



Stewardship Ontario

**Blue Box Program Transition Plan  
Revised Fee Setting Methodology  
for 2023-2025  
Addendum**

**Submitted to:** Resource Productivity and Recovery Authority

**Submitted on:** January 19, 2022

## 1. INTRODUCTION

In December 2020, the Resource Productivity and Recovery Authority (RPRA) approved, with certain conditions, the Blue Box Transition Plan (BBTP) submitted by Stewardship Ontario.

The approved BBTP requires that Stewardship Ontario continue to set fees according to the Four-Step Fee Methodology set out in the plan, using Activity Based Costing and supply-to-market data submitted by Stewards.

On June 3, 2021, the Ontario Government issued Regulation 391/21, triggering the transition process for the Blue Box Program, and ushering in a new era for the recycling of printed paper and packaging in Ontario.

Producers, as defined in the Regulation, most of which are also Stewards under the BBTP, must begin to report supply to market data to RPRA beginning in 2021. There are significant differences between the supply-to-market data that Producers will be required to report to RPRA versus the data that they are required to report to Stewardship Ontario as Stewards.

According to the schedule set out in Regulation 391/21, participating communities will begin to exit Stewardship Ontario's program in 2023 and the process will be complete by the end of 2025. Stewardship Ontario will cease to exist in 2026.

The beginning of the transition process also marks the beginning of a stepwise decline in the amount that Stewardship Ontario must raise from stewards to meet the obligation to participating communities, which means a corresponding decline in stewards fees.

In August/September of 2021, Stewardship Ontario reviewed the BBTP to determine whether it could set fees without requiring stewards to also report supply-to-market data to Stewardship Ontario.

A preliminary review suggested that Stewardship Ontario could forecast what each individual steward would pay under the current system for a short period using recent data. While there would be some loss of precision, Stewardship Ontario concluded that it should present such an approach to stewards for consideration as it would:

- Eliminate the need to report supply-to-market data to Stewardship Ontario and reduce regulatory compliance costs, and
- Reduce the need for complicated data processing and analytics and other services, and thereby reduce program management and transition costs, and the fees paid by stewards for this purpose.

While fee setting is mainly a matter of concern to stewards, fees are closely linked to two other matters of interest to other stakeholders:

- The "in-kind" contribution that members of News Media Canada make to Participating Communities, which is of interest to Ontario municipalities, is determined by the fee setting methodology, and

- The program recovery rate, which is of interest to all stakeholders, is determined during the fee setting process.

Accordingly, Stewardship Ontario consulted with the Steward Advisory Committee to gauge whether there might be interest among stewards in a new approach. Based on that feedback, Stewardship Ontario decided to initiate a formal consultation with stewards and other stakeholders by way of a Discussion Paper and Question & Answer Document posted on the Stewardship Ontario website and distributed by email on December 1st, 2021. In addition,

- A survey on the matter was posted with the Discussion Paper.
- A webinar outlining the proposal was held on January 6, 2022.
- A Q&A document responding to questions raised was posted on January 11<sup>th</sup>.
- The period for comment and survey formally closed on January 13, 2022.
- Additional responses received on January 18<sup>th</sup> have also been considered

## **2. RECOMMENDATION TO PROCEED**

An overview of the results of the consultation appears in Section 3 of this addendum and the full consultation report is attached as Appendix A.

Overall, Stewardship Ontario has concluded that there is very strong and broad support among stewards, and sufficient support among other stakeholders to recommend the adoption of the Simplified Fee Setting Model as described in this Addendum, including Rule Amendment and Policy attached as Appendix B.

## **3. SIMPLIFIED FEE SETTING**

### **History of Fee Setting**

How Stewardship Ontario sets fees for stewards has been a subject of debate, review and revision throughout the course of the program. A major review was recently undertaken in cooperation with three other participating programs in British Columbia, Saskatchewan and Manitoba, which recommended the replacement of the “3-Factor-Formula” that was implemented when the Ontario program was launched with the “Four-Step Fee Methodology”. Stewardship Ontario also participated in the project to replace “Activity Based Costing”, which is used as a key data input into the fee setting model, with “Material Cost Differentiation (MCD)”.

The Four-Step Fee Methodology was adopted by Stewardship Ontario for 2021 fees upon approval of the Transition Plan in December 2020. At present, Stewardship Ontario sets fees via the Four-Step Fee Methodology, using the original Activity Based Costing process to determine the relative cost of each material.

Changes have been made to the fee setting methodology over the course of transition through a process of continuous improvement. The aim of the continuous improvement effort was to ensure that stewards contribute fairly to the cost of the program, and be seen to be contributing fairly, based on the best available information. As the factors that impact fees are numerous, and rely on multiple sources

of data, fee setting has always been complicated. Much of the effort to date has focussed on getting better data and producing a more precise and robust methodology, while making the methodology more intuitively understandable. Since precision and robustness were a priority, the challenge was to help stewards understand and trust in the complexity and to support the effort they and Stewardship Ontario needed to make to execute a complicated methodology and update the information so that the required precision would persist over time.

It is important to note that, while much effort has been made to make the process as precise and comprehensive as possible, Stewardship Ontario's ability to do so is limited by its continued use of Activity Based Costing as a primary data input, which is based on an outdated dataset.

