
	<p>The Delphi method is generally applied as follows:</p> <ol style="list-style-type: none"> 1. Questions are first posed and discussed in person to a panel of experts. 2. The answers from the panel of experts are compiled and summarized. 3. A second set of questions based on the answers of the expert panel are posed in a broad survey of recycling system managers and operators. 4. The results of the survey are then compiled and summarized and then presented to and discussed with the industry experts with a view to determining whether their initial answers should be changed. 5. The final results are then used as measurements in the MCD calculations. <p>The metric Percent Contribution measures the contribution of a material to the total cost impacts of particular characteristic, say abrasiveness. For example, Glass contributes to X% of the cost impacts of abrasiveness, Steel, contributes Y% and so on.</p> <p>The Delphi method is employed to determine both the total impacts of material abrasiveness on the capital (life, replacement parts) and operating (maintenance) cost of all system activities, equipment and infrastructure and the Percent Contribution to those costs of each material having the characteristic of abrasiveness. Both are then subsequently used as inputs into the MCD calculations.</p>
<p>48. Regarding the MCD Methodology, how are materials being treated that may be accepted in some municipal systems vs. not accepted in other systems (e.g. coffee cups)?</p>	<p>In accordance with the MCD Guiding principles, specifically:</p> <ul style="list-style-type: none"> • <i>Guiding Principle #2:</i> All designated materials count. All designated materials of the packaging and printed paper programs should be considered when measuring cost impacts even when those materials are supplied and/or managed in small quantities because all materials are constituents of the recycling system. • <i>Guiding Principle #4:</i> All activities count. All activities necessary to prepare the material to be repurposed should be considered because the intention is that all materials supplied into the market should be repurposed. <p>The MCD Methodology will produce a value for each material on the Material Cost Index (MCI) even when the material is not targeted for collection in all municipal systems and even when it is not collected in any municipal system. This MCI value is then used in Step 1 of the Four-Step Fee Methodology to calculate each material’s relative share of the Gross Cost (Collection and Processing) of managing the overall system. The Guiding Principles of the Fee Methodology require that all material’s contribute to the funding of the system based both on the quantity of material supplied and the quantity of material managed.</p>



Question	Answer
	<p>The conceptual MCD System includes a broader range of materials than typically collected in Canadian municipal recycling programs to help meet Guiding Principle #2 above. The value of each material on the MCI is determined based on impact measurements (cart density, compacted density, area weight, pick rate, etc). However, measurements are typically made with materials obtained from municipal systems. But for some materials, impact measurements cannot be made because they either are not generally collected in Canadian municipal recycling programs or because they occur in quantities insufficient for precise measurement. For the purpose of fee setting, these materials are either assigned a proxy MCI value or they are assigned proxy measurement results used to determine their value within the MCI. The proxies are based on the measurements and MCI values of materials with similar characteristics.</p> <p>MCD Material categories assigned proxy MCI values include Paper Laminates, Plastic Laminates and Other Film, Natural Textile packaging and some plastic packaging which is not yet accepted in commodity specs, such as soft plastic tubes. Materials which are assigned one or more proxy measurements include PVC packaging and rigid PS containers. Coffee cups are part of the MCD material category of polycoated paper and at this time this is included as part of the Paper Laminates category for the purpose of fee setting.</p> <p>Component #4 of the MCD Methodology does include maintenance processes where both materials and recycling process/technology changes are monitored so that as materials begin to be collected by municipal recycling programs, they would be incorporated into the MCD System and impact measurements could become feasible.</p>
<p>49. Regarding the MCD Methodology, what are the assumptions with the MCD Method and do these assumptions have longevity?</p>	<p>The MCD Methodology is grounded in the MCD Context, in addition to identifying material characteristics and categories, the context establishes a conceptual recycling system’s entry and exit point and a corresponding conceptual recycling system design that includes all the activities necessary to move a material from the point of collection through to a state where it is ready to be repurposed without any subsequent operation.</p> <p>Key to this context are that all materials will be set out together, clean and dry in a 360 litre cart and collected as a single stream for the purpose of providing a consistent impact measurement condition only. Additionally, the MCD System includes all the necessary activities to move a material from the point of collection through to a state where it is ready to be repurposed without any subsequent operation. The methodology has defined the repurpose ready commodities based on a set of criteria rooted in the requirement to be ready to be repurposed</p>



