



BLUE BOX PROGRAM PLAN

Produced by
Waste Diversion Ontario

In cooperation with
Stewardship Ontario

February 2003



Box 113, Maple
Ontario, L6A 1R6
t. 905.303.0979
f. 905.303.2347

February 28, 2003

The Honourable Chris Stockwell
Minister of Environment
Ministry of the Environment
135 St. Clair Ave. West,
12th Floor
Toronto, ON M4V 1P5

Dear Minister:

I am pleased to submit, on behalf of the Board of Directors of Waste Diversion Ontario, a waste diversion program for blue box waste in accordance with all legislative requirements of the *Waste Diversion Act, 2002* and as requested in your September 23, 2002 Request for a Waste Diversion Program for Blue Box Waste.

Produced in cooperation with the newly created industry funding organization, Stewardship Ontario, this Blue Box Program Plan is a result of five months of intensive cooperative efforts and extensive consultation on the part of Ontario industry, municipalities, the public and numerous non-governmental stakeholders in blue box waste. Through effective cooperation and consultation, I believe this Program Plan is now ready to be successfully implemented, as it has received input from all possible affected groups at the key points in its development.

As outlined in the Addendum to your Program Request Letter, this Blue Box Program Plan includes support for all categories of waste designated as Blue Box Waste in Schedule 1 of Ontario Regulation 101/94 under the *Environmental Protection Act* and which are managed by or on behalf of Ontario municipalities. The Blue Box Program Plan designates and defines as "Stewards" brand owners and first importers in Ontario of products that result in blue box waste. It proposes program rules for calculating the total net cost incurred by municipalities, and industry's 50 per cent share of these costs. It includes the funding formula to be used for determining payments by industry to municipalities, and outlines funding provisions to support product and market research and development, public education and awareness, and incentives to encourage municipal program efficiency and effectiveness.

On behalf of the Board of Directors of Waste Diversion Ontario, Stewardship Ontario, and all organizations and individuals involved in the development of the Blue Box Program Plan, I thank you for your Ministry's and the Ontario government's leadership and commitment to this program in support of advancing the reduction, reuse and recycling of waste in the Province of Ontario.

A handwritten signature in black ink, appearing to read "Tim Moore".

Tim Moore
Chair
Waste Diversion Ontario

TABLE OF CONTENTS

1.	REQUIREMENTS OF A WASTE DIVERSION PROGRAM FOR BLUE BOX WASTES	1
2.	DESCRIPTION OF BLUE BOX WASTES	3
2.1	DEFINITION OF BLUE BOX WASTES	3
2.1.1	<i>Definition of Packaging Materials</i>	<i>3</i>
2.1.2	<i>Definition of Printed Papers</i>	<i>4</i>
3.	DISCHARGING YOUR OBLIGATIONS UNDER THE WASTE DIVERSION ACT	6
3.1	MEMBERSHIP IN STEWARDSHIP ONTARIO	6
3.2	WDO APPROVED INDUSTRY STEWARDSHIP PLAN	6
4.	PROGRAM DEVELOPMENT PROCESS (SEPTEMBER 2002 – FEBRUARY 2003)	8
4.1	ESTABLISHMENT OF AN INDUSTRY FUNDING ORGANIZATION	8
4.2	ESTABLISHMENT OF AN IFO SECRETARIAT	8
4.3	AMO/STEWARDSHIP ONTARIO TASK GROUP	9
4.4	INDUSTRY CONSULTATION PROGRAM PROCESS AND FINDINGS	11
4.4.1	<i>Process Concerns</i>	<i>12</i>
4.4.2	<i>Stewardship Ontario Fee Setting Methodology</i>	<i>12</i>
4.4.3	<i>De minimis and Compliance Cost Issues</i>	<i>13</i>
4.4.4	<i>Program Costs</i>	<i>14</i>
4.4.5	<i>Plans for Future Industry Consultation and Planning Processes</i>	<i>14</i>
4.5	MUNICIPAL CONSULTATION PROGRAM PROCESS AND FINDINGS	15
4.5.1	<i>First Year Total Net Costs</i>	<i>15</i>
4.5.2	<i>Municipal Funding Allocation Model</i>	<i>16</i>
4.5.3	<i>Effectiveness and Efficiency Fund</i>	<i>16</i>
4.5.4	<i>Waste Diversion Targets</i>	<i>17</i>
4.5.5	<i>CNA/OCNA Contribution</i>	<i>17</i>
4.5.6	<i>Public Education and Awareness</i>	<i>18</i>
4.6	PUBLIC CONSULTATION PROGRAM PROCESS AND FINDINGS	18
4.6.1	<i>Recycling Rate</i>	<i>18</i>
4.6.2	<i>Blue Box Performance Improvement and the Effectiveness and Efficiency Fund</i>	<i>19</i>
4.6.3	<i>Education and Public Awareness</i>	<i>20</i>
4.6.4	<i>Northern Ontario Issues</i>	<i>20</i>
4.7	SUMMARY OF PUBLIC CONSULTATION FINDINGS	21
4.8	START UP FINANCING	21
4.9	WDO REVIEW AND APPROVAL	22
5.	BLUE BOX PROGRAM DELIVERY MODEL	24
5.1	BLUE BOX PROGRAM DELIVERY MODEL	24
5.2	ROLES AND RESPONSIBILITIES OF THE WDO	24
5.3	PUBLIC AFFAIRS COMMITTEE (WDO-PAC)	25
5.3.1	<i>Program Consultation Requirements</i>	<i>25</i>
5.3.2	<i>Public Education and Awareness Activities</i>	<i>26</i>
5.4	MUNICIPAL-INDUSTRY PROGRAMS COMMITTEE (MIPC)	26
5.4.1	<i>Collection and Analysis of Recycling Program Data</i>	<i>26</i>
5.4.2	<i>Calculating and Reporting on Payments to Individual Municipalities</i>	<i>27</i>
5.4.3	<i>Cash Flow to Municipalities</i>	<i>27</i>
5.4.4	<i>Reporting on Progress Toward Targets</i>	<i>28</i>
5.5	MUNICIPAL AFFAIRS COMMITTEE (MAC)	29
5.6	ROLES AND RESPONSIBILITIES OF STEWARDSHIP ONTARIO	29
5.6.1	<i>Effectiveness and Efficiency Improvement Program</i>	<i>29</i>
5.6.2	<i>Distribution of Funds to Individual Municipalities</i>	<i>30</i>

6.	BLUE BOX PROGRAM DESIGN	31
6.1	BASELINE ESTIMATES OF BLUE BOX WASTE GENERATION AND DIVERSION	31
6.1.1	<i>Baseline Estimates of Blue Box Waste Generation</i>	31
6.1.2	<i>Five Year Blue Box Material Waste Generation Estimates</i>	33
6.1.3	<i>Baseline Estimates of Blue Box Waste Diversion</i>	34
6.2	WASTE DIVERSION TARGETS	35
6.2.1	<i>Guiding Principles</i>	35
6.2.2	<i>Program Diversion Targets – 2003 Program Plan</i>	36
6.2.3	<i>Material Specific Diversion Targets – 2004-2006</i>	38
6.2.4	<i>Future Recovery Scenarios</i>	38
6.3	DATA COLLECTION, ANALYSIS AND REPORTING	40
6.3.1	<i>Data Reporting</i>	40
6.3.2	<i>Confirmation of Financial Data</i>	40
6.3.3	<i>Program Reviews</i>	41
6.4	MARKET DEVELOPMENT PROGRAM	42
6.4.1	<i>Guiding Principles</i>	42
6.4.2	<i>Green Procurement Program</i>	43
6.4.3	<i>Mass Balance Report</i>	44
6.4.4	<i>Material Specific Market Development – 2003 Planning and Program</i>	44
6.5	PROMOTION AND EDUCATION	45
6.5.1	<i>Municipal Programs</i>	45
6.5.2	<i>WDO Programs</i>	46
6.5.3	<i>Canadian Newspaper Association/Ontario Community Newspapers Association Programs</i>	46
6.5.4	<i>Stewardship Ontario Programs</i>	47
6.6	RECYCLING EFFECTIVENESS AND EFFICIENCY PROGRAM	48
6.6.1	<i>Guiding Principles</i>	48
6.6.2	<i>Program Funding</i>	49
6.6.3	<i>Funding Allocation Process</i>	49
6.7	DISTRIBUTION OF BLUE BOX FUNDS	50
6.7.1	<i>The Municipal Funding Allocation Model</i>	50
6.7.2	<i>Variables in the Municipal Funding Allocation Model</i>	51
6.7.3	<i>How the Model Supports Program Efficiency</i>	52
6.7.4	<i>Calculating Each Municipality's Share</i>	53
6.7.5	<i>Maintenance of the Municipal Funding Allocation Model</i>	54
7.	ANNUAL MUNICIPAL BLUE BOX PROGRAM COST CALCULATIONS	55
7.1	CALCULATION OF YEAR ONE NET COSTS	55
7.2	DATE OF INDUSTRY OBLIGATION	57
7.2.1	<i>Year One Financial Obligation of Industry</i>	57
7.3	CALCULATION OF ANNUAL MUNICIPAL BLUE BOX SUPPORT PAYMENTS	58
7.3.1	<i>Guiding Principles</i>	58
7.3.2	<i>Definition of Costs and Revenues</i>	59
7.3.3	<i>Net Cost Calculation Methodology – Municipal Information</i>	59
7.3.4	<i>Net Cost Calculation Methodology – Future Projections</i>	60
7.4	FIVE YEAR COST PROJECTIONS	61
7.4.1	<i>Risk in the Costs Shown</i>	63
7.4.2	<i>Cost Containment Strategies</i>	63
8.	STEWARDSHIP ONTARIO PROGRAM DELIVERY AND COST ESTIMATES	66
8.1	PROGRAM DELIVERY COSTS	66
8.1.1	<i>Start up Costs</i>	66
8.1.2	<i>Municipal Blue Box Support Payments</i>	66
8.2	ADDITIONAL PROGRAM ELEMENTS	67
8.2.1	<i>Data Collection and Analysis</i>	67

8.2.2	<i>Measuring Program Improvements</i>	68
8.2.3	<i>Green Procurement Program</i>	68
8.2.4	<i>Market Development Programs</i>	68
8.2.5	<i>MOE Enforcement</i>	69
8.2.6	<i>Stewardship Ontario Compliance Initiatives</i>	70
8.2.7	<i>Promotion and Education/Public Awareness</i>	70
8.2.8	<i>Summary of Program Implementation Costs</i>	71
8.3	PROGRAM IMPLEMENTATION	71
8.3.1	<i>Staff Costs</i>	71
8.3.2	<i>Program Budgets for Program Delivery</i>	71
8.3.3	<i>Data Management</i>	74
8.3.4	<i>Customer Services</i>	75
8.4	YEAR ONE PROGRAM BUDGET SUMMARY	75
8.5	FIVE YEAR OBLIGATION PROJECTIONS	76
9.	STEWARDSHIP ONTARIO GOVERNANCE, RULES AND PROCEDURES	77
9.1	STEWARDSHIP ONTARIO	77
9.1.1	<i>Governance Model</i>	77
9.1.2	<i>Future Governance Model</i>	78
9.1.3	<i>Criteria for Membership in Stewardship Ontario</i>	80
9.1.4	<i>Committees</i>	80
9.1.5	<i>Annual General Meeting</i>	80
9.2	STEWARDS OF BLUE BOX WASTES.....	81
9.3	STEWARDS FOR PRINTED AND PACKAGING MATERIALS	81
9.3.1	<i>Liquor Control Board of Ontario</i>	82
9.3.2	<i>Franchise Businesses</i>	82
9.3.3	<i>Other Distribution Channels</i>	83
9.4	DE MINIMIS THRESHOLD	83
9.4.2	<i>Level 2 – 2002 Ontario Sales over \$2 Million</i>	85
9.5	CALCULATING AND REPORTING QUANTITIES OF OBLIGATED MATERIALS	86
9.6	DATA REPORTING REQUIREMENTS	88
9.6.1	<i>Definitions of Material Categories</i>	88
9.6.2	<i>Exemptions</i>	88
9.7	ONLINE DATA MANAGEMENT SYSTEM.....	91
9.7.1	<i>Data Reporting Options</i>	91
9.7.2	<i>Reporting Accuracy and Planning for Future Years</i>	93
9.7.3	<i>Use of Stewardship Ontario Sectoral Calculator for Year One</i>	95
9.7.4	<i>Basis for the Sectoral Calculator Estimates of Packaging</i>	95
9.8	REPORTING DATA BEYOND YEAR ONE	98
9.9	AUDIT PROVISIONS	99
9.9.1	<i>Reports Provided By Stewards</i>	99
9.9.2	<i>Reports Provided By Municipalities</i>	99
9.10	METHODOLOGY FOR SETTING MEMBER FEES	99
9.10.1	<i>How the Stewardship Ontario Fee Setting Model Allocates Costs</i>	101
9.11	REASONING FOR THE WEIGHTING ASSIGNED TO EACH FACTOR.....	105
9.12	YEAR ONE FEE SCHEDULE.....	106
9.13	SETTING FEES FOR SUBSEQUENT PROGRAM YEARS	107
9.14	INVOICE AND PAYMENT SCHEDULE	107
9.14.1	<i>Year One – May 1, 2003 Obligation Date</i>	107
9.14.2	<i>Year 2 (full calendar year)</i>	107
9.14.3	<i>Contributions from the Newspaper Industry</i>	107
9.15	DISPUTE RESOLUTION	108
9.16	ENFORCEMENT PROCEDURES.....	108
9.17	INTEREST AND PENALTIES	109
9.18	PROCEDURES FOR AMENDING STEWARDSHIP ONTARIO RULES.....	110
9.19	REPORTING.....	110

10. PROGRAM AGREEMENT	111
PREAMBLE	111
10.1 PURPOSE OF THE AGREEMENT	111
10.2 DEFINITIONS AND INTERPRETATION.....	111
10.3 TERM OF AGREEMENT AND AMENDMENT	113
10.4 ROLES OF THE PARTIES	113
10.5 TRANSPARENCY.....	114
10.6 INFORMATION SHARING.....	114
10.7 STAKEHOLDER AND PUBLIC CONSULTATION	115
10.8 STEWARDSHIP ONTARIO RESPONSIBILITY FOR DOCUMENTATION AND AUDIT.....	115
10.9 COMPLAINTS AND INQUIRIES HANDLING.....	116
10.10 INSURANCE	116
10.11 ASSIGNMENT	116
10.12 NOTICES	117
10.13 WAIVER	117
10.14 SEVERABILITY.....	117
10.15 DISPUTE RESOLUTION	118
10.16 TERMINATION	118
10.17 AGREEMENT BINDING	119
10.18 ENTIRE AGREEMENT	119
10.19 PUBLIC ANNOUNCEMENTS.....	119
10.20 GOVERNING LAW	119
10.21 SIGNATURES	120

List of Appendices

Appendix I:	<i>Waste Diversion Act</i>
Appendix II:	Program Request Letter
Appendix III:	Ontario Regulation 273/02
Appendix IV:	Regulation 101/94 – Schedule 1
Appendix V:	Stewardship Ontario Bylaws
Appendix VI:	Letter of Understanding Between AMO and Stewardship Ontario
Appendix VII:	Consultation Program
Appendix VIII:	Municipal Funding Allocation Model
Appendix IX:	Cost Allocation Principles
Appendix X:	Year One Sectoral Calculator
Appendix XI:	Pay In Model

List of Tables

Table 6.1:	Summary of Single Family Waste Audit Information	32
Table 6.2:	Summary of Multi-Family Waste Audit Information	33
Table 6.3:	Five Year Projections of Blue Box Waste Generation (Tonnes)	34
Table 6.4:	2001 Blue Box Quantities Recovered	35
Table 6.5:	Detailed Summary of 2001 Blue Box Tonnes Marketed	36
Table 6.6:	Estimate of Future Program Quantities Recovered	39
Table 7.1:	Year One Net Cost Calculation	57
Table 7.2:	Year One Industry Obligation	58
Table 7.3:	Estimate of Future Program Costs	62
Table 8.1:	Start up Budget and 2003 Budget for Program Delivery and Administration	66
Table 8.2:	Year One Municipal Support Payments	67
Table 8.3:	Summary of Programs and Costs	71
Table 8.4:	Budgeted New Hires by Category	73
Table 8.5:	Staff Complement Summary	74
Table 8.6:	Phases of the Data Management System Development	75
Table 8.7:	Year One Program Budget Summary	76
Table 9.1:	Examples of Weight Thresholds	86
Table 9.2:	Definitions of Blue Box Materials	89
Table 9.3:	Illustrated Examples of Steward Reporting	93
Table 9.4:	Illustrative Example of How the Sectoral Calculator Works	96
Table 9.5:	First Year Fee Schedule by Material Type	106
Table 9.6:	Interest and Penalties Schedule	109

