



# **Preliminary 2008 Stewards' Fees for Blue Box Program**

September 10, 2008





# **Welcome & Highlights of Blue Box Program Plan**

**Derek Stephenson**



## Welcome!

- ◆ In person (50+)
- ◆ Webcast audience (70+)
  - slides advance automatically
  - email box for questions/comments on left-hand side of webcast console
    - use any time
    - please include name & affiliation
- ◆ Archived webcast available for 180 days



## Topics

- ◆ Updates on Blue Box Program Plan (BBPP)
- ◆ Review Stewardship Ontario fee setting methodology
- ◆ Enhancing plastics recovery & recycling
- ◆ Preliminary 2008 fees
- ◆ Program Rules
- ◆ Q&A



## BBPP Highlights

- ◆ 4 years successfully discharged members' legal obligations under *Waste Diversion Act* (WDA)
- ◆ Keeping combined administration costs of Stewardship Ontario & Waste Diversion Ontario (WDO) under 5% of total program costs
- ◆ Worked closely with municipalities to improve effectiveness & efficiency of municipal Blue Box (BB) programs



## Met All Financial Targets

- ◆ High level of compliance by obligated companies
  - non compliance is small to medium
- ◆ Leveling playing field
  - > \$500K in additional fees—MOE enforcement
- ◆ Met annual Stewardship Ontario financial targets each of first 4 years
- ◆ Met all financial obligations to municipalities since program start
- ◆ Total financial payments to municipalities through end of 2008 program year ~\$275M



## Annual Tonnes of BB Material Recovered

Program Year*	Tonnes Recovered	Estimated Recovery Rate
2001	693,547	45%
2002	726,718	46%
2003	779,844	53%
2004	823,635	55%
2005	861,313	58%
2006	937,979	>60%**

NOTE: \*There is a 2 year difference between the year for which fees set & the year for which data available.

\*\* to be confirmed



## Focusing on “Next Least Cost Tonne”

- ◆ Maximizing recovery of materials with lowest cost to recycle & strongest markets
  - why important to stewards & municipalities
- ◆ Optimizing curbside collection first
- ◆ Promoting new recovery in largely un-serviced multi-family
- ◆ Shifting greater proportion of BBPP fees to materials with lowest recycling rates
- ◆ Using Effectiveness & Efficiency (E&E) Fund & market development investments to overcome barriers to recycling:
  - increase scale & throughput of Material Recycling Facilities
  - R&D programs to promote innovation
  - promote markets for mixed glass & plastics



## Recyclers' Knowledge Network (RKN)

- ◆ Online gateway to best available information on improving recycling system effectiveness
- ◆ Free access to custom-designed tools & advice from peers, other experts
- ◆ Focus on better & 'Best Practices'
- ◆ User-friendly access to project findings & results
- ◆ Designed with input from municipalities

[www.recyclersknowledgenetwork.ca](http://www.recyclersknowledgenetwork.ca)

