



# **Stewardship Ontario's Proposed Blue Box Program Transition and Stewardship Ontario Wind-Up Plan**

## **Consultation Report**

**December 23, 2020**

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## Introduction and context

On August 15, 2019, the Minister of the Environment, Conservation and Parks directed Stewardship Ontario (SO) and the Resource Productivity and Recovery Authority (the Authority) to wind up the Blue Box Program and transition it to Ontario's new extended producer responsibility framework starting on January 1, 2023 through to December 31, 2025 and wind up SO soon after.

SO submitted its proposed wind-up plan to the Authority by the August 31, 2020 deadline set by the Minister. As outlined in the Minister's direction, the Authority was expected to review, consult and approve the plan no later than December 31, 2020.

As part of its approval process, the Authority consulted stakeholders on SO's proposed plan from September 30 to November 10, 2020. All comments received during the consultation process were considered when reviewing and approving the proposed plan.

The Authority approved [SO's Blue Box Program Transition and Stewardship Ontario Wind-Up Plan](#) with conditions on December 16, 2020, as well as the [Continuous Improvement Fund's \(CIF\) wind-up plan](#) and changes to its governance structure, which was included, by reference, in SO's wind-up plan. In approving the plans, the Authority assessed whether the proposed plans were compliant with requirements in the *Waste Diversion Transition Act, 2016* (WDTA) and the Minister's directions and consistent with the Authority's Wind-Up Guide.

Stakeholder feedback was used for two purposes in the review process. The first purpose was to obtain stakeholder perspectives on whether the proposed plan met the requirements of the WDTA, the Minister's directions and the Wind-Up Guide. The second purpose was to inform the development of the conditions of the Authority's approval of the plan in order to optimize the outcomes the Minister's directions seek to achieve.

This report details the Authority's consultation process, the feedback received and how the Authority incorporated the feedback into its approval. Questions about this report can be emailed to [consultations@rpra.ca](mailto:consultations@rpra.ca).

## About the Authority

The Authority is the regulator created by the Ontario government to enforce the requirements of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the WDTA.

The RRCEA establishes a new resource management regime where producers are individually accountable and financially responsible for their products and packaging, recovering resources and reducing waste. The WDTA allows for the continuation of Ontario's legacy waste diversion programs and sets out provisions to wind up those programs and the industry funding organizations responsible for operating them as directed by the Minister of the Environment, Conservation and Parks.

## Principles for public consultation

The Authority's consultations are guided by the following best practice principles developed by the Organization for Economic Cooperation and Development:

***Inclusiveness and openness:*** *Engage broadly with a wide variety of stakeholders, provide clear and understandable information, and make the consultation process accessible, comprehensible and responsive.*

**Timeliness:** Engage stakeholders early before decisions are made and provide regular opportunities for engagement on key program and policy matters.

**Accessible and cost effective:** Consider a variety of tools and methods to gather feedback that promote efficient and cost-effective consultations.

**Balance:** Provide opportunities for diverse perspectives and opinions to be heard and considered.

**Transparent:** Record feedback, report back a summary to stakeholders, and synthesize feedback into programs and policies as appropriate.

**Evaluation:** Demonstrate the impact of public consultations on program delivery and policy development.

## What we heard

### About the consultation process

The Authority launched its public consultation on SO's proposed Blue Box Program Transition and Stewardship Ontario Wind-Up Plan on September 30, 2020. A [dedicated web page](#) was created on the Authority's website with background information on the consultation, registration links for the various sessions and presentation materials.

The Authority announced the consultation to its list of Datacall participants (approximately 430 contacts), which includes municipalities, First Nation communities and recycling associations, on September 30 and to its general mailing list (approximately 1440 subscribers) on October 5 via the Authority's October newsletter. Reminders were sent to both lists in early November. Authority staff also worked closely with SO staff to inform current program participants by email.

Stakeholders were invited to submit feedback via:

- one of five webinars
- one of four online group discussions
- 1:1 meeting (upon request)
- online survey (see online survey questions in [Appendix B](#))
- email

The Authority conducted its consultations online only due to COVID-19. The Authority accepted stakeholder feedback until November 10, 2020.

### Feedback received

The Authority received extensive feedback during its webinars, group discussions and 1:1 meetings. The Authority also received sixteen written submissions via email and five online survey responses. Webinar presentations and recordings, and Q&As from all sessions can be found [here](#).

The table below lists the consultation sessions and the number of participants:

Date	Consultation session	Number of participants
October 13	Webinar Session 1: Consultation, program and transition overview	182

October 14	Webinar Session 2: Supporting competition and maintaining data security	135
October 14	Webinar Session 3: Maintaining program performance and municipal funding	177
October 15	Webinar Session 4: Financials and steward operations	157
October 16	Webinar Session 5: Winding up the CIF	147
October 19	Group discussion: Stewards	55
October 20	Group discussion: Municipalities, waste management industry	104
October 22	Group discussion: First Nation communities, northern/rural communities	40
October 23	Group discussion: Multi-stakeholder	32
October 26	1:1 meeting with City of Toronto, Region of Peel and Region of York	12
November 2	1:1 meeting with Ontario Community Newspaper Association	6
November 10	1:1 meeting with News Media Canada	6
<b>Total participants:</b>		<b>1053</b>

The feedback received from all channels is summarized below and categorized based on the following themes:

- Conflict of interest, competition and data management
- Financials, payments and timelines
- Market development and promotion and education
- Proposed steward fee-setting methodology
- Continuous Improvement Fund (CIF)

Feedback that was not relevant to this consultation has been excluded from the summary.

For a list of stakeholders that submitted written feedback, see [Appendix A](#).

For feedback from the online survey, see [Appendix C](#).

For a list of all questions received and answers provided, see [Appendix D](#).

**Conflict of interest, competition and data management**

While most stewards deemed the steps taken by SO to mitigate conflict of interest sufficient, some stewards and many municipal stakeholders expressed concerns that the provisions in place and outlined in the proposed wind-up plan were insufficient to ensure a level playing field under the RRCEA.

The majority of concerns were around Canadian Stewardship Services Alliance’s (CSSA) current role in the Blue Box Program as an operational service provider contractually retained by SO and its potential future role competing to provide services in resource recovery markets under the RRCEA.

Concerned stakeholders believe that CSSA would have an unfair advantage as a service provider under the RRCEA, for several reasons, including:

- CSSA staff's access to SO data (i.e. Blue Box data) now and throughout transition,
- the proposed wind-up plan not restricting individual CSSA staff members from providing services to SO and a potential future PRO simultaneously,
- CSSA's ownership of the proposed Material Cost Differentiation (MCD) methodology as a part of the steward fee-setting methodology.

All stakeholder groups called on the Authority to ensure that the conflict of interest and data management plans outlined in SO's approved wind-up plan be adhered to.

Although outside the scope of SO's wind-up plan and the consultation, some stewards sought assurance that data transferred from SO to the Authority would be managed in strict confidence. In response, Authority staff advised that all commercially sensitive and private data held by the Authority will be handled in compliance with the requirements in RPRA's governing legislation, its Access and Privacy Code, the Minister's directions, SO's approved wind-up plan and the final Blue Box Regulation.

### **Financials, payments and timelines**

Stakeholders expressed broad support for SO's approach to maintaining the general reserve as a contingency until 2025, citing the need for contingency funds to reduce the risk of fee increases.

Stewards raised concerns around the 2024 deadline for adjustments coinciding with the reporting deadline for 2023 steward sales data, stating that meeting both deadlines would be very challenging. Other concerns expressed by stewards included different reporting requirements under the current program operated by SO and under the RRCEA during the transition years. One association suggested that requirements be streamlined to reduce reporting complexity and burden.

Regarding municipal payments, municipal stakeholders, including associations and individual municipalities, called for a true-up process to account for the difference in actual net costs incurred in the final years and the estimated net costs based on data from two years prior, which is used to calculate annual funding. Those stakeholders recommended that Datacall reporting should therefore continue for two years after a community exits the program.

### **Market development and promotion and education**

SO's proposal for discontinuing market development initiatives and disbursing funds to stewards through their 2021 fees (for plastics and glass) was well received in the steward community. They mentioned welcoming the fee relief in challenging economic times and the fact that funds have been inactive for years.

A few municipal stakeholders also expressed support, considering the future of material end markets to be the responsibility of producers obligated under the RRCEA and no longer SO's. However, the majority of municipal stakeholders were opposed to the proposal, referring to difficulties in finding end markets for Blue Box materials due to packaging complexity and loss of Asian markets. Many stated that continuing to invest in market development initiatives is needed to ensure a strong foundation for the Blue Box Program transition and beyond.

Stakeholders from all groups were generally supportive of SO's plan to continue their promotion and education (P&E) activities throughout transition. Some municipalities felt that SO's annual budget for P&E is inadequate, especially considering the complexities of communicating about

the transition in the years to come (e.g., programs transitioning at different times, potential changes to accepted materials, etc.).