With the pending end of the current program, the opportunity arose for stewards to consider a different trade-off, i.e.: whether it is worthwhile to accept a loss of precision to gain relief from the effort and expense of maintaining and executing the current methodology.

### **Principles for Simplified Fee Setting**

Accordingly, Stewardship Ontario asked stewards to consider a revised set of principles to related to simplified fee setting, specifically:

1. Reduce regulatory compliance costs for Stewards by eliminating or minimizing the need to provide information to Stewardship Ontario
2. Reduce Stewardship Ontario transition costs by minimizing the need for detailed research and analytics and other services
3. Provide stewards with more predictable fees over the transition period when municipalities begin to exit the program and overall Stewardship Ontario fees are in decline
4. Ensure stewards' contribution to the cost of the program during transition is reasonably fair.

### **How Steward Fees Would Be Determined**

If Stewardship Ontario discontinued steward data reporting beginning in 2022, it would not be able to determine fees for stewards using the current methodology for 2023, 2024 or 2025. Instead, steward fees would be determined using data already in Stewardship Ontario's possession. The aim would be to approximate as much as possible what stewards would have paid in fees using the current methodology, recognizing that past results are no guarantee of future experience, and that, whatever method were chosen, fees would likely be different under a simplified model.

Stewardship Ontario considered and evaluated a variety of alternative approaches to using existing data to approximate future fees, especially considering the impact of Covid 19 on the marketplace. Through its process, and recognizing that it will take some time for the market impacts of Covid-19 to work their way through the economy, Stewardship Ontario concluded that the fairest approach would be use a combination of data from the years before and after the emergence of Covid-19, specifically:

- 2019 sales data reported to Stewardship Ontario in Steward's 2020 reports for the 2021 invoices (the 2021 Invoice Year), and
- 2020 sales data reported to Stewardship Ontario in Steward's 2021 reports for the 2022 invoices (the 2022 Invoice Year).

The proposed methodology consists of four parts:

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

### **Impact on Determining the Recovery Rate**

The material recovery rate reported by Stewardship Ontario is the ratio between what the Blue Box Program Plan defines as “marketed tonnes” and “generated tonnes”. Under the Plan, “generated tonnes” were to be determined according to a program of waste characterization studies carried out in a selection of small, medium and large municipalities. Stewardship Ontario has not been able to gain access to the material generated in the larger municipalities since 2014. Stewardship Ontario has used trends in steward supply data to adjust the calculation in a best-efforts attempt to improve the estimate of “generated tonnes”.

With simplified fee setting, Stewardship Ontario would not have the steward supply data with which to make these adjustments, and Stewardship Ontario would report the program recovery rate using the methodology set out in the Blue Box Program Plan and determine generated tonnes according to the Plan, relying solely on the waste characterisation data it is able to accumulate.

Stewardship Ontario proposes to engage with each of the larger municipalities and the Continuous Improvement Fund in a revitalized waste characterization program. Stewardship Ontario is optimistic that it will achieve wider participation in the waste characterization program due to recent improvements in the relationship between municipalities and Stewardship Ontario. Accordingly, Stewardship Ontario plans to establish a joint committee structured as follows to oversee the waste characterization work:

- Representative of Stewardship Ontario (Co-Chair)
- Representative of the Continuous Improvement Fund (Co-Chair)
- Technical Representative of RPRA
- Representative of Each Participating Municipality

Each participating municipality's representative (or their designate) may observe the characterization process. Data related to each individual municipality would remain confidential to the participating

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<sup>1</sup> Stewards that undergo a divestiture after the new policy is announced will be encouraged to address the change as part of the divestiture agreement and minimize pressure on Stewardship Ontario's administrative resources

municipality and only be used by Stewardship Ontario in aggregate form for purposes of calculating the program recovery rate.

A different approach will be required once municipalities begin to exit the program and recovery for exited municipalities is being tracked under the RRCEA.

### **Addressing Entering & Exiting Stewards**

If a steward that is currently obligated claims that it is no longer obligated, Stewardship Ontario would verify this claim in the according to its established compliance process, and if verified would discontinue fees for that steward.

New stewards would be required to submit a data report to Stewardship Ontario, which would be used to determine that steward's share of the Stewardship Ontario budget as a proportion of the volume of material reported by all other stewards in 2019 and 2020.

Data indicates that typically 50-60 stewards enter or exit the program per year, representing 1-2% of the total budget. While the net amount is positive in some years and negative in others, it is typically within the range of prior year adjustments Stewardship Ontario addresses each year. Therefore, these changes are not expected to have a material impact on the percentages applied to individual stewards.

### **Impact on Determining In-Kind Amount**

Fees for Members of News Media Canada are unique in several key respects:

- Newsprint is the only significant material category for which members of News Media Canada report and pay fees.
- The volume they supply has been declining in a substantial and predictable quantity over the past several years, due to the ongoing digitization of the industry, resulting in declining fees.
- They are entitled to pay a portion of their fees to Stewardship Ontario in the form of in-kind advertising space, which has an impact on Ontario municipalities.

Accordingly, this sector requires a unique solution that takes these circumstances into account and can be validated based on actual experience.