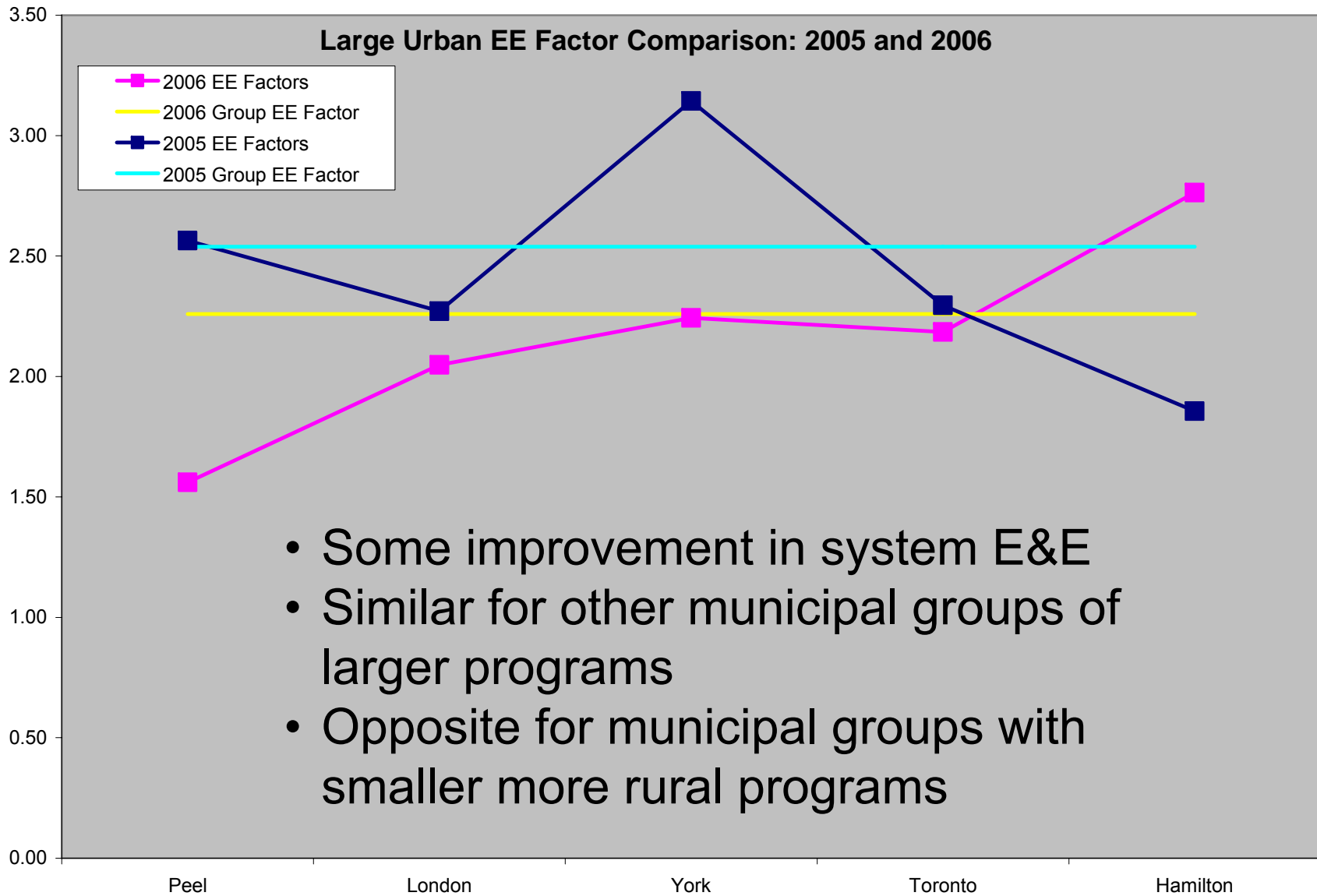


## Educating Residents & Consumers

- ◆ 'Recycling Works' Promotion & Education campaign:
  - two 30-second TV commercials + 4 print ads; new aseptic ad developed by Tetra Pak
  - website: [blueboxmore.ca](http://blueboxmore.ca)
  - field tested in London:
    - 41% aware of campaign; BB recovery peaked during TV campaign; best recovery ever recorded in London
    - revenues increased by \$140K over 4-month campaign
    - least cost tonnes; ONP up 22%
    - if sustained, payback on cost in under 8 months
    - on air this fall province-wide
    - many municipalities using in ad space



# Improving Effectiveness & Efficiency



## Continuous Improvement Fund (CIF)

- ◆ 10% of stewards' obligations to municipalities currently dedicated to E&E Fund
- ◆ Agreement in principle among Stewardship Ontario, WDO, Association of Municipalities of Ontario (AMO) & City of Toronto to increase allocation to 20%
  - E&E will be replaced by new CIF fund
  - support diffusion of municipal BB recycling Best Practices
  - make strategic investments in collaboration with municipalities toward improving system performance
  - reduce future net system costs