### **Proposed steward fee-setting methodology**

The proposed fee-setting methodology yielded strongly opposing responses from stakeholders.

Multiple stewards and steward associations expressed strong support for the change, citing increased objectivity, analytical soundness, replicability and harmonization across Canada as major gains. Many stewards reiterated the importance of fair allocation of revenue to material categories and more reliable data for calculating fees and assessing the cost impacts of each material in the recycling system.

One packaging steward association and all newspaper associations opposed the proposal. They questioned the need for a change at such a late stage of the program and the assumptions made in developing the model.

Municipal stakeholders were unanimously opposed to the proposal, with the majority of concerns relating to the increased portion of the steward obligation that would be paid out through the InKind Program as a result of the proposed methodology. Other concerns included a conflict of interest and potentially unfair competitive advantage for CSSA as owner of the MCD methodology, and a lack of transparency and third-party validation of the MCD model.

Among those that opposed the proposal, some were unclear on how the MCD methodology design was related to the project principles or objective measures and questioned the neutrality and validity of the model.

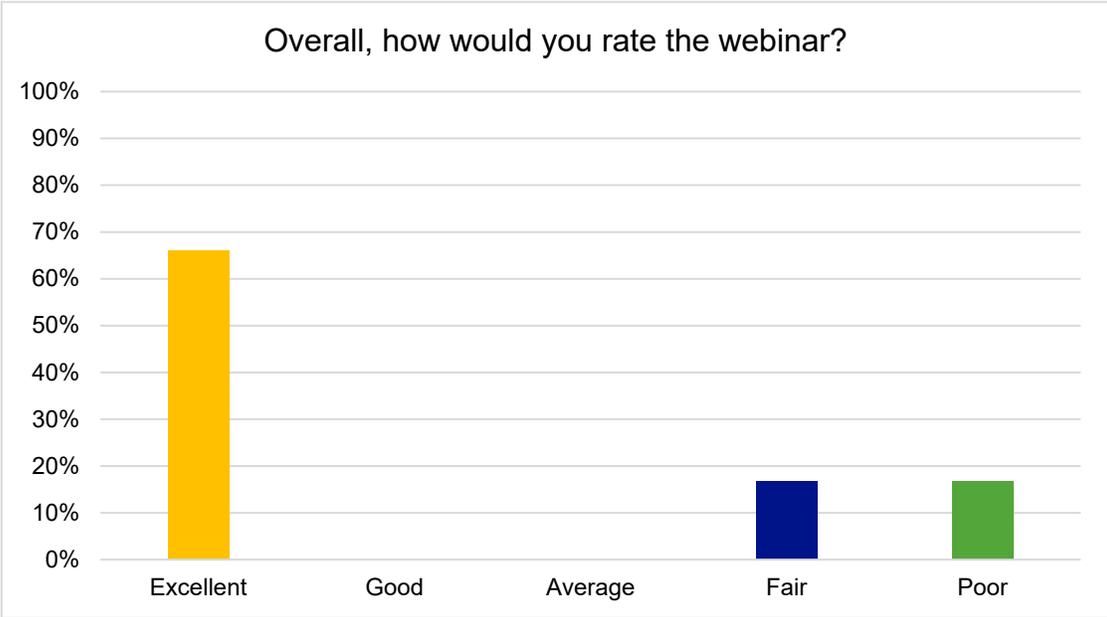
### **Continuous Improvement Fund (CIF)**

Stakeholders were generally supportive of the proposed wind-up plan for the CIF. Municipal stakeholders and one service provider expressed support for the plan in their comments. No comments were received from other stakeholder groups.

Some stakeholders provided specific suggestions, such as ensuring the CIF's intellectual assets remain available to municipalities, updating the wind-up plan to reflect the collective administrative oversight role of both the Association of Municipalities of Ontario (AMO) and the City of Toronto and that the CIF should continue until the end of the transition period.

# Consultation evaluation

To help the Authority improve future consultations and communications, participants were invited to complete a short feedback survey following the webinars and group discussions. The chart below shows how participants rated the consultation session(s) overall:



Comments on the overall satisfaction of the session(s) included:

- “Unfortunately, the live stream kept coming in and out for each session that I tried to join. However, since each session was recorded, I was able to pull the presentations each afternoon.”
- “There was no context provided at the beginning of the session to easily follow the rest of it.”

General comments regarding the information provided during the sessions and how the Authority can improve future consultations included:

- “Please include a 5-minute overview of the entire topic... for those of us who did not attend a prior session, to put the full session into context.”
- “Might be nice to see the people talking, not just the slides.”
- The Authority should provide earlier notice of the consultation period to ensure people have enough time to manage their own schedules and participate in all sessions they are interested in.

# Conclusion

The Authority considered all stakeholder feedback as it reviewed and approved SO's proposed plan. The Authority approved SO's Blue Box Program Transition and Stewardship Ontario Wind-Up Plan with six conditions on December 16, 2020. The conditions were developed to address the proposed plan's shortcomings in meeting the requirements in the WDTA, the Minister's direction and the Authority's Wind-Up Guide, and in order to optimize the outcomes the Minister's directions seek to achieve. The conditions were informed by the stakeholder feedback received during the Authority's consultation process.

The Authority also approved the CIF's wind-up plan and changes to its governance structure, which was included, by reference, in SO's wind-up plan.

The six conditions the Authority put on its approval of the plan are outlined below.

## **Condition 1: Addressing concerns related to the MCD fee-setting methodology**

Prior to the implementation of the MCD methodology, SO is required to develop a proposal, to the Authority's satisfaction, to further mitigate the increase of InKind funding to municipalities and First Nation communities as a result of the adoption of the MCD methodology until the end of the program.

Additionally, SO is required to develop a plan, to the Authority's satisfaction, to address stakeholder concerns about the impacts of the new methodology on competition in the market for resource recovery services under the RRCEA.

### **The Authority's Rationale**

Implementing the methodology as is may negatively impact cash payments to municipalities and First Nation communities during transition by increasing the amount of InKind funding. The first part of this condition was imposed to ensure that the MCD methodology may not be implemented unless these negative impacts are further mitigated, to the Authority's satisfaction.

SO's plan for implementing the MCD methodology also did not adequately address concerns expressed by stakeholders about potential impacts on competition in the market for resource recovery services under the RRCEA. The second part of this condition further ensures that the MCD methodology may not be implemented until SO can present a plan that addresses these concerns, to the Authority's satisfaction.

## **Condition 2: Further mitigating conflict of interest**

SO is required to ensure that its Code of Conduct applies to all SO staff and develop a plan, to the satisfaction of the Authority's staff by February 15, 2021, that outlines how:

1. CSSA staff that work on SO files will not provide services to any programs where conflict of interest concerns are present, and
2. CSSA will not use SO program data (including steward-specific information) in any programs where conflict of interest concerns are present.

### **The Authority's Rationale**

The Authority found that while SO's proposed plan was satisfactory in addressing real, potential or apparent conflict of interest at the Board or management level, there were insufficient measures in place at the staff level. This condition addresses this gap in the proposed plan to help ensure better alignment with the Minister's direction, while allowing for SO to propose the most effective approach to further mitigate conflict of interest.

### **Condition 3: Strengthening the data management plan**

SO is required to develop a plan, to the satisfaction of Authority staff by May 15, 2021, to ensure that data retained outside of its secure enterprise resourcing planning system is only accessible to authorized individuals during transition and destroyed after transition or after the individual ceases to provide services to SO.

### **The Authority's Rationale**

SO's proposed plan addressed steward data and market intelligence but was unclear about the location of and security and access measures relating to other program data, including municipal data. This condition was designed to address this gap in information and strengthen the original data management plan.

### **Condition 4: Maintaining or minimizing reduction in program performance**

SO is required to identify and assess options, to the satisfaction of Authority staff by September 15, 2021, for supporting program performance throughout the wind up and consider increasing its annual budget for P&E to further support the program during transition.

### **The Authority's Rationale**

The Authority recognizes that the key stakeholders responsible for operating the program face many challenges in maintaining, or minimizing reduction in, performance during the transition period. The Authority does not expect any stakeholder involved in the program to invest in activities aimed at improving performance that may not yield results until after they transition out of the program or after the program ends. However, the Authority acknowledges that there may be opportunities for actions that produce results in a shorter timeframe.

This condition was developed to optimize the Minister's requirement to "maintain program performance", while acknowledging that long-term investments (i.e., investments outside the scope of the transition period) are not expected.

### **Condition 5: Updating the plan as required**

### **The Authority's Rationale**

Given the multi-year transition period of the Blue Box Program wind-up and the additional time required to wind up SO, this condition authorizes SO to update the plan as required to address operational and implementation issues and as directed by Authority staff.

## **Condition 6: Providing additional information**

### **The Authority's Rationale**

Acknowledging that there are unanticipated issues that may arise during the transition and wind-up period and current unknowns, the Authority required SO to provide any information identified by Authority staff that it requires to perform its mandated duties.