List of Figures

Figure 6.1:	Recycling Rate	37
Figure 7.1:	Future Cost (Net) Scenarios Under Different Recovery Rate Assumptions	61
Figure 8.1:	Total Industry Obligations Under Different Recovery Rate Assumptions	76
Figure 9.1:	How to Determine if you are Exempt from the Stewardship Ontario Blue Box Program Plan	81

Acronyms

3Rs	– Reduce, Reuse, Recycle
ABC	– Activity Based Costing
AMO	– Association of Municipalities of Ontario
AMRC	– Association of Municipal Recycling Coordinators
CAO	– Chief Administrative Officer
CBC	– Canadian Broadcasting Corporation
CCC	– Composting Council of Canada
CCGD	– Canadian Council of Grocery Distributors
CCSPA	– Canadian Consumer Specialty Products Association
CCTFA	– Canadian Cosmetics, Toiletries and Fragrances Association
CD	– Compact Disc
CFIB	– Canadian Federation of Independent Business
CME	– Canadian Manufacturers and Exporters
CNA	– Canadian Newspaper Association
CSR	– Corporations Supporting Recycling
CTA	– Canadian Toy Association
DVD	– Digital Video Disc
EPIC	– Environment and Plastics Industry Council
EPS	– Electronics Product Stewardship
FAQ	– Frequently Asked Questions
FOST Plus	– Belgian Stewardship Organization
FTE	– Full Time Equivalent
GST	– Goods and Services Tax
GTA	– Greater Toronto Area
HDPE	– High Density Polyethylene
HSW	– Household Special Waste
IC&I	– Industrial, Commercial and Institutional
IFO	– Industry Funding Organization
ISP	– Industry Stewardship Plans
IT	– Information Technology
IWDO	– Interim Waste Diversion Organization
LCBO	– Liquor Control Board of Ontario
LDPE	– Low Density Polyethylene
MAC	– Municipal Affairs Committee
MFAM	– Municipal Funding Allocation Model
MIPC	– Municipal Industry Program Committee
MMAH	– Ministry of Municipal Affairs and Housing
MOE	– Ministry of the Environment
MPAC	– Materials and Packaging Advisory Committee
MRF	– Materials Recovery Facility
MIPC	– Municipal Industry Programs Committee
MWIN	– Municipal Waste Integration Network
NAICS	– North American Industry Classification System
NDMAC	– Nonprescription Drug Manufacturers Association of Canada
NGO	– Non Government Organization
OCC	– Old Corrugated Containers
OCNA	– Ontario Community Newspapers Association
OMBI	– Ontario Municipal Benchmarking Initiative
ONP	– Old Newspapers

OPSS	– Ontario Provincial Standard Specifications
ORHMA	– Ontario Restaurant, Hotel and Motel Association
P&E	– Promotional and Educational
PAC	– Public Affairs Committee
PET	– Polyethylene Terephthalate
PP	– Polypropylene
PPEC	– Paper and Paperboard Environmental Council
PST	– Provincial Sales Tax
PVC	– Polyvinyl Chloride
R&D	– Research and Development
RCC	– Retail Council of Canada
RCO	– Recycling Council of Ontario
SIC	– Standard Industrial Classification
TBA	– To Be Announced
UK	– United Kingdom
WDA	– Waste Diversion Act
WDO	– Waste Diversion Ontario

1. Requirements of a Waste Diversion Program for Blue Box Wastes

The requirements for developing and implementing a waste diversion program for Blue Box wastes are set out in the *Waste Diversion Act, 2002* (WDA), and in the Program Request Letter, dated September 23, 2002, from the Minister of Environment to the Waste Diversion Ontario.

The WDA was given Third Reading by the Legislative Assembly of Ontario on June 13, 2002, then given Royal Assent and passed into Law on June 27, 2002. The purpose of the WDA is to promote the reduction, reuse and recycling of waste in Ontario and to provide for the development, implementation and operation of waste diversion programs. A copy of the WDA is included as Appendix I.

Section 3 of the *Act* created a corporation without share capital known as Waste Diversion Ontario (WDO). Section 4 sets out the Board of Directors for the corporation, which consists of representatives of industry, NGOs, Ministry appointees and municipalities with an interest in the goals of the corporation. One of the primary responsibilities of the WDO as set out in Section 5 is to develop, implement and operate waste diversion programs for designated wastes in accordance with the WDA.

Section 23 (1) of the *Act* specifies that the Minister of Environment may require WDO to develop a waste diversion program for a designated waste. Under Section 25 (5) the Minister requests a waste diversion program for Blue Box waste developed under the *Act* provide for payments to municipalities to be determined in a manner that results in the total amount paid to all municipalities under the program be equal to 50 per cent of the total net costs incurred by those municipalities as a result of the program.

Through his Program Request Letter, the Minister directed the WDO to develop a waste diversion program for Blue Box wastes (Appendix II). In the addendum to the letter the Minister identified twelve specific issues that must be addressed within the Program Plan to be developed. The addendum reads as follows:

- (1) "Waste Diversion Ontario (WDO) shall develop a Waste Diversion Program for Blue Box Waste (the program) in accordance with all legislative requirements of the *Waste Diversion Act, 2002* (the *Act*)."
- (2) "WDO shall submit a public consultation plan to the Minister within one month of receiving the request for the program. The plan shall describe how the consultation requirements of the *Act* will be satisfied for the program." (Section 4)
- (3) "The program shall include support for all materials designated as Blue Box Waste under the *Act* and which are managed by or on behalf of Ontario municipalities." (Section 2.1)
- (4) "The program shall support, at a minimum, all categories of wastes set out in Schedule 1 of Ontario Regulation 101/94 under the *Environmental Protection Act*." (Section 2.1)
- (5) "The proposed funding rules under the program will designate and define as Stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program. The program will include a rule to exempt Stewards under subsection 30 (1) (e) of the *Act* based on *de minimis* criteria." (Section 9.4)

- (6) "The program shall include targets for the overall quantity of Blue Box waste to be diverted under the program, and per material targets for Blue Box waste to be captured under the program (Section 6.2).
- (7) "The proposed funding rules under the program will include:
 - a. The method used to calculate the total net costs incurred by municipalities as a result of the program;
 - b. The funding formula to be used for determining payments to municipalities, including variations in costs dependant on north/south and urban/rural differences; and
 - c. A funding performance incentive to encourage program efficiency and effectiveness." (Sections 6.7 and 7.1)
- (8) "The program will include a plan, with funding provisions, outlining research and development activities to support and increase the effectiveness and efficiency of Blue Box waste diversion." (Section 6.6)
- (9) "The proposed funding rules under the program will account for the voluntary contribution of the Liquor Control Board of Ontario (LCBO) of \$5 million annually for calendar years 2003 through 2006, to be used for direct funding to municipalities under the program to help cover the cost of recycling glass alcohol beverage containers in municipal blue box programs, any administrative expenses incurred by WDO and the designated IFO, and efforts to improve the effectiveness and efficiency of Blue Box waste diversion." (Section 8.2.4; Section 9.3.1)
- (10) "The proposed funding rules under the program will account for the voluntary contribution of the Canadian Newspaper Association (CNA) and the Ontario Community Newspapers Association (OCNA) of newspaper advertising with a value of \$1.3 million annually and, in addition, annual funds for the purpose of implementing and monitoring the advertising program and any administrative expenses incurred by WDO and the designated IFO. The program will contain a plan on how advertising will be allocated and administered. The funding rules will also contain a formula to determine when additional funding support from newspaper members will be required should the cost of recycling newspapers become a cost to municipal blue box programs." (Section 6.5.3)
- (11) "The program will include a plan, with funding provisions, outlining activities to develop and promote products that result from the program." (Section 6.4)
- (12) "The program will include a plan, with funding provisions, outlining educational and public awareness activities to support the program." (Section 6.5)

Blue Box wastes are defined by Regulation. The general classes of materials prescribed as Blue Box waste for the purposes of the WDA are set out in Ontario Regulation 273/02, dated September 23, 2002, and made under the WDA. Ontario Regulation 273/02 is included as Appendix III. Blue Box waste is also defined in Ontario Regulation 101/94, dated March 3, 1994, made under the *Environmental Protection Act*. Under Regulation 101/94 Blue Box waste means "*municipal waste that consists solely of waste in one or more of the categories set out in Schedule 1*". A copy of Schedule 1 is included as Appendix IV.

2. Description of Blue Box Wastes

2.1 Definition of Blue Box Wastes

Regulation 2002.0351.e under the *Waste Diversion Act, 2002* defines Blue Box wastes in the following manner:

Waste that consists of any of the following materials, or any combination of them, is prescribed as Blue Box wastes for the purpose of the *Act*:

- Glass;
- Metal;
- Paper;
- Plastic; and
- Textile.

This definition is broad in scope and encompasses packaging and printed materials and a wide range of consumer products. However, given that municipal Blue Box programs collect primarily packaging and printed materials and do not generally collect consumer products, the Blue Box Program Plan addresses only consumer packaging material and printed papers commonly found in the residential waste stream.

2.1.1 Definition of Packaging Materials

Largely based on the European Parliament and Council Directive on Packaging and Packaging Waste (94/62/EC), Stewardship Ontario has adopted the following definition of packaging. The definitions have been modified to suit the requirements of the WDA and the accompanying Blue Box wastes Regulation.

- (1) 'Packaging' shall mean all products made of paper, glass, metal, plastics, textiles or any combination thereof to be used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer. 'Non-returnable' items used for the same purposes shall also be considered to constitute packaging. 'Packaging' for the purposes of the Blue Box Program Plan consists only of:
 - (a) Sales packaging or primary packaging, i.e., packaging conceived so as to constitute at the point of purchase a sales unit to the final user or consumer;
 - (b) Grouped packaging or secondary packaging that goes to the household, i.e., packaging conceived so as to constitute at the point of purchase a grouping of a certain number of sales units whether the latter is sold as such to the final user or consumer;
 - (c) Transportation, distribution or tertiary packaging that is conceived to be distributed to household consumers. For example, household personal computers are packaged in large corrugated boxes similar to transportation packaging. If this packaging is intended for final use or management by the consumer or end user, it is considered obligated packaging under the Blue Box Program Plan. Transportation packaging that is not intended primarily for use or management by the consumer (e.g., removed

by the retailer prior to placing products on the store shelf) is not considered obligated packaging under the Stewardship Ontario program; and

The definition of 'packaging' shall also take into consideration the criteria set out below.

- (2) Items shall be considered packaging if they fulfil the definition above without prejudice to other functions which the packaging might also perform, unless the item is an integral part of a product and all elements are intended to be consumed or disposed of together. Examples of packaging include, but are not limited to:
- Chocolates box;
 - Film over wrap around a CD case;
 - Decorative cookie tin;
 - Envelopes for goods; and
 - Plastic wrap and cores of gift wrap, foil, toilet paper.
- (3) Items designed and intended to be filled at the point of sale and 'disposable' items sold, filled or designed and intended to be filled at the point of sale shall be considered packaging provided they fulfil a packaging function. This is known as service or in-store packaging. Examples of service or in-store packaging include, but are not limited to:
- Paper or plastic carry-out bags provided at checkout and provided by retailers;
 - Bags filled at the shelves with bulk goods, produce, baked goods, etc.;
 - Disposable plates and cups;
 - Take-out and home delivery food service packaging such as pizza boxes, cups, bags, folded cartons, wraps, trays, etc.;
 - Flower box/wrap;
 - Food wraps provided by grocer for meats, fish, cheese, etc.;
 - Prescription bottles filler and provided by pharmacist;
 - Paper envelopes for developed photographs; and
 - Gift wrapping/tissues added by the retailer.
- (4) Packaging components and ancillary elements integrated into packaging shall be considered as part of the packaging onto which they are integrated. Ancillary elements directly hung or attached to a product and which perform a packaging function shall be considered packaging unless they are an integral part of this product and all elements are intended to be consumed or disposed of together. Examples of packaging include, but are not limited to:
- Labels hung directly on or attached to a product;
 - Mascara brush which forms part of the container closure;
 - Sticky labels attached to another packaging item;
 - Staples, pins, clips; and
 - Device for measuring dosage which forms part of the container closure for detergents.

2.1.2 Definition of Printed Papers

As a general definition, Stewardship Ontario designates all printed paper as Blue Box waste. Printed papers covered by this definition include, but are not limited to:

- Daily, weekly, newspapers including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Daily, weekly, monthly and quarterly glossy magazines including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Product catalogues including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Directories including those paid through subscription, provided through free distribution and those purchased through retail channels;
- Lottery tickets and lottery information;
- Warranty information, assembly instructions, product use instructions and health information, product registration cards and promotional information that is found inside purchased products;
- Envelopes, statements and information inserts from banks, credit companies, utilities, service providers;
- Information, forms and promotional materials distributed by municipal, regional, provincial and federal governments;
- Business, investment and securities information (e.g., annual reports, mutual fund prospectus);
- Promotional calendars, posters that are distributed to consumers free of charge (e.g., real estate calendars);
- Greeting cards;
- Unsolicited promotional information, coupons, handbills and flyers; and
- Transportation and transit schedules.

These definitions will be reviewed annually by Stewardship Ontario using the procedure for amending rules as outlined in Section 9.18.

3. Discharging Your Obligations under the Waste Diversion Act

Brand owners and first importers of Blue Box wastes can discharge their legal obligations under the WDA either through membership in an Industry Funding Organization (IFO) designated by the WDO or by seeking approval from the WDO to implement an Industry Stewardship Plan (ISP).

3.1 Membership in Stewardship Ontario

Stewardship Ontario has been designated as the IFO for Blue Box wastes by the WDO. Companies that are designated as Stewards for Blue Box wastes can discharge their legal obligations under the WDA through membership in Stewardship Ontario. The requirements for membership in Stewardship Ontario are outlined in Section 9 of this document.

Stewardship Ontario must submit a Blue Box Program Plan for approval to the WDO and enter into a Program Agreement with the WDO for implementation of the proposed plan.

The WDO must then submit for approval, their approved Blue Box Program Plan to the Minister of Environment. Upon approval of the plan the Minister will implement a regulation that will empower Stewardship Ontario to implement the program as outlined in the plan.

Stewards that are members in good standing of Stewardship Ontario will be deemed to be in compliance with the WDA.

3.2 WDO Approved Industry Stewardship Plan

Upon approval of the Blue Box Program Plan and implementation of the regulation empowering Stewardship Ontario to implement the plan, all designated Stewards are required to either:

- Become members of Stewardship Ontario; or
- Submit an Industry Stewardship Plan (ISP) to the WDO for approval to implement a program to recover Blue Box wastes that they have introduced into the Ontario market as outlined in Section 34 of the WDA.

As noted in the Program Agreement (Section 10), it is expected that the WDO will require that proponents of an ISP meet, in large measure, the requirements set out in the WDA for the development and approval of a waste diversion program plan, and also the requirements set out in the Minister's Program Request Letter. These requirements are set out in more detail in a policy statement for the development and submission of an ISP that will be developed by the WDO. Furthermore, proponents of an ISP may also be required to comply with the requirements set out in Schedules C and D of the Operating Agreement being developed between the WDO and the Minister. If the WDO refuses to approve the plan, an applicant may submit for approval a plan directly to the Minister.

Upon approval of the Stewardship Ontario Blue Box Program Plan by the Minister, all designated Stewards will be required to pay fees to Stewardship Ontario as outlined in Section 9. If designated Blue Box wastes are subsequently included within a separate, approved ISP, these materials would be exempted from paying fees to Stewardship Ontario.

If the projected goals and objectives of the approved ISP plan are subsequently not met to the satisfaction of the WDO, or if the members of the ISP are subsequently deemed to have failed to comply with the WDA, they will be obligated to become members of Stewardship Ontario and will be accepted as members upon payment of fees, penalties and interest as outlined in Section 9.

As per Section 26 (2)(8) of the WDA, Stewardship Ontario is not aware of any expressions of interest in submitting plans for Blue Box wastes for approval under Section 34.

4. Program Development Process (September 2002 – February 2003)

4.1 Establishment of an Industry Funding Organization

In response to a request from the Minister to submit a waste diversion program for Blue Box wastes, the WDO on September 24, 2002 directed that an IFO be incorporated as per Sections 23 and 24 of the WDA. As a result of this directive, Stewardship Ontario Inc. applied for incorporation on November 6, 2002.

