

Stewardship Ontario's Simplified Blue Box Program Steward Fee-Setting Methodology

RPRA Public Consultation

January 21, 2022



Blue Box Program - Background

- Through Ontario's current Blue Box Program, recyclable materials such as paper, glass, plastic and aluminum are collected from residences in over 240 municipalities and First Nation communities across the province.
- Stewardship Ontario is the not-for-profit, industry funding organization that operates the Blue Box Program on behalf of industry stewards.
- RPRA oversees the current Blue Box Program under the *Waste Diversion Transition Act, 2016* and its wind-up and transition between 2023 and 2025 to the new producer responsibility regulatory framework outlined in the Blue Box Regulation issued under the *Resource Recovery and Circular Economy Act, 2016*.
- Stewardship Ontario determines the fees that stewards are required to pay to cover the cost of the Blue Box Program.
- Stewardship Ontario is proposing a simplified methodology for setting steward fees starting in 2023 through to the end of 2025. Information about Stewardship Ontario's proposal and the Draft Blue Box Transition Plan Addendum can be found on [RPRA's website](#).

Important note

- To note, the proposed methodology outlined in this overview deck only applies to steward fee setting for the Blue Box Program operated by Stewardship Ontario under the Blue Box Program Plan and WDTA. This does not impact reporting or paying Registry fees to RPRA under the new Blue Box Regulation under the RRCEA.
- During the Blue Box Program transition period (until December 31, 2025), stewards will be obligated and have to meet their requirements (e.g., reporting to Stewardship Ontario) under the Blue Box Program Plan and the WDTA and required to meet their producer obligations under the Blue Box Regulation (e.g., registering, reporting and paying their Registry fee to RPRA). [Learn more about the new regulation and producer requirements.](#)

Proposed Simplified Fee-Setting Approach

Stewardship Ontario is proposing a simplified approach that consists of four parts:

1. Determine invoiced fees for each steward for invoice years 2021 and 2022 (2019 and 2020 sales data), including adjustments.
2. Calculate invoiced fees for each steward as a percentage of the total Stewardship Ontario budget for 2021 and 2022.
3. Assign a percentage for each steward that is the average of:
 - a) The year prior to COVID-19, reflecting supply to market data from 2019
 - b) The first year of COVID-19, reflecting supply to market data from 2020
4. Adjust each steward's percentage as required to account for changes to the percentage assigned to members of News Media Canada, for stewards entering and exiting the Ontario market, and for major acquisitions/divestitures that occurred between 2019 and 2021.

For example, if steward "A" was invoiced \$402,000 in 2022 and the total budget was \$167.5 million, the corresponding percentage would be 0.24%. If the percentage for steward "A" in 2021 was determined to be 0.20%, its fee would be equal to 0.22% of the Stewardship Ontario budget in 2023, 2024 and 2025 $((0.20\% + 0.24\%) / 2)$. This calculation would be repeated for every steward.

Stewardship Ontario's proposed methodology would eliminate the need for most stewards to report supply-to-market data to Stewardship Ontario. Instead, stewards' fees will be based on each steward's share of Stewardship Ontario's budget in 2021 and 2022.

Proposed Simplified Fee-Setting Approach

Entering and Exiting Stewards

- Stewardship Ontario proposes to address entering and exiting stewards individually.
- If a steward claims that it is no longer obligated under the program, Stewardship Ontario would verify this claim according to its established compliance process.
- Newly obligated stewards would be required to report data to Stewardship Ontario, which would be used to determine that steward's share of the Stewardship Ontario budget as a proportion of the volume of material reported by all other stewards in 2019 and 2020.

Proposed Simplified Fee-Setting Approach

Shortened Timeline for Prior Year Adjustments

- The proposed simplified fee-setting methodology would require stewards to submit all prior year adjustments no later than July 31, 2022.
- The steward fee percentages would be “locked in” prior to the 2022 Annual Steward Meeting.

Proposed Simplified Fee-Setting Approach

Recovery Rate

- Under the [Blue Box Program Plan](#), Stewardship Ontario determines the recovery rate as a ratio of “marketed tonnes” per “generated tonnes”.
- While the “generated tonnes” amount was originally calculated based on waste characterization studies undertaken in participating communities, steward supply-to-market data has been used to supplement the calculation.
- The proposed fee-setting methodology, if adopted, would rely on enhanced waste characterization studies to determine the “generated tonnes” under the Blue Box Program.

Proposed Simplified Fee-Setting Approach

News Media Canada

- Under the [InKind Program](#), News Media Canada stewards are entitled to pay a portion of their fees to Stewardship Ontario in the form of in-kind advertising space.
- Newsprint is the only significant material category for which these stewards report and pay fees.
- Stewardship Ontario's proposal would continue to require members of News Media Canada to report their supply-to-market data.
- Simplified fee rate for News Media Canada stewards would be adjusted to reflect the change in the amount of material supplied to market each year.

Stewardship Ontario Consultation

- Stewardship Ontario consulted on the proposal between December 1, 2021, and January 13, 2022.
- Read Stewardship Ontario's [Consultation Report](#) for more detail on the consultation that was undertaken and a summary of stakeholder feedback. The Consultation Report is appended to the Draft Blue Box Transition Plan Addendum.
- The proposal was submitted to RPRA for consideration on January 19, 2022.
- Stewardship Ontario revised its original proposal in response to stakeholder feedback to provide further detail regarding steward discontinuations and divestitures:
 - If approved, the simplified methodology would include an adjustment procedure to address a discontinuance or divestiture representing at least 5% of the steward's total business.
 - Stewards claiming an adjustment would be required to provide a report detailing the quantity of material subject to the divestiture/discontinuation, as well as further confirmation of the change.
 - The adjustment for a divestiture would be approved once the associated amounts were validated and accepted by the acquiring steward.

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Questions for Stakeholders



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- Does this proposal, which has since been amended by Stewardship Ontario, address key questions or concerns?
- Are there any additional revisions to the proposal that should be considered?

Next steps

- Provide feedback by **February 4, 2022** via email to consultations@rpra.ca
- Feedback from the consultation will be summarized in a report that will be available on RPRA's website.
- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca
- RPRA will further review the proposal and stakeholder feedback and consider approval of the proposal.