Stewardship Ontario would require members of News Media Canada to continue to report their supply-to-market data. The simplified fee rate for these stewards would be adjusted to reflect the change in the amount of material supplied to market each year. For purposes of clarity, if the tonnage supplied by the members of News Media Canada were to decline by 10%, its share of supply chain management costs (and the associated in-kind contribution) would decline by 10%. Due to the ongoing digitization of the news media industry, an increase is considered highly unlikely.

### **Shortened Timeline for Prior Year Adjustments**

If the new methodology is approved, Stewardship Ontario would need to "lock in" steward fee percentages before the 2022 Annual Steward Meeting. Therefore, the Rules would be changed to require that stewards submit all prior year adjustments no later than July 31st, 2022. This is consistent

with the shortened deadline for reporting adjustments for the last year that stewards are required to report data under the current Transition Plan.

## 4. RESULTS OF STEWARD CONSULTATION

A full consultation report is attached to this addendum as Appendix A.

Stewardship Ontario initiated consultation on the proposal in October of 2021. A discussion paper was published on December 1<sup>st</sup>, 2021, along with a Q&A document. A webinar was held on January 6<sup>th</sup>, 2022, and while the consultation formally closed on January 13th, Stewardship Ontario accepted and considered responses until January 19th.

While there were several questions, comments and requests for clarification, and support is not unanimous, the depth and breadth of support among stewards for the proposal is very substantial.

On behalf of their members, each of the Retail Council of Canada, the Food Health and Consumer Products Association and the Canadian Beverage Association expressed strong support for the proposal. Members of these three trade associations represent most of the fees paid annually to Stewardship Ontario (responses attached).

The response rate to the survey was not high but is consistent with the strong support articulated by the trade associations.

- Only 105/991 or 10.6% of fee-paying stewards replied, but they did represent 35% of total kilograms and 37% of fees paid.
- 19 or 18.1% of the respondents opposed the proposal (representing 1.9% of total stewards, 6.7% of total kilos and 7.9% of fees).
- 71 or 67.6% of the respondents expressed support (representing 7.2% of total stewards, 26.2% of total kilos and 27.0% of fees).

In view of the strong support from the major trade associations, we believe that it is reasonable to conclude that those that did not respond either support the proposal or were neutral.

While dissenting views require due consideration, and Stewardship Ontario will reach out to those who do not support the proposal, they clearly represent a minority view.

Stewardship Ontario also received responses from the Association of Municipalities of Ontario and City of Toronto, and from the Region of Peel. Municipalities are interested in more detail regarding how the in-kind amount will be determined, how the program performance rate will be determined and what impact the loss of steward supply-to-market data might have. Stewardship Ontario will reach out to these stakeholders to answer the questions they have raised.

We conclude that the proposal has very strong and broad support among the steward community, and that the questions that have been asked by other stakeholders can be reasonably addressed.

### **Discontinuations and Divestitures**

In response to steward feedback, Stewardship Ontario is also proposing an adjustment procedure to address situations in which stewards supply-to-market data would have changed substantially as the result of discontinuing or divesting a business unit or major product line.

The process would be available to stewards that discontinued or divested a subsidiary or product line representing at least 5% of the steward's total business. Stewards claiming an adjustment would be required to provide report detailing the quantity of material subject to the divestiture/discontinuation.

In the case of a discontinuation the claiming steward would also be required to provide:

- Confirmation that the product is no longer for sale in Ontario and,
- A complete report of similar or competing products that they continue to offer, for the years before and after discontinuation.

In the case of a divestiture, stewards would also be required to provide:

- The name of the acquiring company, and
- A copy of their notice to the acquiring company of their intention to seek an adjustment.

The adjustment for a divestiture would be approved once the associated amounts were validated and accepted by the acquiring steward.

## 5. CONCLUSION

Stewardship Ontario is proposing the adoption of Simplified Fee Setting as described, as it has broad support of the steward community and other stakeholders, and it would:

- Relieve stewards of a significant burden for regulatory compliance
- Provide greater fee predictability to stewards over the course of transition
- Enable Stewardship Ontario to achieve a significant reduction to its program management and transition costs over the course of transition, which will be passed on to Stewards.

Attached consultation report as Appendix A



Stewardship Ontario

**Blue Box Transition Plan**  
**Proposal for Simplified Approach**  
**to Fee Setting**

**Consultation Report**

**January 2022**

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## **1. INTRODUCTION**

Stewardship Ontario developed and proposed a Simplified Approach to Blue Box fee setting late in 2021 in recognition of the program’s scheduled wind up and the challenges faced by producers/stewards in moving to Ontario’s new regulatory framework for Blue Box recycling. The proposal sought to ease the administrative burden on businesses during the Blue Box transition period during which reports with slightly different information about supplied material would need to be submitted to Stewardship Ontario, the Resource Productivity & Recovery Authority (RPR) and likely to their Producer Responsibility Organizations (PROs).

This report details the activities and efforts undertaken by Stewardship Ontario to inform and engage stakeholders about the Simplified Approach proposal. Along with gauging their support or opposition, it gathers issues raised by stakeholders for eliminating the need to report detailed supply-to-market data to Stewardship Ontario beginning in 2022 and for the years 2023-2025 while the program continues to operate.