The Founding Members of Stewardship Ontario are:

- Food and Consumer Products Manufacturers of Canada Tim Moore, President
Clorox Canada
- Canadian Council of Grocery Distributors Geoff Wilson, Vice-President Industry and Investor Relations
Loblaw Companies Limited
- Refreshments Canada Jeff O'Neill, President
Pepsi-Cola Canada Beverages
- Retail Council of Canada Diane Brisebois, President
Retail Council of Canada
- Canadian Paint and Coatings Association/
Canadian Consumer Specialty Products Association Ron Hoare, Vice-Chair, CEO
Para Paints Ltd.
- Liquor Control Board of Ontario Andrew Brandt, Chair
Liquor Control Board of Ontario
- Canadian Newspaper Association Anne Kothawala, President
Canadian Newspaper Association

The founding By-laws of the corporation are included as Appendix V.

Upon approval of the Blue Box Program Plan and expansion of the membership of the corporation, the composition of the Board of Directors and the by-laws of the corporation will be modified as outlined in Section 9.18.

4.2 Establishment of an IFO Secretariat

On September 24, 2002, the WDO further directed that:

- The designated IFO for Blue Box wastes take the lead in the development of a Blue Box Program Plan sufficient to meet all of the obligations and requirements outlined in the WDA and in the Minister's Program Request Letter; and

- This work be completed within a timeframe to allow the WDO to fulfill the Minister's request that a WDO approved Blue Box Program Plan be submitted to him no later than February 28, 2003.

To fulfill the requirements, the Board of Directors of Stewardship Ontario retained CSR: Corporations Supporting Recycling to serve as the Secretariat to the Corporation for the purposes of:

- Completing the incorporation and development of Stewardship Ontario;
- Developing the Blue Box Program Plan within the terms and conditions outlined in the WDA and the Minister's Program Request Letter;
- Completing the start up work required to support implementation of the plan in a timely manner;
- Implementing the approved Blue Box Program Plan; and
- Discharging the obligations of the members of the corporation under the WDA at the lowest possible cost.

To expedite the development of the Blue Box Program Plan for review by the WDO, Stewardship Ontario and WDO agreed to establish a Task Group made up of representatives of the Association of Municipalities of Ontario (AMO) and the IFO (Stewardship Ontario) (i.e., the AMO/Stewardship Ontario Task Group) to address key requirements of the Program Plan before submitting a draft document for review by the WDO Board.

4.3 AMO/Stewardship Ontario Task Group

The AMO/Stewardship Ontario Task Group of ten voting members was established on October 12, 2002. The Task Group was co-chaired by one representative from AMO and one representative from Stewardship Ontario. Stewardship Ontario and AMO each appointed five members to the Task Group and each was permitted three observers at each meeting.

The mandate of the AMO/Stewardship Ontario Task Group was to reach agreement on key Blue Box program development issues before a draft Program Plan was to be submitted to the WDO Board for approval. It was also agreed that the continuation and mandate of the AMO/Stewardship Ontario Task Group would be reviewed once the Blue Box Program Plan was submitted.

A Letter of Understanding regarding the terms of reference for this group was subsequently prepared by both parties (completed on October 12) to outline the principles, procedures and workplan for the group (Appendix VI).

Seven meetings of the Task Group were held between October 2002 and January 2003.

The AMO/Stewardship Ontario Task Group identified ten core issues stemming from the WDA and the Minister's Program Request Letter. Every effort was made to reach consensus on all issues:

- (1) Agreement on calculation of the 50% of net municipal Blue Box program operating costs, including the effective date of that funding to be used for the first year of the program.

- Status:*
- Agreement on 50% net cost calculation completed;
 - Results presented to WDO Board October 29; and
 - The final decision on the date of industry obligation is with the Minister.
- (2) Agreement on methodology and procedures for Effectiveness and Efficiency Fund to meet the Minister's request for a research and development program.
- Status:*
- Initial design completed by Task Group and approved in principle by the Stewardship Ontario Board on October 23, 2002; and
 - Fund outlined further in Section 6.6.
- (3) Municipal Funding Allocation Model.
- Status:*
- Completed;
 - AMO and Stewardship Ontario funded an update of the original model developed through the Interim Waste Diversion Organization; and
 - The revised model was presented to WDO Board on October 29, 2002.
- (4) Development of the overall program and material specific recovery targets for the Blue Box Program Plan.
- Status:*
- Completed;
 - AMO/Stewardship Ontario targets subgroup established and recommended a "Recycling Rate" measurement approach; and
 - Recommended approach to targets contained in Section 6.2.
- (5) Education and Public Awareness activities to support the Blue Box Program Plan.
- Status:*
- Summary of Education and Awareness activities contained in Section 6.5; and
 - Agreed that WDO has lead responsibility for management of this aspect of the program, including oversight by CNA and OCNA and \$1.3 million advertising contribution.
- (6) Letter of Understanding between AMO and the Industry Funding Organization (Stewardship Ontario).
- Status:*
- Completed October 12, 2002; and
 - Contained in Appendix VI.
- (7) Agreement on methodology and procedures for calculating net municipal Blue Box program operating costs in subsequent years.
- Status:*
- Principles for future calculations agreed upon and presented at October 29 WDO Board meeting; and
 - Design and data collection procedures are contained in Section 7.
- (8) Agreement on principles and implementation of the CNA/OCNA in-kind advertising program.

- Status:*
- Program options reviewed at Stewardship Ontario Board meeting on November 20, 2002;
 - AMO-CNA/OCNA subgroup formed to design 2003 Program Plan; and
 - The plan design is contained in Section 6.5.3.

(9) Institutionalizing AMO's participation in key Stewardship Ontario functions.

- Status:*
- An agreement reached to establish a permanent AMO-Stewardship Ontario committee of WDO as outlined in Section 5; and
 - AMO also to be represented in Efficiency and Effectiveness Fund process.

(10) An agreement on principles and implementation of the distribution of funding to municipalities of Stewardship Ontario collected stewardship fees.

- Status:*
- Completed as outlined in Section 6 and Section 7.

4.4 Industry Consultation Program Process and Findings

As directed by the WDO, to ensure the necessary input to the plan's development from key stakeholders, Stewardship Ontario undertook three separate consultation processes:

- An industry consultation process;
- A municipal consultation process; and
- A public consultation process.

This section examines the industry consultation process.

The industry consultation process carried out by Stewardship Ontario was designed to inform, consult with and take into account comments from industry stakeholders that will be affected by Ontario's *Waste Diversion Act, 2002*.

The industry consultation process that was approved by the Stewardship Ontario Board was comprised of several elements:

- Establishment of two Stewardship Ontario Advisory Committees: Materials and Packaging Advisory Committee (MPAC) and Data and Reporting Advisory Committee; and two subcommittees of MPAC: Activity Based Costing Subcommittee and Printed Paper Subcommittee;
- Design and launch of a new website and the production of a postcard to announce the site;
- Notice to CSR Members through CSR's *Quick Facts* electronic newsletter;
- Press Release to Industry and Retailers Associations;
- Letters and Postcards to Stewardship Ontario Database;
- Press Release to Ontario and National Business Media;
- Workshop Program (December 3, 2002 workshop and January 16, 2003 workshop);
- Webcast Program (December 17, 2002 webcast and January 16, 2003 simultaneous webcast); and
- Direct Responses to Comments and Questions submitted to Stewardship Ontario on the draft Blue Box Program Plan.

Details on each of these industry consultation process elements are contained in Appendix VII. The concerns expressed by industry to the proposed Blue Box Program Plan can be broadly categorized into four main areas: process concerns, concerns about the fee setting methodology, compliance costs/*de minimis* issues and concerns about the overall program costs (and cost control mechanisms).

4.4.1 Process Concerns

There are two related parts to the process concerns: a lack of adequate consultation on the Plan and a lack of time to review and comment. Many industry representatives have been critical about the lack of time to fully understand, prepare and budget for the Blue Box Program Plan as outlined. Despite the information presented through the website, workshops, webcasts, advisory committees and meetings held with associations and individual companies, a high degree of concern was expressed that the process has been rushed and that it has not been sufficient to allow for effective consultation resulting in a full understanding of the Blue Box Program Plan. There has been a specific concern expressed that the small and medium sized business sector has not been adequately involved (although significant efforts were made to encourage their involvement).

Stewardship Ontario acknowledges these concerns. They stem largely from the direction given by the WDO that a comprehensive draft plan be prepared in time to meet the Minister's request for submission by February 28, 2003 of a WDO-approved waste diversion program for Blue Box waste. As a consequence, stakeholder consultation (for industry and also for municipalities and the general public) has been compressed.

4.4.2 Stewardship Ontario Fee Setting Methodology

Substantial concerns have been expressed about the fee setting methodology outlined in Section 9 of the Plan. Some of the concerns expressed include:

- The formula is complicated and the weightings and amounts have changed over the course of the consultation program;
- Stewards require more details on the reporting requirements, rules and data required to better understand their obligations under the new program;
- Alternatives to the use of 'Activity Based Costing' (ABC) in the model, such as calculating costs on the basis of a uniform 'basket of goods' approach for packaging material fees would minimize potential dislocations in the market;
- Significant concern and debate has centred on whether the brand owner or the supplier should be responsible for reporting and paying fees on in-store and food service packaging;
- Collecting fees on all packaging material types although not all municipal recycling programs collect all packaging materials;
- The cost allocation used between printed paper and packaging appears intuitively unfair to packaging stewards; and
- A misunderstanding that the formula is a weight based formula.

The development of the fee setting methodology has been a very fluid process, in large measure because of extensive discussion and comment that has taken place around this key

element of the Blue Box Program Plan. Extensive consultation around numerous alternative approaches and scenarios has been undertaken.

The methodology outlined in Section 9.10 of the Plan, the principles, impacts and weightings, have been reviewed and approved by the Stewardship Ontario Board as being the fairest way identified to date to allocate costs among stewards. The definitions of Stewards in Section 9.3 have been modified to more clearly define the hierarchy of stewardship responsibility. The presentation of the fee setting methodology has left some participants with the misunderstanding that it is a weight-based formula whereas, in fact, the formula includes three separate factors (recovery rate, net cost (based on ABC protocols), and an equalization factor). The levy (Table 9.5) is simply expressed in terms of cents per kilogram.

4.4.3 *De minimis* and Compliance Cost Issues

A considerable number of industry comments received by Stewardship Ontario relate to the principles and financial implications of *de minimis* levels set out in Section 9.4, and the issue of non-compliance. Common comments include:

- The requirement for a *de minimis* violates the principle of a level playing field. Stewards do not want to pay for competitors who fall below the *de minimis*;
- Organizations such as the CFIB have strongly advocated that the *de minimis* level set out in Section 9.4 is too low and will have a negative impact on small and medium businesses;
- By contrast, most other stakeholders who recognize they will be obligated either state the *de minimis* level is too high or oppose a *de minimis* provision at any level; and
- The provision for some non-compliance in the fee calculation raises fee rates for all participating Stewards and the financial impact of any non-compliance should be shared with municipalities or absorbed by the provincial government.

Given the opposing views expressed, Stewardship Ontario recognizes that this is a difficult issue to come to consensus on. However, the Minister's Program Request Letter to the WDO expressly required a *de minimis* provision. The process approved by the Stewardship Ontario Board and described in Section 9.4 was developed through consensus building in the Data and Reporting Advisory Committee.

The fee setting methodology presented through the industry consultation process and in the first draft of the Program Plan included variable material compliance rates. This was to reflect the challenge of planning for the fiscal obligations of Stewardship Ontario to municipalities when the level of compliance in the first year of the program was projected to range between 60 to 80 per cent among categories of stewards. The impact of the variable compliance rates on an overall Stewards obligation ranged between 20 and 30 per cent. While it was explained that overpayments in the first year would be credited back to Stewards in future years, it became evident from comments received that this approach was not supported. Stakeholders opposed the concept of compliant Stewards paying a premium in the first year to cover non-compliant parties. As a result of these comments, Stewardship Ontario's revised approach allows for a total of 10 per cent of combined *de minimis* and non-compliance, resulting in a general lowering of material levies. This is further described in Section 9.10. It should be noted that overall program enforcement and compliance allocation was increased substantially in the program implementation plan as described in Section 8.2 to ensure the highest possible compliance in Year One.

4.4.4 Program Costs

Significant concerns have been expressed with regard to the projected total program costs as well as the projected costs to specific materials, industry sectors and individual companies. Some of the key criticisms include:

- Industry is responsible for 50% of the program costs but has no direct control over what costs are incurred by municipalities;
- The introduction of municipal indirect costs into the proposed funding calculations represents an entirely new area of costs not previously identified, that are highly variable, imprecise, difficult and expensive to monitor, audit and confirm;
- Costs that result from inefficient programs, failure to secure reasonable market revenues for recovered materials and excessive profits of private contractors should not be charged to Stewards;
- There must be more transparency in the calculation of municipal costs and enhanced program resources to audit these costs and to promote the adoption of best practices;
- Embedding responsibility for functions such as consultation, promotion and education within the WDO represents a potentially uncapped liability; and
- A requirement for all Stewards to complete detailed packaging audits would increase overall compliance costs and undermine existing industry support for the program.

As both Stewards and municipalities contribute 50% of the net cost of recycling, both have a shared concern about future recycling program costs and a shared interest in managing those costs. The Blue Box Program plan has a significant investment in market development to help reduce future net costs (described in Sections 6.4 and 8.2 of the Plan). The plan details how program reviews will be encouraged to identify program improvements and potential savings (Section 6.3). Additional work has also been done to balance how the Effectiveness and Efficiency Fund (as described in Section 6.6) can increase diversion and also drive costs out of the system.

4.4.5 Plans for Future Industry Consultation and Planning Processes

The Plan sets out rules and procedures for changing rules. WDO can direct Stewardship Ontario to consult on issues of substantive change. If so directed, the following process will be implemented:

- Affected industries will be alerted of changes or additions to the Plan through direct contact and through their respective industry associations and media;
- Pertinent information will be made accessible on the Stewardship Ontario website in advance of the consultation 'event';
- The event will take place at a Toronto area conference centre and/or via a webcast;
- The proceedings of the event will be archived on the Stewardship Ontario website for those unable to attend a live event;
- Questions will be received via the website and responded to via e-mail during the consultation period;
- Comments will be received by Stewardship Ontario in writing via regular mail or via e-mail; and
- Comments will be taken into consideration in the drafting of a revised Blue Box Program Plan.

Beginning in the second quarter of 2003, Stewardship Ontario will undertake an extensive 'steward recruitment' campaign aimed at reaching a minimum 95% of obligated companies and registering them as 'stewards' obligated under the *Waste Diversion Act*. Stewards will be reached through three levels of communication:

- Direct contact by Stewardship Ontario Membership Services staff (using Stewardship Ontario's database);
- Contact through each potential steward's respective industry association (mailing lists, newsletters, annual general meetings and conferences, etc.); and
- Contact through a Stewardship Ontario industry, stakeholder and public media awareness campaign. For ease of use, recruitment materials will be in both electronic and print formats. Registration will be undertaken online through the Stewardship Ontario website.

Stewardship Ontario communications and website will change in nature and content from a 'consultation' site to a 'recruitment' site in the second quarter of 2003. As the year progresses, it will evolve to also provide membership communications. Various secondary printed communication tools will supplement Stewardship Ontario Industry, Stakeholders, Government and General Public communication activities. The effectiveness of the organization's ability to meet Stewards' needs and communications will be closely monitored and periodically surveyed to promote solid long-term relationships with obligated companies.

4.5 Municipal Consultation Program Process and Findings

AMO, on behalf of Stewardship Ontario and the WDO, conducted a series of municipal consultation sessions to provide an update to municipalities on the WDO process and to obtain feedback from Ontario's municipalities on key elements of the Blue Box Program Plan.

AMO engaged the services of the Association of Municipal Recycling Coordinators (AMRC) and the Municipal Waste Integration Network (MWIN), the two associations that represent most of the municipalities operating Blue Box programs in Ontario, to organize and facilitate the consultation sessions. A total of six consultation sessions and one teleconference were held (see Appendix VII for details).

In total, 199 municipal representatives from 111 municipalities attended the six consultation sessions. A summary of the feedback from the six municipal consultation sessions is presented below. Copies of all comments received and the full summary report from the municipal consultations are available on the AMO website. Municipalities expressed concern in six different areas: total net costs in year one; Municipal Funding Allocation Model; Effectiveness and Efficiency Fund; waste diversion targets; CNA/OCNA funding contribution; and public education and awareness.

