

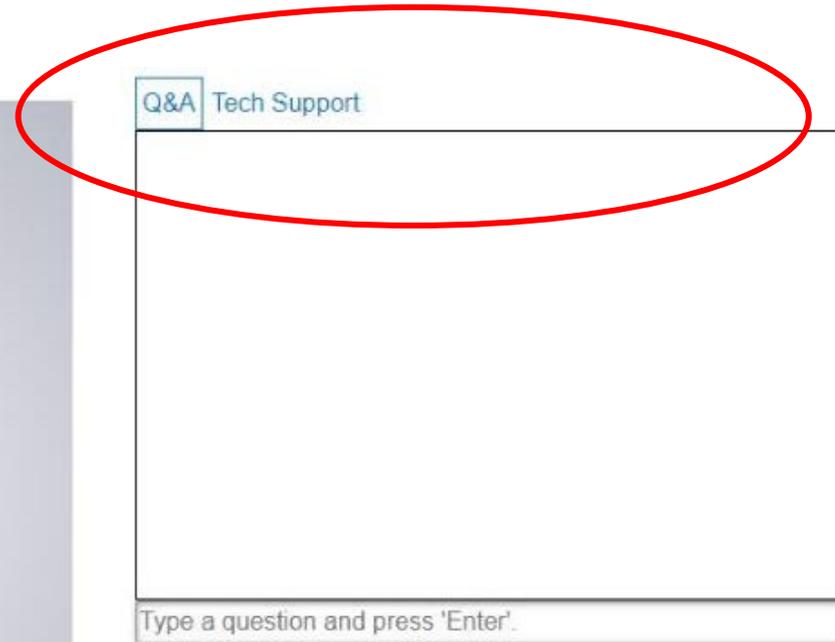
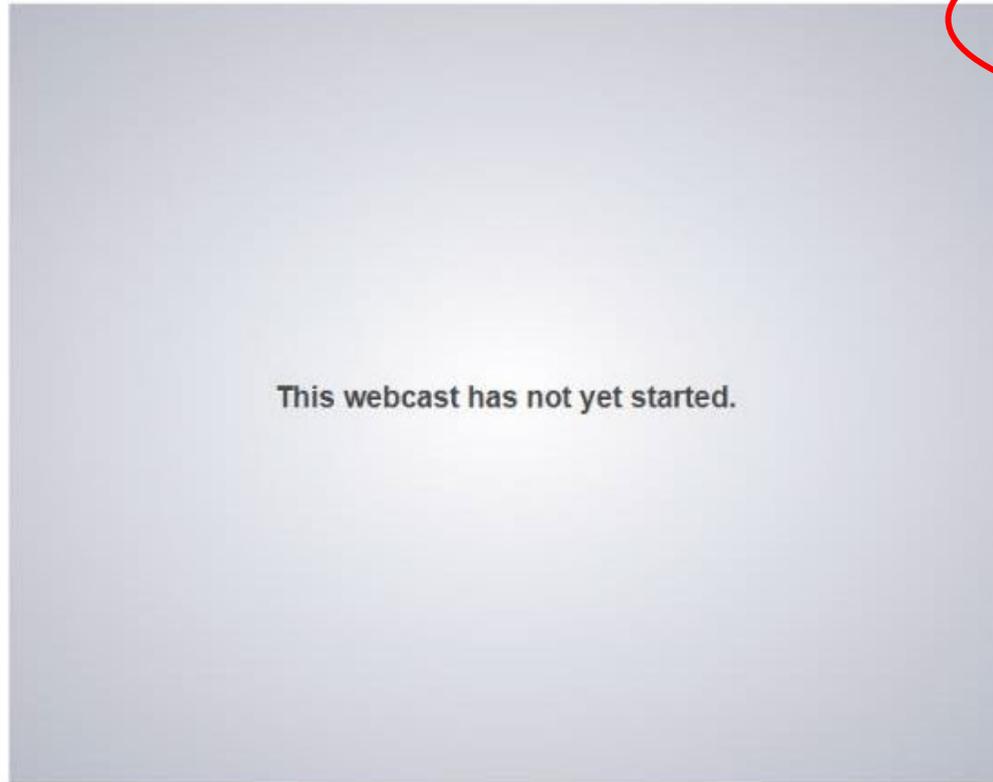
Consultation: Stewardship Ontario's Proposed Blue Box Program Wind-Up Plan