## **Preliminary 2008 Stewards' Fees**

**Guy Perry**

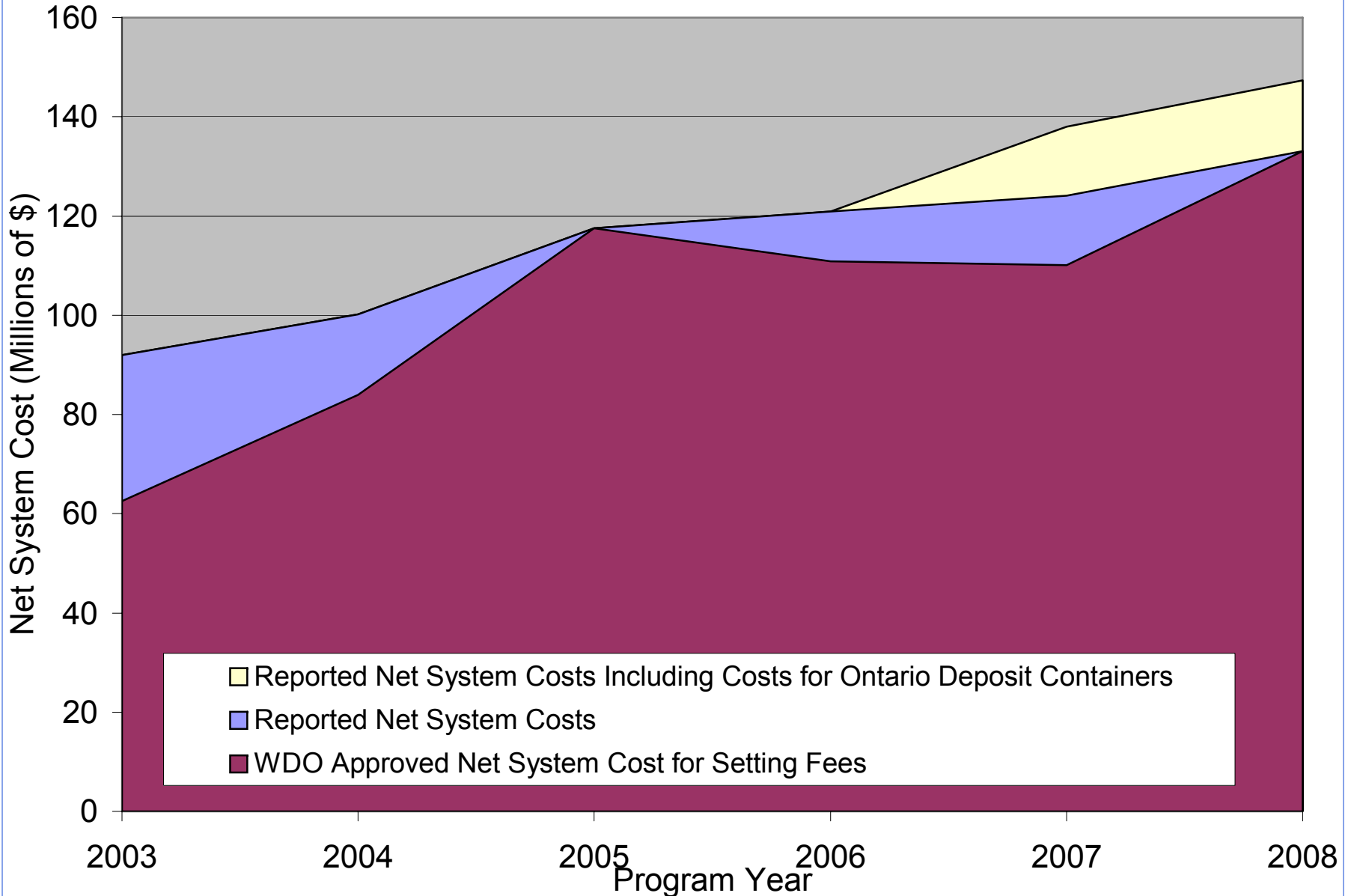


## Overview

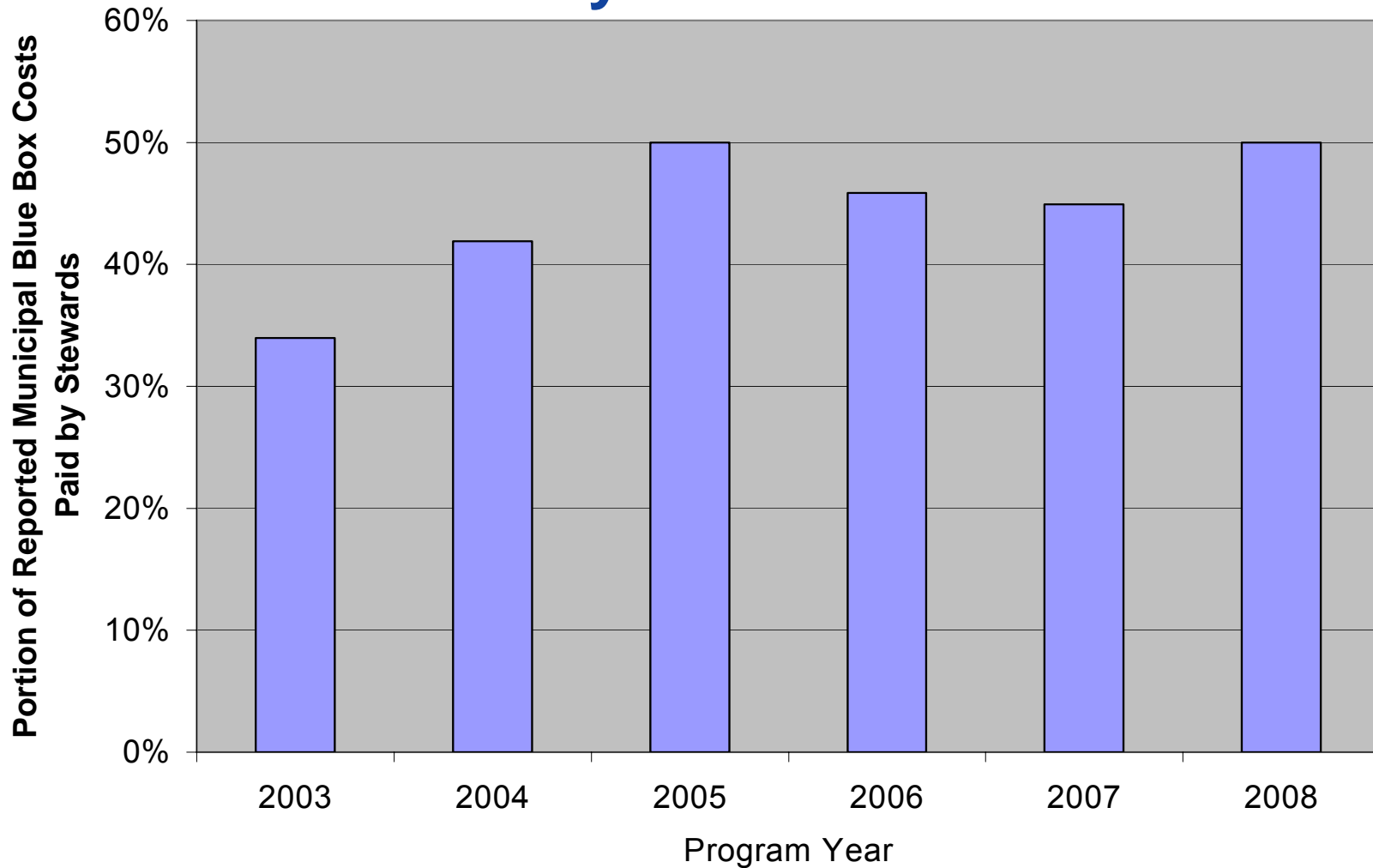
- ◆ Report on fees & fee setting to date
- ◆ Assess performance of plastic packaging
- ◆ Present preliminary fees
- ◆ Identify next steps & input requested by Board