4.5.1 First Year Total Net Costs

There was general support from the municipal consultations for the principles and methodology developed by the AMO/Stewardship Ontario Task Group to determine the gross cost of municipal Blue Box waste management systems in future years (See Section 7.1). There was also general support for the concept of using a three-year rolling average for the calculation of gross material revenue. Rural municipalities and municipalities in eastern and northern Ontario expressed concern that the negotiated first year gross and net cost calculations were too low.

The process used to determine the first year gross and net costs (See Section 7.1) resulted in an average gross cost of \$185 per tonne, and a net cost of \$90 per tonne. During the municipal consultation sessions, it was noted that real gross costs in eastern, northern and rural municipalities ranged between \$250 and \$400 per tonne and real net costs ranged between \$185 and \$210 per tonne. The methodology for calculating total net costs in the future will address this concern (i.e., Section 7.3.4 of the Plan).

Municipalities also expressed concern about the difference in gross revenue estimates originally put forward by AMO and Stewardship Ontario. As part of the 2003 Datacall, to better understand revenue patterns, municipalities will be requested to provide their actual received gross revenue figures for the years 2000, 2001 and 2002.

4.5.2 Municipal Funding Allocation Model

While there was general support for the concepts that underlie the Municipal Funding Allocation Model (MFAM) (Section 6.7), most municipalities attending the consultation sessions expressed general disappointment, particularly those municipalities in Northern and Eastern Ontario, regarding the per tonne amount of funding they would receive in Year One under the model. While real net costs in the northern programs, for example, range between \$185 and \$210 per tonne, the model is providing between \$52 and \$62/tonne in funding, despite the density, slope and revenue discount factors built into the model to address this issue. AMO has brought together a group of municipal representatives to review the model to determine if other adjustments can be made in future years to address the issue of funding for northern municipalities. Future plans for updating the model are described in Section 6.7 of the Plan.

In some municipalities the level of funding will be lower than 50% of their net cost as they have a higher level of service (i.e., weekly collection programs are inherently more expensive than biweekly collection programs). While not specific to the model parameters, concerns were also expressed over the reduction in availability of first year municipal funding levels brought about by the negotiated first year net program cost calculation and the impact of the Minister's Program Request Letter (Appendix II) that funding rules must account for voluntary in-kind contributions from CNA/OCNA.

The municipalities were also concerned that the allocation of funding to each municipality be open and transparent. The agreement to have the WDO responsible for the administration of the funding allocation model and to post individual municipal payments on the WDO and Stewardship Ontario websites will ensure that this is the case.

4.5.3 Effectiveness and Efficiency Fund

During the Interim Waste Diversion Organization, municipalities supported in principle the concept that ten per cent of the funding to be raised from industry in support of Blue Box programs would be used to improve the effectiveness and efficiency of the Blue Box programs. During the current round of municipal consultation sessions, many comments were received indicating that ten per cent of the funding from industry to commit to effectiveness and efficiency is too much, and that there should be a cap on the fund. There were many reasons put forward to support a reduced commitment of funding for effectiveness and efficiency. From small rural and northern municipalities there was a concern that the funding would all go to large urban municipalities with the staff resources to submit applications. From large urban municipalities there was concern that, as there has been significant investment over the years to improve the effectiveness and efficiency of Blue Box programs there were an insufficient number of projects

that could be funded. Many felt that the money would be better spent on public education and awareness activities to increase participation and waste diversion rates, or to help small municipalities implement curbside recycling collection programs.

There were also questions raised around the funding priorities, screening criteria, and approval processes for applications under the Fund. Stewardship Ontario will continue to work in partnership with AMO in the development of the details of the Effectiveness and Efficiency Fund in order to address the issues raised and will work closely with municipalities when the details of the Fund are completed. Details of how this will be accomplished are outlined in Section 6.6 of the Plan.

4.5.4 Waste Diversion Targets

Municipalities were presented, for review and comment, three tonnage based waste diversion targets, including a scenario based on a recovery rate of 1,000,000 tonnes. Generally, there was little municipal support for an aggressive recycling target. There was overwhelming municipal support for the concept of measuring waste diversion using a recycling rate formula (i.e., total quantity diverted divided by total quantity generated) as opposed to a tonnage based formula. Many municipalities noted that they already calculate their diversion in this way, and that this approach also captures changes made in packaging types and weights over the term of the Plan. The issue of targets is discussed in detail in Section 6.2 of the Plan. Most of the comments received on this topic, however, related to Regulation 101/94, and specifically Parts I and II of Schedule 1 to the Regulation. It was noted that boxboard, corrugated containers, telephone directories, fine paper, magazines, and high density polyethylene bottles should be considered for removal from the supplemental list in Part II of the Schedule and placed on the mandatory list in Part I of the Schedule, and perhaps be further supported by investigating a province-wide ban on the disposal of these materials. It was further suggested that expanded polystyrene and plastic film should be considered for removal from Schedule 1 altogether or, as an alternative, that industry should look at establishing their own waste diversion systems to manage these two materials.

There were also many comments regarding coloured glass. Some felt that it should perhaps be delisted from the Schedule. Others said it should be considered a supplemental material and moved to Part II of the Schedule. Another alternative put forth suggested that the capping of LCBO funding might act as a disincentive for further change in the management of glass. These comments have been forwarded to the Waste Management Policy Branch of the Ministry of the Environment for their consideration.

Finally, questions were asked about the enforceability of the targets and the costs to achieve the targets. It was stated that it should be recognized that the net cost of the system will increase as higher diversion rates are achieved.

4.5.5 CNA/OCNA Contribution

It was noted during the municipal consultation sessions that few municipalities use newspaper advertising as a regular part of their Blue Box public awareness and education programs. As an alternative, municipalities suggested that the CNA/OCNA contribution should cover distribution costs for flyers, newsletters or other inserts, as well as for newspaper advertising. Many municipalities also noted that standard newspaper advertisements are not effective in either increasing participation in Blue Box programs or improving recovery rates. They indicated that targeted and municipality specific advertisements are required in place of generic advertising,

and that resources are required to hire staff for direct public outreach. As such, many municipalities questioned the value of the CNA/OCNA contribution towards increasing diversion or lowering costs.

These issues were raised with CNA/OCNA and many of them have been addressed as part of the allocation and administration of the CNA/OCNA contribution (See Section 6.5).

4.5.6 Public Education and Awareness

During the consultation sessions, municipal recycling program coordinators noted that the funds available in their budgets for public education and awareness have been reduced in the past five years as a result of pressures from Council and needs in other service delivery areas. They suggested that WDO or the Ministry of Environment (MOE) should spend dollars on recycling public education and awareness campaigns across the Province. It was also noted that communication and education programs can only go so far; that other motivators are required to increase diversion. The motivators might include, for example, tax incentives to encourage recycling, bag-tags, bag-limits, mandatory recycling, or other tools to enforce recycling. The Stewardship Ontario plan for public education and awareness is described in Section 6.5.

4.6 Public Consultation Program Process and Findings

The goal of the public consultation program was to provide an opportunity for people from across Ontario to contribute their ideas and opinions to the Blue Box Program Plan. Stewardship Ontario was responsible for funding the public consultation program and retained the Recycling Council of Ontario (RCO) to conduct the consultation. RCO subcontracted the facilitation support for the project. A steering committee was formed to oversee the process and included representatives from AMO, the Stewardship Ontario Board, Waste Diversion Ontario and Stewardship Ontario secretariat staff.

The core elements of the public consultation process were:

- Public open houses and workshops (in Thunder Bay, North York, London and Kingston, Ontario);
- Stakeholder workshops (in Toronto and Guelph with the general public also invited);
- RCO and Stewardship Ontario websites;
- Responsive newspaper advertising in selected community newspapers;
- CBC Radio 'Ontario Today' phone-in program; and
- RCO supported fax, e-mail and telephone responses.

Details are contained in Appendix VII regarding each of these public consultation program elements. Summarized below are the four main areas (i.e., recycling rate; blue box performance; education and public awareness; and Northern Ontario issues) where the public made comments to the draft Blue Box Program Plan.

4.6.1 Recycling Rate

- Strong consensus that this is an appropriate performance measure;
- A statistically valid method of sampling and auditing, that accounts for seasonal variations, is required;

- Focus on existing Blue Box materials, calculate rates for individual materials, and add new materials in future years (i.e., expand the list of mandatory materials to include boxboard (OBB), corrugated containers (OCC) and high density polyethylene (HDPE);
- Target 100% diversion of existing Blue Box materials;
- Reduction at source: targets should also focus on what is generated, not just what is recycled;
- Disposal rates should also be measured;
- Targets should also measure material specific shifts (e.g., from glass to plastics);
- Audits need to allow for measurement of multi-unit residential efficiency, distinct from residential efficiency;
- Recycling rate is a good target at this time. However, with improvements in efficiency, there must be awareness that the marginal costs of capturing remaining materials may be prohibitively expensive;
- Measure the effectiveness of educational programs against the change in the efficiency rate;
- Compare Ontario's recycling rate measure with other jurisdictions around the world;
- Diligence in sharing performance measures with communities and the public; and
- Consider an increase in the number of materials that can be captured and marketed as an additional performance measure.

4.6.2 Blue Box Performance Improvement and the Effectiveness and Efficiency Fund

- Strong consensus that the Effectiveness and Efficiency Fund is a good idea;
- Multi-unit residential (apartments, condominiums, etc.) recycling programs are a high priority, with the suggestion that Ontario could host an international conference to identify and share best practices regarding multi-family dwelling recycling;
- To meet Provincial diversion targets, enable municipalities to develop industrial, commercial and institutional (IC&I) recycling programs;
- Evaluation of programs with bag limits or user-pay systems and their impact on recycling rates;
- Public education programs that measure effectiveness of interventions should be eligible under the fund;
- Local focus groups and public consultation programs to improve municipal systems;
- A competition on Blue Box efficiency and effectiveness between Ontario communities, similar to the international "Communities in Bloom" competition. Rewards to top performing and innovative programs;
- Market development including both traditional materials and new materials;
- The effectiveness and efficiency of Blue Box recycling needs to be continually compared against deposit-return rates;
- Municipal award programs for individuals who use the Blue Box well, or who are community recycling leaders;
- Educational programs and curriculum materials for schools;
- Beyond the Fund, consider business research and development tax incentives or other government incentives to encourage market development, expansion, technology development, incorporation of recyclables into new products, or other diversion efforts; and
- There should be more commonality amongst communities regarding what is recycled in each program.

4.6.3 Education and Public Awareness

- Provide standard, generic promotional materials across the Province, recognizing the variations among communities, i.e., standard icon, print content, radio and television ads, etc.;
- Target youth;
- Hold an Ontario-wide competition among public school and high school students to design a standard icon and related media campaign;
- Work through existing community organizations in a “train-the-trainer” format to maximize resources, tap into community energy, and improve participation among diverse ethnic and cultural communities;
- Use celebrities and testimonials to endorse the Blue Box program;
- Specific education and awareness building programs targeted to multi-unit residential buildings;
- Use electronic messages (including subscription services) employed successfully by some municipalities to advertise local recycling program information;
- More emphasis on social marketing techniques;
- School curriculum materials, inserted into Provincial curriculum if possible;
- Focus on message frequency and consistency, regardless of medium. Halton Region research revealed that message frequency was a far more effective method than the use of any specific medium or message;
- Information and knowledge sharing between municipal councillors and staff across the Province; and
- Encourage ‘EARTH Shop’: Environmental Awareness Through Retail Tendencies and Habits.

4.6.4 Northern Ontario Issues

The open house and stakeholder workshop in Thunder Bay provided an excellent opportunity to learn more about the issues and perspectives of northern stakeholders. Participants noted that people in Northern Ontario are keenly interested in recycling and are strong participants. There was a general consensus that the funding program is appreciated, but the funding will provide only partial assistance to the operation and sustainability of expensive community programs. Curbside collection is challenging, the high cost to transport of materials to distant markets is an impediment, tax bases are generally lower than in the south, and cooperation in collection among small municipalities is difficult because large geographic distances separate them.

Several participants noted that the cessation of provincial operational and capital funding that previously sustained programs has had a major detrimental effect, resulting in program changes and leaving many communities in debt. Some participants felt that the original *Act*, by requiring curbside collection for communities over 5,000 inhabitants, does not recognize the realities of the north. In some communities, a user pay garbage collection service combined with recycling depots is seen as the most effective and efficient method of promoting recycling, however this is prohibited by law (i.e., with populations over 5,000 or for those municipalities under 5,000 that provide curbside garbage collection, they must also provide curbside recyclables collection).

With regard to the Effectiveness and Efficiency Fund, participants suggested that there could be a separate fund pool or award criteria specific to the needs of northern, rural and remote communities. Participants also noted that municipal councillors might require additional opportunities to learn about Blue Box waste diversion so they can be more supportive of local

programs and efforts to apply to the Fund. There was general consensus that the flow of information about best practices and innovations is not directed to the north. Participants need more opportunities to participate in workshops, visit other municipalities to learn directly about other programs, and assurance that learning and information-sharing opportunities will be available in the north.

4.7 Summary of Public Consultation Findings

It is difficult to succinctly summarize the public's comments given the range of opinions expressed. As noted in RCO's report on this project (which will be posted on RCO's website), the public workshops were focused on three main questions. The website/email responses were especially wide-ranging in scope.

The public's comments on the idea of developing and using an Ontario 'Recycling Rate' were very positive. There were a number of other factors that they wanted to have measured. Generally, however, the public felt that the focus on reducing the amount of Blue Box material that is inappropriately disposed into the waste stream from the household was an appropriate target. As with the municipal consultations, many of the public's comments focused on expanding the range of materials that are accepted in their program. On the negative side, some of the public comments indicated that the targets were too low, i.e., far more material should be recycled and far less waste should be produced in the first place. Stewardship Ontario's response to these concerns are contained mainly in Section 6.2 of the report, i.e., there will be a strong emphasis on measuring a number of blue box performance indicators in addition to measuring against the main target as outlined.

With regard to the Effectiveness and Efficiency Fund and ways to improve current municipal operations, the public was virtually unanimous in its support for the idea of a fund but very divergent in their ideas about how the funds should be invested in their community. One unexpected finding was that many of the public participants thought that, as a top priority, the fund should invest in public education and awareness. There was also a clear message that recycling in apartments in cities and additional funding for programs in the north and rural areas should be priority areas. These suggestions, i.e., an emphasis on education and awareness and an emphasis on recycling from multi-family buildings, will be incorporated into the Effectiveness and Efficiency Fund priority considerations for 2004. There was also the suggestion that application procedures should not be so onerous that only big municipalities with comparatively large staff are successful in applying for money.

The education and awareness question invariably led to the most active discussions in all of the workshops. Two of the most common themes were the importance of engaging youth (i.e., the citizens and consumers of tomorrow), and the importance of frequent advertising/messaging regardless of the medium deployed. Again, these insights will support the education and awareness activities that are to be developed through the Public Affairs Committee of WDO.

The final report from the public consultation will be posted on RCO's and Stewardship Ontario's websites.

4.8 Start Up Financing

Start up financing for the IFO was discussed at a special meeting of CSR's Board of Directors in March 2002. At that meeting, funding for start up of the IFO was approved by the Board, with

funds that would be set aside from CSR's existing reserves. As a condition of providing this start up funding, it was also agreed that once the Blue Box Program Plan was approved, operational, and fees generated, CSR members who initially funded the IFO start up would be repaid these funds through credits against their first and second year Stewardship Ontario financial obligation. At its January 8, 2003 Board meeting, Stewardship Ontario approved this borrowing from CSR.

At that time, it was estimated that the IFO start up costs would be approximately \$1.8 million.

4.9 WDO Review and Approval

The Board of Directors of the WDO was kept apprised of the development of the Blue Box Program Plan through reports and presentations made to the Board at its meetings on September 25, 2002 and November 27, 2002.

On January 21, 2003, the WDO was presented with a copy of the Proposed Blue Box Program Plan and provided with a detailed briefing which included:

- A brief summary of the key issues addressed within each section of the plan;
- An identification of outstanding issues on which the AMO/Stewardship Ontario Task Group had not yet reached agreement; and
- Other outstanding issues for which Stewardship Ontario required further direction from the Board.