**2. STAKEHOLDER COMMUNICATION** As detailed below, Stewardship Ontario distributed information about the proposed Simplified Approach to stakeholders via various channels beginning in the fall of 2021. All communications advised of the availability of more information and encouraged submissions of questions and feedback. Updates and information were reviewed by RPR prior to posting or distribution.

### **2.1 Annual Steward Meeting**

Stewards were initially advised of the Simplified Approach proposal on October 19, 2021, with initial information and guidance that further details would be reviewed during the online Annual Steward Meeting (ASM) on October 27, 2021 (the initial ASM invite was distributed in September, followed by two email reminders). Information about the proposal was also included in the Report to Stewards distributed prior to the ASM.

The ASM had 362 attendees and the Stewardship Ontario section of the webinar was presented by Executive Director Lyle Clarke. The presentation discussed how a review of business processes with a view to reducing costs had revealed the potential to eliminate the need for stewards to report Blue Box supply-to-market data to Stewardship Ontario. Stakeholders were advised that the proposal would not impact fees for the coming year and that further details would be provided. A Discussion Paper and Q&A document were distributed December 1.

### **2.2 Email Notifications**

Email notifications were sent to stakeholders throughout the consultation. Email lists for “all” stakeholders included primary and secondary contacts for all organizations registered with the Blue Box program, as well as various trade and industry associations. RPR reviewed emails and contacts were included in a distribution list.

Note that the number of emails sent fluctuates based on autoreply bounce backs. Stewardship Ontario ensures its stakeholder lists are up to date. Emails pointed to the Stewardship Ontario website and encouraged questions and feedback submissions to [consultation@stewardshipontario.ca](mailto:consultation@stewardshipontario.ca)



Date sent	Stakeholder group	Subject and link	Number sent to	Open rate
October 22, 2021	All	<a href="#">2021 Annual Steward Meeting Reminder-Report to Stewards Now Available</a>	3148	28%
December 1, 2021	All	<a href="#">Proposed Amendment to the Blue Box Program Transition Plan -- Revised Fee Setting Methodology for 2023-2025</a>	2815	28%
December 7, 2021	All	<a href="#">Survey Available &amp; Webinar Registration: Proposed Simplified Fee Setting for 2023-2025</a>	2398	25%
December 21, 2021	All	<a href="#">Reminder Survey &amp; Webinar: Proposed Simplified Fee Setting for 2023-2025</a>	2409	23%
January 4, 2022	All	<a href="#">Reminder: Survey and Webinar -- Proposed Simplified Fee Setting</a>	2407	24%
January 7, 2022	All	<a href="#">Proposed Simplified Approach To Fee Setting – Webinar Materials and Survey Available</a>	2405	21%
January 11, 2022	All	<a href="#">Survey Reminder and Webinar Q&amp;A -- Proposed Simplified Approach to Fee Setting</a>	2405	18%

### 2.3 Website

The initial communication about the proposal was posted to the home page of the Stewardship Ontario website and continues to be available under Latest News:

- October 19, 2021: [Stewardship Ontario Proposes to Eliminate Need For Stewards to Report Supply-to-Market Data.](#)

All information, resources and updates about the Simplified Approach proposal were posted to the [Blue Box Program Transition](#) page on the Stewardship Ontario website, with some featured on the site's homepage. All emails pointed to the Blue Box page as a source for further information.

## 3. CONSULTATION APPROACH

Stakeholders were invited to provide their thoughts and questions about the Simplified Approach proposal via an online survey, through participation and questions during the January 6 webinar and through submissions to a dedicated email address.

### 3.1 Online Survey

The December 1 email advised stakeholders that a survey on the proposal was pending and the link to the online survey was provided in the December 7 email. The survey was hosted on the Alchemy platform (formerly SurveyGizmo) and provided respondents with a brief introduction and four questions:



*As part of the Blue Box transition, Stewardship Ontario is proposing to eliminate the need for stewards to report supply-to-market data to Stewardship Ontario, reducing the administrative burden on stewards and program management costs.*

- *Have you reviewed the proposal Discussion Paper and Q&A document? (yes/no)*
- *Do you support or oppose the proposal? (5-point scale: strongly support to strongly oppose)*
- *Please provide any comments about the proposal (open text field)*
- *Please provide your email (validated text field)*

Four survey reminders were sent, and webinar participants were advised that the survey was the easiest way to provide feedback on the proposal. The survey was closed on January 13, with responses from 105 fee-paying stewards. A list of survey respondent companies is included in Appendix A to this report.

The following summarizes survey responses from fee-paying stewards:

- 93% advised that they had reviewed the proposal Discussion Paper or Q&A document
- This table captures proposal support/opposition:

Strongly support	43.8%
Moderately support	23.8%
Neutral	14.3%
Moderately oppose	8.6%
Strongly oppose	9.5%

- 45 respondents provided comments about the proposal.

### **3.2 Webinar**

A total of 351 stakeholders registered for the webinar held on January 6, 2022, at 10 am ET. A total of 254 individuals attended the online event – the list of attendee organizations is included in Appendix A.

The one-hour webinar was hosted by Lyle Clark and the presentation included 27 slides with the following agenda:

1. Background and Context
2. Fee Simplification Explained
3. Next Steps.

The webinar presentation and recording were posted to the Stewardship Ontario website on January 7 and stakeholders were advised of their availability via email.