## Net Cost Calculation for Purpose of Setting Fees



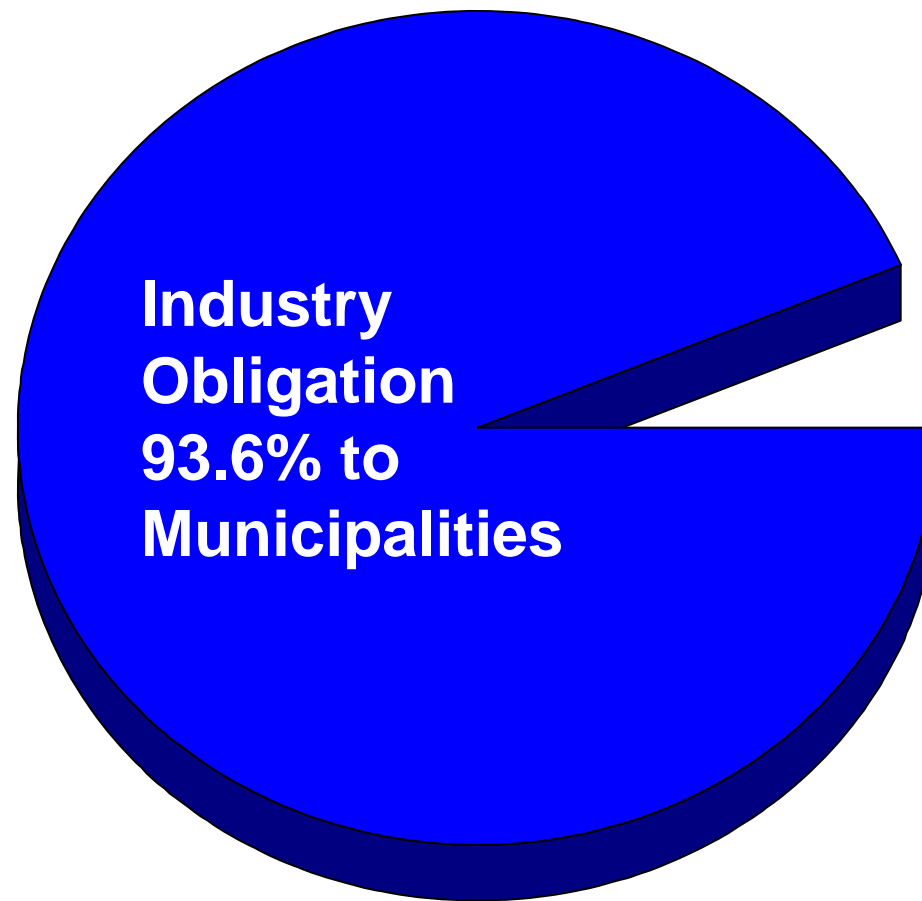
## Industry Contributions



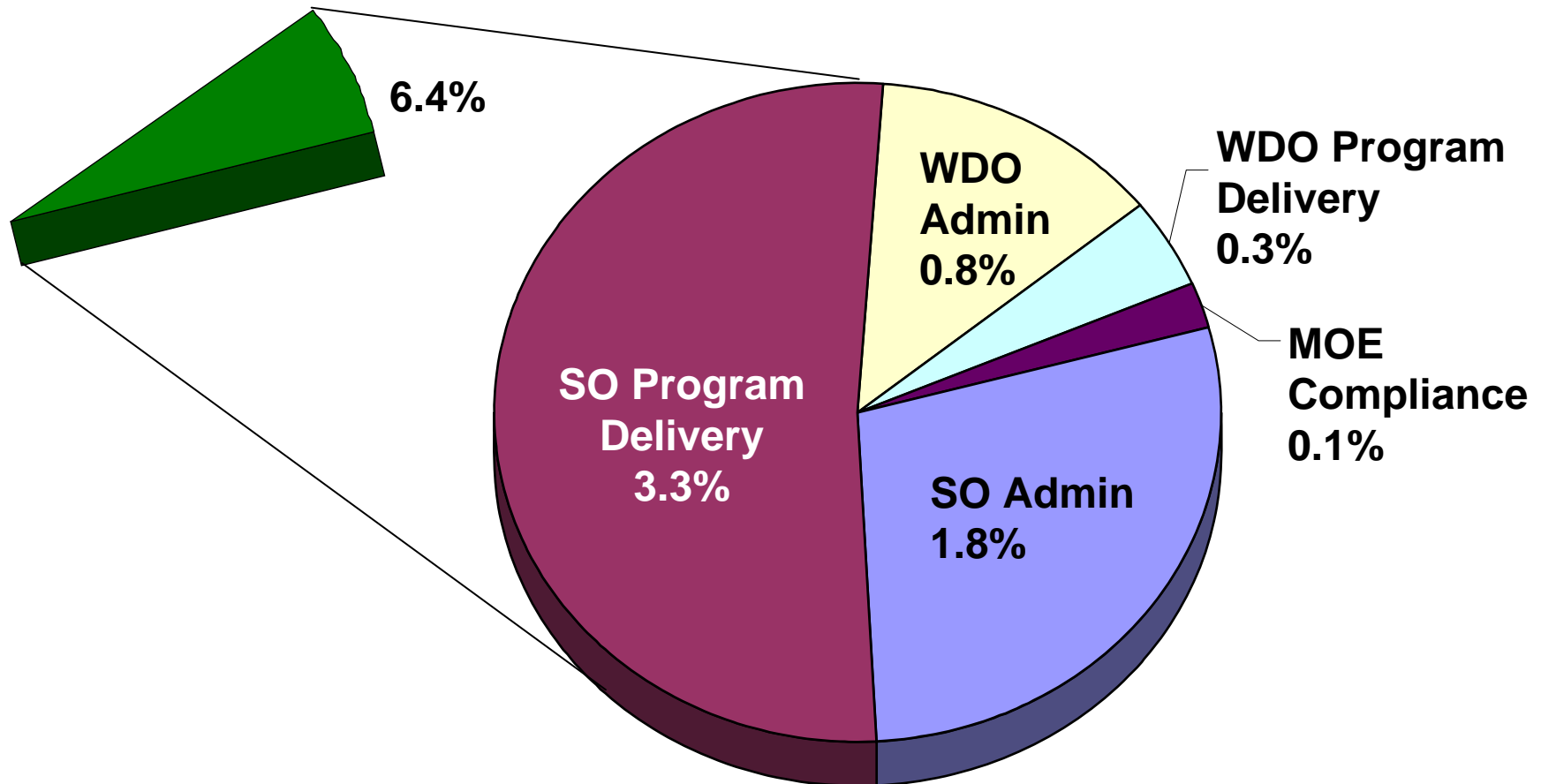
NOTES: Reported cost in 2005 did not include some cost categories, such as interest on municipal capital.

Program in 2007 & 2008 excludes wine & spirit containers on deposit.