As a result of this meeting, Stewardship Ontario was directed to continue with discussion and analysis of all outstanding issues with AMO and other stakeholders in order to achieve consensus where possible, or to present the Board with recommendations on these matters. Subsequently, a special meeting of the WDO Board was held on January 29, 2003 at which these issues were discussed. Key policy decisions related to the Blue Box Program Plan taken by the WDO at the meeting and/or subsequently agreed with AMO concluded that:

- The assumed program start date be May 1, 2003, while recognizing that the date of obligation would be the date of approval of the Program Plan by the Minister, which could be earlier or later than this date (Section 7.2.1);
- The LCBO financial contribution to Stewardship Ontario in 2003 would be \$5 million, regardless of the program start date and that Stewardship Ontario would develop rules for allocation of these funds (Section 8.2.4);
- The \$1.3 in in-kind advertising to be donated by CNA/OCNA would be deducted from the 50% municipal net cost calculation in a given program year (prorated to the date of obligation in 2003) (Section 7.1);
- The WDO Board would develop a policy position on the minimum requirements for approval of an ISP (Section 3.2 and Section 10.4);
- In principle, municipal indirect costs would be included in the 50% net cost calculation in future years of the program and that further detailed work on this issue would be completed through WDO's Municipal-Industry Programs Committee (Section 5.4);
- 10% of the annual net cost calculation would be applied to the Stewardship Ontario Effectiveness and Efficiency Fund (Section 6.6);
- Stewardship Ontario would have access to raw municipal program data (Section 6.3.1);
- The waste diversion targets outlined in the draft program plan be adopted as reasonable planning targets, subject to further review and comment by the MOE (Section 4.6.4);

- Powers to undertake municipal program reviews and audits have been established as outlined (Section 6.3.2);
- Provision be made in the plan for use of Sectoral Calculators on an ongoing basis, subject to satisfying MOE concerns respecting the veracity of the data generated (Section 9.8);
- Stewardship Ontario to incorporate procedures for altering the rules outlined in the program plan and to submit all future rule changes to the WDO for approval. The WDO to identify any rule changes that are considered to constitute a "material change" to the Program Plan as per the WDA (Section 9.18); and
- No additional funding required from Stewardship Ontario to support WDO promotion and education initiatives in 2003 (Section 8.2.7).

A revised Blue Box Program Plan was submitted to the WDO on February 14, 2003 and reviewed in detail at the meeting of the Board on February 19, 2003.

The final program plan was approved by the WDO Board on February 19, 2003.

5. Blue Box Program Delivery Model

5.1 Blue Box Program Delivery Model

The WDA allows for alternative program delivery models for the design and delivery of programs for designated materials, ranging from direct program implementation by the WDO to full responsibility for program design and implementation resting with the designated stewards.

Responsibility for delivery of the Blue Box Program Plan as outlined in this document rests with Stewardship Ontario and the WDO. Municipalities and AMO also have important roles to play. These roles and responsibilities are summarized below.

5.2 Roles and Responsibilities of the WDO

In addition to responsibility for approval and monitoring of the Blue Box Program Plan, the WDO will also have lead responsibility for the ongoing management and oversight of the following functions:

- Consultation activities required for the development of, and any required modifications to, the program;
- Public education and awareness activities related to the responsibilities of the WDO and for those specific public education and awareness activities related to the Blue Box Program Plan identified by the WDO and Stewardship Ontario;
- Collection and analysis of data related to municipal recycling program operations including services provided, materials recovered and costs;
- Approval of and reporting on payments made to individual municipalities as outlined in the Blue Box Program Plan; and
- Reporting on progress towards achieving targets as outlined in the Blue Box Program Plan.

The WDO will discharge these responsibilities through the establishment of three permanent committees:

- Public Affairs Committee (WDO-PAC);
- Municipal Industry Programs Committee (MIPC); and
- Municipal Affairs Committee (MAC).

These committees will provide recommendations to the Boards of Directors of the WDO and Stewardship Ontario on their respective functions.

While this program delivery model is specific to the delivery of the Blue Box Program Plan, it may also serve as a model for the implementation of programs for other designated wastes that are managed in whole or in part through municipal waste diversion programs.

5.3 Public Affairs Committee (WDO-PAC)

The Public Affairs Committee (WDO-PAC)¹ will be chaired (non-voting) by the Executive Director of the WDO and will include representation drawn from a range of sectors including: municipalities, the general public, non-governmental organizations, communications/education/public affairs professionals, affected stewards, and other industry sectors. While the size and make-up of the Committee will be determined by WDO, Stewards that have responsibility for funding the activities of the committee will have majority voting rights with respect to decisions related to the cost of activities that will be borne by them.

The WDO-PAC will provide oversight for and make recommendations to the Board of Directors in two principal areas:

- Consultation as required under Section 23 (4) of the WDA; and
- Public education and awareness activities approved by the WDO.

5.3.1 Program Consultation Requirements

- Consultation with Stewards of Blue Box wastes on matters related to their obligations under the WDA and the Blue Box Program Plan will be led by Stewardship Ontario, under the direction of a Steering Committee which will include the WDO Executive Director and a representative from AMO;
- Consultation with municipalities on matters related to the Blue Box Program Plan will be led by AMO, under the direction of a Steering Committee which will include the Executive Director of the WDO and a representative from Stewardship Ontario; and
- Public consultation related to the Blue Box Program Plan or the broader activities of the WDO will be led by the WDO under the direction of a Steering Committee chaired by the Executive Director of the WDO, with representation from AMO and Stewardship Ontario.

The Stewards of Blue Box wastes, including those that are members of Stewardship Ontario and those Stewards that are members of any other approved ISP, will pay the costs of consultation programs specific to the Blue Box Program Plan.

Proponents of ISPs for Blue Box wastes not included in the Stewardship Ontario Program Plan, as outlined in Section 34 of the WDA, will be responsible for negotiating with the WDO what constitutes an acceptable consultation program.

The costs of any WDO approved consultation efforts beyond those directly related to the Blue Box Program Plan will be shared among all subsequently approved IFOs.

Selection of any contractors that may be required to deliver these consultation programs will be done through an open tender process. Stewardship Ontario will prepare Terms of Reference for review and approval by the WDO-PAC and will administer contracts for which it is financially responsible.

¹ WDO-PAC is being used as the acronym for this Committee as a means of avoiding conflict with the Packaging Association of Canada, known as PAC.

5.3.2 Public Education and Awareness Activities

Public education and awareness activities related to notifying Stewards of their obligations, their participation in the Blue Box Program Plan, reporting requirements, fee calculations, etc. are the responsibility of Stewardship Ontario.

Education and awareness activities regarding the Blue Box Program Plan directed at the public at large will be overseen by the WDO-PAC and delivered under the auspices of the WDO. This responsibility will be discharged under the direction of the WDO Executive Director either through a WDO staff position or through contracting for services as required and as approved by the WDO Board of Directors.

The costs of activities directly related to Blue Box wastes and delivered directly by the WDO will be charged back to the Stewards of these materials. The costs of any broader WDO public education and awareness activities will be charged back to all approved IFOs, as determined by the Board of Directors of the WDO.

5.4 Municipal-Industry Programs Committee (MIPC)

The Municipal-Industry Programs Committee (MIPC) will be chaired (non-voting) by the Executive Director of the WDO and will include equal representatives to be nominated by the Association of Municipalities of Ontario (AMO) and by Stewardship Ontario. MIPC will make recommendations to the Board of Directors of the WDO and as requested by the Board, oversee (with input from MAC in areas as identified) the delivery of each of these following functions:

5.4.1 Collection and Analysis of Recycling Program Data

The ongoing collection of recycling data from municipalities is a key element of the Blue Box Program Plan. Accurate measurement of material-specific recovery rates that are derived using reported tonnes of materials marketed, and the costs of recovering these materials is an integral element of the proposed industry levy funding formula and municipal allocation model. Detailed program data are also critical to the success of the Effectiveness and Efficiency Program. The data that need to be collected annually from municipalities includes:

- Basic program information (e.g., key contacts, population, households served, etc.);
- Level of service (e.g., materials collected, bag limits, collection frequency, etc.);
- Performance of program (e.g., contamination rates, capture rates, tonnes of materials marketed, etc.); and
- Municipal Blue Box Program Plan costs.

The existing *Ontario 3Rs Municipal Survey* collects on an annual basis most of the (non-financial) information from municipalities. In the past, the survey has been a joint effort of CSR, the MOE, municipalities (represented by the Ontario Municipal Benchmarking Initiative (OMBI), AMRC, and MWIN) and other partners including Composting Council of Canada (CCC) and the RCO. Over the past two years, the survey has been an online process that allows municipalities to securely enter data via the website. CSR has been responsible for completing the design and program code changes for the survey each year and the data are physically retained on CSR's server.

Under the Blue Box Program Plan, responsibility for overseeing the annual 3Rs Datacall, for verification of the data submitted, and for housing the data collected would be transferred to the WDO, under the direction of MIPC as follows:

- The MIPC establishes an annual 3Rs Datacall Working Group to include equal representatives from AMO and Stewardship Ontario plus one MOE staff person; with additional review of the questions, protocols and results, provided by AMRC (HSW), CCC (composting) and CSR (GAP protocol). Other IFO representatives (i.e., as new streams of materials are designated) will be invited to participate in this working group as well;
- The Datacall Working Group convenes annually to review and make changes as required to the Datacall questions and procedures;
- WDO staff, or a designated contractor under the direction of the WDO Executive Director, administers the Datacall on an annual basis;
- The consolidated results of the annual Datacall be submitted to the MIPC for review and for the preparation of information and recommendations to the WDO Board;
- The Board of Directors of the WDO review and approve the survey results;
- The data approved by the WDO Board provide the basis for populating the municipal funding allocation model and for Stewardship Ontario Program Planning and reporting;
- The data held by the WDO be publicly accessible through the WDO website, with provision made for protecting confidential information, as required; and
- MIPC will develop the protocols for data management and use (e.g., access to confidential information).

Given that the 3Rs Datacall collects a range of data beyond that required for the Blue Box Program Plan, the costs of this function will be shared among all subsequently approved IFOs and ISPs, in a manner to be determined by the Board of Directors of the WDO.

5.4.2 Calculating and Reporting on Payments to Individual Municipalities

Using the results of the annual Datacall, financial Blue Box Program Plan cost survey information and the municipal funding allocation model outlined in Section 7, the MIPC would be responsible for overseeing:

- Review of funds due to individual municipalities on an annual basis under the Blue Box Program Plan. Making recommendations to the Boards of Directors WDO and Stewardship Ontario for distribution of these funds to individual municipalities;
- Posting the payments made to individual municipalities on the WDO and Stewardship Ontario websites; and
- Making recommendations to the WDO Board of Directors for any proposed changes to the municipal allocation funding model in subsequent years.

5.4.3 Cash Flow to Municipalities

Cash Flow in Year 1 (based on assumed program start date of May 1, 2003)

As stated in Section 9.14, Stewardship Ontario will issue invoices to identified Stewards on June 1, 2003 and September 1, 2003. Funds collected, net of funds reserved for program delivery, administration and 50% of start up costs (as outlined in Section 8.2.8), will be paid to municipalities at the midpoint of the program year (assumed to be August 31, 2003 for an

eight month year) for the first four months of the program and on December 31, 2003 for the last four months of the program.

Notwithstanding the above, expenditure of funds allocated to the Glass Markets Investment Fund component, equal to any outstanding obligation to municipalities, will be deferred until such time that the financial obligation to municipalities in 2003 has been met in full.

With each payment, Stewardship Ontario will provide municipalities with a letter explaining how the payment being made relates to the total obligation to the municipality for the initial program year.

In the event that the sum of these two payments is less than the total financial obligation to municipalities provided for under the 2003 program year, municipalities would be entitled to charge Stewardship Ontario interest as of January 1, 2004 on any outstanding funds due, at the lesser of the prevailing prime rate or the municipality's cost to borrow.

If necessary, Stewardship Ontario will consider alternative ways to cover a shortfall, including the deferral to year 2 of non-critical program delivery and start-up costs.

Cash Flow in Year 2

As stated in Section 9.14, Stewardship Ontario will issue invoices to identified Stewards on the first day of each quarter in 2004. Payments will be made to municipalities on the last day of each quarter in 2004. These payments will be net of funds reserved for program delivery, administration and 50% of start up costs.

Subsequent Program Years

In the event that payments made in any future year of the program are less than the total obligation to municipalities for that program year, municipalities would be entitled to charge Stewardship Ontario interest as of January 1 of the following year on any outstanding funds due, at the lesser of the prevailing prime rate or the municipality's cost to borrow.

It will be the responsibility of Stewardship Ontario to provide regular updates to the WDO Board on current cash flow projections.

5.4.4 Reporting on Progress Toward Targets

It is a requirement of the Minister's Letter (Point #6) that defined diversion targets be set. The targets outlined within this Plan will be reviewed annually and, if necessary, changed. Achieving the agreed upon targets in the approved Plan is a shared responsibility of municipalities and stewards.

The MIPC will report to the WDO Board of Directors on the progress made towards achieving the targets set out in the Blue Box Program Plan by comparing the targets against the data collected through the annual 3Rs Datacall. The MIPC will also make recommendations to the Board on any further actions that may be required by municipalities and by Stewardship Ontario to meet these targets.

5.5 Municipal Affairs Committee (MAC)

The Municipal Affairs Committee (MAC) will be chaired by a municipal representative appointed by AMO, and include membership from the municipal sector.

MAC is responsible for overseeing those WDO related activities that are solely the responsibility of the municipal sector. MAC will be available to the WDO Board for questions or advice. MAC will also be available to WDO-PAC and MIPC to provide municipal information and advice. MAC will be able to raise issues of municipal interest to the WDO Board and the WDO Executive Director. Specifically, the responsibilities of the MAC will include:

- Receiving and compiling recycling program financial information from municipalities (Section 6.3.2);
- Coordinating the development of benchmarks and performance standards for Blue Box service delivery, drawing upon municipal expertise and with the collaboration of Stewardship Ontario;
- Consultation with proponents of Industry Stewardship Plans; and
- Consultation with potential IFOs for other materials as designated under the WDA.

Municipal Blue Box information will be collected from municipalities in a two-phased data collection process. The first phase will consist of the collection of non-financial Blue Box data to be lead by MIPC with support from MAC. The second phase will consist of the collection of financial blue box data, to be lead by MAC with support from MIPC.

5.6 Roles and Responsibilities of Stewardship Ontario

In addition to direct participation in the WDO led functions outlined above (through participation in the MIPC and PAC), Stewardship Ontario has lead responsibility for administering a program to promote improved program effectiveness and efficiency and for distribution of funds to municipalities as approved by the Boards of Directors of WDO and Stewardship Ontario.

5.6.1 Effectiveness and Efficiency Improvement Program

The WDA requires that an IFO pay 50% of the collective net costs of designated programs for Blue Box materials. The Effectiveness and Efficiency Improvement Program of this Program Plan will promote continuous improvement in municipal Blue Box programs by providing incentives to reduce program costs and to encourage the recovery of materials which can make the most significant contribution to meeting the Blue Box Program Plan recovery targets at the lowest possible cost.

Ten per cent of the calculated annual payments due from Stewardship Ontario to municipalities will be directed to supporting improved Blue Box program effectiveness and efficiency. Annually, following broad consultation with municipalities, waste management experts and affected industry sectors, the MIPC will develop funding priorities for this Fund. The recommended funding priorities will then be submitted to the WDO Board for approval.

Applications for funding will be reviewed for technical merit and fit with the priorities established for the Fund, by a peer review panel to be selected by MIPC. Stewardship Ontario staff will review all proposals deemed acceptable under the peer review process and, taking into consideration funding availability, timing and emerging program priorities (e.g., achieving

targets, unforeseen operational problems, etc.), make recommendations to the MIPC on those that should receive funding. Once consensus is reached, recommendations supported by the MIPC will be forwarded to the Stewardship Ontario Board. The Stewardship Ontario Board will make the final recommendations to the WDO Board on funding.

Further details on the functions, rules and operating procedures regarding the Effectiveness and Efficiency Fund are outlined in Section 6.6.3 of the Plan.

Funding allocations made through the Effectiveness and Efficiency Fund will be posted on the websites of both the WDO and Stewardship Ontario.

5.6.2 Distribution of Funds to Individual Municipalities

Following approval by the Board of Directors of WDO of annual payments due to individual municipalities, Stewardship Ontario will distribute cheques to individual municipalities in accordance with the procedures outlined in Section 6.7. Cheques distributed by Stewardship Ontario will acknowledge that these funds are provided in support of municipal recycling programs on behalf of Stewardship Ontario and the WDO. The specific language to be used on the cheques will be reviewed and approved by the WDO.

6. Blue Box Program Design

6.1 Baseline Estimates of Blue Box Waste Generation and Diversion

6.1.1 Baseline Estimates of Blue Box Waste Generation

In order to review funding options and impacts, Stewardship Ontario developed generation estimates for printed paper and packaging. Stewardship Ontario and AMO determined that residential waste audits would provide the best available data for estimating printed paper and packaging generation in the residential sector in Ontario. Residential waste audit studies that were conducted in Ontario municipalities in 2001 were assessed and used as the basis for determining generation estimates for each material for Year One planning purposes.

