

## **5. Blue Box Program Delivery Model**

### **5.1 Blue Box Program Delivery Model**

The WDA allows for alternative program delivery models for the design and delivery of programs for designated materials, ranging from direct program implementation by the WDO to full responsibility for program design and implementation resting with the designated stewards.

Responsibility for delivery of the Blue Box Program Plan as outlined in this document rests with Stewardship Ontario and the WDO. Municipalities and AMO also have important roles to play. These roles and responsibilities are summarized below.

### **5.2 Roles and Responsibilities of the WDO**

In addition to responsibility for approval and monitoring of the Blue Box Program Plan, the WDO will also have lead responsibility for the ongoing management and oversight of the following functions:

- Consultation activities required for the development of, and any required modifications to, the program;
- Public education and awareness activities related to the responsibilities of the WDO and for those specific public education and awareness activities related to the Blue Box Program Plan identified by the WDO and Stewardship Ontario;
- Collection and analysis of data related to municipal recycling program operations including services provided, materials recovered and costs;
- Approval of and reporting on payments made to individual municipalities as outlined in the Blue Box Program Plan; and
- Reporting on progress towards achieving targets as outlined in the Blue Box Program Plan.

The WDO will discharge these responsibilities through the establishment of three permanent committees:

- Public Affairs Committee (WDO-PAC);
- Municipal Industry Programs Committee (MIPC); and
- Municipal Affairs Committee (MAC).

These committees will provide recommendations to the Boards of Directors of the WDO and Stewardship Ontario on their respective functions.

While this program delivery model is specific to the delivery of the Blue Box Program Plan, it may also serve as a model for the implementation of programs for other designated wastes that are managed in whole or in part through municipal waste diversion programs.

### **5.3 Public Affairs Committee (WDO-PAC)**

The Public Affairs Committee (WDO-PAC)<sup>1</sup> will be chaired (non-voting) by the Executive Director of the WDO and will include representation drawn from a range of sectors including: municipalities, the general public, non-governmental organizations, communications/education/public affairs professionals, affected stewards, and other industry sectors. While the size and make-up of the Committee will be determined by WDO, Stewards that have responsibility for funding the activities of the committee will have majority voting rights with respect to decisions related to the cost of activities that will be borne by them.

The WDO-PAC will provide oversight for and make recommendations to the Board of Directors in two principal areas:

- Consultation as required under Section 23 (4) of the WDA; and
- Public education and awareness activities approved by the WDO.

#### **5.3.1 Program Consultation Requirements**

- Consultation with Stewards of Blue Box wastes on matters related to their obligations under the WDA and the Blue Box Program Plan will be led by Stewardship Ontario, under the direction of a Steering Committee which will include the WDO Executive Director and a representative from AMO;
- Consultation with municipalities on matters related to the Blue Box Program Plan will be led by AMO, under the direction of a Steering Committee which will include the Executive Director of the WDO and a representative from Stewardship Ontario; and
- Public consultation related to the Blue Box Program Plan or the broader activities of the WDO will be led by the WDO under the direction of a Steering Committee chaired by the Executive Director of the WDO, with representation from AMO and Stewardship Ontario.

The Stewards of Blue Box wastes, including those that are members of Stewardship Ontario and those Stewards that are members of any other approved ISP, will pay the costs of consultation programs specific to the Blue Box Program Plan.

Proponents of ISPs for Blue Box wastes not included in the Stewardship Ontario Program Plan, as outlined in Section 34 of the WDA, will be responsible for negotiating with the WDO what constitutes an acceptable consultation program.

The costs of any WDO approved consultation efforts beyond those directly related to the Blue Box Program Plan will be shared among all subsequently approved IFOs.

Selection of any contractors that may be required to deliver these consultation programs will be done through an open tender process. Stewardship Ontario will prepare Terms of Reference for review and approval by the WDO-PAC and will administer contracts for which it is financially responsible.

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<sup>1</sup> WDO-PAC is being used as the acronym for this Committee as a means of avoiding conflict with the Packaging Association of Canada, known as PAC.

### **5.3.2 Public Education and Awareness Activities**

Public education and awareness activities related to notifying Stewards of their obligations, their participation in the Blue Box Program Plan, reporting requirements, fee calculations, etc. are the responsibility of Stewardship Ontario.

Education and awareness activities regarding the Blue Box Program Plan directed at the public at large will be overseen by the WDO-PAC and delivered under the auspices of the WDO. This responsibility will be discharged under the direction of the WDO Executive Director either through a WDO staff position or through contracting for services as required and as approved by the WDO Board of Directors.

The costs of activities directly related to Blue Box wastes and delivered directly by the WDO will be charged back to the Stewards of these materials. The costs of any broader WDO public education and awareness activities will be charged back to all approved IFOs, as determined by the Board of Directors of the WDO.