## Largest Component of Fees



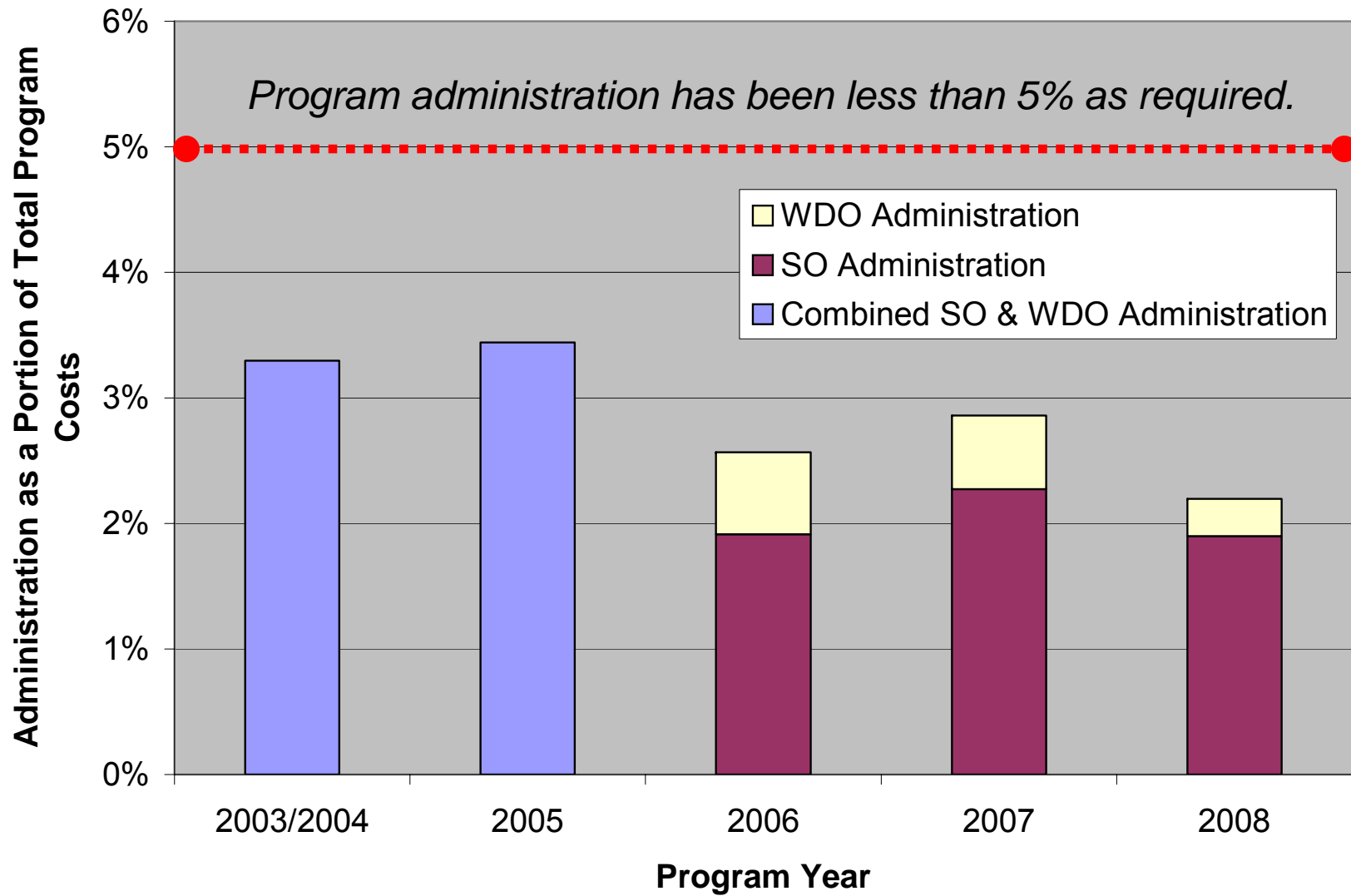
## Program Delivery & Admin & WDO Charges



NOTES: Program admin generally represents legal, accounting & office overheads as approved by WDO & Minister.

Program delivery refers to activities required to meet program objectives, such as monitoring performance, allocating costs, increasing the efficiency of recycling programs, ensuring compliance, etc.

# Program Administration



## Projected Operating Surplus

- ◆ Projected 2007 surplus (\$7.3M) & interest earned (\$1.2M)—\$8.5M
  - collection of prior year fees
  - penalties & interest on overdue reports & payments
  - savings in expenditures
  - projected 2008 interest income
- ◆ Board approved policy:
  - reserve fund of \$3.5M
  - remaining surplus distributed to stewards to offset fees in proportion to fees payable
- ◆ Credit against fee calculations for 2008 will be \$5M



## Objectives of Fee-setting Formula

- ◆ Fee-setting methodology designed to:
  - support recovery of “next least cost tonne” while....
  - providing an incentive to increase performance of materials with low recovery rates
- ◆ Designed to share cost of program equitably among those materials achieving or making progress toward achieving overall 60% target with those materials for which recovery is lower



## 3 Factor Formula

- ◆ These objectives achieved using 3-factor formula, addressing:
  - recovery rates
  - net costs to manage each material
  - equalization—combination of recovery & cost
- ◆ Weighted to balance competing affects of each factor
- ◆ Effect of formula is to transfer cost from materials with high recovery rates to those with low recovery rates