## Appendix A: Stakeholders that submitted written feedback

The sixteen written submissions were submitted by the following stakeholders:

- Association of Municipalities of Ontario, City of Toronto, Municipal Waste Association and Regional Public Works Commissioners of Ontario (joint submission)
- Canadian Animal Health Institute
- Canadian Beverage Association
- Carton Council of Canada
- City of Guelph
- City of Toronto
- County of Peterborough
- Food, Health & Consumer Products of Canada
- Niagara Region
- Pollock Environmental
- Premier Tech Home & Garden
- Region of Peel
- Restaurants Canada
- Retail Council of Canada
- Ryse Solutions
- York Region

## Appendix B: Online survey questions

**Q1. Do the steps taken by Stewardship Ontario sufficiently prevent conflict of interest?**

Yes / No / Additional feedback

**Q2. Does the plan support competition in Ontario's current and future marketplace for the collection and recovery of paper products and packaging?**

Yes / No / Additional feedback

**Q3. Does Stewardship Ontario's data management plan support competition and ensure data security?**

Yes / No / Additional feedback

**Q4. Does the plan ensure that Ontarian's access to and experience with the Blue Box Program remains at 2019 levels during transition?**

Yes / No / Additional feedback

**Q5. Do you support the plan's budget and general reserve management proposal?**

Yes / No / Additional feedback

**Q6. Do you support the proposal to discontinue the existing market development initiatives and disburse the funds to the respective stewards in 2021?**

Yes / No / Additional feedback

**Q7. Do you agree with Stewardship Ontario's plan for continuing promotion and education activities until transition is complete at the end of 2025?**

Yes / No / Additional feedback

**Q8. Do the proposed timelines for reporting, adjustments and payments align with your organization's operations?**

Yes / No / Additional feedback

**Q9. Does the proposed financial plan and steward fee-setting methodology demonstrate fairness to stewards and protect consumers?**

Yes / No / Additional feedback

**Q10. Do you support SO's proposal for a new steward fee-setting methodology?**

Yes / No / Additional feedback

**Q11. Do you support the proposal for transferring and disbursing Continuous Improvement Fund (CIF) funds to Municipal 3Rs Collaborative, municipalities and First Nation communities in 2021 and 2022?**

Yes / No / Additional feedback

**Q12. Do you support the CIF's strategic priorities and activities during the Blue Box transition?**

Yes / No / Additional feedback

**Q13. Do you support the proposed change in governance structure of the CIF?**

Yes / No / Additional feedback

**Q14. From your perspective, does the plan meet the requirements of the Minister's direction?**

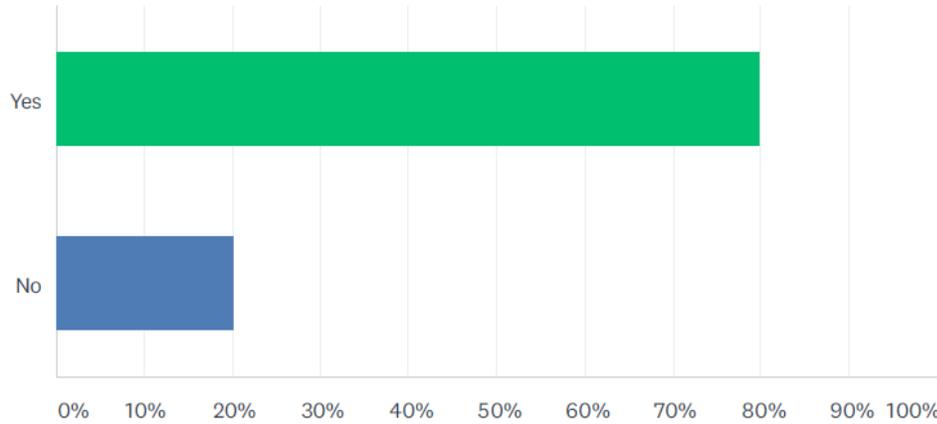
Yes / No / Additional feedback

**Q15. Provide any other feedback on SO's draft Blue Box Program Wind-Up Plan.**

# Appendix C: Online survey feedback

Below are the responses the Authority received through its online survey. Five online surveys were completed.

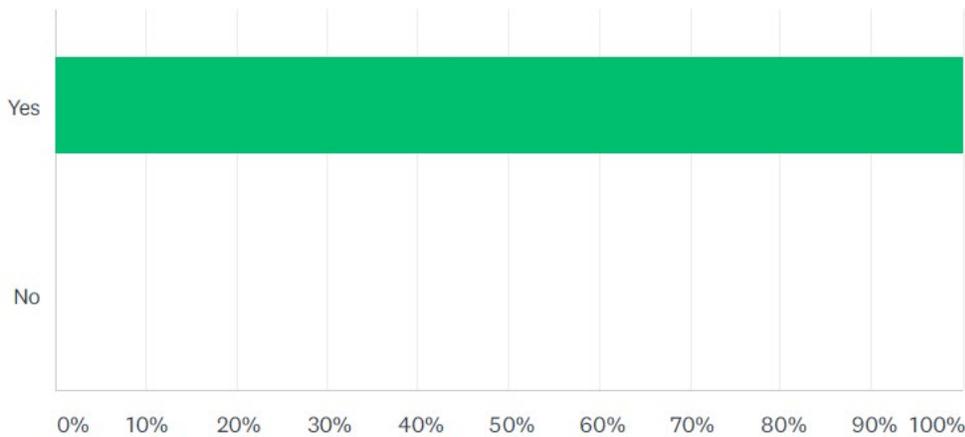
## Q1. Do the steps taken by Stewardship Ontario sufficiently prevent conflict of interest?



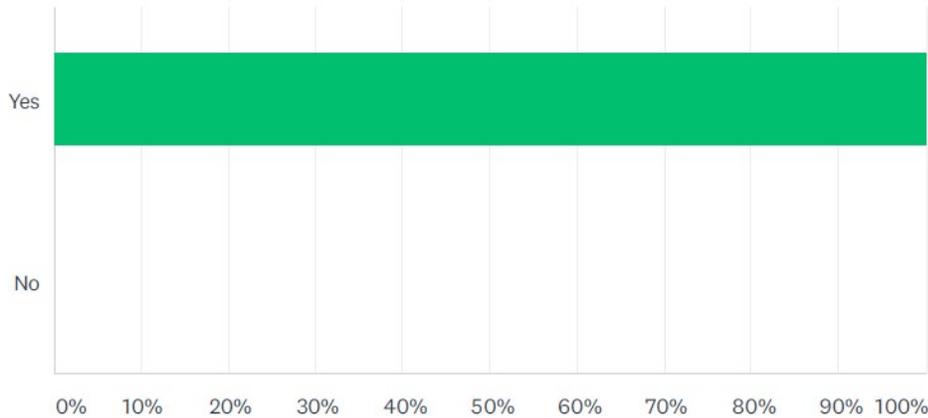
Additional feedback:

- Mostly. Further consideration needs to be made in the event that only one PRO emerges, as seen with the batteries transition.

## Q2. Does the plan support competition in Ontario's current and future marketplace for the collection and recovery of paper products and packaging?



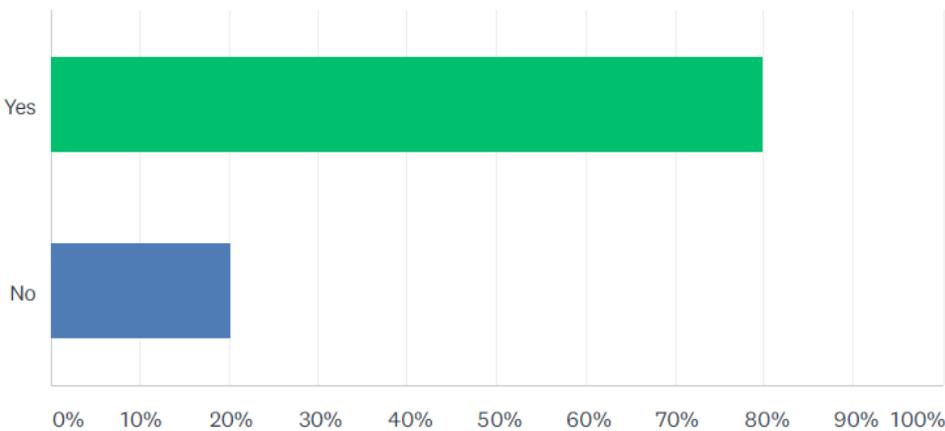
## Q3. Does Stewardship Ontario's data management plan support competition and ensure data security?



Additional feedback:

- As long as the actions outlined in the plan are carried out and RPRA enforces their completion.