Session 3: Maintaining program
performance and municipal funding

October 14, 2020



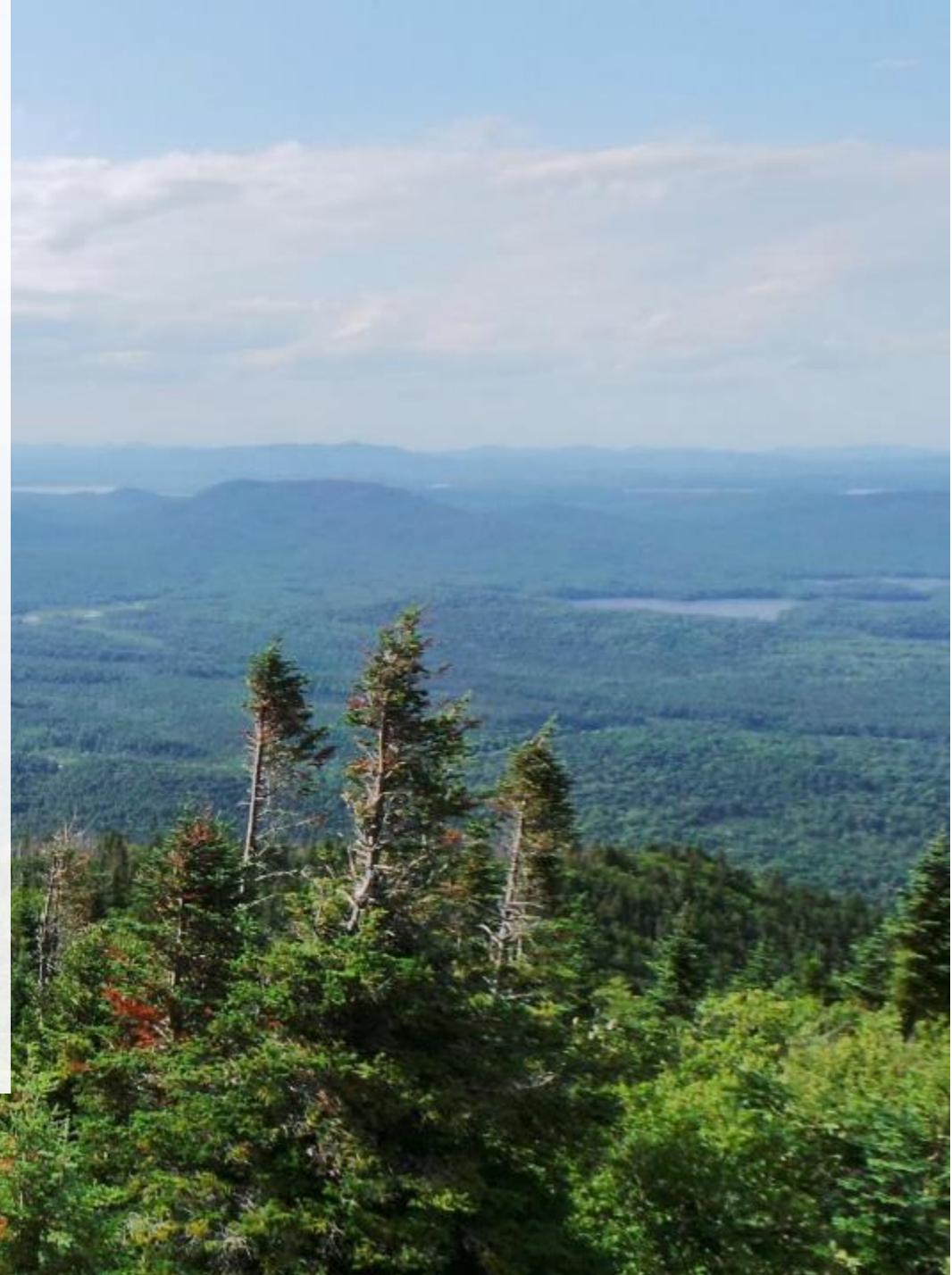
How to ask a question



To ask a question at any time during the presentation or for technical assistance, type your question in the text box and press 'Enter.'

Agenda

1. Introduction to Session 3
2. Changing Blue Box Service Levels
3. Market Development and Promotion and Education
4. Municipal Funding and Datacall
5. Communications Plan



Introduction to Session 3



Minister's direction

- Stewardship Ontario (SO) is the industry funding organization (IFO) that operates Ontario's Blue Box Program on behalf of industry stewards of packaging and printed paper
- On August 15, 2019, the Minister of the Environment, Conservation and Parks (MECP) issued direction to SO and RPRA to wind up the Blue Box Program and transition it to Ontario's new individual producer responsibility framework starting on January 1, 2023 through to December 31, 2025
 - SO will wind up as a corporation after the program wind-up has been fully implemented
- SO submitted its proposed wind-up plan to the Authority by the revised August 31, 2020 deadline set by the Minister
- It is expected that the Authority must review, consult on and approve the plan no later than December 31, 2020

How to participate

Consultation webinars

Session 1: Consultation, program and transition overview

Tuesday, October 13, 11:00 a.m. to 12:00 p.m.