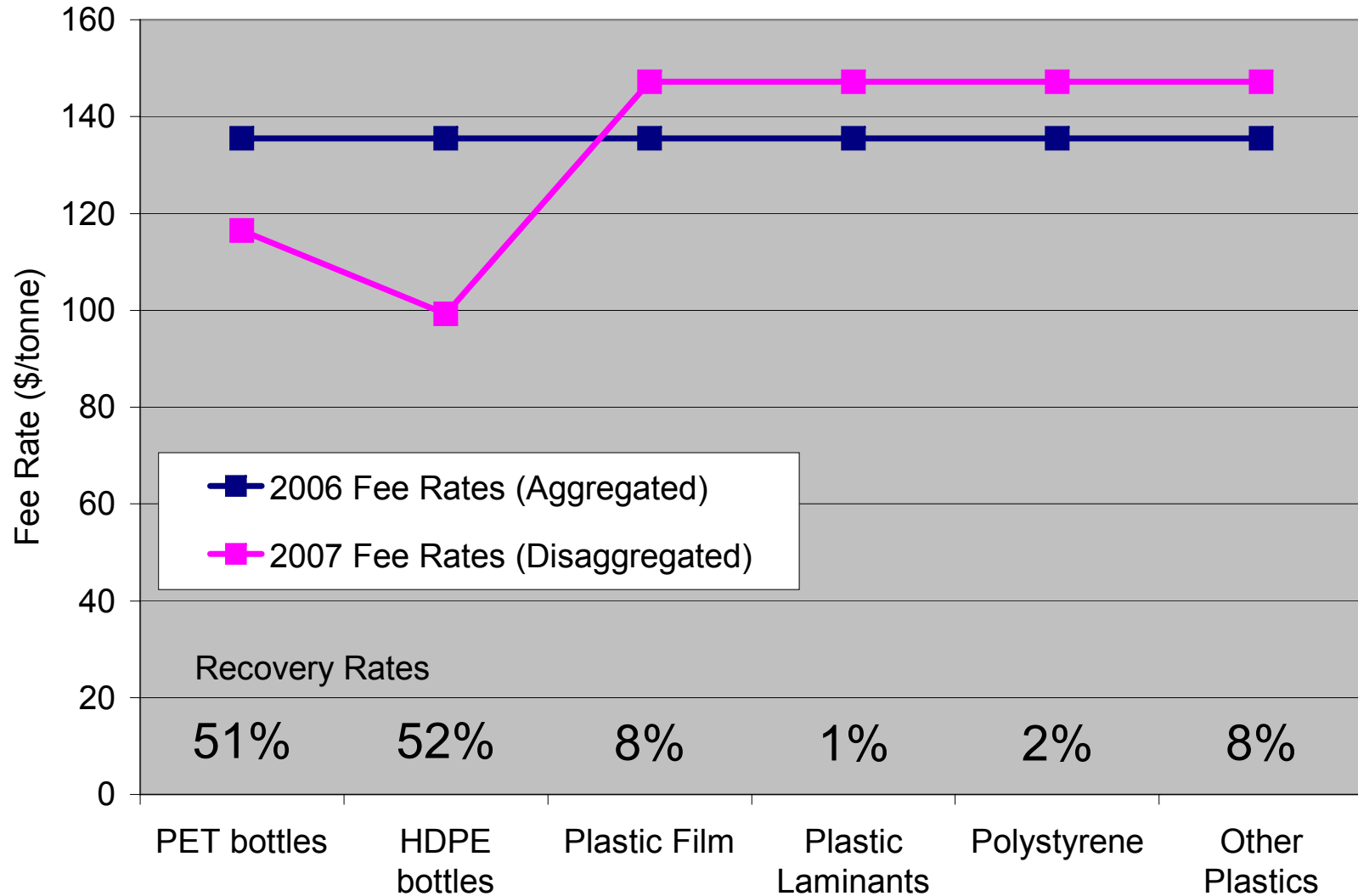
## Approved Revision

- ◆ WDO & Minister approved revised weightings for 2008 fee setting
  - from 40/40/20 to 35/40/25
  - shift from recovery to equalization—larger transfer to low recovery high cost materials

### 2008 Base Fees with Approved Weightings of 35:40:25

	Recovery Rate	50% Net Cost Obligation	Base Fees	Costs Transferred
Total Packaging	48.0%	\$60.4M	\$60.4M	
Corrugated Cardboard	76.6%	\$22.3M	\$11.0M	(\$11.3M)
Other Plastics	5.7%	\$5.9M	\$23.8M	+\$17.9M

## Disaggregation of Fee Categories



*Recognition of need to send signals to specific materials when approved disaggregated fees in 2006*

## Overcoming Barriers to Performance

- ◆ There are barriers to increasing recovery & to lowering cost of recycling
- ◆ Provision to include additional material-specific fees to overcome these barriers
- ◆ Focus on glass for years 2 & 3
  - Glass Investment Fund (\$2M)
  - Glass Diversion Fund (\$500K)
- ◆ Plastics clearly identified as primary concern today



## Stewardship Ontario Commitments & WDO Direction

- ◆ Approval of revised fee setting formula was a commitment to shift additional costs onto lower performing materials
  - with plastics taking biggest hit
- ◆ At same time, committed to providing additional resources & assistance to increase performance of low recovery materials
- ◆ WDO directed Stewardship Ontario to address recovery of range of plastics



# Stewardship ONTARIO

## Municipal Perspective

**Andy Pollock**  
**Region of Peel/AMO**



# RECOVERY RATES FOR PRINTED PAPER & CONSUMER PACKAGING

	2003	2005
Newspaper & Magazines	74.5%	79.4%
Other Printed Paper	42.5%	45.0%
<b>Printed Materials Total</b>	<b>67.4%</b>	<b>71.6%</b>
Paper Packaging	47.8%	53.2%
Plastics	16.2%	20.3%
Steel	48.7%	57.5%
Aluminum	38.2%	42.1%
Glass	58.7%	60.9%
<b>Packaging Total</b>	<b>41.8%</b>	<b>44.1%</b>
<b>Grand Total</b>	<b>52.9%</b>	<b>56.8%</b>

Source : Stewardship Ontario Annual Reports for 2004 & 2006

# Blue Box Education Campaign

Can clear plastic food containers  
be recycled in your blue box?

YES

NO

Only the following plastics can be recycled  
in your blue box: bottles, jugs, food tubs,  
foam packaging and bags.



Learn why certain plastics are not recyclable, and how you can affect change.  
Visit [peelregion.ca/waste](https://www.peelregion.ca/waste) or call **905-791-9499**.

 **Region of Peel**  
Working for you

# Blue Box Education Campaign



Can plastic clamshell containers be recycled in your blue box?

YES



Only the following plastics can be recycled in your blue box: bottles, jugs, food tubs, foam packaging and bags.