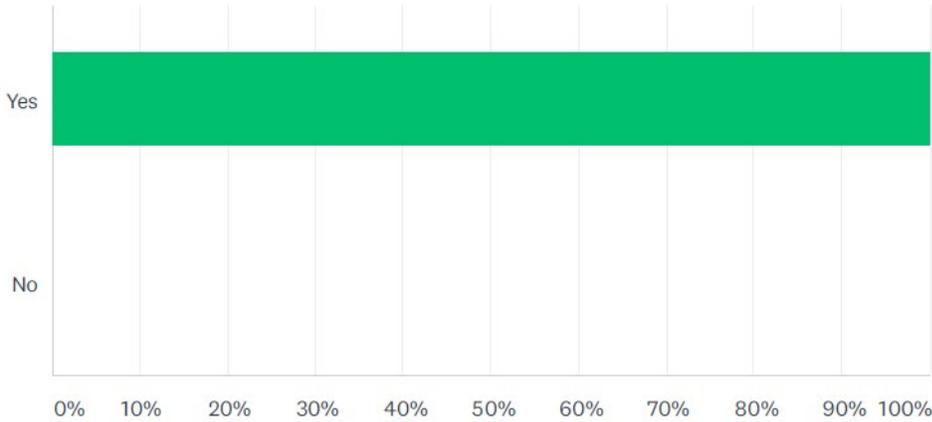
**Q4. Does the plan ensure that Ontarian’s access to and experience with the Blue Box Program remains at 2019 levels during transition?**



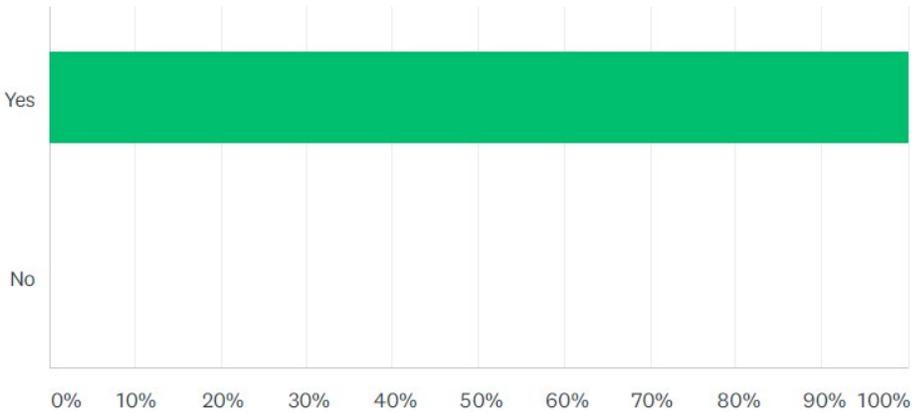
Additional feedback:

- There are so many external factors that the plan cannot guarantee this. For example, not funding market development could alter what municipalities can market during transition. It does however do a decent job of ensuring that what is within control will not drastically change during transition.

**Q5. Do you support the plan’s budget and general reserve management proposal?**



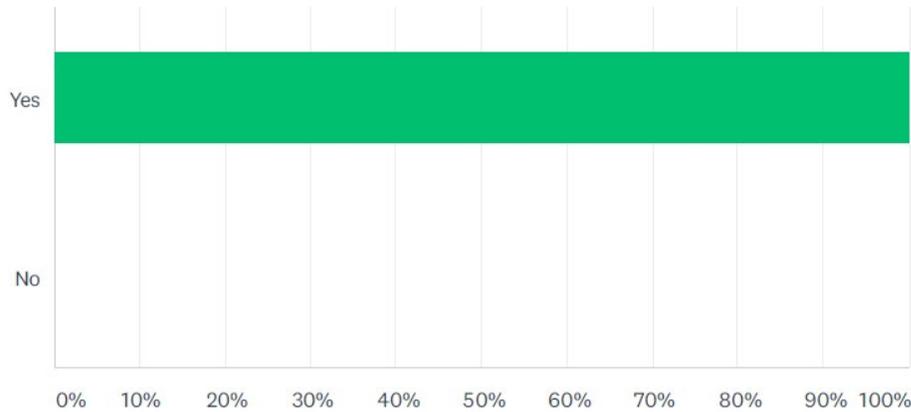
**Q6. Do you support the proposal to discontinue the existing market development initiatives and disburse the funds to the respective stewards in 2021?**



Additional feedback:

- At first the answer was no, however continuing market development from this funding pool can result in an unequal playing field and higher possibility for conflict of interest.

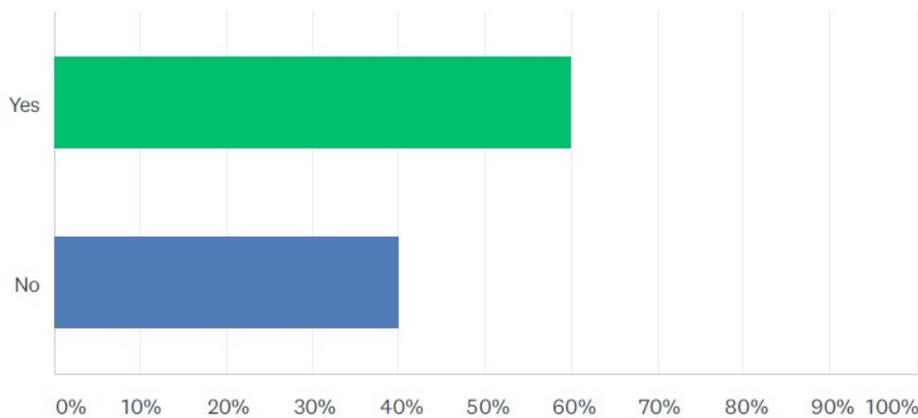
**Q7. Do you agree with Stewardship Ontario’s plan for continuing promotion and education activities until transition is complete at the end of 2025?**



Additional feedback:

- Stewardship Ontario should also do educational materials for stewards to share with their employees and retailers to further spread the word about this transition.

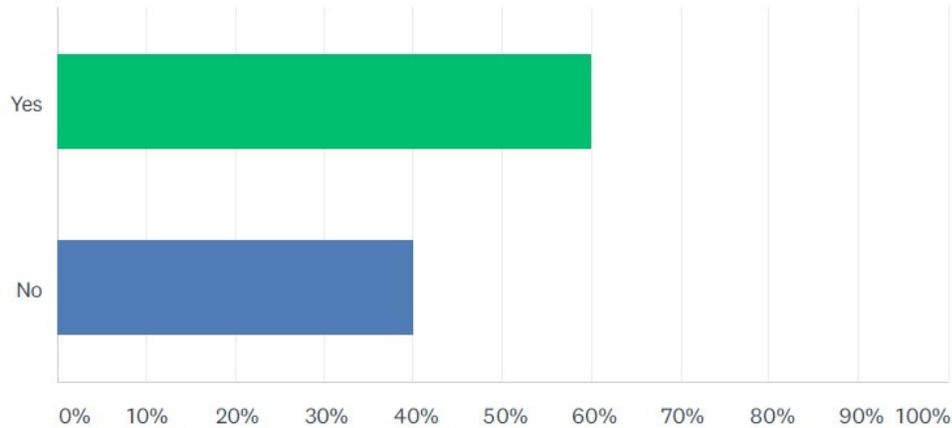
**Q8. Do the proposed timelines for reporting, adjustments and payments align with your organization’s operations?**



Additional feedback:

- The proposed timelines, adjustments and payments outlined in the plan fail to address that municipalities are paid based on actuals from 2-years prior. When a municipality transitions in 2023/2024/2025, there should be some form of true-up to capture the actual costs/services in the last 2 years before the final payment. Estimations are not sufficient, and municipalities should always be paid for actual costs and services rendered.
- The proposed timeline falls right on a quarter ending month. Which makes it more difficult to report because of all of the other stewardship programs fall at the same time. The May reporting was much better and most steward have it set-up in their system for reporting.

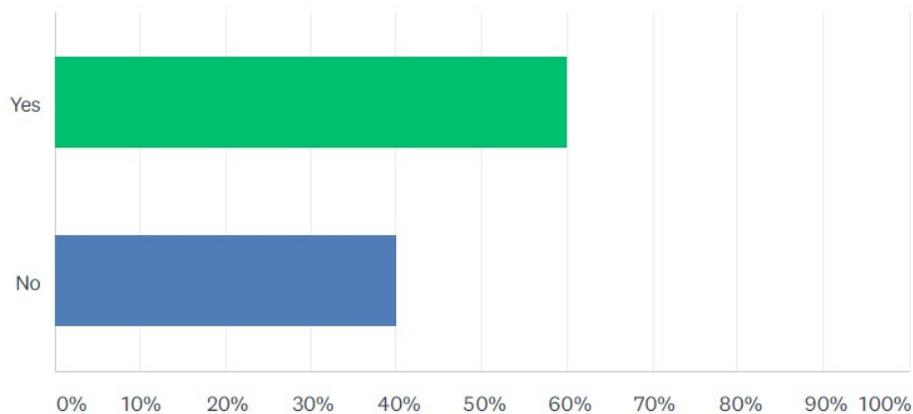
**Q9. Does the proposed financial plan and steward fee-setting methodology demonstrate fairness to stewards and protect consumers?**



**Additional feedback:**

- Unsure.
- Ecofees should also be reflected on the price labels when purchasing items at the store.