The waste audit data were taken as reported from three different sources:

- Studies undertaken and supported by the Interim Waste Diversion Organization;
- Waste audit studies conducted separately by municipalities (e.g., Region of Peel); and
- Waste audit conducted by municipalities in partnership with CSR: Corporations Supporting Recycling (i.e., Guelph, Northumberland, and Markham).

Waste generation figures for printed papers and packaging were extracted from the various reports and summarized in a spreadsheet. Separate generation estimates were reported for single family residential (22 separate auditing periods) and multi-family dwellings (apartment buildings; 13 separate auditing periods). In total, data from more than 10,000 dwellings were sampled to develop the generation estimates.

The generation estimates were entered as reported, with no adjustments made to individual audit results (i.e., all data accepted as reported). For some of the studies, the sampling material categories were not always consistent. In these cases, only material category quantities that were consistent (e.g., newspaper) were used. Data for combined or ambiguous quantities (e.g., mixed plastics) were not included. From these data sets, average per household generation estimates was calculated. They are reported as kilograms per household per year (kg/hhld/yr).

The sampling periods of the studies fell primarily in the fall, winter and summer periods. Out of the 35 samples, only one took place in the spring. However, no adjustments have been made for this as there are no significant reasons why packaging or printed paper generation would vary within this season. The 35 samples were conducted in communities across Ontario including the Greater Toronto Area (GTA), northern, southwestern and eastern Ontario.

Separate per household generation estimates were derived for two categories. The first category was urban communities within normal commuting distance to the GTA (within 70 kilometres) in addition to large urban communities (with populations of 300,000 or greater). This distinction was made to reflect different newspaper generation patterns found in communities that are large enough to have a daily local paper and those that may be impacted by Toronto's two daily newspapers and the two large national dailies. The second category was audits representing smaller urban or rural communities. The large urban estimates were prorated to represent 75% of Ontario's population that lives in these urban centres and the small urban and rural generation estimates were prorated to represent 25% of the population.

Tables 6.1 and 6.2 present the summary information of the single family and multi-family residential waste audits that were used as the basis for estimating printed paper and packaging generation for Ontario for 2001.

Table 6.1: Summary of Single Family Waste Audit Information

	Municipality	Sample Size (# of Hhlds)	Weeks Sampled	Total Number of Hhlds Sampled	Period of Audit
1	Guelph	175	2	350	April
2	Guelph	175	2	350	August
3	North Glengarry	60	4	240	July
4	Markham	40	2	80	September/October
5	Markham	40	2	80	July
6	Durham	30	4	120	September
7	Durham	30	4	120	November
8	Sudbury	83	4	332	October/November
9	Toronto	80	4	320	October/November
10	Toronto	80	4	320	January
11	Sault Ste. Marie	380	2	760	August
12	Simcoe	25	4	100	November
13	Simcoe	25	4	100	November
14	London	80	2	160	November
15	Brampton	15	3	-	June/July
16	Bolton	15	3	-	June/July
17	Mississauga	15	3	240	June/July
18	Brampton	15	4	-	November/December
19	Bolton	15	4	-	November/December
20	Mississauga	15	4	290	November/December
21	Peterborough	30	3	90	August
22	Peterborough	30	3	90	November

The total number of households in Ontario of 4,556,240 was split into 3,239,500 single family households and 1,316,740 multi-family units according to 2001 Statistics Canada Census data.

The results of the extrapolations suggest that an estimated 1,565,000 tonnes of printed paper and packaging were generated in 2001. The following adjustments were made to the initial audit data:

- The laminant film generation estimate was adjusted down by 15% to account for the estimated weight of moisture and organic residue that typically is found within this category during an audit. As garbage bags are deemed to be product, not packaging. Therefore they are not included in packaging generation estimates and are included in the 15% deduction. A moisture reduction of 5% was also applied to paper laminant packaging; and

- Using information from the telephone directory industry, an adjustment was made to the generation estimate. This was done because of the nature of the generation and recovery of telephone directories in the province (i.e., annual but replaced at different times in each municipality and, therefore, not possible to audit accurately).

Table 6.2: Summary of Multi-Family Waste Audit Information

	Location of Building	Sample Size (# of units)	Weeks Sampled	Total Number of Units Sampled	Period of Audit
1	London	66	4	264	September/October
2	London	96	4	384	September/October
3	Toronto	48	3	144	October/November
4	Toronto	280	3	840	October/November
5	Toronto	278	3	834	October/November
6	Toronto	220	3	660	October/November
7	Toronto	48	3	144	Winter
8	Toronto	280	3	840	Winter
9	Toronto	278	3	834	Winter
10	Toronto	220	3	660	Winter
11	Barrie	64	3	192	January
12	Barrie	144	3	432	January
13	Simcoe	27	4	108	November

The preliminary estimates were reviewed by the MPAC and the MPAC Printed Paper Subcommittee of Stewardship Ontario to provide confirmation. With these adjustments, the estimated generation of printed paper and packaging in the residential waste stream in Ontario is estimated at 1,554,000 tonnes for 2001.

6.1.2 Five Year Blue Box Material Waste Generation Estimates

Projecting residential waste generation over a five year period needs to take into account many local and national factors. Some of these factors are predictable with some degree of accuracy, while others are much larger in scope and are extremely difficult to predict. Factors that impact residential waste generation in Ontario include:

- Changes in population;
- Economic performance (e.g., economic downturn generally means people buy fewer goods and products);
- New and developing technologies that result in changes to consumers buying habits (e.g., high definition televisions, internet purchasing, internet news sources, electronic payments of bills, flat screen monitors, etc.);
- Changes in home based activities (e.g., continuing shift to home based businesses, etc.); and
- Technology advancements and trends in packaging and printed paper manufacturing (e.g., downsizing boxes and newspaper, thinwalling of cans and plastic bottles, new laminant packages, etc.).

Given the difficulty in predicting not only these socio-economic factors, but their impact on residential waste generation, Stewardship Ontario has based its five year projections on population growth as the most predictable factor.

Table 6.3 presents the growth in residential packaging and printed paper generation in Ontario based on an average population growth for the previous four years from 1998 to 2001 of 1.5%².

Table 6.3: Five Year Projections of Blue Box Waste Generation (Tonnes)

Material Category	2001 Baseline	2002	2003	2004	2005	2006
Printed Paper	724,100	734,900	745,900	757,000	768,300	779,700
Paper Packaging	264,500	268,400	272,400	276,500	280,600	284,800
Laminants	126,000	127,900	129,800	131,700	133,700	135,700
Plastics	167,100	169,600	172,100	174,700	177,300	179,900
Steel	67,900	68,900	69,900	70,900	72,000	73,100
Aluminum	28,100	28,500	28,900	29,300	29,700	30,100
Glass	176,300	178,900	181,600	184,300	187,000	189,800
Total Packaging	829,900	842,200	854,700	867,400	880,300	893,400
Totals	1,554,000	1,577,100	1,600,600	1,624,400	1,648,600	1,673,100

6.1.3 Baseline Estimates of Blue Box Waste Diversion

Through a voluntary survey process known as the Municipal 3Rs Survey, Blue Box diversion information has been collected from Ontario municipalities since 1996. This process is the product of a partnership of seven organizations: the MOE, CSR, OMBI, Municipal Chief Administrative Officers Benchmarking Group (CAO), RCO, AMRC, MWIN and CCC.

The survey collects a range of information about municipal waste diversion programs and services. As such, it collects not only Blue Box recovery information on households served and materials collected and tonnage, but also diversion information on municipal:

- Composting and backyard composting efforts;
- Drop-off depot recycling programs;
- Recycling collection from IC&I sector;
- Household special waste (HSW) collection programs; and
- Communication and policy activities (e.g., bag limits).

In 2000 and 2001, the Municipal 3Rs Survey was made available online for municipalities to complete. User identification numbers and passwords were generated and distributed along with a web address where municipalities could log in and complete the survey. Provisions were also made for municipalities unable to access the web-link, to complete the survey and mail or fax the information to CSR or the MOE.

² Assumed population growth of 1.5% based on Statistics Canada data on the previous four years (1998 to 2001) of population growth in Ontario (www.statcan.ca/english/Pgddb/demo02.htm)

In 2001, 190 known municipal 3Rs program were contacted. Of those contacted, information was received from 184 programs representing over 95% of Ontario's population. Tonnages were estimated for the 29 non-responding programs based on the performance of similar programs or, in some cases, the municipalities' 2000 reported tonnages (no assumptions were made for increased recovered tonnes). A joint AMO/Stewardship Ontario/WDO/MOE review group has recommended that since the remaining municipalities have not submitted tonnage data, following several requests to do so, they be removed from the list for funding for 2003 based on the 2001 data call.

A public report is prepared by the Working Group. The *Municipal 3Rs in Ontario: 2001 Fact Sheet* summarizes the key recovery results from the survey (www.csr.org/Publications/3Rs2001.pdf). Table 6.4 presents a summary of the survey results for the tonnes of Blue Box wastes marketed in Ontario for 2001.

Table 6.4: 2001 Blue Box Quantities Recovered

Material Category	2001 Tonnes
Printed Paper	391,795
Paper Packaging	133,527
Laminants	1,065
Plastics	26,859
Steel	32,582
Aluminum	10,875
Glass	102,552
Total Packaging	307,460
Totals	699,255

For planning purposes, Stewardship Ontario has further broken down the marketed material into subcategories. These subcategories were based on actual reported data through the survey (e.g., tonnes of PET and HDPE marketed), plus estimates of materials captured within a mixed container or mixed paper stream. Table 6.5 summarizes the subcategories of materials in 2001.

6.2 Waste Diversion Targets

6.2.1 Guiding Principles

The goal of the Program Plan for Blue Box waste is to increase the diversion of municipal Blue Box wastes from disposal in an economically sustainable manner. Establishing a clear set of targets for a waste diversion program for Blue Box waste allows for:

- Setting clear performance expectations over the five year plan;
- Measuring performance against those targets; and
- Implementing continuous improvement changes to make the program more effective.

Table 6.5: Detailed Summary of 2001 Blue Box Tonnes Marketed

Material Category	Material Subcategory	2001 Tonnes
Printed Paper	Newspaper	350,337
	Magazines and Catalogues	14,402
	Telephone Books	6,172
	Other Printed Paper	20,574
Paper Packaging	Old Corrugated Containers	87,861
	Old Boxboard	45,666
Laminant	Polycoated Cartons and Aseptics	845
	Paper Laminants	450
	Plastic Laminants	650
Plastics	PET Bottles	13,736
	HDPE Bottles	7,964
	Plastic Film	1,380
	Polystyrene	510
	Other Rigid Plastics	2,750
Steel	Steel Cans, Aerosols, Paint Cans	32,582
Aluminum	Aluminum Cans and Foil	10,875
Glass	Flint Glass Containers	53,884
	Coloured Glass Containers	48,667
	Totals	699,255

The Minister's Program Request Letter further states that:

6. *"The program shall include targets for the overall quantity of Blue Box waste to be diverted under the program, and per material targets for Blue Box waste to be captured under the program."*

The Minister has directed the WDO to set appropriate targets for the Blue Box Program Plan, specific to each type of waste material collected through the Blue Box. These targets should:

- Measure the performance of the Plan in diverting Blue Box waste from disposal; and
- Be based on reliable and accurate data and a methodology that is consistent over time.

6.2.2 Program Diversion Targets – 2003 Program Plan

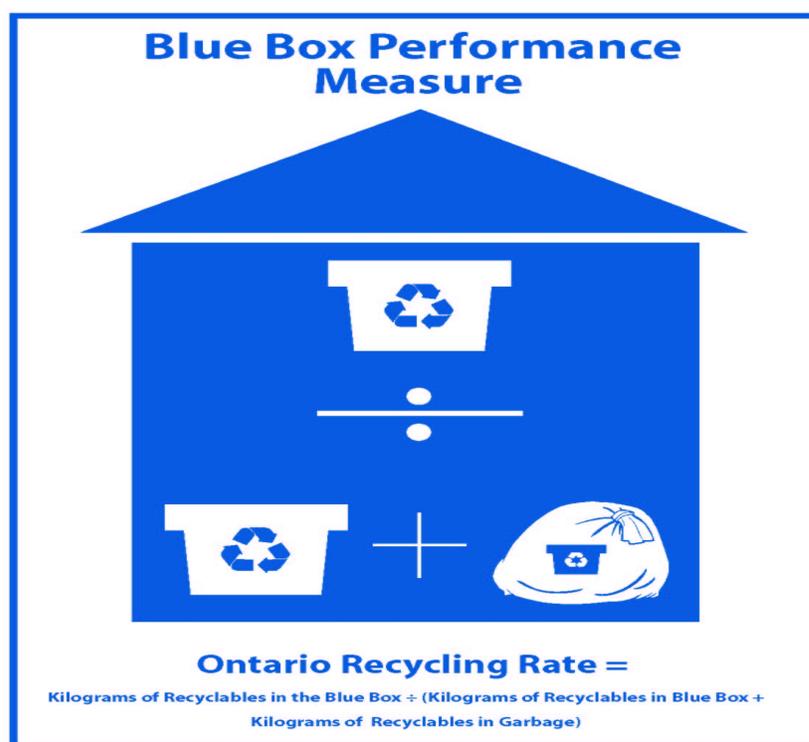
Comprehensive records have been kept on the performance of the residential waste diversion system in Ontario since 1996. The data indicate that although the total tonnes of recyclables collected have grown substantially, the growth in the recovery rate per person and per household has slowed and plateaued in recent years. By itself, this may appear to be of concern. However, taking into consideration changes in packaging materials (e.g., move to lighter weight plastics), the lightweighting or downsizing of printed papers, and trends towards smaller household sizes, these numbers may not by themselves provide the whole picture. Households may be recycling more, lower weight materials.

The proposed key measure for the future will examine how effective the Blue Box is at recovering the materials that are available for recycling. The target is to improve this rate over time. Total tonnage and per capita figures will continue to be measured, but in future will be

compared against a denominator that defines the available quantity of recyclables that the Blue Box targets for capture. This measurement will primarily be done through municipal waste audits (Section 6.3) and will be crosschecked each year against sales and distribution data.

The diagram below (Figure 6.1) shows how the new 'Recycling Rate' for Ontario will be calculated each year (starting in 2003).

Figure 6.1: Recycling Rate



This new Recycling Rate will show, on an annual basis, the recovery rate for residential materials for homes serviced by municipal recycling programs. It should be noted that it does not measure the recovery of packaging or printed paper products that are not currently collected in many of Ontario's municipal recycling programs. This measure does however have the added benefit that the reduction and reuse measures undertaken by householders (i.e., measures that keep materials out of the disposal stream) are captured in the annual calculation.

In addition to this primary measure, participation and capture rates and the reach and service level of Ontario Blue Box programs will also be measured as follows:

Participation and capture rates

- Percentage of households receiving service that use the Blue Box/Blue Bag/recyclables cart; and
- Percentage of recyclable materials from participating households that are captured.

Program reach

- Percentage of households that have access to recycling that collect discretionary materials under Schedule 1 of Regulation 101; and
- Percentage of households within the municipality that receive Blue Box service.

The overall total target for 2003, based on the natural growth of the system, is set at 720,300 tonnes (see Table 6.6). This equates to growth in the program equivalent to increases in the population of the province. The overall recovery rate for the program is 45% for 2003. The first (partial) year of the Blue Box Program Plan will also serve to establish a firmer baseline for future target commitments.

6.2.3 Material Specific Diversion Targets – 2004-2006

Stewardship Ontario's focus for 2003 will be on developing and implementing the proper methodologies in order to set meaningful targets for 2004 (and beyond). This will include:

- Designing and testing a detailed waste audit methodology to help calculate the key measurement indicators established;
- Randomly selecting a sample of municipalities/locations for conducting audits;
- Analyzing the results of the information gathered to set targets for the broad categories of Blue Box waste materials; and
- Setting material specific targets for 2004 and linking these targets to market development investment requirements (refer to Section 6.4 for further information on the proposed market development program).

For planning purposes, Stewardship Ontario has modeled two material specific recovery scenarios for the period 2004-2006. The overall system target is continuous improvement in the newly established Ontario Recycling Rate.

6.2.4 Future Recovery Scenarios

Outlined in Table 6.6 is the estimate of the quantity of Blue Box wastes that would be recovered under a Natural Growth Scenario and 50% Diversion Scenario, described below, over the five year planning period (2002-2006).