## **5.4 Municipal-Industry Programs Committee (MIPC)**

The Municipal-Industry Programs Committee (MIPC) will be chaired (non-voting) by the Executive Director of the WDO and will include equal representatives to be nominated by the Association of Municipalities of Ontario (AMO) and by Stewardship Ontario. MIPC will make recommendations to the Board of Directors of the WDO and as requested by the Board, oversee (with input from MAC in areas as identified) the delivery of each of these following functions:

### **5.4.1 Collection and Analysis of Recycling Program Data**

The ongoing collection of recycling data from municipalities is a key element of the Blue Box Program Plan. Accurate measurement of material-specific recovery rates that are derived using reported tonnes of materials marketed, and the costs of recovering these materials is an integral element of the proposed industry levy funding formula and municipal allocation model. Detailed program data are also critical to the success of the Effectiveness and Efficiency Program. The data that need to be collected annually from municipalities includes:

- Basic program information (e.g., key contacts, population, households served, etc.);
- Level of service (e.g., materials collected, bag limits, collection frequency, etc.);
- Performance of program (e.g., contamination rates, capture rates, tonnes of materials marketed, etc.); and
- Municipal Blue Box Program Plan costs.

The existing *Ontario 3Rs Municipal Survey* collects on an annual basis most of the (non-financial) information from municipalities. In the past, the survey has been a joint effort of CSR, the MOE, municipalities (represented by the Ontario Municipal Benchmarking Initiative (OMBI), AMRC, and MWIN) and other partners including Composting Council of Canada (CCC) and the RCO. Over the past two years, the survey has been an online process that allows municipalities to securely enter data via the website. CSR has been responsible for completing the design and program code changes for the survey each year and the data are physically retained on CSR's server.

Under the Blue Box Program Plan, responsibility for overseeing the annual 3Rs Datacall, for verification of the data submitted, and for housing the data collected would be transferred to the WDO, under the direction of MIPC as follows:

- The MIPC establishes an annual 3Rs Datacall Working Group to include equal representatives from AMO and Stewardship Ontario plus one MOE staff person; with additional review of the questions, protocols and results, provided by AMRC (HSW), CCC (composting) and CSR (GAP protocol). Other IFO representatives (i.e., as new streams of materials are designated) will be invited to participate in this working group as well;
- The Datacall Working Group convenes annually to review and make changes as required to the Datacall questions and procedures;
- WDO staff, or a designated contractor under the direction of the WDO Executive Director, administers the Datacall on an annual basis;
- The consolidated results of the annual Datacall be submitted to the MIPC for review and for the preparation of information and recommendations to the WDO Board;
- The Board of Directors of the WDO review and approve the survey results;
- The data approved by the WDO Board provide the basis for populating the municipal funding allocation model and for Stewardship Ontario Program Planning and reporting;
- The data held by the WDO be publicly accessible through the WDO website, with provision made for protecting confidential information, as required; and
- MIPC will develop the protocols for data management and use (e.g., access to confidential information).

Given that the 3Rs Datacall collects a range of data beyond that required for the Blue Box Program Plan, the costs of this function will be shared among all subsequently approved IFOs and ISPs, in a manner to be determined by the Board of Directors of the WDO.

#### **5.4.2 Calculating and Reporting on Payments to Individual Municipalities**

Using the results of the annual Datacall, financial Blue Box Program Plan cost survey information and the municipal funding allocation model outlined in Section 7, the MIPC would be responsible for overseeing:

- Review of funds due to individual municipalities on an annual basis under the Blue Box Program Plan. Making recommendations to the Boards of Directors WDO and Stewardship Ontario for distribution of these funds to individual municipalities;
- Posting the payments made to individual municipalities on the WDO and Stewardship Ontario websites; and
- Making recommendations to the WDO Board of Directors for any proposed changes to the municipal allocation funding model in subsequent years.

#### **5.4.3 Cash Flow to Municipalities**

##### **Cash Flow in Year 1 (based on assumed program start date of May 1, 2003)**

As stated in Section 9.14, Stewardship Ontario will issue invoices to identified Stewards on June 1, 2003 and September 1, 2003. Funds collected, net of funds reserved for program delivery, administration and 50% of start up costs (as outlined in Section 8.2.8), will be paid to municipalities at the midpoint of the program year (assumed to be August 31, 2003 for an

eight month year) for the first four months of the program and on December 31, 2003 for the last four months of the program.

Notwithstanding the above, expenditure of funds allocated to the Glass Markets Investment Fund component, equal to any outstanding obligation to municipalities, will be deferred until such time that the financial obligation to municipalities in 2003 has been met in full.

With each payment, Stewardship Ontario will provide municipalities with a letter explaining how the payment being made relates to the total obligation to the municipality for the initial program year.

In the event that the sum of these two payments is less than the total financial obligation to municipalities provided for under the 2003 program year, municipalities would be entitled to charge Stewardship Ontario interest as of January 1, 2004 on any outstanding funds due, at the lesser of the prevailing prime rate or the municipality's cost to borrow.

If necessary, Stewardship Ontario will consider alternative ways to cover a shortfall, including the deferral to year 2 of non-critical program delivery and start-up costs.