Session 2: Supporting competition and maintaining data security

Wednesday, October 14, 9:30 to 10:30 a.m.

Session 3: Maintaining program performance and municipal funding

Wednesday, October 14, 1:00 to 2:00 p.m.

Session 4: Financials and steward operations

Thursday, October 15, 10:00 to 11:00 a.m.

Session 5: Winding up the CIF

Friday, October 16, 11:00 a.m. to 12:00 p.m.

Online group discussions

RSVP on or before October 14

Stewards

Monday, October 19, 1:30 to 3:00 p.m.

Municipalities, waste management industry

Tuesday, October 20, 1:30 to 3:00 p.m.

First Nation and northern/rural communities

Thursday, October 22, 10:00 to 11:30 a.m.

NGOs and general public

Friday, October 23, 10:30 a.m. to 12:00 p.m.

Recap: Performance of the Blue Box Program

- Purpose of the Blue Box Program
 - Increase the diversion of municipal Blue Box wastes from disposal in an economically sustainable manner
- The Blue Box Program has no direct control over what costs are incurred by municipalities and First Nation communities
- Elements of the Blue Box Program that support performance:
 - Waste diversion target of 60%
 - Data collection, analysis and reporting
 - Market development program
 - Promotion and education
 - Recycling Efficiency and Effectiveness Program
 - Continuous Improvement Fund (CIF)
 - Cost Containment Plan
 - Cost and funding allocation models

Minister's direction

*“There shall be **no disruption in payments made by SO to a municipality or First Nation community under the SO Program until the time when that municipality or First Nation community is no longer eligible to receive funding based on criteria established in the plan.**”*

*“**Ontarians’ access to and experience with the Blue Box program shall not be negatively impacted.** It is my expectation that, while allowing for natural growth of Blue Box services to new residential development or redevelopment, **municipalities and First Nation communities shall not reduce or expand existing levels of Blue Box services that are eligible for funding under the SO Program.**”*

Minister's direction to RPRA

"I am directing the Authority, further to its duties under the WDTA related to its oversight of the SO program and SO [...] To undertake these duties, the Authority should conduct the following activities. [...]"

Administer the Datacall**, calculate the annual steward obligation, and allocate steward funding to municipalities and First Nation communities including through the administration of the Continuous Improvement Fund **in such a way that reflects the following expectations and conditions:

- While allowing for natural growth of Blue Box services to new residential development or redevelopment, **municipalities shall not reduce or expand existing level of Blue Box services** that are eligible for funding under the program.*
- [...]"*

Performance of the Blue Box Program during transition

- Focus of the Minister's direction regarding program performance is on maintaining access to and experience with the Blue Box Program
 - Therefore, focusing on maintaining levels of Blue Box services
 - 2019 baseline
- Municipalities and First Nation Communities are autonomous in making program management decisions
 - Therefore, implementation of Minister's direction is through *eligibility* for funding under the program



Changing Blue Box Service Levels

Implementation of Minister's direction

The Authority has worked with stakeholders through the Municipal Industry Program Committee (MIPC) Transition Subcommittee to develop an approach 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.

The Authority has developed the following guidance for municipalities and First Nation communities that are considering making changes to their Blue Box services:

1. [Updated Datacall User Guide](#) to reflect new conditions relating to potential service level changes when those changes lead to cost increases
 - RPRA will apply those new conditions during verification
 - A new process will allow for municipalities and First Nation communities to get confirmation of cost eligibility prior to implementing a change to Blue Box services
2. Monitoring changes to service levels that do not generate cost increases but impact the Ontarian's access to and experience with the Blue Box Program

Datacall User Guide update [1]

- Applies to changes made to services on or after January 1, 2020
- Program changes that generate a cost increase may include:
 - changes in collection type (e.g. single stream vs multi-stream; depot vs curbside)
 - changes in collection method (e.g. bags, containers, carts)
 - changes in collection frequency (e.g. bi-weekly to weekly)
 - changes in accepted materials

Datacall User Guide update [2]

- Gross cost increases are eligible if the program change relates to **any one or more** of the following situations:
 1. The change is triggered by an increase in residences or units within existing residential units
 2. The change is triggered by or necessary to respond to changing markets (such as service markets or commodities markets) and out of the control of the municipality or First Nation community
 3. The change is necessary to contain significant cost escalation between 2020 and 2025 (or until the wind-up date, if known)
 4. The change results in a cost increase smaller than 10% of the aggregate cost item
- Examples of changing Blue Box service levels during transition:
 - change from bag to carts: end of contract for rural community, existing contractor pulling out, sole alternative, contractor using carts
 - change from depot to curbside service for a neighborhood to create equality in services across parts of a municipality