**Q10. Do you support SO's proposal for a new steward fee-setting methodology?**

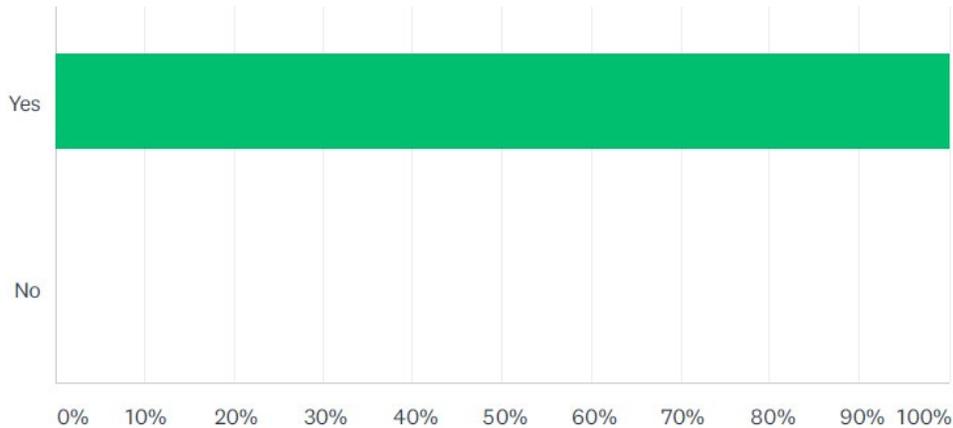


**Additional feedback:**

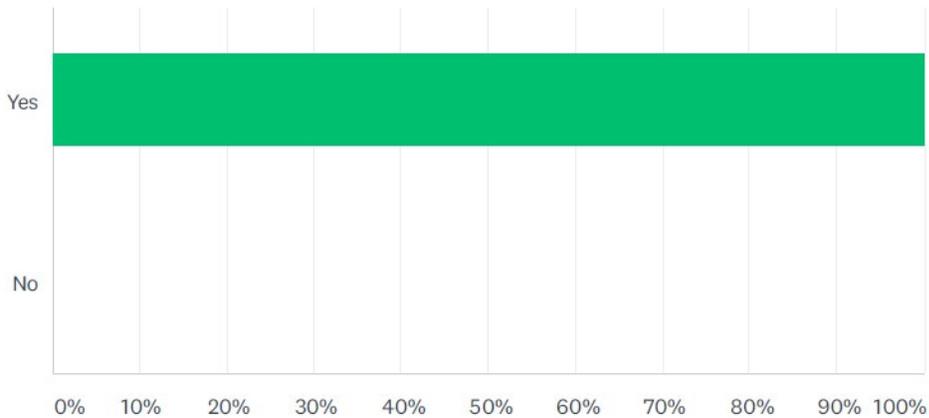
- No clear comparison between fee setting methodologies and their impacts was presented during these sessions and few municipalities have the time to do a direct comparison of these methodologies on their limited time.
- [We] do not support the proposed increase of InKind fee contributions for newsprint. As the reach of physical newspapers diminishes globally, nationally, provincially, and locally, so does the efficacy and value of this advertising medium. At the very least, municipalities should be able to utilize the online advertising resources owned by the newspapers providing this service InKind. This proposed increase of InKind reduces municipal autonomy and choice associated with funding that municipalities are owed.

- It is very difficult to get a full gauge of what should be reported. It would be much easier for stewards to pay a flat fee based on revenue for packaging.

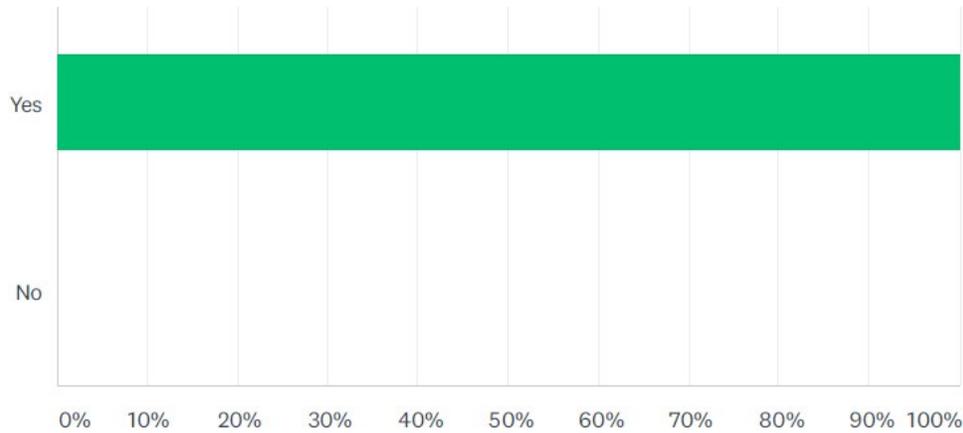
**Q11. Do you support the proposal for transferring and disbursing Continuous Improvement Fund (CIF) funds to Municipal 3Rs Collaborative, municipalities and First Nation communities in 2021 and 2022?**



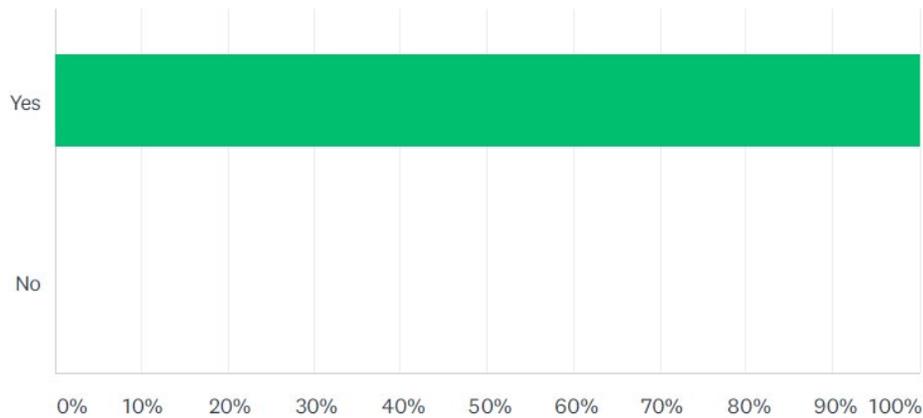
**Q12. Do you support the CIF's strategic priorities and activities during the Blue Box transition?**



**Q13. Do you support the proposed change in governance structure of the CIF?**



**Q14. From your perspective, does the plan meet the requirements of the Minister’s direction?**



Additional feedback:

- For the most part.

**Q15. Provide any other feedback on SO’s draft Blue Box Program Wind-Up Plan.**

- Please have the reporting in May than on a quarter ending month. Also, having a flat fee option for packaging of products.

## Appendix D: Questions and answers

Below are the questions received (via webinars, group discussions and 1:1 meetings) and the Authority’s responses provided during the consultation period from September 30 to November 10, 2020. For information on the final approval of the wind-up plan and how the Authority incorporated stakeholder feedback into its approval, [review the Conclusion section of this report](#).

Questions have been organized by the topics below, and questions not relevant to this consultation have been excluded. Some questions were edited for length and clarity.

- [Conflict of interest, competition and data management](#)
- [Financials, payments and timelines](#)
- [Market development and promotion and education](#)
- [Continuous Improvement Fund \(CIF\)](#)
- [New Blue Box Regulation/framework](#)
- [Proposed steward fee-setting methodology](#)

### Conflict of interest, competition and data management

Question	Response
Could you please define in more detail, "Support competition and prevent conflict of interest"?	<p>The Minister directed SO’s wind-up plan to “support competition and prevent conflict of interest”. This direction is related to how SO will ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan and how SO will share and manage data during transition.</p> <p>CSSA (Canadian Stewardship Services Alliance) is contractually retained by SO to provide operational services. As CSSA is expected to become a service provider in resource recovery markets under the new regulatory framework for waste diversion and resource recovery, the Minister has directed that CSSA avoid any conflict of interest during the wind-up process. The Authority approved a conflict of interest mitigation plan prior to the development of the proposed wind-up plan and is overseeing its implementation to ensure CSSA does not have an unfair advantage with regard to information it has access to as SO’s service provider, including data and intellectual property, under the new regulatory framework.</p> <p>We cover this topic in more detail in Session 2: Supporting competition and maintaining data security, outlining SO’s approach to mitigating conflict of interest and managing data and intellectual property.</p>
Who will be monitoring SO to ensure that they follow the conditions outlined in the Conflict of Interest Plan?	The Authority is responsible for ensuring that SO is following the conditions outlined in the Conflict of Interest Plan.
How will the Authority know if SO is following the Conflict of Interest Plan?	The Authority monitors the implementation of SO’s Conflict of Interest Plan and meets regularly with SO staff to ensure the current Blue Box Program Plan is being followed and the Minister’s wind-up directions are being followed. Once the wind-up plan is approved, the Authority will continue to monitor