### **Cash Flow in Year 2**

As stated in Section 9.14, Stewardship Ontario will issue invoices to identified Stewards on the first day of each quarter in 2004. Payments will be made to municipalities on the last day of each quarter in 2004. These payments will be net of funds reserved for program delivery, administration and 50% of start up costs.

### **Subsequent Program Years**

In the event that payments made in any future year of the program are less than the total obligation to municipalities for that program year, municipalities would be entitled to charge Stewardship Ontario interest as of January 1 of the following year on any outstanding funds due, at the lesser of the prevailing prime rate or the municipality's cost to borrow.

It will be the responsibility of Stewardship Ontario to provide regular updates to the WDO Board on current cash flow projections.

## **5.4.4 Reporting on Progress Toward Targets**

It is a requirement of the Minister's Letter (Point #6) that defined diversion targets be set. The targets outlined within this Plan will be reviewed annually and, if necessary, changed. Achieving the agreed upon targets in the approved Plan is a shared responsibility of municipalities and stewards.

The MIPC will report to the WDO Board of Directors on the progress made towards achieving the targets set out in the Blue Box Program Plan by comparing the targets against the data collected through the annual 3Rs Datacall. The MIPC will also make recommendations to the Board on any further actions that may be required by municipalities and by Stewardship Ontario to meet these targets.

## **5.5 Municipal Affairs Committee (MAC)**

The Municipal Affairs Committee (MAC) will be chaired by a municipal representative appointed by AMO, and include membership from the municipal sector.

MAC is responsible for overseeing those WDO related activities that are solely the responsibility of the municipal sector. MAC will be available to the WDO Board for questions or advice. MAC will also be available to WDO-PAC and MIPC to provide municipal information and advice. MAC will be able to raise issues of municipal interest to the WDO Board and the WDO Executive Director. Specifically, the responsibilities of the MAC will include:

- Receiving and compiling recycling program financial information from municipalities (Section 6.3.2);
- Coordinating the development of benchmarks and performance standards for Blue Box service delivery, drawing upon municipal expertise and with the collaboration of Stewardship Ontario;
- Consultation with proponents of Industry Stewardship Plans; and
- Consultation with potential IFOs for other materials as designated under the WDA.

Municipal Blue Box information will be collected from municipalities in a two-phased data collection process. The first phase will consist of the collection of non-financial Blue Box data to be lead by MIPC with support from MAC. The second phase will consist of the collection of financial blue box data, to be lead by MAC with support from MIPC.

## **5.6 Roles and Responsibilities of Stewardship Ontario**

In addition to direct participation in the WDO led functions outlined above (through participation in the MIPC and PAC), Stewardship Ontario has lead responsibility for administering a program to promote improved program effectiveness and efficiency and for distribution of funds to municipalities as approved by the Boards of Directors of WDO and Stewardship Ontario.

### **5.6.1 Effectiveness and Efficiency Improvement Program**

The WDA requires that an IFO pay 50% of the collective net costs of designated programs for Blue Box materials. The Effectiveness and Efficiency Improvement Program of this Program Plan will promote continuous improvement in municipal Blue Box programs by providing incentives to reduce program costs and to encourage the recovery of materials which can make the most significant contribution to meeting the Blue Box Program Plan recovery targets at the lowest possible cost.

Ten per cent of the calculated annual payments due from Stewardship Ontario to municipalities will be directed to supporting improved Blue Box program effectiveness and efficiency. Annually, following broad consultation with municipalities, waste management experts and affected industry sectors, the MIPC will develop funding priorities for this Fund. The recommended funding priorities will then be submitted to the WDO Board for approval.

Applications for funding will be reviewed for technical merit and fit with the priorities established for the Fund, by a peer review panel to be selected by MIPC. Stewardship Ontario staff will review all proposals deemed acceptable under the peer review process and, taking into consideration funding availability, timing and emerging program priorities (e.g., achieving

targets, unforeseen operational problems, etc.), make recommendations to the MIPC on those that should receive funding. Once consensus is reached, recommendations supported by the MIPC will be forwarded to the Stewardship Ontario Board. The Stewardship Ontario Board will make the final recommendations to the WDO Board on funding.

Further details on the functions, rules and operating procedures regarding the Effectiveness and Efficiency Fund are outlined in Section 6.6.3 of the Plan.

Funding allocations made through the Effectiveness and Efficiency Fund will be posted on the websites of both the WDO and Stewardship Ontario.

### **5.6.2 Distribution of Funds to Individual Municipalities**

Following approval by the Board of Directors of WDO of annual payments due to individual municipalities, Stewardship Ontario will distribute cheques to individual municipalities in accordance with the procedures outlined in Section 6.7. Cheques distributed by Stewardship Ontario will acknowledge that these funds are provided in support of municipal recycling programs on behalf of Stewardship Ontario and the WDO. The specific language to be used on the cheques will be reviewed and approved by the WDO.