A total of 67 questions were submitted by attendees. Excluding queries for technical assistance and merging questions with similar themes, the final Q&A summary addressed 32 questions. The Q&A summary was posted on January 11 and stakeholders were advised of its availability via email. The Q&A summary grouped questions under the following categories:

- Calculating / Estimating The Fee
- Impact Of Covid On Fee Setting
- Entering / Exiting Stewards
- Divestitures / Acquisitions
- Ability To Opt Out



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## SIMPLIFIED FEES: CONSULTATION REPORT

- Data Submissions
- Currently Exempt Stewards
- Free Riders
- Transition To Individual Producer Responsibility (Ipr)
- Expected Stewardship Ontario Cost Savings
- Packaging Reduction / Waste Reduction
- Recovery Rate Calculations / Waste Audits
- Miscellaneous
- Decision To Proceed
- Decision Timing

### 3.3 Email

A total of 23 stakeholders sent email to [consultation@stewardshipontario.ca](mailto:consultation@stewardshipontario.ca). The list of submitters is included in Appendix A.

Emails included seven formal submission letters from:

- Association of Municipalities of Ontario, City of Toronto, Regional Public Works Commissioners of Ontario and the Municipal Waste Association
- Region of Peel
- Carton Council Canada
- Cycle Environment
- Canadian Beverage Association
- Retail Council of Canada
- Food, Health and Consumer Products

The remaining emails primarily consisted of queries requesting further information about the proposal, consultation materials and specifics about how it would apply to their organization. Responses were sent to all stakeholder emails.

## 4. SUMMARY OF FEEDBACK

Stakeholders were advised to complete the online survey and/or submit written feedback on the proposal by January 13, 2022. The feedback received is summarized below, organized by topic with sample quotes included.

### **Major Trade Associations**

Formal responses were received from three major trade associations: Food, Health and Consumer Products of Canada (FHCP), the Retail Council of Canada (RCC) and the Canadian Beverage Association (CBA). These organizations represent stewards who collectively represent most of the annual fees paid to Stewardship Ontario. Each of the associations is strongly supportive of the proposal. A selection of quotes from their response letters appears below.

#### Food, Health & Consumer Products of Canada

- *FHSP is pleased to support the proposal to implement a simplified approach to fee setting which, if approved, would also substantially remove the need for annual reporting for the Shared Responsibility portion of the Blue Box program.*



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## SIMPLIFIED FEES: CONSULTATION REPORT

- *This approach adds greater predictability of fees while eliminating duplication of reporting requirements for stewards while providing operational efficiencies for Stewardship Ontario throughout the remainder of transition to EPR*

### Retail Council of Canada

- *From a retail perspective, the difference between what needs to be reported between the previous legislation and the new regulation is material enough that members would have to calculate two completely different material handling fees per product in Ontario and remit different figures to SO and to the member's PRO for three years of transition.*
- *By moving to a simplified model, members have shared that SO's proposal greatly simplifies the transition years.*

### Canadian Beverage Association

- *The simplified approach would help to reduce the administrative burden on Ontario businesses as they take on the blue box transition and grapple with the pandemic and economic recovery.*
- *Eliminating reporting (to Stewardship Ontario), which will cease to exist in just a few years, is a prudent approach to take as producers manage the largest blue box transition Canadian history.*
- *Adopting the simplified approach partially addresses producers' concerns about protecting their commercially sensitive data by preventing the submission of any new data.*

The letters also made note of several relevant considerations that Stewardship Ontario would incorporate into its roll-out plan, should the proposal be approved.

### Individual Comments Received

Stewardship Ontario also received several comments from individual stewards. In reviewing these comments, it is important to note that only a small minority of stewards provided specific comments, reflecting the tendency of many stewards' agreement with and reliance on their trade association to represent their views.

### Acknowledgment of Option

A number of stakeholders acknowledged Stewardship Ontario's efforts for developing the proposal for their consideration:

- *Thank you for the opportunity to provide comments on Stewardship Ontario's (SO) proposal to simplify the fee-setting methodology in the Blue Box Program Transition Plan.*
- *I think that it is great that SO is trying to assist the stewards by reducing effort required by them... overall it seems to be a sound option.*
- *Thank you for the wonderful presentation...*
- *It seems like a good plan. Won't really know until I see what kind of charges are being levied to us. Keep up the good work.*

### Proposal in Principle

Many survey comments and email submissions supported the proposal in principle, generally raising questions and issues similar to those who opposed the proposal:

- *The proposed solution seems to be simplest and most transparent solution.*
- *Although we strongly encourage Stewardship Ontario to adopt the Simplified Approach, we also ask that you and your team work with [us] to address questions and gaps in the proposal.*
- *We see some benefit as it may reduce our costs for preparing and submitting our to-market data*



- *In order to fully understand the impact of the proposed change... and determine our support (or lack thereof), it would be beneficial if an example or formula be provided to display how steward rates would be adjusted*
- *This would be a major reduction in our administrative burden... my initial reaction is a yes to the proposal.*
- *Although this sounds very nice, and would eliminate lots of work on our part, I'm still not very comfortable with the change especially not knowing what to expect fee wise*
- *Risks and benefits have been explained in concept, however without any ballpark as to the potential decrease on fees to producers, our votes are truly blind.*
- *We think the proposal makes sense, but it's too late for 2022... We would recommend for these changes to be in effect for the 2023 reports and after.*
- *We believe the changed methodology is premature and should be considered next year.*
- *Based on the aforementioned [issues], we do not support Stewardship Ontario's proposal to use a simplified approach to fee setting.*