Assessment

- Post-implementation assessment during verification
 - Justification and documentation may need to be made available to RPRA upon request
- Pre-implementation assessment option (voluntary) to enable communities to confirm cost eligibility prior to implementing a change to Blue Box services
 - Communities may submit their proposed changes to RPRA (via [Blue Box Service Change Assessment Form](#)) for assessment of potential funding impacts
 - The assessment should be completed within 30 days
- If the cost increase is not deemed justified, the 2019 Datacall verified cost will be referred to as the eligible amount

Annual system-level monitoring [1]

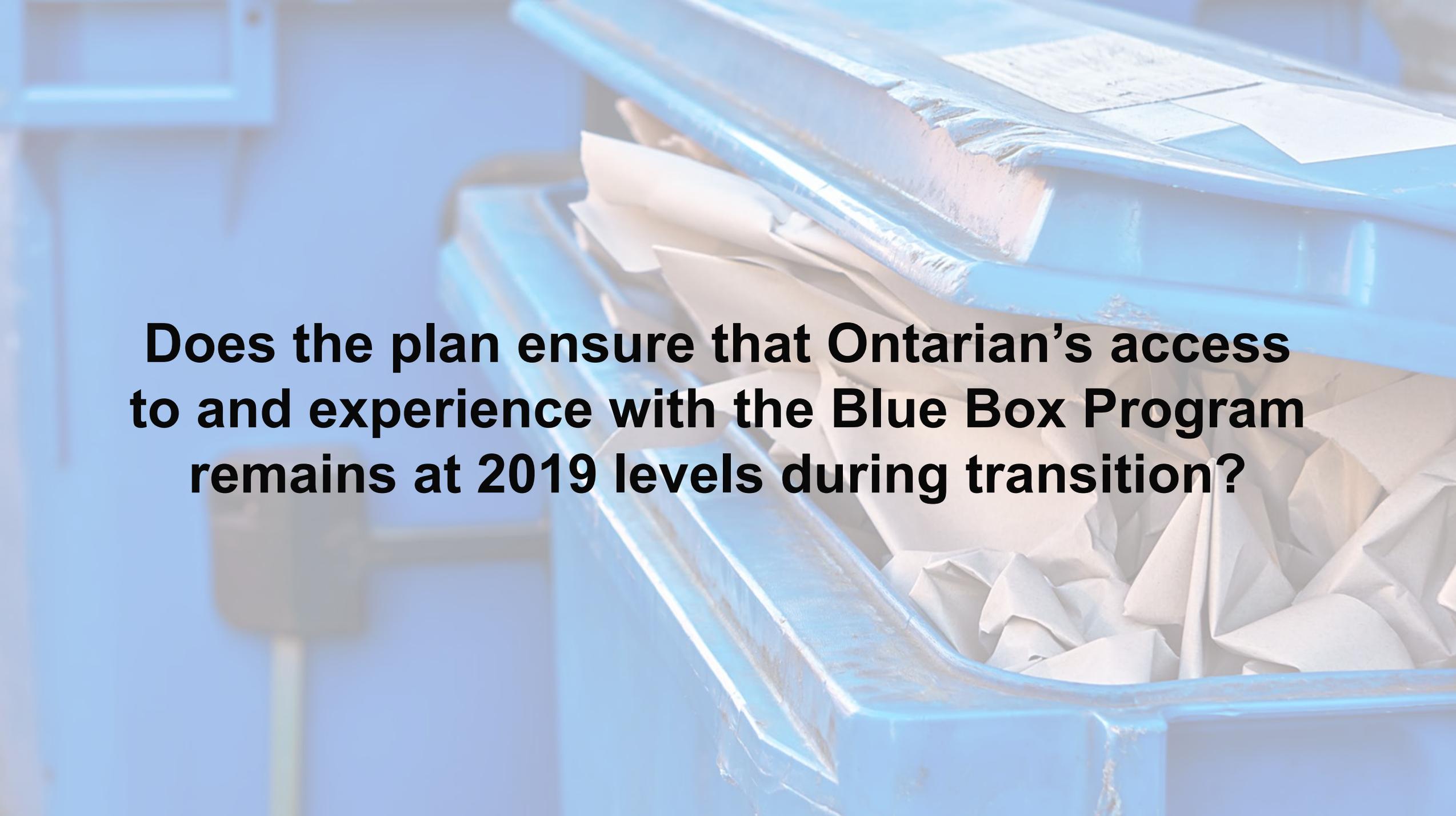
% of households receiving:

- Blue Box services
- single versus multi-stream service*
- curbside versus depot service*
- weekly versus bi-weekly collection*
- collection per material category*
- each collection type (bags, carts, bins)*

**Corrected for shifts in percentage caused by natural population growth*

Annual system-level monitoring [2]

- The MIPC Transition Subcommittee will:
 - review the trends, and
 - assess whether the year to year changes are within an acceptable range, taking into account changes in market conditions and other factors that may trigger program adjustments.
- If any of the changes are more significant than the Subcommittee considers reasonable or sustainable, the Subcommittee can advise RPRA to take the following actions:
 - make changes to the Datacall User Guide or other RPRA tools. Those changes will be communicated to programs and applied as soon as feasible; or
 - inform the ministry.