(1) Natural Growth Scenario

The increase in the quantity of Blue Box wastes recovered is equal to the increase in the population in the Province of Ontario. The total quantity of Blue Box wastes recycled increases from 699,255 tonnes in 2001 to 753,200 tonnes in 2006. In this scenario, the tonnes collected determine the recovery rate by material. The existing recovery rates by material, as calculated for 2001, are maintained (i.e., do not increase or decrease) over the five year planning period.

Table 6.6: Estimate of Future Program Quantities Recovered

Category	Material	2001		2002	2003		2004		2005		2006		Recovery Rates in Projections	
		Actual Tonnes	Recovery Rate	Recovery Estimate	Quantity Recovered is in Tonnes								Natural Growth	50% Recovery
					Natural Growth	50% Recovery	Natural Growth	50% Recovery	Natural Growth	50% Recovery	Natural Growth	50% Recovery		
PRINTED PAPER														
	Newspaper	350,337	71.6%	355,600	360,900	378,200	366,300	383,900	371,800	389,600	377,400	395,400	71.6%	75.0%
	Magazines and Catalogues	14,402	16.1%	14,600	14,800	23,100	15,100	23,400	15,300	23,800	15,500	24,100	16.1%	25.0%
	Telephone Books	6,172	42.3%	6,300	6,400	6,800	6,500	6,900	6,600	7,000	6,600	7,100	42.0%	45.0%
	Other Printed Paper	20,524	15.7%	20,800	21,100	26,900	21,500	27,300	21,800	27,700	22,100	28,100	15.7%	20.0%
Printed Paper Total		391,435	54.1%	397,300	403,200	435,000	409,400	441,500	415,500	448,100	421,600	454,700	54.1%	58.3%
PACKAGING														
Paper Packaging	Corrugated Containers	87,861	65.2%	89,200	90,500	97,200	91,900	98,600	93,300	100,100	94,700	101,600	65.3%	70.0%
	Boxboard	45,666	35.2%	46,400	47,000	60,200	47,800	61,100	48,500	62,000	49,200	62,900	35.2%	45.0%
Paper Packaging Total		133,527	50.5%	135,600	137,500	157,400	139,700	159,700	141,800	162,100	143,900	164,500	50.5%	57.7%
Laminant Packaging	Gabletop	693	5.2%	700	700	2,000	700	2,100	700	2,100	700	2,100	4.9%	15.0%
	Paper Laminants	450	1.0%	500	500	900	500	900	500	1,000	500	1,000	1.0%	2.0%
	Plastic Laminants	650	1.0%	700	700	1,300	700	1,400	700	1,400	700	1,400	1.0%	2.0%
	Aseptic Containers	152	5.2%	200	200	600	200	600	200	600	200	600	6.5%	20.0%
Laminant Packaging Total		1,945	1.5%	2,100	2,100	4,800	2,100	5,000	2,100	5,100	2,100	5,100	1.5%	3.8%
Plastics	PET bottles	13,736	38.5%	13,900	14,200	16,600	14,400	16,800	14,600	17,100	14,800	17,300	38.4%	45.0%
	HDPE bottles	7,964	33.6%	8,100	8,200	9,800	8,300	9,900	8,500	10,100	8,600	10,200	33.7%	40.0%
	Plastic Film	1,380	2.6%	1,400	1,400	2,800	1,400	2,800	1,500	2,900	1,500	2,900	2.6%	5.0%
	Polystyrene	510	2.3%	500	500	1,100	500	1,200	500	1,200	500	1,200	2.1%	5.0%
	Other Plastics	2,750	8.6%	2,800	2,800	3,300	2,900	3,300	2,900	3,400	3,000	3,400	8.7%	10.0%
Plastics Total		26,339	15.8%	26,700	27,100	33,600	27,500	34,000	28,000	34,700	28,400	35,000	15.8%	19.4%
Steel	Food & Beverage	28,311	48.0%	28,700	29,200	36,500	29,600	37,000	30,000	37,600	30,500	38,200	48.0%	60.0%
	Aerosols	2,015	48.0%	2,000	2,100	2,200	2,100	2,200	2,100	2,300	2,200	2,300	48.9%	50.0%
	Paint Cans	2,255	48.0%	2,300	2,300	2,400	2,400	2,500	2,400	2,500	2,400	2,600	47.1%	50.0%
Steel Total		32,582	48.0%	33,000	33,600	41,100	34,100	41,700	34,500	42,400	35,100	43,100	48.0%	58.9%
Aluminum	Aluminum Cans	9,788	39.9%	9,900	10,100	12,600	10,200	12,800	10,400	13,000	10,500	13,200	39.8%	50.0%
	Aluminum Foil	1,088	30.2%	1,100	1,100	1,300	1,100	1,300	1,200	1,300	1,200	1,400	30.8%	35.0%
Aluminum Total		10,875	38.7%	11,000	11,200	13,900	11,300	14,100	11,600	14,300	11,700	14,600	38.6%	48.2%
Glass	Food & Beverage - Flint	36,134	49.1%	36,700	37,200	41,700	37,800	42,400	38,400	43,000	38,900	43,600	49.1%	55.0%
	Food & Beverage - Coloured	10,014	49.1%	10,200	10,300	11,600	10,500	11,700	10,600	11,900	10,800	12,100	49.1%	55.0%
	LCBO - Flint	17,750	68.5%	18,000	18,300	20,000	18,600	20,300	18,800	20,600	19,100	20,900	68.5%	75.0%
	LCBO - Coloured	38,653	68.5%	39,200	39,800	43,600	40,400	44,300	41,000	44,900	41,600	45,600	68.4%	75.0%
Glass Total		102,552	58.2%	104,100	105,600	116,900	107,300	118,700	108,800	120,400	110,400	122,200	58.1%	64.3%
PACKAGING TOTAL		307,820	37.1%	312,500	317,100	367,700	322,000	373,200	326,800	379,000	331,600	384,500	37.1%	43.0%
TOTALS		699,255	45.0%	709,800	720,300	802,700	731,400	814,700	742,300	827,100	753,200	839,200	45.0%	50.1%

*All estimates rounded to the nearest 100 tonnes.

Natural Growth scenario represents growth equivalent with increases in population

50% scenario represents growth in tonnes such that 50% of all recyclable materials generated are recovered (not equal by category).

(2) 50% Diversion Scenario

The total quantity of Blue Box wastes collected each year increases, moving from 699,255 tonnes in 2001 to 839,200 tonnes in 2006. To achieve the additional 86,000 tonnes of diversion (compared to the Natural Growth Scenario), the recovery rates for all materials increase. In this scenario, the recovery rate is the variable, which then determines the tonnes diverted for each material. There are recovery rate increases for all materials, although, through the knowledge of industry programs and directions (e.g., industry support for Tetra Pak recycling), the recovery rates for some materials have been increased more than for others, understanding that even future markets for some materials are anticipated to be limited (e.g., plastic and paper laminants).

There are no provisions in the estimates for changes in the waste characterization as a result of changes in the economy (e.g., a recession leading to a downturn in newspaper quantities being generated) or changes in packaging (e.g., moving from glass to plastic). For this reason, it is preferable to industry and municipalities alike that targets in the future are set as recovery rates rather than total tonnes recovered. If recovery rates increase, the program is operating more efficiently, irrespective of the total tonnes of material recovery. This approach will also, by default, account for changes to the economy or to packaging types. As outlined in Section 5 of the Plan, setting material specific targets for 2004 (and beyond) will be the responsibility of WDO's MIPC and these annual targets will be reviewed both by the Boards of both Stewardship Ontario and WDO. These initial forecasts are intended to serve as starting estimates for the work of this Committee.

6.3 Data Collection, Analysis and Reporting

6.3.1 Data Reporting

In order to determine the net cost of Ontario's Blue Box Program, it is proposed that a municipal Blue Box gross and net cost financial survey be developed and circulated to all municipalities. Through the MIPC, with the assistance of MAC, the financial data form will be developed in early 2003. The form will be clear and concise and will be supplemented with detailed instructions on how to calculate the cost for each line on the form. It will also collect Blue Box revenue data for 2002, which will be used in combination with the CSR Price Sheet information on revenues for 2000 and 2001 to determine the three year running average of revenues used to determine the net cost of the program.

6.3.2 Confirmation of Financial Data

The *Municipal Act* requires every municipality in Ontario to have an external auditor and to have audited financial statements prepared and submitted to the Ministry of Municipal Affairs and Housing (MMAH) on an annual basis. Therefore, there is no intention of completing a GAAP financial audit of the numbers put forward by municipalities through the datacall process identified in Section 6.3.1. However, prior to submission to the WDO, each municipality's financial data form will require the signature of the municipality's external auditor.

To ensure that costs have been properly assigned to the correct cost category, the MAC will review all financial data submissions from municipalities. MIPC will receive copies of these submissions upon their submission to MAC (which will be date and time stamped by WDO) and will also be provided a spreadsheet of the numbers and any analyses completed by MAC. The analyses will identify potential anomalies in reported financial data and will compare programs

to municipal benchmarks building on the work of the Centre for Municipal Best Practices, the Ontario Municipal Benchmarking Initiative, and the Municipal Performance Measurement Program. MAC and MIPC will agree on follow up questions to clarify/verify the submitted information.

Following analysis by MIPC, the financial data call information will be forwarded to the Executive Director of the WDO (and/or WDO's employee/contractor responsible for the Data call function) for follow up contact with those municipalities identified as having anomalous results. The results of that follow up contact will be presented to MAC and MIPC.

If necessary, as a final step in the process to confirm financial data, a financial audit, based on the financial data call information matrix agreed to by the WDO through the MIPC (by an accredited financial auditing agency retained by the WDO), may be conducted on the municipality's recycling program costs.

Financial audits may also be administered on a random basis.

6.3.3 Program Reviews

If a program with high per tonne costs, for other than obvious reasons such as geography or distance from markets, is identified through the processes set out in Sections 6.3.1 and 6.3.2, then either MAC or MIPC, may recommend that a program review be conducted.

Program reviews will be undertaken through one or both of the following avenues:

- The municipality would be encouraged to make an application under the Effectiveness and Efficiency Fund, as detailed in Section 6.6 of this Plan, for funding for a review of their program. The program review would be completed by a third party engineering or consulting firm with experience in recycling systems retained by the municipality, with the report being presented to the Council of the municipality in question, Stewardship Ontario, and the WDO, for their consideration of the recommendations of the report. To ensure the implementation of quality projects under the Effectiveness and Efficiency Fund, raw data from the analysis will be made available to Stewardship Ontario (and MIPC) in advance of completing the draft final report.
- Stewardship Ontario will also be available to conduct program reviews (e.g., for the purpose of identifying/supporting best practices).

These reviews will be conducted with municipal agreement and cooperation. Detailed financial information will be kept confidential, i.e., only aggregated results would be presented, with individual program results not being released. Specifically, the program review process will be used to:

- Identify areas that could be the focus for improvement through monies distributed through the Effectiveness and Efficiency Fund;
- Help determine the success of measures implemented through the Fund; and
- Identify areas for improvement to individual programs that could be implemented on an ongoing basis.

Program reviews are mutually important to both municipalities and industry Stewards. Every effort will be made by both parties to work in collaboration to continually improve recycling programs being delivered.

Other program reviews, based on the ABC protocol, with the purpose of determining the cost for the management of individual materials within the recycling program, as required for the Pay In Model, will be undertaken by Stewardship Ontario. Stewardship Ontario will seek volunteer municipalities for this review process.

6.4 Market Development Program

6.4.1 Guiding Principles

The planned market development program is based on four key principles:

(1) Partnership

Stewardship Ontario will undertake investments in market development activities in partnership, where possible, with other parties (e.g., the private sector, municipal, provincial and federal interests).

(2) Link to Targets

Stewardship Ontario's market development investments will be linked to the material specific targets that will be set (in consultation with WDO) each year. The emphasis will be on market development opportunities that support end markets for targeted materials at the least cost.

(3) No Cross-subsidization

Stewardship Ontario, wherever possible, will avoid cross-subsidization of material specific market development. For example, glass Stewards will be responsible for funding glass market development activities that are approved by the Stewardship Ontario Board. Where investments benefit a range of materials, costs will be allocated across all benefiting materials.

(4) Competitive Proposals

Where feasible, Stewardship Ontario will implement a Request for Proposal/competitive bid process for allocating market development funds. Stewardship Ontario will identify its market development priority areas and will invite interested parties to submit proposals to meet Stewardship Ontario's requirements at the lowest cost. The final decisions regarding market development investments will rest with the Stewardship Ontario Board.

Stewardship Ontario proposes a three part comprehensive program to be phased in over the first year of the Blue Box Program Plan's implementation to address the requirement in the Minister's Program Request Letter for a "plan with funding provisions outlining activities to develop and promote products that result from the program". The market development program will also serve as an important element of Stewardship Ontario's research and development activities. Each of the market development/research and development program elements is described below. The core elements are:

- Public-private joint initiative on Green Procurement;
- An Annual “Mass Balance Report” on Residential Recyclables collected/processed/ marketed from Ontario programs and the Domestic and Out-of-Province Markets for those materials; and
- A targeted Market Development Investment Program.

6.4.2 Green Procurement Program

Stewardship Ontario is proposing to launch a new, Ontario-based, public–private initiative to support a joint program on green procurement. The goal is to involve all levels of government and a full range of business sectors and sizes in this undertaking. Learning from lessons of the past, this new initiative will bring together (rather than build separately) public and private sector interest in green procurement. To be successful, leaders/champions from all sectors need to commit to this undertaking. The process will be results driven, i.e., focused on measuring, achieving and reporting on actual tonnes of recycled materials “consumed” by participating companies and organizations. Three specific steps are required to initiate the business planning for this initiative during Stewardship Ontario’s first year of operation and are as follows:

(1) Form a Blue Ribbon Steering Committee

Comprised of 20 to 30 leaders from municipal government, provincial government, business and industry, a Steering Committee will be formed to guide the development and the execution of a focused and effective green procurement plan. Stewardship Ontario will serve as the secretariat and resource body to this committee.

(2) Conduct Baseline Assessments and Set Targets

How much “green procurement” is already taking place among businesses and government departments in the Ontario marketplace? Once an initial baseline study has been prepared, targets can be established. Participation in the procurement program will be voluntary, but an overall “recycled materials consumed” target will be set each year.

(3) Develop a Code of Practice and Provide Technical Support

The most successful example of an “action oriented”, voluntary procurement program is that operated by London ReMaDe (UK). It involves four levels of activity:

Level 1: Engage with the sponsor by attending an information meeting and staying in contact.

Level 2: Participate in one-on-one meetings with staff to discuss organizational experiences with procurement activities.

Level 3: Commit to being an “environmentally progressive company by moving towards measurable change”.

Level 4: Set realistic targets and measure progress towards those targets (operating within a general principle that products should be competitive with existing non-recyclable materials on price and quality).

As with all other market development activities under the Plan, there will be no cross-subsidization between materials. As described in Section 8.2, the focus for this program in

2003 will be to prepare a business case for the Green Procurement Program. A full program will be launched in 2004 pending Stewardship Ontario Board's approval of the business case.

6.4.3 Mass Balance Report

As part of its market development program for 2003, Stewardship Ontario will initiate an annual process of preparing a "Mass Balance Report" of residential recyclables collected, processed and marketed each year in Ontario. The Mass Balance Report will be completed each spring of this five year program and will:

- Report on the total amount of packaging and printed paper generated and levied each year in the province;
- Estimate the quantity (e.g., weight and volume) of material available in the residential sector for recovery;
- Identify Ontario markets (and tonnes consumed) of materials that are collected and processed; and
- Identify the export outlets for materials collected in Ontario.

The report will provide an annual snapshot of the flows of recyclable materials from householders to end markets. It will report on average prices paid for materials collected (i.e., based on the CSR Price Sheet) and will track changes in recycled materials specifications. It will help identify market development priority areas. The Mass Balance Report will be prepared with input from the MPAC.

6.4.4 Material Specific Market Development – 2003 Planning and Program

Given the start up demands that will be placed on the organization and given that 2003 will be only a partial year for the program, material specific market development will be focused in two areas. The first area is the development of material specific market development plans and programs for 2004 based on targets that will be established through WDO's MIPC for the seven categories of Blue Box wastes. Stewardship Ontario will receive input from MPAC (and MAC/working groups as needed) to help set these targets and to identify priority market development needs and opportunities. The second area of focus, and the first material specific actions for Stewardship Ontario, will be on recovered glass.

