



Stewardship Ontario

Proposed changes to the methodology for calculating partial cash payments for the InKind Program obligation during the Blue Box Program transition years (2024–2025).

In December 2020, the Resource Productivity and Recovery Authority (the Authority) approved, with certain conditions, the Blue Box Program Windup Plan (WUP) submitted by Stewardship Ontario.

The approach underlying the approved WUP sought to maintain operational stability of the Blue Box Program during transition in order to enable parties to prepare for the implementation of the producer responsibility framework under the RRCEA. The approved WUP states that no changes are recommended to certain key elements of the Blue Box Program Plan (BBPP), including the Newspaper InKind Program.

On June 3, 2021, the Ontario Government issued O. Reg. 391/21, the Blue Box Regulation, under the *Resource Recovery and Circular Economy Act, 2016*, which outlines producer responsibility requirements for the new Blue Box Program. Municipalities and First Nation communities will begin to transition to the new program according to the transition schedule set by the Ministry of the Environment, Conservation and Parks.

Local communities will begin to transition on July 1, 2023. The process and timing of transition raises issues for the continued operation of the Newspaper InKind Program that were not anticipated at the time of approval of the WUP.

Under the Blue Box Program Plan, newspaper stewards fulfill their steward funding obligation by providing in kind advertising space to municipal and First Nations programs instead of cash. However, when commodity prices for newsprint fall below a certain level – to the financial disadvantage of local communities – newspaper stewards must fulfil their steward obligation partially through cash payments. The formula used to determine the cash portion is prescribed in the [2005 amendment to the BBPP, s.9.14.3 Contributions from the Newspaper Industry](#).

The formula set out in section 9.14.3 relies on tonnage and revenue data for two grades of used newsprint (ONP #6 and #8) that local communities report into the annual Datacall. As municipalities gradually cease Datacall reporting and move to the new producer-funded and operated Blue Box Program, there is not likely to be sufficient data available complete the calculation.

Therefore, an adjustment to the methodology is required. Authority staff propose the following:

- *In the event that fewer than two participating communities report tonnage and revenue for a grade of ONP, either #8 or #6, only the data for the other grade of ONP will be considered for the purposes of the initial comparison for the calculation laid out in s.9.14.3 Contributions from the Newspaper Industry in the Blue Box Program Plan (amended 2005).*
- *In the event that sufficient data is not available to undertake the price index comparison steps described in the last paragraph of s.9.14.3 Contributions from the Newspaper Industry in the Blue Box Program Plan (amended 2005), those steps will be omitted from the overall calculation methodology.*

A detailed explanation of the proposed changes is provided in the consultation materials.

The proposed changes would only impact Blue Box funding for the 2024 and 2025 transition years. The changes would not affect the implementation of the rest of the Blue Box Program WUP. The only Blue Box stewards that would be affected by the proposed amendment are the newspaper stewards that fulfil their obligation through the Newspaper InKind Program. The proposed amendment supports the Minister's windup direction to the Authority to ensure that the apportionment of obligations among stewards is fair and equitable.

Stewardship Ontario has consulted on the proposed changes to the WUP with steward members of News Media Canada and Ontario Community Newspaper Association (NMC/OCNA), as well as the local communities that are set to transition to the new regulatory framework after 2023.

Stewardship Ontario has considered stakeholder feedback and recommends the adjusted methodology to the Authority to address the Newspaper InKind Program issues that are likely to arise due to the anticipated loss of data inputs during transition.

The Authority will undertake a further round of public consultation prior to evaluating the proposed Blue Box WUP amendment.