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

Market Development and Promotion and Education

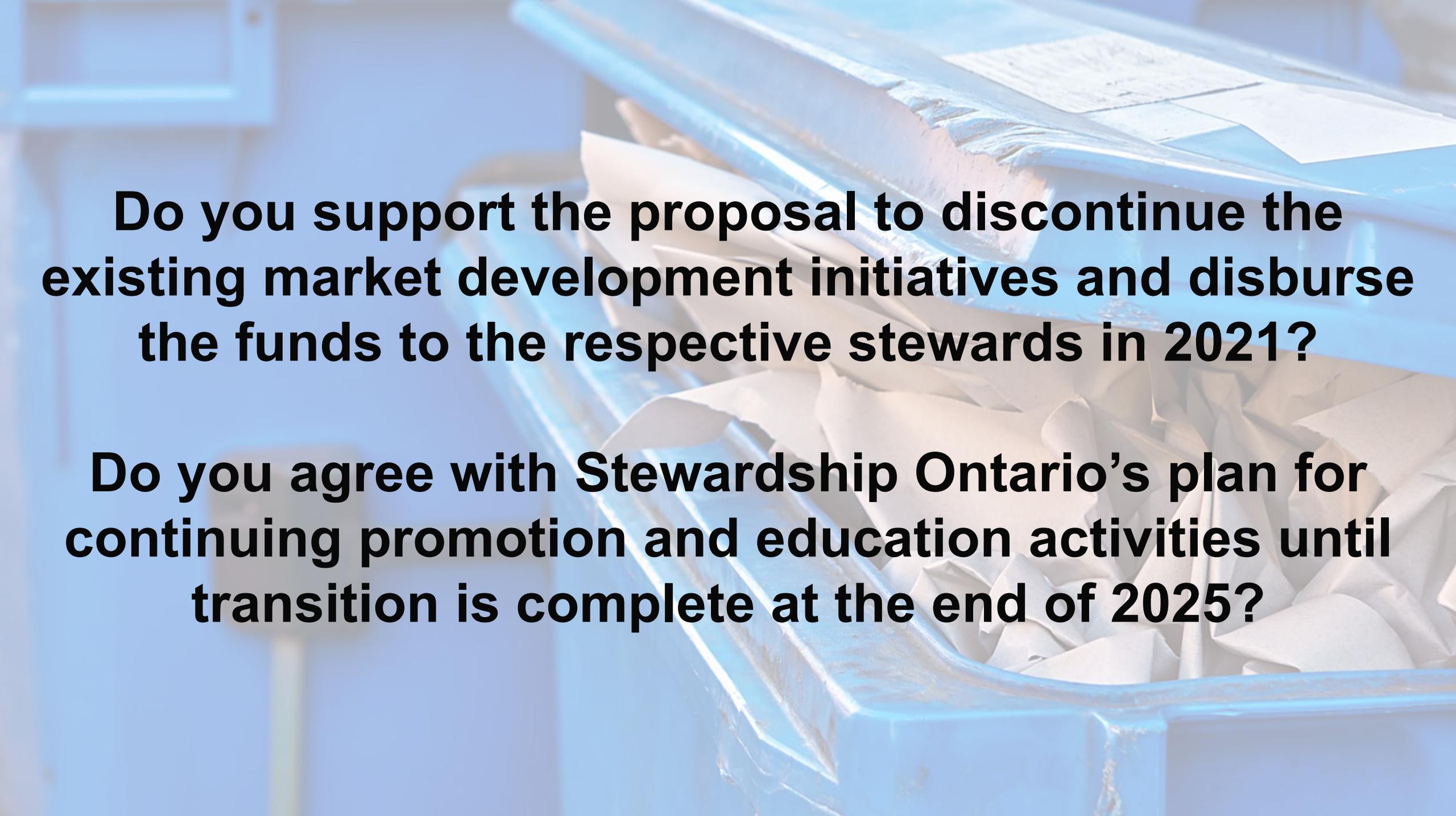


Discontinuation of market development initiatives

- There are no active market development projects at this time
- Market development initiatives typically involve some financial risk and, depending on their scope and complexity, require several years to generate results
- Stewardship Ontario therefore recommends that no new projects be undertaken during the transition period
- Funds to be reimbursed to stewards through their 2021 fees
- Intellectual property inventory to be transferred to RPRA in 2021