Question	Answer
	<p>without subsequent sorting and the predominate technologies and end market practices in the real world. Thus plastic packaging is generally sorted to its specific resin.</p> <p>The conceptual MCD System is assumed to be well maintained and achieves a 97% effectiveness, noting that only designated materials are included. The full cost of all activities and resources to achieve this have been included, rather than the varied financial and business conditions and objectives among municipal recycling programs.</p> <p>Lastly, the impact measurement studies (cart density, compacted density, area weight, manual pick rate, etc.) are conducted based on protocols that impose the same conditions on the measurements for all individual materials. This is so that only the characteristics of the individual materials are being addressed rather than those of the varied commodities which each different service provider or program chooses to produce and the conditions under which they choose to operate, as in the allocation determined by the ABC methodology.</p> <p>The conceptual MCD System has 18 modules, each of which is fully 'costed'. The labour rates, equipment costs, maintenance and operating expenses informing this model are sourced from referenceable sources such as Industry Canada for standard labour rates, equipment manufacturers for current cost of equipment, etc.</p> <p>All of these building blocks contribute to our ability to compare the relative impacts of the materials on a level-playing field basis.</p>
<p>50. What is the rationale on why in-kind amount for newspapers are doubled using four-step and MCI?</p>	<p>Stewardship Ontario is seeking input on making two changes:</p> <ol style="list-style-type: none"> 1) First is the replacement of the three-factor formula fee methodology with the Four-Step Fee Methodology. 2) Second is the replacement of the ABC methodology with the MCD methodology. <p>The combination of these replacements and the data and calculations that underpin them result in some materials having higher fees and some materials having lower fees. The replacements result in newsprint having higher fees.</p> <p>Both methodologies (Four-Step and MCD) are based on principles defined by stewards. There is no rationale pertaining to the outcome for any specific material, packaging or product, including that of newspaper.</p>



Question	Answer
	<p>Newspapers are part of the newsprint MCD material category. Newsprint has a relatively low value and rank (sixth lowest) on the MCI. However, the relative value of all materials on the MCI is different than the relative value and ranking within the range of ABC cost/tonne and therefore the relative inputs to the Four Step Fee Methodology are different, resulting in different fees and a different in-kind contribution.</p> <p>The MCD methodology includes new measurement metrics and protocols and additional activities and full costing to ensure that the impacts of individual material characteristics are the focus and all materials are treated consistently.</p>
<p>51. How is relative cost applied?</p>	<p>As illustrated in the example provided to Q3, the 60% allocation of Gross Cost under Step 1 of the Four-Step Fee Methodology is based on quantities supplied by steward multiplied by the material’s MCI value and the 40% allocation of gross cost is based on the quantities of material managed in the province.</p>
<p>Other</p>	
<p>52. Wind Up for Stewardship Ontario, does it mean the organization will be dissolved?</p>	<p>Yes, Stewardship Ontario will be wound up as an organization in 2026. Details will be included in the Blue Box Program Transition Plan.</p>
<p>53. I am a little confused - is the blue box program going away? Will we still recycle?</p>	<p>The Blue Box Program is transitioning to a producer responsibility model, where producers are fully responsible for both the operations and financing of recycling in Ontario. Recycling is not going away and residents will continue to recycle. The Minister’s letter states:</p> <p><i>Ontarians’ access to and experience with the Blue Box program shall not be negatively impacted. It is my expectation that, while allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities and First Nation communities shall not reduce or expand existing levels of Blue Box services that are eligible for funding under the SO Program.</i></p>
<p>54. Any plan to include rep from small business in the board?</p>	<p>When Stewardship Ontario board vacancies arise, the Governance & Nominating Committee takes stock of the skills and competencies the board requires to exercise its fiduciary obligations. It then prepares a candidate profile and all stewards who meet the profile are invited to apply for the vacancy.</p>
<p>55. I may have missed some information. Is Stewardship Ontario being replaced? Is there a new program or is CSSA taking over?</p>	<p>The Blue Box Program is transitioning to a producer responsibility model, where producers are fully responsible for the operations and financing of the program. The Ministry of the Environment, Conservation and Parks is currently consulting on the development of a new Blue Box Regulation that will outline the producer responsibility framework. Stewardship Ontario will be wound up in 2026 the year following the end of transition</p>



Question	Answer
	(2025). Stewardship Ontario's contract with CSSA will also be terminated once Stewardship Ontario is wound up. We are not aware of what CSSA's plans are going forward in the new world.
56. Regarding wind up, CSSA continues to operate?	Stewardship Ontario's contract with CSSA will also be terminated once Stewardship Ontario is wound up. We are not aware of what CSSA's plans are going forward in the new world.
57. What are the timescales for making these research and report documents public?	Stewardship Ontario plans to compile the inventory after approval of the Transition Plan and transfer it to RPRA in 2021. RPRA will decide when it is appropriate for the information to be made public and in what form.
58. Will the research and report inventory be made public?	Stewardship Ontario plans to compile the inventory after approval of the Transition Plan and transfer it to RPRA in 2021. RPRA will decide when it is appropriate for the information to be made public and in what form.
59. What happens to the asset of SO like SAP program that is so useful for stewards?	Stewardship Ontario does not own SAP licenses nor an SAP asset. Stewardship Ontario contracts CSSA to deliver steward and service provider registration and reporting services as well as financial services. CSSA uses its own licensed SAP system to deliver these services. In 2013, CSSA paid Stewardship Ontario \$1.65M to enable Stewardship Ontario to retire its SAP asset.
60. Will the windup of SO itself be part of the proposal to wind up the BB plan?	Yes, there will be a section on corporate windup within the Blue Box Program Transition Plan. Stewardship Ontario will be wound up in 2026, the year following the end of transition.
61. What is SO's plan for LCBO returnables that end up in the blue box in the transitioned program?	Stewardship Ontario will not be participating in the new the regulatory environment. Once transition is over in 2025, Stewardship Ontario ceases to exist and is fully wound up in 2026. Any future arrangements with respect to LCBO containers will be determined under the new framework the MECP is consulting on now.
62. Will there be a formal comment process following this webinar? will questions and presentation be provided after the webinar?	Written feedback will be due to consultation@stewardshipontario.ca by July 15, 2020, as outlined within the presentation. The presentation and webinar recording will be posted on the Stewardship Ontario website following the June 17 consultation with ENGOs. An email will be sent out to all stakeholders once they are available.
63. What current market development investments does Stewardship Ontario have now?	There are no active projects at this time.