Learn why certain plastics are not recyclable, and how you can affect change.  
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Working for you.

# Blue Box Education Campaign

Can plastic takeout containers be recycled in your blue box?

YES

NO

Only the following plastics can be recycled in your blue box: bottles, jugs, food tubs, foam packaging and bags.



Learn why certain plastics are not recyclable, and how you can affect change.  
Visit [peelregion.ca/waste](https://www.peelregion.ca/waste) or call **905-791-9499**.

 **Region of Peel**  
Working for you

# Blue Box Education Campaign

Can takeout beverage cups be recycled in your blue box?

YES

NO

Only the following beverage containers can be recycled in your blue box: plastic bottles, glass bottles, metal cans, beverage cartons and drink boxes.



Learn why certain beverage containers are not recyclable, and how you can affect change.  
Visit [peelregion.ca/waste](http://peelregion.ca/waste) or call **905-791-9499**.

 **Region of Peel**  
Working for you.

# Blue Box Education Campaign

[ [TOP](#) ]

## Take Action and Make Your Voice Heard

The Government of Ontario has jurisdiction over packaging. The Region of Peel has passed Council resolutions requesting the Province of Ontario to require brand owners and retailers to only use plastic packaging that is recyclable in municipal Blue Box programs.



If you are concerned about the amount of non-recyclable plastic packaging in the marketplace, the Region encourages you to [contact your Member of Provincial Parliament](#), local grocer or retailer and make your views known.

# Blue Box Education Campaign

Be a Smart Consumer



Plastics recycling, as well as reducing your use of plastic containers will help the environment.

You can reduce your plastic use by:

- using reusable bags for groceries instead of plastic bags;
- reusing plastic containers for leftovers and to store small items;
- buying your food in bulk. Visit [Grown in Peel](#) to find some of the finest farms and markets right in your own neighbourhood;
- drinking water from a glass or reusable bottle rather than from a single-use plastic bottle;
- buying products that are recyclable or that use recyclable packaging (remember, the recyclable logo isn't always the answer).

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# What Municipalities Want

- Aggressive material-specific recovery targets for packaging
- Industry funding for municipal costs of managing packaging in both the recycling & garbage streams
- MOE approved “recyclability plans” for all new packaging introduced in Ontario
- Industry commitment to enhanced recovery of plastic containers & plastics market development

## Board Recommendation

- ◆ Recommends investments to increase plastics recovery
- ◆ Move Ontario system to best practice in North America
- ◆ Represents ambitious but well planned investment process
- ◆ Likely focus on promoting best practices & investigating state of art approaches & technologies
- ◆ Based on preliminary findings of consultants engaged to assess options, implications & costs for increasing plastics recovery
- ◆ Based on research to date, expect cost to be in range of \$2M per year over 3 years & ~ \$2.5M in first year
- ◆ Board not yet reviewed & approved
  - detailed plan—would be done over coming months
  - how these costs will be allocated among individual plastics