Question	Response
	<p>the implementation of both the Conflict of Interest Plan as well as the approved wind-up plan.</p> <p>Most aspects of the Conflict of Interest Plan can be verified through regular oversight tools the Authority uses under the WDTA. RPRA also has the authority to perform inspections under the WDTA.</p>
<p>For tires and batteries, you say there are multiple PROs; however, it seems there are only one main one for each. Does not seem competitive. Are municipalities confident that the ministry will uphold its own competition standards?</p>	<p>For lists of PROs registered with the Authority, visit our website: <a href="#">Tire PROs</a>, <a href="#">EEE PROs</a> and <a href="#">Battery PROs</a>.</p> <p>The degree of competition in the post-transition marketplace is a function of market factors. The competitive marketplace is expected to evolve over time.</p> <p>If you have further feedback on the design of the new Blue Box Regulation, you can provide comments on the government's <a href="#">draft regulation</a> during its consultation period from October 19 to December 3, 2020.</p>
<p>Does market intelligence include SO led audits for waste management programs (blue box, waste, hazardous waste)? Or would that be considered intellectual property?</p>	<p>The market intelligence generated through the aggregate results of the waste composition studies is made publicly available by the CIF. The raw data used and stored by SO is within the scope of the SO data management plan. This raw data is considered confidential and covered by the Terms of Reference: Curbside and Multi Residential Waste Composition Studies (2015).</p>
<p>What will happen to the information/data transferred to RPRA?</p>	<p>RPRA will store the data in its secure online Registry. RPRA will only require information to be transferred to it that will be useful in fulfilling its mandate under the RRCEA. Data that is not transferred to RPRA will be destroyed, and SO will provide RPRA with an attestation that the destruction process is complete.</p> <p>RPRA protects commercially sensitive information in conformance with the requirements in RPRA's governing legislation, its <a href="#">Access and Privacy Code</a>, the Wind-up Plan and the Minister's directions.</p>
<p>What role can SO's independent senior management resources (e.g. ED, CFO) play post-transition as part of a new PRO or service provider to a PRO?</p>	<p><a href="#">SO's Code of Conduct</a>, which applies to all SO staff and board members, and those contracted by SO (including management), states that they cannot be involved with any organization that is looking to have a role as a PRO or service provider in Blue Box or MHSW resource recovery markets that may be created under the RRCEA, as long as that person remains employed by SO.</p>
<p>Given the previous close integration of SO and CSSA, does RPRA have clear sight of how much SO data, market intelligence, etc. currently resides within CSSA?</p>	<p>Under the proposed wind-up plan, SO will provide an inventory of all its market intelligence, including material collected by CSSA on behalf of Stewardship Ontario, and all data will be stored in SO's SAP system. RPRA will verify information/data using its oversight tools under the WDTA. RPRA has the authority to request information from SO. If there is data that we would like to review more closely, we have the ability to request that information.</p>
<p>Is it not a real, perceived or potential conflict of interest for CSSA's</p>	<p>This is one of the key areas we are seeking feedback on. Does SO's conflict of interest plan and proposed wind-up plan sufficiently address any real, perceived or potential conflict of</p>

Question	Response
proposed fee setting methodology to be a part of Stewardship Ontario's wind-up process?	interest with regard to CSSA's proposed fee setting methodology? Feedback on this issue will assist the Authority in reviewing and approving the proposed wind-up plan.
Do you mean supporting fair competition among service providers? PROs?	The wind-up plan must support competition across all affected parties. The Minister's direction to SO states: "The plan shall support competition in, and not adversely affect, Ontario's current and future marketplace for the collection and recovery of paper products and packaging. The plan shall not provide for unfair or preferential treatment of the public or any affected parties, or barrier to competition during or following the transition of the program."
Does CSSA already have historic municipal [Blue Box] information? If yes, how will that be dealt with? How will RPRa ensure that data is transferred or destroyed as well?	SO has historic municipal information that may be accessed by CSSA staff that provide services to SO. This data will be managed by the plan outlined in SO's wind-up plan (see section 5). RPRa is responsible for ensuring all data is managed in accordance with the approved wind-up plan.
How will RPRa manage contact info and supply data supplied by SO?	RPRa will manage the data in conformance with the requirements in RPRa's governing legislation, its Access and Privacy Code, the Wind-up Plan, the Minister's directions and the final Blue Box Regulation.

## Financials, payments and timelines

Question	Response
How will the new schedule impact Blue Box audits? Will programs be expected to return funding if data is audited after transition date and final payment?	The schedule or deadlines for Datacall audits and related adjustments have not yet been determined. RPRa is responsible for determining these deadlines and payment schedules, as well as a number of other aspects of the current Blue Box Program. RPRa will determine the audit and adjustment schedule after the regulation is finalized.
What happens to program changes that were already decided upon prior to the Minister's direction, but implemented after January 1, 2020?	The new Datacall Guidelines relating to eligibility of costs associated with program changes apply to all changes made on or after January 1, 2020.
Is there a further section regarding timing/sequencing of payments of steward obligation to communities with Blue Box programs?	There is no change to the quarterly payment cycle itself. The timing of when a particular municipality or First Nation community will receive its final payment will depend on when the program is scheduled to transition (to be outlined in the final regulation). In its wind-up plan, SO proposes that a municipality or First Nation community will receive its final payment as a quarterly payment following the transition date. The timeline for final adjustments will be confirmed when the final regulation is released.  We cover municipal payment schedules in greater detail in Session 3: Maintaining program performance and municipal funding, slides 25 and 26 in particular.
Are we [municipalities] getting paid in 2020 for the 2018 costs?	Stewardship Ontario is interpreting the funding mechanism as described in the program plan to be as follows: the 2020 steward obligation is meant to provide for their share of the 2020 costs, using an estimate of the costs using the most recent data, being 2018.

Question	Response
<p>SO was proposing that the Steward Obligation is calculated using Datacall costs from two years prior, however, the payment is for the actual year it is issued versus a defrayed payment for work completed two years prior. The proposed method does little to protect municipal taxpayers should there be a continued increase in recycling program costs later in the transition period. Can you please provide a proper rationale to understand why this approach is being taken?</p>	<p>The rationale brought forward in SO's consultation report is as follows:  "Stewards began paying their obligation the year the program began in 2004. In order to begin payments to participating communities in 2004, the Blue Box Program plan set out to calculate municipal costs for 2004 on best available information from prior years. The data used to determine the steward obligation was refined and improved in subsequent years but has always been calculated using information from the most recent Datacall report, as contemplated in the Transition Plan." (Appendix A, p.11)</p> <p>Your feedback on this rationale will assist the Authority in reviewing and approving the proposed wind-up plan, including the determination of the Steward Obligation during the wind-up period.</p>
<p>I would like further clarification about the payment schedule for municipalities and why they would be receiving payments for work they completed two years' prior instead of in the current year? For example, would municipalities ever get paid for the work they did in 2025?</p>	<p>See previous answer.</p>
<p>How does 2025 General Reserve jump to \$13,850,000 [re: slide 18 in RPRA's Session 4]? Should this actually be \$1,385.000?</p>	<p>The numbers on the chart on slide 18 used during the consultation webinars represent the amount being spent, or drawn down, each year, not the annual balance. The starting balance of the SO General Reserve is approximately \$23 M, which includes the transfer of the Sustaining Fund (\$5.4 M) to the General Reserve in 2020. From 2020 to 2026, SO will be spending approximately \$1.5 M to \$2 M of the general reserve each year on transition costs. In 2025, SO would disburse the remaining reserve balance (estimated at \$12 M) to stewards, plus spend the annual transition costs, which adds up to the \$13.85 M you see in the chart.</p> <p>RPRA modified slide 18 in the presentation from Session 4 following the webinar to address this question. The updated slides are posted <a href="#">here</a>.</p>
<p>Is our understanding correct? Stewardship Ontario will be managing payments to municipalities until 2026 to make sure to cover all residual municipal costs incurred in 2025. Therefore, new PROs will not manage any payments to municipalities during transition. CSSA will continue to manage payment to the municipalities and recovery from stewards until Dec 31, 2025. This includes CSSA doing audits and collecting fees up until the end of 2025. Stewards would not be doing any payments to a new PRO until 2026.</p>	<p>The last payment to municipalities, covering the steward contribution for the 2025 year, is proposed for March 2026. These fees are informed by costs incurred by municipalities in 2023. Groups of municipalities are expected to begin transitioning in 2023. Whether a municipality will receive any payments from a new PRO after it has transitioned will depend on the new regulation being developed by the ministry and on the role that transitioned municipalities choose to play under that new regulation. Regardless of a municipality's role after transitioning out of the SO program, a municipality will not be paid by a new PRO and SO at the same time. Either it operates under the WDTA and is paid by SO or it is operating under the RRCEA, in which case it may or may not be entering into a commercial relationship with a PRO.</p>