Promotion and education (P&E) plan

- Stewardship Ontario proposes to continue to educate residents on recycling matters during the full transition period
- P&E initiatives will focus exclusively on common issues in order to maximize the collection of certain materials while avoiding contamination.
- SO will develop the annual P&E strategy based on trends emerging from waste audits, recommendations communities participating in the program, and potential for repurposing past campaigns
- Associated budget is \$400,000 per year
- P&E initiatives could include, but are not limited to:
 - advertising campaigns
 - experiential marketing (events, on the ground promotions, etc.)
 - website

A blue recycling bin is shown, filled with crumpled white paper and documents. The bin is the central focus, with the background slightly blurred. The text is overlaid on the bin.

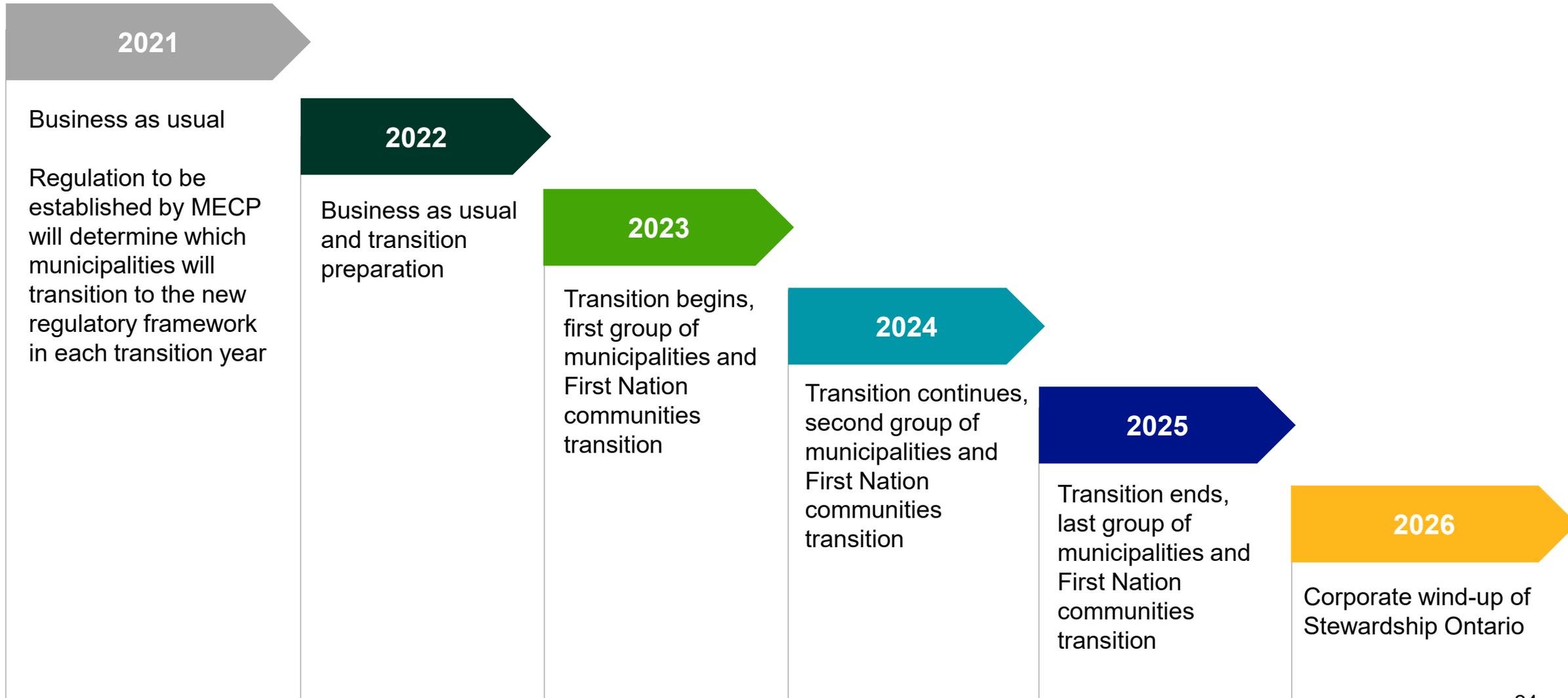
Do you support the proposal to discontinue the existing market development initiatives and disburse the funds to the respective stewards in 2021?