Question	Answer
<p>64. What will P&E be used for during transition?</p>	<p>The objective is to apply P&E investment to promote consumer behaviours that result in a recycling stream with high through put with as little contamination as possible. Stewardship Ontario will review needs on an annual basis and revise its plans in consultation with municipalities</p>
<p>Questions that are related to matters that are out of scope of these consultations</p>	
<p>65. Does this mean new materials and systems you cannot comment on?</p>	<p>Yes, new regulations under the RRCEA that will replace the Blue Box Program Plan are out of scope for these consultations. We can only comment on items related to transitioning away from the Blue Box Program, not the new world that will replace the Blue Box Program.</p>
<p>66. Has there been any final decision as to whether small communities (<5,000) will be included as part of the transition program?</p>	<p>If you are enrolled in the Blue Box Program today (reporting data to Datacall and receiving cheques from Stewardship Ontario), you will continue to be part of the program until your transition date. Transition timelines will be set by the Ministry of the Environment, Conservation and Parks. We cannot comment on anything on the new world. That is to be determined by the new regulation that the MECP is currently consulting on. We are not part of that.</p>
<p>67. Regarding the MCD pre-read, CSSA Design Assumption make reference (Section 8.4.1., pg 19, line 6) "all materials commingled in a cart based curbside collection" scenario. We (like many other communities, presently operate under a two stream (container / fibre) blue box(es) system. Does this mean that we should expect to see our curbside programs all transition to a curbside commingled cart base program under the future (full EPR) program operated by private sector?</p>	<p>These decisions will be made by those responsible for recovering and recycling paper products and packaging post transition, and the companies that emerge to provide services to them. Stewardship Ontario will be winding up and will not have a role in blue box recycling post-transition, and we are not involved in the development of the new Regulations that will govern the operation of blue box recycling in the future. We recommend you engage with the consultations currently being undertaken on the Regulations by the Ministry of Environment, Conservation and Parks (MECP).</p>
<p>68. How will the new Blue Box Program impact stewards, in particular manufacturers, does it mean higher per price per material, i.e. more \$ per PET etc.?</p>	<p>Blue Box costs once transition begins will be determined by individual compliance schemes established to serve producers in the marketplace in accordance with the requirements of the new regulations which have not yet been released. This is out of scope for these consultations. The Ministry of the Environment, Conservation & Parks (MECP) is current consulting on the development of the new Blue Box regulations which will replace Stewardship Ontario's Blue Box program.</p>
<p>69. Will stewards be required to pay fees to support municipalities outside of those</p>	<p>Stewards will need to comply with new regulations that are being developed by the Ministry of the Environment, Conservation and Parks (MECP). Stewardship Ontario is not involved in this process and the contents of the new</p>



<p>paid to Stewardship Ontario? How are municipalities that have transitioned out being funded? Will these cost obligations we provided as part of the approved plan December 31st?</p>	<p>regulations are out of scope of this consultation. Stewardship Ontario recommends that you engage with the consultations on this subject that are currently being undertaken by MECP.</p>
<p>70. What role do municipalities play moving forward? They are not included in the new Act and also not in the transition Act.</p>	<p>We cannot comment as this is out of scope for these consultations. The MECP is now consulting with municipalities on this matter and on the order of transition. You may wish to contact the Association of Municipalities of Ontario (AMO) who is representing municipalities on this matter.</p>
<p>71. Very small municipality (pop. 600) under NO obligation to have a recycling program but doing it for years, non-segregated by depot: difficult financial decisions need to be made by Council, including whether to keep the recycling program... should we "tough it out" (i.e. will all costs be eventually assumed by producers?)</p>	<p>This information will be in the new Blue Box regulation or a schedule to the regulation. The Ministry of the Environment, Conservation and Parks (MECP) is consulting on this now. This is out of scope for Stewardship Ontario's Transition Plan consultations.</p>