Question	Response
	<p>SO proposes that CSSA will continue to provide services to SO until the end of their management agreement, which will happen some time in 2026. These services include management of payments, recovery of steward fees and audits; the last date for audits is not specified in the proposed plan. Note that municipalities that have transitioned out of the SO program before December 31, 2025 will no longer receive payments from SO. SO only funds municipalities for their activities under the WDTA's Blue Box Program until their transition date, which can take place between January 1, 2023 and December 31, 2025. The transition dates are not known at this time (proposed transition dates are posted with the draft Blue Box Regulation <a href="#">here</a>). Funding for programs that have transitioned will depend on the new regulation.</p> <p>If a company is an obligated producer under the new RRCEA regulation, it may have funding obligations under the new program as early as 2023 (relating to Blue Box services in those municipalities that have transitioned out of the SO program).</p>
<p>Would increased costs in 2020 and beyond due to the current COVID-19 pandemic be accepted as a reason for increased costs [related to providing Blue Box services]?</p>	<p>The guidance developed by the Authority is to assist municipalities and First Nation communities in determining if changes they plan to make to their Blue Box service levels during transition will be eligible for funding under the current Blue Box Program. Costs increasing due to external factors, such as COVID-19, are out of scope of this guidance.</p>
<p>How many economists have been involved in developing the plan?</p>	<p>There were no economists involved in developing the plan. However, SO's new management team does include one full-time chartered accountant and one part-time chartered accountant.</p>
<p>How do I find out when my program will transition?</p>	<p>The government posted a "Blue Box Transition Schedule", alongside its proposed <a href="#">Blue Box Regulation</a>, on October 19, 2020. The schedule identifies eligible municipal programs (i.e. municipalities and unorganized territories with Blue Box Programs in the Datacall with the Authority) and the year they are proposed to transition. The government is seeking feedback on the proposed regulation and transition schedule until December 3, 2020 before finalizing the regulation. The transition schedule will be updated when the regulation is finalized to include First Nation communities and calendar dates for each transitioning program within a given year. <a href="#">Click here for more information on the proposed schedule.</a></p>
<p>On the chart [on slide 33 in Session 4] it shows both the deadline to report initial data and submit final data as May 2024? Does that mean stewards will not be able to adjust 2023 data?</p>	<p>Correct. Under SO's proposed wind-up plan, stewards will not be able to adjust 2023 data.</p>

Question	Response
<p>During 2023-2025 period, where some municipalities will be under the new system and others still under the current system, will stewards be responsible for segregating sales data for different areas in order to determine what they are obligated to pay new PROs and what they are obligated to pay SO?</p>	<p>In the proposed wind-up plan, there is no change in what information is required to be reported on by stewards. Sales data submitted by stewards will continue to be used by SO in setting their fees, while the total cost that stewards are responsible for under the SO program will decrease as municipalities transition.</p> <p>The <a href="#">draft Blue Box Regulation</a>, now posted for public consultation until December 3, 2020, outlines requirements for producers under the RRCEA, including reporting to the Authority the amount of Blue Box materials supplied to Ontario consumers each year. Supply data submitted to the Authority will be used to determine a producer's management requirement for the following year.</p> <p>Under the new framework, producers have the choice to meet their regulatory requirements themselves or work with a PRO (i.e. a business established to contract with producers to provide collection and management and administrative services to help producers meet their regulatory obligations). PROs operate in a competitive market and producers can choose the PRO (or PROs) they want to work with. The terms and conditions of each contract with a PRO may vary, including the information a producer may need to provide to a PRO and cost of services.</p>

**Market development and promotion and education**

Question	Response
<p>Will RPRA start new market development projects in 2021?</p>	<p>Under the WDTA, the Authority is responsible for reviewing and approving SO's proposed wind-up plan and overseeing the implementation of the approved plan. Under the RRCEA, the Authority is responsible for enforcing new regulatory requirements and supporting businesses in complying. It does not engage in market development projects. Under the RRCEA, any such initiatives would be undertaken by businesses or other interested entities.</p>
<p>Who is going to be working on market development from now on?</p>	<p>Under the proposed Plan, there will be no continuation of market development initiatives under the WDTA. Under the RRCEA, any such initiatives would be undertaken by businesses or other interested entities.</p>
<p>Will the SO P&amp;E funding help with contamination abatement initiatives?</p>	<p>Contamination has been a common concern across Blue Box programs in Ontario and may be a topic covered by future P&amp;E initiatives. Each year between 2021 and 2025, Stewardship Ontario will determine the focus of its P&amp;E initiatives. The process will include developing a strategy to determine its focus and goals for the year, where SO will look at trends and common waste management issues, potentially engaging with municipalities and First Nation communities to better understand their recycling issues.</p>

Question	Response
Would this [i.e. promotion and education] include classroom/youth education/engagement?	Classroom/youth education is not explicitly mentioned in SO's wind-up plan as an example of a promotion and education initiative, however, the list of examples provided is not meant to be exhaustive. Contact SO for more information on its specific P&E initiatives (current and future).
P&E budget is too small. What are you going to reach? Does SO have a plan to determine how effective the P&E initiatives are? Mechanism to measure response or achieve changes? They should have already had a pretty strong plan and idea on what they need to attack during transition. Does it align with communication efforts from municipalities? Is it a plan in isolation? Are they going to come down to a local level?	Under SO's Plan, the P&E initiatives will focus exclusively on issues and/or materials that are common across all Participating Communities in order to maximize the collection of certain materials while avoiding contamination. The Plan describes an annual cycle of strategy development, development of a media plan and creative, execution, measurement and reporting. P&E results (ad recall research results and data collected for each medium used in the media plan) will be reported quarterly to the SO Board and RPRA and summarized in the annual report. The strategy development will be informed by waste audit trends, engagement with municipalities and potential for repurposing past campaigns.
Why are there only market development funds for plastics and glass and not for other materials?	Through SO's history, there have been market development activities for other material categories as well, some of which involved the creation of funds. The plastics and glass funds were not fully used and are the only ones remaining.
How did SO determine the \$400,000 annual budget for P&E? This figure seems low compared to the challenges municipalities will face when trying to communicate to residents, given then municipalities will be transitioning at different times.	The \$400,000 budget is consistent with SO's previous annual budgets for P&E.

### Continuous Improvement Fund (CIF)

Question	Response
How do I make a proposal for funding to CIF?	The CIF accepts applications for funding through an annual Request for Expressions of Interest (REOI) process. Applications are evaluated for alignment with the CIF's current funding priorities as outlined in its <a href="#">annual operations plan</a> . The REOI includes additional details on the types of projects and initiatives eligible for funding for that calendar year. Prospective proponents should also note that in light of the impending windup of the CIF, priority will be given to projects that can be completed in a timely manner. Information about the current REOI can be found at <a href="http://thecif.ca/REOI">thecif.ca/REOI</a> .
Has any consideration been given to the post-transition world and what kind of support to municipalities might be needed or available? I	Provision of support to municipalities in a "post-transitional world" was actively discussed at several of the stakeholder consultation sessions leading up to development of the <a href="#">CIF's current strategic plan</a> . Discussion included creating a municipally directed version of CIF with a new mandate

Question	Response
cannot imagine doing this work without CIF.	<p>focused on provision of support to municipalities across all waste management issues. The strategic plan reflects that municipalities wanted to revisit the issue once the details and timing of transition of the Blue Box program was better understood. That process will need to be undertaken in 2021 after the outcome of the proposed regulation is known. Note however, that there is currently no role for CIF under the RRCEA, nor any role under the WDTA after 2025.</p> <p>The Minister's current direction requires that CIF end no later than December 31, 2025. Any proposal to extend the existing CIF's operation beyond that point would require the approval of the government. This does not preclude the distribution of the CIF remaining funds to other organizations to achieve the same goal, or formation of a new organization, subject to confirmation of municipal support since Section 6.6. of the BBPP requires that the remaining funds be distributed out to municipalities and First Nations in accordance with the current Datacall process.</p> <p>Under this consultation process, the CIF is particularly interested in receiving feedback on whether the proposed end date of year end 2023 is appropriate but stakeholders are welcome to comment on the broader discussion of future needs.</p>

### New Blue Box Regulation/framework

Question	Response
I need some help understanding the big picture. My municipality currently has curbside pick up for residents. After the transition, does this mean there will no longer be curbside pick up for residents? Is the expectation that residents would have to drop off recyclables or use mail-in programs?	<p>The major change for Ontario's Blue Box Program is the shift from a shared responsibility model, where municipalities and stewards/producers share the financial and operational responsibilities of the program, to a full producer responsibility model, where stewards/producers are individually accountable and financially responsible for their products when consumers dispose of them.</p> <p>Under the new Blue Box Regulation, producers of blue box materials will be responsible for establishing systems to collect and manage their products and packaging at end-of-life. The government's <a href="#">proposed Blue Box Regulation</a> outlines the details of this new model, including the role of municipalities and First Nation communities in the new system, and the requirements for operating curbside collection in the new system. The government is seeking feedback on the proposed regulation until December 3, 2020 before finalizing.</p>
Our municipality has blue bins at our waste sites, therefore only open to the public 3 days per week. How will this [transition] effect our operations?	<p>There will be no change to your current program until your scheduled transition date.</p> <p>Under the new Blue Box Regulation, producers of Blue Box materials will be responsible for establishing systems to collect and manage their products and packaging at end-of-life. The</p>