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

Municipal Funding and Datacall



Recap: transition timeline



'Business As Usual'

Example: 2022 payments

Time of year	Activity	Party responsible
February 2021	Datacall open for 2020 data submissions	RPRA
End of April 2021	2020 Datacall closes: start data verification	RPRA
July 2021	<ul style="list-style-type: none">• 2020 Datacall lockdown• The RPRA Board sets the 2022 steward obligation	RPRA
Fall 2021	<ul style="list-style-type: none">• 2020 data audits• Publication of the 2022 MFAM	RPRA
June 2022	1 st 2022 Q payment to participating communities	SO
September 2022	2 nd 2022 Q payment to participating communities	SO
December 2022	3 rd 2022 Q payment to participating communities	SO
March 2023	4 th 2022 Q payment to participating communities	SO

Reporting and payments during transition [1]

Example transition date*	2021	2022	2023	2024	2025	2026
Dec 31, 2023	Last year reported on	Last Datacall report	Last funding year	Last payment March 2024		
June 30, 2024		Last year reported on	Last Datacall report	Last payment Sept 2024		
April 30, 2025			Last year reported on	Last Datacall report	Last payment June 2025	
Dec 31, 2025			Last year reported on	Last Datacall report	Last funding year	Last payment March 2026

* Date is first day under RRCEA

Reporting and payments during transition [2]

- Currently unknown when each municipality will transition (to be outlined in final regulation)
- If a municipality or First Nation community is to transition part way through a year, its payment will be pro-rated based on the number of days in the year they are part of the Blue Box Program (i.e., number of days in the program divided by the total number of days in the year)
- Final Datacall reports will:
 - continue to follow the Datacall User Guide
 - include costs for the full calendar year, regardless of whether or not their final year in the Blue Box Program is a full year or a partial year

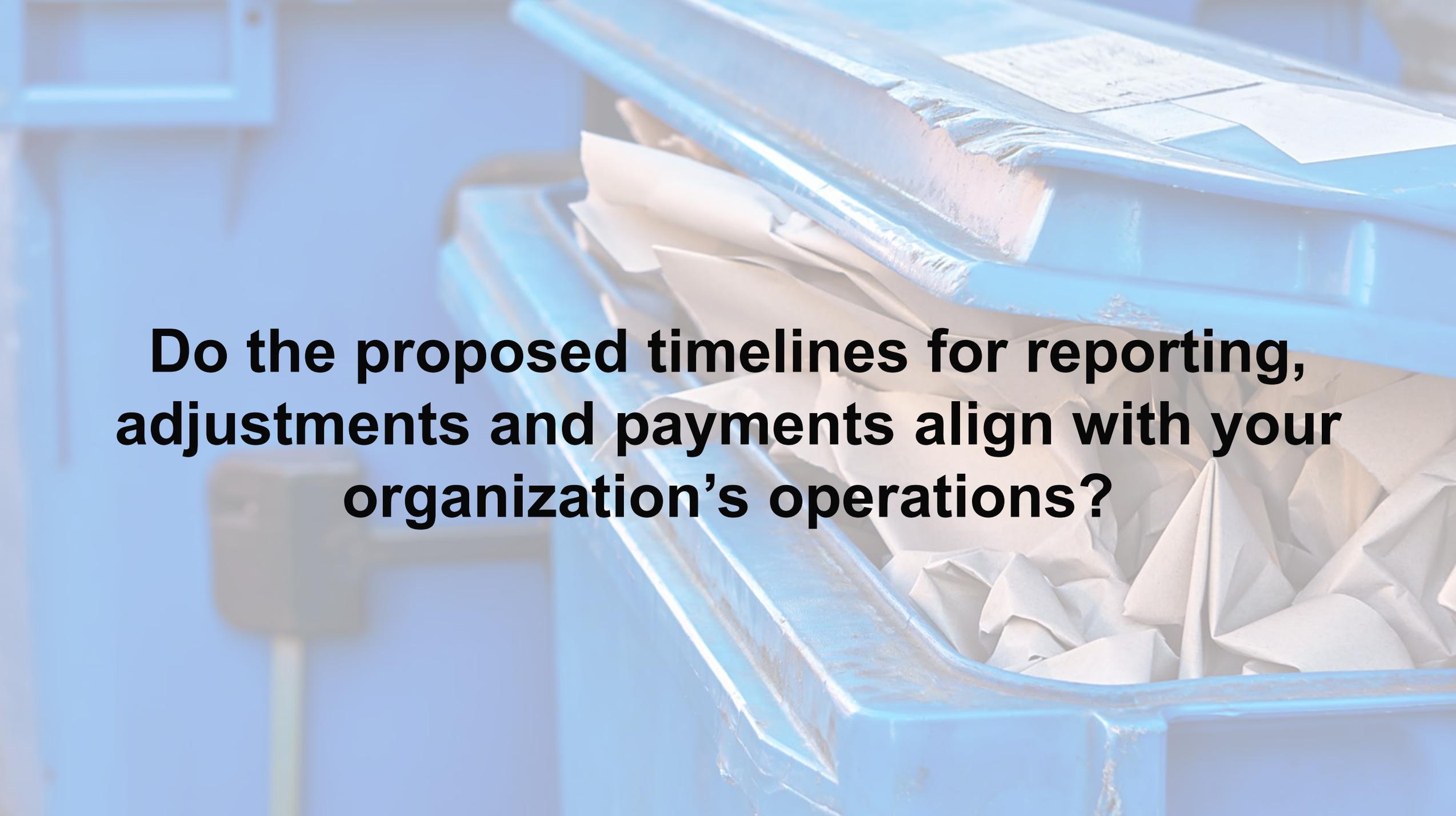
Reporting and payments during transition [3]