### General Issues

The majority of feedback included issues and questions about different aspects of the proposal, with some requesting detailed information about how it might apply to a specific steward. Information to address the queries was included in the general Q&A document and the webinar Q&A summary. The first three issues noted below generated the majority of comments and feedback, with the final two issues included primarily in the formal submissions:

*Impact of Change:* A number of stewards wanted to understand how the proposal would manage entries and exits of stewards during the windup, how divestitures/acquisitions would be treated, the impact of notable changes to supplied quantities by a steward and the treatment of newspapers.

- *Stewards experiencing growth and increasing sales will benefit at the expense of Stewards with declining growth and decreasing sales.*
- *If setting fees from recent years (which would be nice to have a flat fee) - there does need to be some sort of "Adjustment" process if a business dramatically decreases the amount of product they are selling.*
- *In the simplified fee setting approach proposed, how would our business change be accounted for?*
- *Our packaging has changed too much the past year and we would not realize the benefit of moving from plastic to paper packaging.*
- *As the proposed methodology doesn't account for sales fluctuation over time, and complexity when we buy/sell brands, or account for discontinued brands, we don't support this new methodology.*
- *How will departing and emerging stewards be addressed?...How will prior-year adjustments be addressed?*
- *The implications of this change on in-kind funding... has not been defined.*
- *It is unclear how Stewardship Ontario would use this to establish the split between in-kind advertising space and cash funding for the Obligation with no data on non-newspaper stewards supply-to-market data.*

*Expected Cost Savings:* Stewards queried how much administrative savings would be realized by proceeding with the proposal and for the potential saving to be quantified.

- *If there are savings to be found by reducing the workload on SO staff, and if those savings are passed on to Stewards in the form of lower operating costs, then this proposal could make sense.*
- *It is effectively impossible for Stewards to make an informed decision on this matter during this consultation period since the anticipated cost savings were not disclosed.*



- *Without any ballpark as to the potential decrease on fees to producers, our votes are truly blind.*
- *We would like to know the actual SO total budget the calculation would be based on*
- *Would like to be informed of the expected financial savings of this proposal to fully support.*

*Impact of Covid:* Some respondents questioned the proposed formula to average the previous two years of data, noting that recent changes in material quantities driven by Covid did not provide a fair representation for the future.

- *Conceptually agree with simplification, however I don't think the years chosen are a good reflection of a businesses on-going obligation.*
- *This method is a fair assumption of the average and as long as the upcoming year budget does continue to decrease I see it as a fair determination of fees for all Stewards.*
- *The only draw back is data used for the calculation may not allow for fluctuations related to pandemic closures.*
- *The proposal will penalize stewards who did good during the COVID 19 spike (2019-2020).*
- *Including a Covid year would unfairly allocate the costs to restaurants*
- *Concerned how market factors (Covid) could impact the benchmark costs of some Stewards and thus skew the charges to individual Stewards.*

*Packaging Reduction/Waste Reduction:*

- *The simplified reporting methodology approach disincentivizes stewards from pursuing impactful packaging changes and responsible packaging choices.*
- *We have reduced 50% of our waste in paper from the previous year and in 2021 we believe that we have lowered another 30%. With your proposed Simplified Approach it will cost us more.*
- *There is zero accountability in this methodology. It's a free for all then we get fees based on a baseline. There is zero incentive to improve.*

*Recovery Rate Calculations/Waste Audits*

- *Should Stewardship Ontario decide to proceed with the simplified fee-setting methodology, it is critical that it continue to make the material-specific recovery performance available*
- *How does SO plan to go about financing the enhanced studies, given its progressively diminishing budget over the 2023-2025 timeframe*
- *Continuing the collection of recovery data is important for planning purposes. The discussion paper notes that in the absence of supply data, Stewardship Ontario will conduct "enhanced" waste characterization studies.*
- *The proposal introduces risk into the ability to properly determine the performance of the Blue Box program across the province.*

## 5. NEXT STEPS

Stewardship Ontario will reach out to all individual stewards and other stakeholders that submitted a comment or question to probe their response and provide any additional information they may require. Stewardship Ontario will also be mindful of all comments received and use them to inform future communications, and the roll-out of simplified fee setting, if approved.



