



POLICY FOR SIMPLIFIED STEWARD FEE SETTING DURING THE BLUE BOX WIND UP

KEY FEATURES:

- **The Simplified Fee setting Model was approved in 2022 and eliminates the requirement for stewards to submit their annual sales data report in 2022.**
- **For invoice years 2023, 2024 and 2025, the calculation of fees for steward invoices will be governed by a Simplified Fee Setting Model described in this policy.**

I. Overview

1. This Policy provides guidance to Blue Box Stewards about a simplified fee setting model (the “**Simplified Fee Setting Model**”) applicable to Stewards’ Stewardship Fee invoices issued by Stewardship Ontario beginning with the 2023 invoice year¹ The Simplified Fee Setting Model eliminates the requirement pursuant to Rules for Stewards [add reference] to submit their annual sales data report beginning in 2022 for the sales data period 2021.

II. Purpose

2. The Simplified Fee Setting Methodology reduces the administrative burden associated with annual Steward reporting during the wind up of the Stewardship Ontario Blue Box Program.

III. Scope

3. This Policy applies to all Printed Paper and Packaging Stewards who have filed accurate and complete Annual Steward Reports with Stewardship Ontario for their 2020 invoice year (2019 data) and 2021 invoice year (2020 data). Stewards are not permitted to “opt out” of the Simplified Fee Setting Model.
4. This Policy shall remain in force from the time that it is posted on Stewardship Ontario’s website until the time it is replaced or updated with a new version.

¹ Capitalized terms have the same meaning as in the Stewardship Ontario Rules, where applicable.



IV. Policy

(a) This Policy Eliminates Annual Steward Reporting

5. But for this Policy, a Steward’s Stewardship Fee invoice would have been calculated using the following data:

Invoice Year	Reporting Year	Data Year
2023	2022	2021
2024	2023	2022
2025	2024	2023

6. Unless otherwise required by this Policy, Stewards will not submit an Annual Steward Report to Stewardship Ontario in 2022 or thereafter.
7. Instead, in accordance with this Policy, each Steward’s 2020 and 2021 reports (2019 and 2020 data) will provide the basis for that Steward’s Stewardship Fee invoices in 2023, 2024 and 2025, using the Simplified Fee Setting Model described in this Policy.

(b) Stewards Must Have Filed Complete and Accurate 2020 and 2021 Annual Steward Reports

8. The Steward must have reported all obligated Printed Paper and Packaging Supplied to residential Consumers in accordance with Stewardship Ontario’s Rules for their Annual Steward Reports filed in 2020 (2019 Data) and 2021 (2020 Data).
9. Stewards that under-reported² for the 2020 and/or 2021 reporting year(s) may be subject to changes to the Steward’s previously submitted Annual Steward Report in accordance with the Rules and/or the Steward’s Allocation calculated in accordance with Step 3, below, which may impact:
 - the Steward’s invoices for the 2021 and 2022 invoice years in that the fees payable by the Steward for the applicable year(s) may be changed; and/or
 - the Steward’s fees for subsequent years calculated in accordance with this Policy may need to be recalibrated based on corrections to the 2021 and/or 2022 Annual Steward Report(s) and/or changes to the Steward’s Allocation resulting from under-reporting in 2021 and/or 2022.

² In this section, “under-reporting” occurs when a Steward for any reason whatsoever did not report all PPP Supplied to Ontario Consumers in the manner required by the Rules for the applicable year(s). Where the Steward has under-reported against its obligation in the Rules for any reason, Stewardship Ontario may adjust that Steward’s Allocation at any time prior to windup of the Stewardship Ontario Blue Box Program using the formulae in this Policy.



(c) Steward-Initiated Adjustments to the 2020 and/or 2021 Annual Steward Report(s)

10. But for this Policy, Stewards had two years from the Annual Steward Report submission deadline to request an adjustment to a previously filed Report in accordance with the Policy for Steward-Initiated Adjustment Requests.
11. In order to implement the Simplified Fee Setting Model, Steward-initiated adjustments for the 2020 and 2021 Annual Steward Reports must be submitted to the Program by no later than **July 31, 2022**, with supporting documentation, in accordance with the 2022 Policy for Steward Initiated Adjustment Requests updated in 2022 found [here](#).