Question	Response
	<p>government's <a href="#">proposed Blue Box Regulation</a> outlines the details of this new framework, including how these collection systems will work and the role of municipalities and First Nation communities in the new system. The government is seeking feedback on the proposed regulation until December 3, 2020 before finalizing.</p>
<p>Our company is an online business with products sent to customers across Ontario. Would our transition be based on our local municipality's status? How would you anticipate the regulation would apply to online businesses based in and selling into Ontario?</p>	<p>If you are a producer under the new regulation, your requirements are not connected to your local municipality's transition date.</p> <p>Starting January 1, 2023, producers of Blue Box materials will be individually accountable and financially responsible for their products when consumers dispose of them. Producers must meet the requirements set out in the final regulation, including registering and reporting with the Authority. The registration deadline for producers outlined in the government's <a href="#">proposed Blue Box Regulation</a> is on or before April 1, 2021. The proposed regulation outlines all details of the new framework, including who is considered a producer and what materials are obligated. The government is seeking feedback on the proposed regulation until December 3, 2020 before finalizing.</p>
<p>If the PPPP [Blue Box] regulation is released in the next 10 days, will RPRA add a consultation session to assess any potential implications for the SO wind-up?</p>	<p>Thank you. We will consider this suggestion if the draft regulation is posted during our consultation period.</p> <p>(The government released its proposed Blue Box Regulation on October 19, the same day as our first group discussion on the Wind-Up Plan. During each session we clarified that the purpose of our sessions was to gather feedback on SO's proposed wind-up plan and all questions or comments related to the regulation (i.e. policy) should be directed to the ministry during its 45-day comment period. Comments or concerns relating to potential implications of the draft regulation on the SO Wind-Up Plan are welcome.)</p>

**Proposed steward fee-setting methodology**

Question	Response
<p>What is the rationale for changing the fee methodology so close to transition?</p>	<p>SO provides its rationale for changing the fee-setting methodology in its proposed wind-up plan. The explanation highlights challenges with transparency, analytical integrity and replicability of the existing methodology. One of the important issues relates to accessing and obtaining the data needed to execute the methodology. We covered this topic in more detail in Session 4: Financials and steward operations.</p> <p>This is one of the key areas we are seeking feedback on. Do you support SO's proposal for a new steward fee-setting methodology during transition? Feedback on this topic will assist the Authority in reviewing and approving the proposed wind-up plan.</p>
<p>Can we see a more detailed example of how the proposed changes in steward fee setting would impact municipal funding versus InKind?</p>	<p>The proposed fee-setting methodology would result in a significant increase in the load on printed paper stewards, increasing the portion of the obligation paid to municipalities and First Nation communities through the InKind Advertising</p>

Question	Response
	Program. For 2020, the difference would be \$3.5 M, a 70% increase.
Did SO consider using a third-party service provider to develop a new fee-setting methodology?	The fee-setting methodology was developed with support from a <a href="#">third-party vendor</a> that was procured through a competitive process. This project was initiated in 2016 and done in collaboration with stewardship organizations in other provinces serviced by CSSA.
Did SO consult with major news media outlets when developing the methodology? Were they supportive of the new methodology?	News Media Canada had a 1:1 meeting with SO staff to discuss the proposed wind-up plan and submitted written feedback. Ontario Community Newspaper Association did not participate in SO's consultation process. To the Authority's understanding, major news media outlets are generally not supportive of the proposed fee-setting methodology.
Why do the fees for printed paper increase under the new methodology?	<p>This is one of the key areas we are seeking feedback on. Do you support SO's proposal for a new steward fee-setting methodology during transition? Does the proposed methodology demonstrate fairness to stewards and protect consumers? Feedback on this topic will assist the Authority in reviewing and approving the proposed wind-up plan.</p> <p>Stewardship Ontario is proposing two methodology changes for 2021 fees. The first is to replace the Three-Factor formula with the Four-Step fee setting methodology; the second is to replace the Activity Based Costing (ABC) methodology with the Material Cost Differentiation (MCD) methodology. It is this second methodology that produces an input to the fee methodology that represents the more accurate impacts that materials have on the cost of recycling system activities.</p> <p>Based on the steward consultation for MCD, Stewardship Ontario is proposing to phase in these new methodologies whereby 50% of the fees are calculated using the Three-Factor formula fee methodology with the ABC input and 50% of the fees are calculated using the Four-Step fee methodology and the MCD input.</p> <p>Regarding the increase to Newsprint, the introduction of the Four-Step fee methodology reduces the fee that would have been calculated using the Three-factor formula primarily because the latter included a 'cost-transfer-barrier' whereby fees could not be allocated between Printed Paper and Packaging. The Four-Step has no such restriction and therefore all material categories can assume their share of the gross cost and commodity revenue based on the principles and rules of the Four-Step fee methodology. [For a short explanation of this methodology, please follow this link: <a href="https://www.cssalliance.ca/four-step-fee-methodology/">https://www.cssalliance.ca/four-step-fee-methodology/</a> ]</p> <p>Any decrease in the Newsprint fee from the adoption of the Four Step methodology alone is offset by the significant impact of the MCD cost input to Step 1. Under MCD, SO would measure the impacts of each material category on all the various activities in the recycling system. Some of these measurements are entirely new. For example, under MCD both a measurement protocol and a measurement device that replicates the compaction on the</p>

Question	Response
	<p>collection truck were developed. This impact was a very important advancement under MCD because the collection truck activities represent approximately 30% of the overall system costs. Having the ability to understand how each material utilizes the space on the collection truck provides a defensible, replicable and principle-based way of measuring its cost impacts.</p> <p>As noted on page 31 of CSSA's <a href="#">MCD Consultation pre-read document</a>, Newsprint is low on the Material Cost Index (MCI), which means it has lower impacts on the cost of recycling system activities than most materials. Even so, its fee rate increased because its ABC cost/tonne impact was comparatively much lower than the MCI impact. When using the ABC cost methodology, Newsprint has the third lowest cost/tonne. Under the MCD cost methodology, Newsprint has the sixth lowest MCI. A detailed response regarding this issue was provided in CSSA's consultation on the MCD methodology (Questions 1 – 11 on pages 1-11 of the <a href="#">Q&amp;A document</a>).</p> <p>The outcome of the two approaches cannot be compared because they are founded on significantly different principles and use different measurement techniques, and because Stewardship Ontario has been unable to conduct a full ABC study for over 7 years and cannot determine what would have been the calculated cost.</p> <p>What Stewardship Ontario can do is to fully explain the impacts of the measurement tests defined by MCD on the final MCI. For example, the MCD methodology defined a new metric called 'Area Weight', which is utilized to measure the impacts of the QC manual sorting modules needed by newsprint and many of the other materials. In this module, Newsprint ranks second highest in terms of resource utilization because its characteristics make the pages separate easily and spread over a large area. This mean much less weight of newsprint material can be manually sorted for the same fixed area when compared to a material like Magazines where pages do not separate from each other in the recycling system.</p> <p>Below are highlights for the three remaining Printed Paper materials – Magazines and Catalogues, Telephone Books and Other Printed Paper:</p> <ul style="list-style-type: none"> <li>• Four-step resulted in fee decreases of an average of nearly 8 cents (6.7 to 9.92 cents per KG) by eliminating the barrier between printed paper and packaging. In the Three-factor Formula (3FF) methodology, Other Printed Paper used to be the only material within Printed Paper category to be impacted by factor 3 (equalization factor) – with the Four-step fee methodology, this factor does not exist, nullifying the impact.</li> <li>• MCD offsets the decrease in fees that Newsprint would have experienced if Four-Step were implemented while continuing to rely on the dated ABC dataset. The MCI</li> </ul>

Question	Response
	<p>value for Newsprint reflects measurable impacts that it has on the manual QC sorting module, as well as its utilization of costly mechanical sorting modules. As noted in CSSA's response to Newspaper Canada's question, Newsprint does not assume the cost of other materials that require the resources of the same modules. Impacts are restricted to each material category.</p> <ul style="list-style-type: none"> <li>• Under the Three-Factor Formula, fee rates for Magazines and Catalogues, Telephone Books and Other Printed Paper were partially aggregated, increasing the rates that would otherwise have applied to Magazines and Catalogues and Telephone Books if fully disaggregated. This is mainly because Other Printed Paper absorbed the entirety of the "Equalization Factor". There is no equalization factor under the Four-Step Methodology.</li> </ul>