## **APPENDIX A**

### **LISTS OF STAKEHOLDERS THAT PARTICIPATED IN THE CONSULTATION**

#### **List of Webinar Attendees**

3M Canada Company  
A. Lassonde Inc.  
Agropur Coopérative  
Air King Limited  
Alliance Agri-Turf Inc.  
Amazon Canada  
Amway Canada Corporation  
Anderson Watts Ltd.  
Apex policy  
Armstrong Milling Company  
ARRIS Canada  
Associated National Brokerage Inc.  
Aviva Canada Inc.  
Bag to Earth Inc.  
Basics Office Products  
Bath and Body Works (Canada)  
Bayer Inc.  
Bell Canada  
Best Buy Canada Ltd  
Bimbo Bakehouse Inc.  
Blistex Ltd  
Bonduelle Canada Inc  
Brock University  
BSH Home Appliances Ltd.  
Burnbrae Farms Ltd.  
Canadian Home Publishers  
Canadian Medical Association  
Canadian Tire Corporation  
CanPrev Natural Health Products  
Canus Goat's Milk Skin Care Products  
Carrier  
Carton Council  
CCL Industries, Inc.  
Certainteed Canada Inc.  
Chatters Limited Partnership  
Church and Dwight Canada Corp  
Cimpres Windsor Corporation  
Coca-Cola Canada Bottling Limited Company  
Colgate-Palmolive Canada Inc.  
Compass Minerals Canada Corp.  
Confederation College  
Costco Wholesale Canada Ltd  
Crate and Barrel Canada Inc.  
CTG Brands Inc.  
Custom Leather Canada Limited  
Cycle Environment - Consultant  
D&G Laboratories  
D&L Sales Ltd.  
Dell Canada Inc.  
Diva International Inc.  
Dixon Ticonderoga Inc.  
Dr. Oetker Canada Ltd  
Durham  
Duststop Air Filters Inc  
Empack  
Enbridge Gas Inc.  
Epson Canada Limited  
Farm Boy Company Inc.  
Ferring Inc.  
FHCP - Association  
Fix Auto Canada Inc.  
Formula Brand Inc.  
Gap Canada  
GE Lighting  
General Motors of Canada Company  
Giant Tiger Stores Limited  
Grace Foods Canada Inc.  
Royal Grp Technologies  
Gray Ridge Eggs Inc.  
Great Canadian Dollar Store (1993)  
Greater Sudbury Hydro Plus Inc.  
Green Shield Canada  
Groupe Jean Coutu  
Guy Perry - Consultant  
Hallmark Canada  
Helen of Troy  
Hexo Operations Inc.  
HFC Prestige International Canada Inc.  
Holt Renfrew & Co., Limited  
Home Hardware Stores Limited



Stewardship Ontario

## SIMPLIFIED FEES: CONSULTATION REPORT

HoMedics Group Canada Co  
Ice River Springs Water Co. Inc.  
International Cheese Company Ltd.  
Investors Group  
J.E. Russell Produce Ltd.  
Joylypso Inc  
JYSK Linen 'N' Furniture Inc.  
Kal Tire  
Kernels Pop Corn Limited  
Kleen Flo Tumbler Ind. Ltd.  
KriNos Foods Canada Ltd  
LAVO Kik Holdco Company Inc  
La-Z-Boy Inc.  
Leese Enterprises  
Lindt & Sprungli (Canada) Inc.  
Little Caesar of Canada Inc.  
Lixil Canada Inc  
Loblaws  
Lorax Compliance - Consultant  
Lovell Drugs Ltd  
Loyalist College  
Makita Canada Inc.  
Maple Dale Cheese Inc.  
Marble Slab Creamery  
Maroline Distributing  
Mary Browns Inc.  
McDonald's Restaurants of Canada  
McKesson Canada  
McMaster University  
Melitta Canada Inc.  
Meridian Credit Union  
Metagenics Canada Inc  
Methapharm Inc.  
METRO Ontario Inc  
Miravo Health  
Mitsubishi Motor Sales of Canada, Inc.  
Molson Coors  
MTD Products Limited  
Neat Freak Group Inc  
Nestle Canada  
Nestle Purina Pet Care  
Nestle Waters  
New Balance Canada  
Nike Canada  
Norrizon Sales and Marketing Group  
Northbridge Financial Corp  
Ocean Spray of Canada Ltd  
Old Dutch Foods Ltd  
Ontario Government  
Ontario Lottery & Gaming Corp  
Owens Corning Insulating Systems Canada LP  
Parmalat Dairy & Bakery Inc

Pascoe Canada  
Peavey Industries LP  
Philips Domestic Appliances Canada  
PPG Canada Inc.  
Primo Foods Inc, and Unico Inc.  
Primo Water  
Procter and Gamble  
Puresource Corporation  
Queen's University  
RBC Financial Group  
Reclay StewardEdge  
Retail Council  
Rev-Log  
Rogers Medica Inc (Shopping Channel)  
Rolex Canada Ltd.  
Rona  
Rothmans, Benson & Hedges Inc.  
Roxul Inc.  
RPRA  
Rust-Oleum Consumer Brands Canada  
RW consumer products  
RWDI Consultant  
S & F Food Importers  
S.H. Kirkorian & Co Ltd.  
Sage Environmental  
Sanofi-Aventis Inc, Sanofi Consumer Health  
Saputo Dairy Products Canada G.P.  
Shell Canada  
Sheridan Nurseries Ltd.  
Shurtape  
SIPKENS NURSERIES LTD  
Smucker Foods of Canada Co  
Sobeys  
Sony Electronics  
Spin Master Ltd.  
SPINRITE LP  
St. Joseph's Health Care London  
St. Lawrence College of Applied A  
STANDARD PRODUCTS INC.  
Staples Canada  
Stratford Festival of Canada  
Subaru Canada Inc.  
Sun Media a division of Postmedia Network Inc  
Sunny Crunch Foods Ltd.  
Tele-mobile Telus Mobility  
Tetrapak  
Thane Direct(Canada Inc)  
The Globe and Mail  
The Mentholatum Co of Canada Ltd.  
The Pepsi Bottling Group  
Thomas Large and Singer  
Toronto Star Newspapers Ltd.