(d) The Simplified Fee Setting Model

12. The Simplified Fee Setting Model will calculate Stewards' annual Stewardship Fee invoices in the following manner:³

(i) Step One: Determine Steward's Fees for 2021 and 2022 Invoice Years

13. Stewardship Ontario will extract each Steward's invoiced Stewardship Fees for invoice years 2021 (Amount A) and 2022 (Amount B).⁴

(ii) Step Two: Determine the Steward's Fees as Percentage of Stewardship Ontario's Total Budget

14. For each of 2021 and 2022, Stewardship Ontario will apply the following formulae to determine the Steward's Stewardship Fees as a percentage of Stewardship Ontario's total budget:⁵

(a) For 2021:

$$\frac{\text{Amount A (Steward's invoiced fees for 2021)}}{\text{Amount C (Stewardship Ontario's Total Budget for 2021)}} = \text{Steward's 2021 Percentage Share (Amount E)}$$

(b) For 2022:

$$\frac{\text{Amount B (Steward's invoiced fees for 2022)}}{\text{Amount D (Stewardship Ontario's Total Budget for 2022)}} = \text{Steward's 2022 Percentage Share (Amount F)}$$

³ Please note that these formulae are simplified versions of the analysis that will be performed for fee setting using the Simplified Fee Setting Model. Nothing in the Policy removes Stewardship Ontario's right to exercise its discretion regarding fee setting in appropriate circumstances in the operation of the Program during windup.

⁴ Amount A and Amount B may be modified by any Program-approved Steward-initiated adjustment or Program correction submitted by the deadline of July 31, 2022.

⁵ Broadly speaking, Stewardship Ontario's total budget for 2020 and 2021 consisted of the following components: (i) total aggregate quantum payable to municipalities as calculated by RPRA in preparing its Annual Steward Obligation calculation; (ii) RPRA overhead amounts; and (iii) Stewardship Ontario overhead amounts.



(iii) Step Three: Determine Each Steward's Allocation

15. Stewardship Ontario will determine each Steward's Allocation (Amount G) by applying the following formula to obtain an average of the Steward's 2021 and 2022 Percentage Shares:

$$\frac{\text{Amount E (Steward's 2021 Percentage Share)} + \text{Amount F (Steward's 2022 Percentage Share)}}{2}$$

(iv) Step Four: Apply the Steward's Allocation to Stewardship Ontario's Total Budget for 2023, 2024 and 2025

16. In order to determine each Steward's fee for invoice years 2023, 2024, and 2025, each Steward's Allocation (Amount G) calculated in Step Three will be applied to Stewardship Ontario's total budget⁶ for 2023, 2024, and 2025, by applying the following formula:

$$\text{Stewards Allocation (Amount G)} \times \text{Stewardship Ontario's Total Budget for [invoice year]} = \text{Stewards 2023 Invoice}$$

17. For example, if a Steward's Allocation was .24 percent and Stewardship Ontario's 2023 budget is \$167.5 million, the Steward's 2023 invoice will be (.24 x \$167.5 million = \$402,000).

(e) Circumstances Where the Simplified Fee Setting Model Will Not Apply

18. The Simplified Fee Setting Model will not apply or may be modified as described in the following circumstances, some of which are mandatory and some of which are optional:

(i) Newspapers that are Subject to the CNA/OCNA⁷ Amendment to the Original Stewardship Ontario Program Plan (Mandatory)

19. In 2005, the Ontario Government approved an amendment to the Stewardship Ontario Blue Box Program Plan relating to newspapers (the "CNA/OCNA Amendment").⁸
20. As a result of the CNA/OCNA Amendment, newspaper Stewards pay some, but not all, of their Stewardship Fees by supplying "in-kind" advertising to Stewards, through the in-kind advertising program operated by RPRA.⁹

⁶ Broadly speaking, Stewardship Ontario's total budget for 2023, 2024 and 2025 consists of the following components: (i) total aggregate quantum payable to municipalities as calculated by RPRA in preparing its Annual Steward Obligation calculation; (ii) RPRA overhead amounts; and (iii) Stewardship Ontario overhead amounts. In the event that the Allocation (calculated annually) attributable to newspaper stewards decreases, the total budget attributable to non-newspaper stewards will increase.