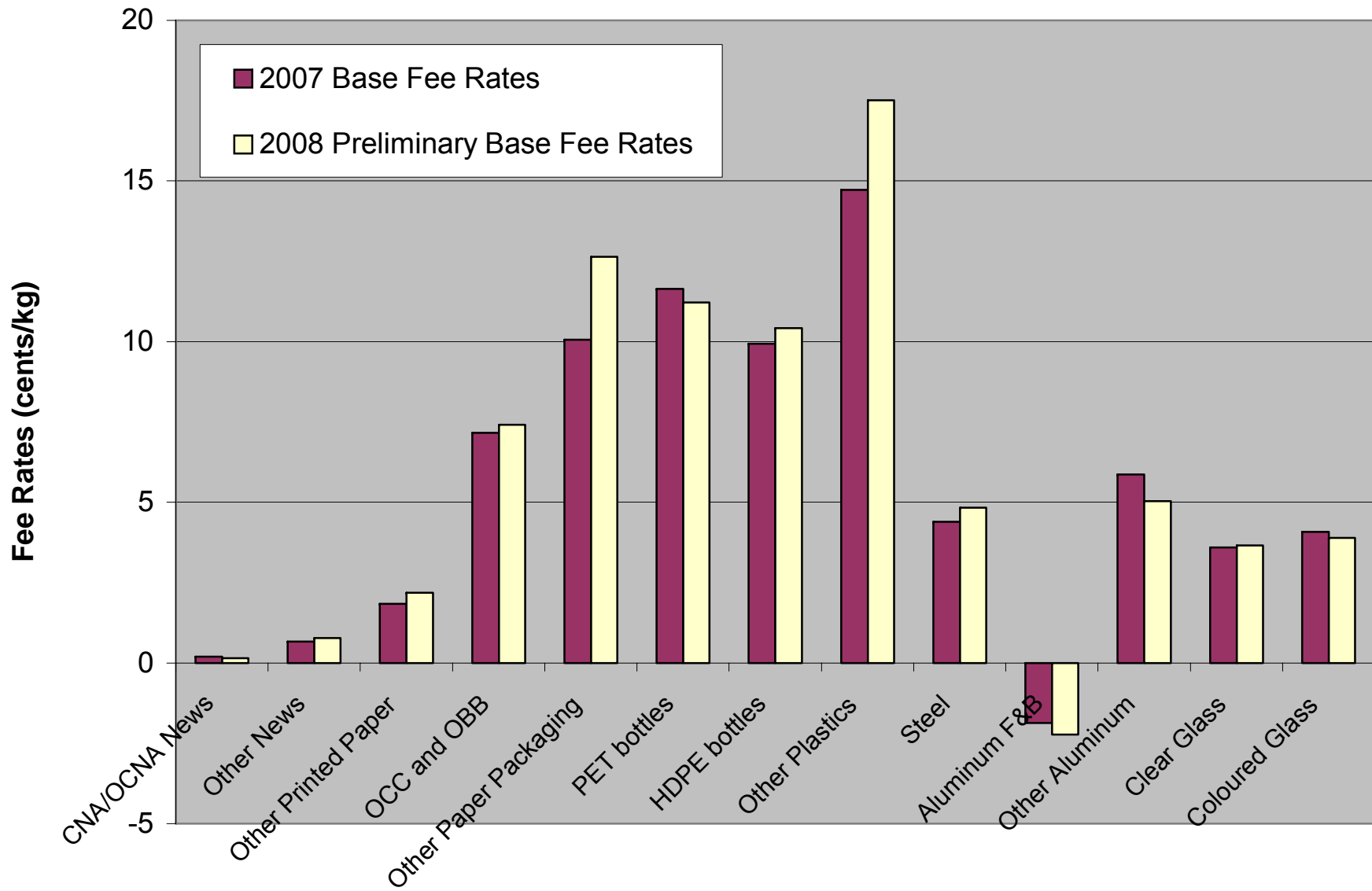
# Stewardship ONTARIO

## Fee Setting

Liz Parry



# Base Fee Rates



## Changes to Fee Rates (1)

- ◆ Printed Paper fees obligation up — large increase in recovery & lower revenue
  - CNA/OCNA ‘in-kind’ also larger, while CNA/OCNA fee rate lower
  - Other printed paper affected by approved shift in factor weightings
- ◆ Packaging obligation up — but less than for printed paper
- ◆ Paper packaging
  - OCC & OBB benefit from shift in factor weightings due to both relatively low cost & high recovery performance & from higher tonnes reported by stewards\*
  - Other paper packaging relatively high as fees spread over fewer tonnes than last year\*

\* Note steward reports will continue to be updated before fees are finalized

## Changes to Fee Rates (2)

- ◆ Plastics
  - PET & HDPE increase offset by shift in factor weightings
  - other plastics — relatively high increase due to shift in factor weightings
- ◆ Steel in line with increase in overall obligation
- ◆ Aluminum
  - food & beverage credit increases with shift in factor weightings
  - similarly for other aluminum & fees spread over more tonnes than last year\*
- ◆ Glass — relatively low increase due to high recovery/low cost & fees spread over fewer tonnes than last year\*

\* Note steward reports will continue to be updated before fees are finalized

## Examples of Impacts

- ◆ Effect of recommended additional plastics fees on selected containers would be:

Sept. 17 2007 – the red text for PET reflects correct numbers

Material	Packaging Example	Fee Without Cost of Plastic Strategy (¢ or fraction of ¢/unit)	Additional Cost of Plastic Strategy (fractions of ¢/unit)
PET	2.0 L Carbonated Soft Drink - 0.049 kg	0.549	0.052
HDPE	3.78 L Liquid laundry detergent - 0.175 kg	1.824	0.201
Plastic Film	1.0 kg Frozen French fries - 0.010 kg	0.175	0.012
	Grocery carry-out - 0.005 kg	0.088	0.006
Plastic Laminants	300 g Potato chips - 0.007 kg	0.123	0.009
	1.0 kg Smoked Sausages - 0.012 kg	0.210	0.015
Polystyrene	454 g strawberries - 0.023 kg	0.403	0.028

**Slide 45**

## Preliminary Stewards' Fee Rates for 2008

Material	2007 Fees	2008 Preliminary Fees	
	Fee Rates (¢/kg)	Range of Fee Rates (¢/kg)	Range of Fees (\$)
CNA/OCNA Newsprint	0.198	0.145	\$407,200
Other Newsprint	0.674	0.784	\$1,136,100
Other Printed Paper	1.840	2.193	\$3,116,200
OCC and OBB	7.166	7.418	\$18,408,500
Other Paper Packaging	10.055	12.640	\$4,878,000
PET bottles	11.644	11.212 – 12.267	\$5,207,300 – \$5,697,200
HDPE bottles	9.929	10.421 – 11.568	\$2,451,600 – \$2,721,400
Other Plastics	14.720	17.509 – 18.744	\$23,248,000 – \$24,888,400
Steel	4.398	4.823	\$2,622,700
Aluminum Food and Beverage	(1.863)	(2.227)	(\$601,900)
Other Aluminum Packaging	5.863	5.038	\$169,500
Clear Glass	3.596	3.662	\$2,726,200
Coloured Glass	4.077	3.886	\$374,900
Total Blue Box Program Fees			\$66,035,000 - \$68,435,000
CNA/OCNA In-Kind Contribution	\$1,359,700		\$1,891,000

*The range of fees for plastics reflects fees with and without additional enhanced plastics recovery fees.*

*The Board has not yet reviewed & approved how these costs will be allocated among individual plastics.*

# Stewardship ONTARIO

## Consultation on Market Development

Derek Stephenson



## Input requested by Board

- ◆ Stewardship Ontario Board is looking for your comments on the additional plastics fees
- ◆ Please write, by September 24, to: [comments@stewardshipontario.ca](mailto:comments@stewardshipontario.ca)
- ◆ Board will review comments & finalize fees on October 3
- ◆ WDO Board consideration & approval of fees on October 17 (note fees no longer require Ministerial approval)



# Stewardship ONTARIO

## **Proposed Changes to 2008 Rules**

**Gordon Day**



## Rules for 2008

- ◆ 3 changes for 2008—not substantive
- ◆ Revisit language on “private label” in definitions
  - remove “retail outlet” to reflect various types of private label scenarios
- ◆ New 4) (4) under Steward’s Report
  - add clause that will “unsubmit” temporary filing if finalized within 90 days (end of June)
- ◆ Remove 5 (3), (4) & (5)
- ◆ Looking forward:
  - evaluating move to single payment



# Stewardship ONTARIO

## Questions & Comments



# Stewardship ONTARIO

## Closing Remarks



# Stewardship ONTARIO

**Thank You!**