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Toyota Canada Inc.  
Toys 'R'Us Canada Ltd  
Tree of Life Canada Inc.  
University of Toronto  
University of Waterloo  
Usana Inc  
Van Rossem Consulting  
Volkswagen Group Canada Inc.

## SIMPLIFIED FEES: CONSULTATION REPORT

Wakefield Canada Inc  
Wawanesa Mutual Insurance Company  
Wellbond Import Export Inc.  
Wing Hing Lung Limited  
Winners Merchants International L.P  
Yamaha Motor Canada Ltd.  
Zoetis Canada Inc.

### **List of Survey Respondents**

3M Canada  
A&W Food Services of Canada Inc  
A. LASSONDE INC.  
Agropur Coopérative  
Amazon Canada Fulfilment Services, ULC  
Amex Bank of Canada  
Amway Canada Corporation  
Anderson Watts Ltd.  
Arby's Restaurant Group Inc  
Aviva Canada Inc.  
Basics Office Products Ltd.  
Bayer Inc.  
Bell Canada/Bell Billing/Bell Mobility  
Best Buy Canada Ltd  
Brock University  
Bushnell Corporation  
Caleres Canada Inc.  
Campbell's Company of Canada  
Canada Dry Mott's Inc, A Keurig Dr Pepper Company  
CANADIAN HOME PUBLISHERS  
Canadian Tire Corporation  
Church and Dwight Canada Corp  
Coke Canada Bottling  
Colgate-Palmolive Canada Inc  
Costco Wholesale Canada Ltd.  
D&G Laboratories Inc.  
Dairy Queen Canada Inc.  
Dell Canada Inc.  
Dr. Oetker Canada Ltd  
Duststop Air Filters Inc  
Eska Inc  
Fairstone Financial Inc.  
Farm Boy Company Inc  
Ferrero Canada Ltd.  
Ferring Inc.  
GE Lighting  
General Mills Canada Corporation  
General Motors of Canada Company

GRACIOUS LIVING INC - Royal Grp TechNologies -  
Royal Alliance  
H. A. Kidd and Company Limited  
Hallmark Canada  
Hartz Canada, Inc.  
Helen of Troy Inc  
HFC Prestige International  
HoMedics Group Canada Co  
Home Hardware  
Ice River Springs  
John G. Hofland Ltd.  
Joylypso Inc  
Junvir Investments Limited  
Kasseler Food Products Inc.  
Kernels Popcorn Limited  
Keurig  
La-Z-Boy, Inc  
Lindt & Sprungli (Canada) Inc.  
Little Caesar of Canada Inc.  
Loblaws Inc.  
Magtar Sales Inc.  
Mary Brown's Inc  
McKesson Canada  
McMaster University  
Metagenics Canada Inc  
Microvite Investments Ltd. Disticor  
Ming Pao Newspaper Canada Limited  
Molson Coors Canada  
MTD Products Limited  
Nature's Path Food Inc.  
Nestle Canada  
Nike Canada  
Ocean Spray Int'l Services Inc.  
Old Dutch Foods Ltd  
Pan American Nursery Products Inc.  
Panago Pizza Inc.  
RC Purdy Chocolates Ltd  
Recipe Unlimited Corporation



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Red Bull  
Regis Holdings (Canada) Ltd.  
RONA inc./Ace Canada  
Rothmans, Benson & Hedges Inc.  
Rust-Oleum Consumer Brands Canada  
Sanofi Consumer Health/ Sanofi-Aventis Inc  
Saputo Dairy Products Canada G.P.  
Sheridan College  
Sheridan Nurseries Ltd.  
Shurtape Technologies Co  
Smucker Foods of Canada Co  
Spin Master Ltd  
St. Joseph's Health Care London  
TATA Consumer Products Canada

## SIMPLIFIED FEES: CONSULTATION REPORT

Teva Canada Limited  
The Pepsi Bottling Group  
THE TORONTO-DOMINION BANK  
Toronto Star Newspapers Ltd.  
Toyota Canada Inc  
University of Toronto  
University of Waterloo  
Volkswagen Group Canada Inc.  
Wakefield Canada Inc  
Water Pik Inc  
Wawanesa Mutual Insurance Company  
Wellness Natural Inc.  
Wismettac Asian Food Inc.

### **List of Email Submissions**

3M Canada  
Amazon  
Anderson Watts Ltd.  
Association of Municipalities of Ontario, City of Toronto, Regional Public Works Commissioners of Ontario and the  
Municipal Waste Association  
Canadian Beverage Association  
Carton Council Canada  
Cycle Environment  
Food, Health and Consumer Products of Canada  
HFC Prestige International Canada Inc.  
Krikorian and Co. Ltd.  
Lassonde Industries Inc.  
Lovell Drugs  
Nestlé Canada Inc.  
PI Fine Art  
Reclay StewardEdge  
Region of Peel  
Retail Council of Canada  
Rothmans, Benson & Hedges Inc.  
Thomas, Large & Singer Inc.  
University of Toronto  
VanRossem Consulting  
Venture Forward Strategies  
Wawanesa Mutual Insurance Company