⁷ CNA/OCNA members are now referred to as members of News Media Canada.

⁸ See the CNA/OCNA Amendment in the following link: <https://stewardshipontario.ca/wp-content/uploads/2013/03/Amendment-re-CNA-OCNA-In-kind-Contribution-Nov-4-2005.pdf>

⁹ See <https://rpra.ca/programs/blue-box/inkind-advertising/>



21. Given this unique history and circumstances, newspaper Stewards must continue to file an Annual Steward Report. This data will be used by Stewardship Ontario and RPRA to set newspaper Stewards' share of total Program fees and determine in-kind advertising obligations.
 - (ii) **Divestiture of a Business Subsidiary or Product Line (Optional)**
22. After filing its 2021 Report, a Steward may have sold part of its business associated with one or more of its Brand(s) (a "**Divestiture**"), with the result that it no longer Supplies the Packaging or Printed Paper associated with the Brand(s).
23. This provision:
 - (a) applies only to a Divestiture, and not to a Steward whose Supply of Printed Paper and Packaging has decreased for any other reason; and
 - (b) does not apply retroactively in relation to invoices issued by the Program in 2022 or earlier.
24. In order for a Divestiture to qualify for a reduction in the Steward's Allocation for subsequent invoice year(s), the following conditions must be satisfied in order to be a "**Qualifying Divestiture**":
 - (a) a Divestiture of a Brand results in a net reduction by at least 5 percent or \$1,000 (which ever is greater) of the Stewardship Fees that would otherwise be payable by the Steward under this Policy; and
 - (b) The Steward that acquired the Brand must be willing and able to accept the reporting obligation for the Brand that was divested, with the result that there will be a corresponding increase in the Allocation of the acquiring Steward.
25. In the case of a Qualifying Divestiture, the Steward has the option, but not the obligation, to apply to the Program to have its Allocation recalculated and applied for the purposes of calculating its Stewardship Fees in subsequent year(s).
26. The deadline for making a request described in this section is May 1 of a calendar year, in order to be considered for the invoice issued in relation to the subsequent year. Changes cannot be made retroactively to prior year invoices. No changes will be permitted for partial calendar years.
27. In order to apply for a recalculation of the Steward's Allocation, the Steward must:
 - (a) at the time of notification, pay a non-refundable administrative fee to Stewardship Ontario in the amount of \$500.00, failing which the Steward's request will not be considered; and
 - (b) complete the following steps:
 - (a) **Step One: Notification**

By May 1, a Steward that wants to apply to the Program for a modified Allocation for a subsequent Program invoice must:

 - a. notify the Program at WeRecycle@stewardshipontario.ca, with the subject line: "Request for Modified Allocation due to Brand Divestiture"; and
 - b. provide an explanation about the Divestiture that addresses the following issues:



1. Describe the Divestiture in sufficient detail for the Program to validate that it was a Brand Divestiture;
2. Identify the date on which the Divestiture took effect;
3. Identify corporate entity (including corporate name and corporate contact person) that assumed responsibility for the affected brand(s);¹⁰
4. The Steward's rationale (with supporting data) for its belief that the Divestiture meets with qualifying financial terms (reduction in Stewardship Fees of at least 5 percent or \$1,000 which ever is greater).

(b) Step Two: Preliminary Assessment by the Program

Based on the information provided by the divesting Steward in Step One, the Program will:

- a. undertake a preliminary assessment to determine, subject to receiving complete data in Step Three, whether the Steward may qualify under this provision to modify its Allocation;
- b. confirm with the Steward that acquired the Brand that its Allocation will be increased in a manner that corresponds with the reduction in the divesting Steward's Allocation; and
- b. notify the divesting Steward of its provisional decision, which will be subject to receiving additional data from the Steward.

