

As part of its consultation on Stewardship Ontario's (SO) proposed plan to wind up the Blue Box Program and transition it to the new extended producer responsibility framework, the Authority hosted five webinars and four smaller online group discussions to present key elements of the plan, answer questions and gain feedback from stakeholders. The sessions were open to all Blue Box Program participants, municipalities, First Nation communities, the public and other interested stakeholders.

Below are the questions received during the various sessions and the Authority's responses. 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](#)
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Conflict of interest, competition and data management

Question	Response
<p>Could you please define in more detail, "Support competition and prevent conflict of interest"?</p>	<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 producer responsibility organization (PRO) competing to offer compliance services to Blue Box producers 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</p>

	<p>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?	<p>The Authority is continuously monitoring 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 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>
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>For lists of PROs registered with the Authority, visit our website: Tire PROs, EEE PROs and Battery PROs.</p> <p>The degree of competition in the post-transition marketplace is a function of market factors. While we may see dominant PROs in the immediate period following wind-up and transition, 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 draft regulation during its consultation period from October 19 to December 3, 2020.</p>
Does market intelligence include SO led audits for waste management programs (blue box, waste, hazardous waste)? Or would that be considered intellectual property?	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>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 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 Access and Privacy Code, 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>SO's Code of Conduct, which applies to all SO staff and those contracted by SO (including management and board level), 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 proposed fee setting methodology to be a part of Stewardship Ontario's wind-up process?</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 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.</p>
<p>Do you mean supporting fair competition among service providers? PROs?</p>	<p>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."</p>
<p>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?</p>	<p>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.</p>

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.
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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.
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	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

<p>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>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 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 here.</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</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</p>

<p>fees up until the end of 2025. Stewards would not be doing any payments to a new PRO until 2026.</p>	<p>RRCEA, in which case it may or may not be entering into a commercial relationship with a PRO.</p> <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 here). 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 Blue Box Regulation, 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</p>

	Nation communities and calendar dates for each transitioning program within a given year. Click here for more information on the proposed schedule.
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?	Correct. Under SO's proposed wind-up plan, stewards will not be able to adjust 2023 data.
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>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 draft Blue Box Regulation, 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
Will RPRA start new market development projects in 2021?	Under the WDTA, RPRA is responsible for reviewing and approving SO's proposed wind-up plan and overseeing the implementation of the approved plan. Under the RRCEA, RPRA is responsible for enforcing new regulatory requirements and supporting businesses in complying. RPRA does not engage in

	market development projects. Under the RRCEA, any such initiatives would be undertaken by businesses or other interested entities.
Who is going to be working on market development from now on?	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.
Will the SO P&E funding help with contamination abatement initiatives?	Contamination has been a common concern across Blue Box programs in Ontario and may be a topic covered by future P&E initiatives. Each year between 2021 and 2025, Stewardship Ontario will determine the focus of its P&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.
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	The \$400,000 budget is consistent with SO's previous annual budgets for P&E.

residents, given then municipalities will be transitioning at different times.	
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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 annual operations plan . 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 thecif.ca/REOI .
Has any consideration been given to the post-transition world and what kind of support to municipalities might be needed or available? I cannot imagine doing this work without CIF.	<p>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 CIF's current strategic plan. Discussion included creating a municipally directed version of CIF with a new mandate 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>

	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.
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New Blue Box Regulation/framework

Question	Response
<p>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>	<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 proposed Blue Box Regulation 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>
<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>	<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 government's proposed Blue Box Regulation 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</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</p>

anticipate the regulation would apply to online businesses based in and selling into Ontario?	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 proposed Blue Box Regulation 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.
If the PPPP [Blue Box] regulation is released in the next 10 days, will RPRRA add a consultation session to assess any potential implications for the SO wind-up?	Thank you. We will consider this suggestion if the draft regulation is posted during our consultation period. (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.)

Proposed steward fee-setting methodology

Question	Response
What is the rationale for changing the fee methodology so close to transition?	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 cover this topic in more detail in Session 4: Financials and steward operations. 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.
Can we see a more detailed example of how the proposed changes in steward fee setting	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

<p>would impact municipal funding versus in-kind?</p>	<p>municipalities and First Nation communities through the In-Kind Advertising Program. For 2020, the difference would be \$3.5 M, a 70% increase.</p>
<p>Did SO consider using a third-party service provider to develop a new fee-setting methodology?</p>	<p>The fee-setting methodology was developed with support from a third-party vendor 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.</p>
<p>Did SO consult with major news media outlets when developing the methodology? Were they supportive of the new methodology?</p>	<p>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 RPRA's understanding, major news media outlets are generally not supportive of the proposed fee-setting methodology.</p>
<p>Why do the fees for printed paper increase under the new methodology?</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? 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</p>

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: <https://www.cssalliance.ca/four-step-fee-methodology/>]

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 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.

As noted on page 31 of CSSA's [MCD Consultation pre-read document](#), 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 [Q&A document](#)).

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.

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.

Below are highlights for the three remaining Printed Paper materials – Magazines and Catalogues, Telephone Books and Other Printed Paper:

- 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.
- 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 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.
- 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.