- The following are out of scope of SO's proposed wind-up plan but have an impact on reporting and payments to municipalities and First Nation Communities:
 - steward obligation methodology
 - Municipal Funding Allocation Model (MFAM)
 - In-Kind Program wind-up
 - changes to Datacall reporting deadlines, such as final dates for adjustments
- RPRA is responsible for adjusting these processes
 - The draft regulation will inform the nature of necessary changes
 - Stakeholder representatives will be engaged in determining adjustments in line with Minister's direction

In-Kind Program: additional changes

- SO proposed a change to the steward fee-setting methodology
- The methodology results 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 In-Kind Program
 - For 2020 this would have been a difference of \$3.5M, a 70% increase
 - SO expects the impact will be reduced in future years due to declining printed paper supplied tonnage
- SO proposes implementation in 2 stages:
 - 2021 fees: 50% existing, 50% new methodology
 - 2022 fees: 100% new methodology

Category	Impact on fees
Printed paper	↑
Paper packaging	Varies by program
Plastics	↓
Steel	↑
Aluminum	Varies by program
Glass	↑

A blue metal filing cabinet is shown, slightly open, revealing several papers and a large amount of crumpled white paper inside. The scene is lit with a soft, blue-tinted light, creating a professional and organized atmosphere.

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



Communications Plan

SO's communication objectives

- Deliver clear, timely and transparent communications to stakeholders
- Communicate regularly with affected stakeholders in a way that builds trust and fosters two-way communication
- Make resources and materials from meetings, including webinar recordings, meeting presentations, question and answer documents, etc., available
- Encourage open dialogue and opportunities for stakeholder questions, feedback and suggestions
- Ensure stakeholders understand its proposals, changes, timelines, etc. through its communication activities
- Remain unbiased and support fair treatment of all stakeholders

Communication channels

All stakeholders	Stewards	General public
<ul style="list-style-type: none">• website updates• email blasts• webinars• one-on-one meetings, as requested• phone calls, as requested	<ul style="list-style-type: none">• quarterly steward newsletter	<ul style="list-style-type: none">• annual promotion and education initiatives• social media posts (e.g. recycling tips and reminders via Twitter)

- All Blue Box stakeholders will have the opportunity to ask questions, as well as provide comments and feedback, throughout implementation of the plan using the following methods:
 - online form on the [Blue Box Program Transition webpage](#)
 - email to consultation@Stewardshipontario.ca
 - webinar submissions
 - phone: 416-323-0101
 - mail: 1 St. Clair Ave W, Suite 700, Toronto, ON M4V 1K6
 - in-person meeting, as requested

Other elements

- SO's Wind-Up Plan contains a consultation report summarizing feedback received during the consultation period and how the feedback was incorporated into the plan submitted to the Authority
- The Wind-Up Plan includes a detailed plan for the timing of communications events throughout the wind-up period
- SO emphasized that it views the consultation not as a single event in time, but as an ongoing activity that will continue throughout the transition process. SO will continue to provide as much opportunity as possible for interested parties to obtain the information they require, express their views and have their views considered in the decision-making process as it evolves.

A large stack of newspapers is shown, tied together with a thick, light-brown rope that runs vertically down the center. The newspapers are stacked in a way that their edges are visible, showing various headlines and text. The background is slightly blurred, suggesting a large quantity of newspapers. Overlaid in the center of the image is the word "Questions?" in a large, bold, black font.

Questions?

Next steps

- This presentation deck and a recording will be posted to our [consultation webpage](#)
- Provide feedback by **Tuesday, November 10, 2020** via:
 - Email to consultations@rpra.ca
 - [Online survey](#)
 - Webinar, group discussion or 1:1 meeting (upon request)
- Feedback from the consultation will be summarized in a report that will be available on the Authority's website
- If you have questions about the wind-up plan or would like to discuss it in more detail, email us at consultations@rpra.ca



A large stack of newspapers is shown, tied together with a thick, light-brown rope. The newspapers are stacked in a way that their edges are visible, showing various headlines and text. The text "Thank You" is overlaid in the center of the image in a large, bold, black font. The background is slightly blurred, emphasizing the stack of newspapers.

Thank You