(c) Step Three: Steward Report Completion

If the Steward provisionally qualifies for a modified Allocation due to a Divestiture:

- a. The divesting Steward must provide a report, in the form requested by the Program, regarding the Brand(s)' Paper and Packaging for which it is no longer the obligated Steward because of the Divestiture.
- b. The divesting Steward will not be permitted to change other aspects of its prior Annual Reports (e.g., where a reduction in Supplied Printed Paper and Packaging has arisen for any reason not directly connect the Divestiture of the affected Brand(s)).
- c. The Program will review the divesting Steward's report and make a final determination about whether the divesting Steward satisfies the conditions of this section.

(d) Step Four: Recalculation of the Divesting and Acquiring Stewards' Allocation Amounts

- a. With reference to the divesting Steward's 2020 and 2021 Reports and any additional data requested by the Program, the Program will remove the amount of Printed Paper

¹⁰ The acquiring company will now become responsible for reporting for the brand(s) to the Program.
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and Packaging associated with the divested brand(s) and recalculate the Steward's Allocation (the "**Recalculated Allocation Amount**").

- b. The Program will advise the divesting Steward of its Recalculated Allocation Amount.
- c. The Program will advise the acquiring Steward of its Recalculated Allocation Amount.
- d. The divesting and acquiring Stewards' Recalculated Allocation Amounts will apply to the calculation of all subsequent Stewardship Fees invoiced to the Steward, unless the Steward later qualifies for another exception in accordance with this Policy.

(iii) Discontinuance of a Product Line (Optional)

28. After filing its 2021 Report, a Steward may have discontinued one or more SKUs¹¹ (a "**Discontinuance**"), with the result that it no longer Supplies the Packaging or Printed Paper associated with the SKUs.
29. This provision:
 - (a) applies only to a Discontinuance, and not to a Steward whose Supply of Printed Paper and Packaging has decreased for any other reason;
 - (b) does not apply retroactively in relation to invoices issued by the Program in 2022 or earlier.
30. In order for a Discontinuance to qualify for a reduction in the Steward's Allocation for subsequent invoice year(s), the following condition must be satisfied:
 - (a) the Discontinuance of a Brand results in a net reduction by at least 5 percent or \$1,000 (which ever is greater) of the Stewardship Fees that would otherwise be payable by the Steward under this Policy a "**Qualifying Discontinuance**").
31. In the case of a Qualifying Discontinuance, the Steward has the option, but not the obligation, to apply to the Program to have its Allocation (in Step Three) recalculated and applied for the purposes of calculating its Stewardship Fees in subsequent year(s).
32. The deadline for making a request described in this section is May 1 of a calendar year, in order to be considered for the invoice issued in relation to the subsequent year. Changes cannot be made retroactively to prior year invoices. No changes will be permitted for partial calendar years.
33. In order to apply for a recalculation of the Steward's Allocation, the Steward must:
 - (a) at the time of notification, pay a non-refundable administrative fee to Stewardship Ontario in the amount of \$500.00, failing which the Steward's request will not be considered; and
 - (b) complete the following steps:

¹¹ Stock Keeping Units.



(a) Step One: Notification

By May 1, a Steward that wants to apply to the Program for a modified Allocation for the next-issued Program invoice must:

- a. notify the Program at WeRecycle@stewardshipontario.ca, with the subject line: “Request for Modified Allocation due to a Discontinuance”; and
- b. provide an explanation about the Discontinuance that addresses the following issues:
 1. Describe the Discontinuance in sufficient detail for the Program to validate that it was a Discontinuance;
 2. Identify the date on which the Discontinuance took effect;
 3. The Steward’s rationale (with supporting data) for its belief that the Discontinuance meets with qualifying financial terms (reduction in Stewardship Fees of at least 5 percent or \$1,000 which ever is greater).

(b) Step Two: Preliminary Assessment by the Program

Based on the information provided by the Steward in Step One, the Program will:

- a. undertake a preliminary assessment to determine, subject to receiving complete data in Step Three, whether the Steward may qualify under this provision to modify its Allocation; and
- b. notify the Steward of its provisional decision, which will be subject to receiving additional data from the Steward.

(c) Step Three: Steward Report Completion

If the Steward provisionally qualifies for a modified Allocation due to a Discontinuance:

- a. The Steward must provide a report, in the form requested by the Program, regarding the Brand(s)’ Paper and Packaging for which it is no longer the obligated Steward because of the Discontinuance.
- b. The Steward will not be permitted to change other aspects of its prior reports where a reduction in Supplied Printed Paper and Packaging has arisen for any reason not directly connect with the Discontinuance of the affected Brand(s).
- c. The Program will review the report and make a final determination about whether the Steward satisfies the conditions of this section.

(d) Step Four: Recalculation of the Steward’s Allocation Amount

- a. With reference to the Steward’s 2020 and 2021 Reports and any additional data requested by the Program, the Program will remove the amount of Printed Paper and Packaging associated with the Discontinued Brand(s) and recalculate the Steward’s Allocation (the “**Recalculated Allocation Amount**”).



- b. The Program will advise the Steward of its Recalculated Allocation Amount.
- c. The Recalculated Allocation Amount will apply to the calculation of all subsequent Stewardship Fees invoiced to the Steward, unless the Steward later qualifies for another exception in accordance with this Policy.

(v) Stewards that Enter the Ontario Market, Leave the Ontario Market, or have not Filed their Complete and Accurate 2020 and 2021 Reports for any Reason (Mandatory)

34. This provision applies to any Steward that:

- (a) began to Supply PPP to the Ontario Market at any time, but was not registered with Stewardship Ontario by January 1, 2022 (“**New and/or Previously Unregistered Steward**”);
- (b) has not Filed Annual Steward Reports for 2020 and/or 2021 or has filed incomplete Reports for those years (“**Registered Steward with Incomplete 2020 or 2021 Report(s)**”; or
- (c) entirely stopped supplying all PPP to the Ontario Market at any time after the Program issued its invoice for 2023 (“**Steward Has Entirely Left the Ontario Market**”).

35. **New and/or Previously Unregistered Stewards:**

For any New and/or previously Unregistered Steward,¹² the Steward will be on-boarded to the Program in accordance with the Program’s Onboarding Policy found here, including, if applicable, the need to file past reports and pay fees for all prior years in which the Steward was obligated in accordance with the Rules.

36. **Registered Steward with Incomplete 2020 or 2021 Report(s):**

For any Registered Steward with Incomplete 2020 or 2021 Report(s) (other than Stewards that qualified for a Steward Exemption in Part V of the Rules), the Steward must accurately complete its 2020 or 2021 Report(s) by July 31, 2022,¹³ failing which, if applicable, the Steward’s Allocation and resulting Stewardship Fee invoice for 2023 and all subsequent years will be based on a proxy Allocation equal to:

- (a) the most recently completed Annual Steward Report and
- (b) the Steward’s percentage share of Stewardship Ontario’s corresponding budget for the most recently completed Annual Steward Report, plus 50 percent

(the “**Proxy Allocation Amount**”).

37. **Steward Has Entirely Left the Ontario Market:**

For any Registered Steward that entirely stopped supplying any PPP to the Ontario market at any time after the Program issued its invoice for 2023, the Steward must notify Stewardship Ontario at WeRecycle@stewardshipontario.ca and, provided that the Steward is no longer obligated for any PPP in Ontario, the Steward will be off-boarded from the Program in the same manner that existed

¹² This provision does not apply to Stewards that previously qualified for a Steward Exemption from Registering, Reporting or Paying Fees under Part V of the Rules.

¹³ Late reports and late fees are subject to the Penalty and Interest Policy.



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prior to the implementation of this Policy and the Simplified Fee Setting Method. A Steward who is off-boarded under this section will not be required to pay an invoice for subsequent calendar years but must pay its full invoice for the year in which it ceased to provide all PPP to the Ontario market. No changes will be permitted for partial calendar years or to Stewardship Fee invoices already issued to the Steward.

QUESTIONS AND ASSISTANCE

Please:

- **Contact National Steward Services with any questions about this Policy at 1 (888) 980-9549 or WeRecycle@stewardshipontario.ca; or**