Green and mixed coloured glass represents the largest weight of packaging material collected through Blue Box/Blue Bag programs that has a negative market value (i.e., municipalities/their contractors have to pay for the material to be picked up from their processing facilities). This is the result of a combination of factors, including the advent of commingled container processing systems that increase glass breakage and contamination. Although Stewardship Ontario will not be introducing market development activities for most materials until 2004, action on glass cannot be delayed. A four part "glass action" program is planned for 2003:

- (1) Improve quality control and glass handling procedures in major MRFs

This will include, where possible and practical "in-plant" system modifications and operator training and education. It will also include an assessment of opportunities for increased sorting and beneficiation for mixed glass. While this activity will be focused on the glass stream, it will have ancillary benefits to the efficiency of other recyclables processing as well.

- (2) Research and demonstration projects using glass as an aggregate blend/substitute in appropriate applications

This is a major market opportunity. Up to 15% glass is already allowable in selected aggregate applications. To date, however, it has not been commonly practiced. Institutional and regulatory barriers have been identified and need to be addressed to take advantage of this long-term solution.

- (3) High value applications

Comparatively small quantities of recycled glass are used in manufacturing fibreglass, sand-blast material, water filtration applications, etc. There are opportunities to grow these markets in Ontario. These opportunities will be actively examined and, as warranted, supported.

- (4) Detailed investigation of the potential for a glass beneficiation facility/alternative market outlet for recovered glass (see Section 8.2.4 for further detail).

Stewardship Ontario is working through a dedicated Glass Task Group that includes representatives from municipalities, brand owners, container manufacturers, private sector service providers, and the provincial government to help address the glass challenge. The Glass Task Group has agreed to work with Stewardship Ontario to prepare a detailed Market Development Action Plan on glass (including costs) for implementation after the overall Blue Box Program Plan has been approved (See Section 8.2.4 for further detail on the planned market development program).

6.5 Promotion and Education

6.5.1 Municipal Programs

Public education and awareness are essential components of effective and successful municipal Blue Box programs. As such, education and awareness program components are also required, as stated in the Minister's Program Request Letter. Stewardship Ontario acknowledges the importance of education and awareness activities and the planned promotion and education program is described below.

As the overall waste diversion promotion and education responsibility (i.e., for the Blue Box and beyond) resides with WDO and with individual municipalities, Stewardship Ontario's role will be to provide support in this area. This section of the Program Plan briefly summarizes the activities of those who will take a lead role in waste diversion awareness and education.

Section 7 (2) (g) of Regulation 101/94 to the *Environmental Protection Act* requires:

"The provision of information to users and potential users of the Blue Box program"

The information should be capable of the following:

- (i) *"Describing the performance of the system; and*
- (ii) *Encouraging effective source separation of Blue Box waste and full use of the Blue Box waste management system."*

Municipalities are well aware of the significance of an informed public to the success of any recycling program. Research conducted on behalf of the AMO/Stewardship Ontario Task Group estimated that between \$1.4 and \$1.6 million was spent by municipalities on public education in 2001 to support residential recycling programs. Estimates for 2002 are higher. Since 50% of these costs will be reimbursed by Stewardship Ontario in the future as eligible net program expenses, municipal investments in education and awareness programs are expected to grow. One element that was identified through this research is a better understanding of “best practices” for municipal investments in promotion and education activities. As noted below, a specific area where Stewardship Ontario has a lead role to play is in supporting best practice research and rollout over the five year Blue Box Program Plan.

6.5.2 WDO Programs

WDO will assume lead responsibility for promotion and education related to the diversion of all waste materials that are designated by the Minister (i.e., including Blue Box wastes). IFOs that are responsible for specific designated waste streams will fund both their own material specific promotion and education requirements (i.e., without cross-subsidizing promotion and education costs related to other wastes to be diverted) and a portion of overall/cross material promotion and education (including WDO corporate communication costs). The WDO-PAC (Section 5.3) will provide oversight for and make recommendations to the Board of Directors regarding overall public awareness and education activities and program consultation requirements.

In the case of Blue Box wastes, the major promotion and education activity for the first year of the Blue Box Program Plan will be the planning, management and evaluation of the \$1.3 million CNA/OCNA program (described in Section 6.5.3). This program will come into effect with the acceptance by the Minister of the Blue Box Program Plan. The responsibility for managing the CNA/OCNA program will reside with WDO (and be funded directly through CNA/OCNA contributions) from the program’s inception.

6.5.3 Canadian Newspaper Association/Ontario Community Newspapers Association Programs

The CNA and the OCNA have negotiated with the MOE that their first \$1.3 million in obligations as calculated by the pay in model will be in the form of newspaper advertising (with no carry forward to subsequent program years where obligations calculated for the industry sector do not reach \$1.3 million). In addition, annual funds will be included for the purpose of implementing and monitoring the advertising program and any administrative expenses incurred by WDO. CNA/OCNA are preparing a plan (in consultation with AMO) to determine how the advertising will be allocated and administered as part of in the Blue Box Program Plan. Stewardship Ontario has and will advise on this initiative. Discussions are ongoing with municipal representatives of the AMO/Stewardship Ontario Task Group regarding how these funds can be used to maximize effectiveness and to balance local information needs with province-wide common messaging. The proposed design of the program includes the following elements:

- Advertising space will be allocated in a similar manner as funds are distributed to municipalities through the MFAM (i.e., in-kind space is to be allocated according to tonnes recycled each year). It is anticipated that 80-85% of the value of advertising will be allocated to local municipal advertisements with the remainder allocated to province-wide messaging (though for Year One it is proposed that there be no province-wide allocation);

- Advertising will be spread throughout the year, with the heaviest concentrations between March and November (as is the current custom);
- Both customized and generic advertisements will be developed and used. Delivery of flyers is being considered as an eligible expense under the CNA/OCNA program where feasible and appropriate;
- The overall responsibility for the CNA/OCNA program and the allocation of the CNA/OCNA space will rest with the WDO-PAC and all insertion orders for the program must be issued by the WDO; and
- The program will be evaluated at the end of each year. Recommendations for improvements will be made and the evaluation will be included in Stewardship Ontario's annual report.

Detailed planning on the implementation of this program component is underway. A comprehensive program will be ready to be launched once the Blue Box Program Plan is approved.

6.5.4 Stewardship Ontario Programs

Stewardship Ontario's contribution to waste diversion education and awareness will be focused on Blue Box wastes and will be concentrated on three activities for 2003:

(1) Support Municipal "Best Practice" Communication Research and Information Diffusion

The 190 municipal programs that promote/advertise curbside recycling services across Ontario incur a diverse range of costs. While there is no "one size fits all" approach, much can be learned and exchanged about best practices that produce results. This best practice work will be undertaken in collaboration with existing municipal benchmarking/best practices initiatives.

(2) Coordinate Existing Stewards' Communication and Awareness Activities

A number of companies and industry associations in Ontario have historically supported waste diversion awareness and education activities. There is an opportunity to better coordinate some of these activities to enhance their overall impact. Stewardship Ontario will serve as a coordinator for this ongoing activity.

(3) Participate in WDO Education and Awareness Planning, Evaluation and Oversight Activities

As noted above, WDO will be the focal point both for the CNA/OCNA advertising program and for cross material, province-wide and corporate waste diversion communication efforts. As a key financial participant in this process, Stewardship Ontario will play an active role in WDO-PAC's and program initiatives related to waste diversion communications.

Stewardship Ontario anticipates that these three core activities will continue to be the focus of the organization's education and awareness support programs throughout the duration of the five year Blue Box Program Plan.

6.6 Recycling Effectiveness and Efficiency Program

6.6.1 Guiding Principles

The Minister's Program Request Letter to the WDO for a Waste Diversion Program for Blue Box wastes states that:

7(c) "The proposed funding rules under the program will include...a funding performance incentive to encourage program efficiency and effectiveness."

8) "The program will include a plan, with funding provisions, outlining research and development activities to support and increase the effectiveness and efficiency of Blue Box diversion."

The AMO/Stewardship Ontario Task Group has agreed to the development of the dedicated Effectiveness and Efficiency Fund. Ten per cent of the 50% funding contribution to be made annually by obligated companies in support of municipal recycling programs will be directed to support improvements in the effectiveness and efficiency of residential recycling programs and to provide incentives to municipalities to achieve superior performance. The goal of the Fund is to reduce the net costs of municipal recycling to Ontario residents and to increase diversion of Blue Box wastes.

Four key principles were developed to help guide the development of this funding program:

Principle 1: There should be no cross subsidization between municipal Blue Box recycling and other waste diversion program funding.

Funding provided by Stewardship Ontario for recycling programs will be dedicated to residential recycling programs only. The same principle is expected to apply to other WDO initiated program activities in the future (e.g., HSW programs, organics, etc.).

Principle 2: A balance is required between funding to support Ontario-wide system benefits and funding for local/regional funding needs and opportunities.

Flexibility is required in allocating the funds. These percentages will not be binding, but for planning purposes, the following guidelines are recommended for year one and may be changed in the future at the discretion of the Stewardship Ontario Board:

- Provincial: Up to 30% of funds allocated across the province to address province-wide issues (e.g., replicable local market development projects, technology transfer, communication/education best practices, etc.);
- Regional: Up to 20% of funds to promote regional efficiencies among municipal programs (i.e., including MRF rationalization); and
- Local: The balance of funds to address cost efficiency and effectiveness issues at the local operational level (e.g., multi-family recycling, collection efficiencies, etc.).

Principle 3: The funding program should be dedicated to improving current system efficiency and investing in new cost effective diversion. The fund should invest in diversion in a cost effective manner.

The fund should be used both to improve the performance of existing residential recycling programs (e.g., increasing the recovery of materials that are currently recycled) and add new materials in a cost effective manner. Efficiency measurements (e.g., a “net cost per tonne” diverted) may be developed for considering applications for funding. It is recognized that any new tonnes added into the municipal recycling system will likely increase the total and net system costs.

Principle 4: Savings generated by municipalities should be reinvested in their waste diversion system for continuous improvement and innovation.

In developing the fund guidelines, although the principle is not binding, this principle was introduced as a means of encouraging greater investments in municipal waste diversion programs across the province.

6.6.2 Program Funding

The Effectiveness and Efficiency Fund is expected to support projects in two ways. The first will be a process of open applications for effectiveness and efficiency improvements by municipalities from across the province for which 50% of eligible project costs will be covered (i.e., for approved applications). The second process will invite municipal applicants (and their potential partners) to respond to priority project areas that are identified through Stewardship Ontario (and approved annually by the MIPC and the WDO Board, Section 5) with broad consultation with municipalities, waste management experts and affected industry sectors. It is expected that the Fund will support:

- Research and Analysis Studies: including, but not limited to, collection and processing system improvements and innovative communications ideas;
- Pilot and Demonstration Projects: including, but not limited to, research and development studies, technology transfer projects and local market development projects; and
- Capital funding/new technologies: Stewardship Ontario will review capital funding opportunities on a case-by-case basis.

6.6.3 Funding Allocation Process

By the summer of 2003, in consultation MIPC, the rules and procedures for the Fund will be finalized by Stewardship Ontario and the program will be launched (i.e., the first investments made) in early 2004. The Fund is expected to include the following elements:

- Ten per cent (of the 50% stewards’ cash contributions) is to be allocated to the Fund annually, beginning in 2004. The actual percentage will be evaluated in future years (i.e., capping or increasing this percentage) as the success of the Fund is reviewed;
- Priorities for the proactive component of the Fund will be established on an annual basis by Stewardship Ontario in active consultation with municipalities, waste management experts and affected industry sectors. These priorities will be reviewed and revised annually with input from the WDO and the approval of the Stewardship Ontario Board;
- Applicants will be required to fill out an “intent to apply” form before submitting a detailed application to ensure that a proposed project meets the Fund’s goals and objectives;
- A peer review panel of public and private sector waste diversion experts will be selected by the MIPC to conduct a technical review of applications received. The review process

- will be confidential and no municipal representative or private interest will be involved in reviewing applications where there may be a potential or perceived conflict of interest;
- Stewardship Ontario technical staff will review technically accepted applications that match the Fund priorities and recommend approval (or rejection) to the MIPC;
 - Recommendations supported by the MIPC will be forwarded to the Stewardship Ontario Board for review and approval. The Stewardship Ontario Board will make the final recommendations on funding to the WDO Board;
 - Disagreements on application recommendations at the MIPC will be referred back to Stewardship Ontario staff for further information and review. In the event that a consensus still cannot be reached when a recommendation from Stewardship Ontario staff returns to the MIPC, the majority opinion (with dissenting comments) and split recommendations (with comments) will be forwarded to the WDO Executive Director and the Stewardship Ontario Board. The final decision on applications where a consensus has not been reached will rest with the Stewardship Ontario Board;
 - The MIPC will serve as the forum of appeal for applicants whose proposals have been rejected;
 - Interim and final reports will be required for all projects. All final project reports will be in the public domain. Projects will be reviewed by Stewardship Ontario staff and the results will be evaluated against the objectives set out in project proposals;
 - Applications will be processed in a timely manner (i.e., less than 90 days); and
 - Each year, a report on the effectiveness of the Fund will be prepared by Stewardship Ontario for review of MIPC and WDO.

To ensure a timely start up of this important program, the application process will start in the fall of 2003. The process to make substantive changes to the Effectiveness and Efficiency Program will be consistent with the procedures used for other Blue Box Program Plan revisions as outlined in Section 9.18 of the Plan.

6.7 Distribution of Blue Box Funds

6.7.1 The Municipal Funding Allocation Model

A MFAM was originally developed by staff of the City of Toronto before and during the Interim Waste Diversion Organization's (IWDO) operation in 1999 and 2000. The model was developed in anticipation of the funding requirements under the *Waste Diversion Act*. During the IWDO process, refinements were made and the model was ground-truthed in several municipalities. AMO, with support from Stewardship Ontario, updated the model during the fall of 2002 and has endorsed its use for allocating recycling program funding. AMO will transfer the model to the WDO for use in distributing payments to individual municipalities as outlined in the Blue Box Program Plan. WDO will be responsible for the maintenance of the model (Section 6.7.5).

The MFAM calculates the total gross municipal recycling costs for the province are determined by inputting an average per tonne cost which is then multiplied by the total number of tonnes marketed by all municipal programs reporting. Total revenue is determined by multiplying the average material revenue over the timeframe by the tonnage for each material stream. The total gross cost, less the total revenue, gives the net costs to municipalities. For 2003 funding projections, gross costs and revenues were estimated for 2001 by the AMO/Stewardship Ontario Task Group using the best available information.

For the Base Year of the program, the total net cost number will be multiplied by 50% to get the total direct funding allocation (i.e., after an allowance has been made for the CNA/OCNA contribution value). Effective January 1, 2004, the number will be multiplied by 45% (with the same allowance as noted above) to get the total direct funding allocation, with the balance retained for the Effectiveness and Efficiency Program.

The total funding allocation is proportioned to each municipality and a dollar/tonne is determined for the particular basket of goods for that municipality. In the interest of fairness, the model recognizes that by the nature of size, population density, and the types of materials handled, some programs are inherently less or more costly to operate than others. The model uses these built-in variables to account for these differences.

The model distributes 40% of the total funding allocation among all the material based on weight of materials recycled. Sixty per cent of the total allocation is distributed based on the volume of the material. The use of the 40%/60% split by weight/volume allocates more funding towards lighter weight materials such as boxboard and plastic, and less for more dense materials such as glass and newspaper.

The model allows for a material density adjustment factor that can be used if a given material is considered to operate outside the boundaries of the normal weight/volume allocation. For example, the current model uses this adjustment factor to change the density of glass by one third.

The model allocates greater funding to programs that have lower population density. This feature recognizes that less dense, more rural programs are inherently more expensive to operate. The funding slope multiplier in the model can be adjusted to vary the per tonne spread between the most densely and least densely populated municipality. Population density is calculated as the total population divided by the total land area and is currently based on 2001 census data.

The scale of the program is also a factor that determines operational efficiency. Smaller programs are inherently more costly than larger programs. A scale factor discounts the revenue stream for smaller programs. The maximum discount is applied to revenue for communities with lowest total tonnes. The discount is proportional to total tonnes, with the community with the largest tonnes discounted at zero. The maximum discount rate, currently set at 10%, is adjustable in the future. Discounting the revenue in the model increases the funding allocation.

6.7.2 Variables in the Municipal Funding Allocation Model

Province-wide variables

- Material density by material as collected separately (no compaction);
- Average program costs (\$/tonne);
- Average revenue (based on total tonnage and average revenue by material);
- Cost split by weight/volume, based on 40% of costs weight-based and 60% of costs volume-based;
- Density adjustment, which increases or decreases the material density to increase or reduce funding for specific materials;
- WDO funding percentage 50% of net costs for the Base Year;

- A scale factor that provides a discount rate for the revenue assumed for smaller programs; and
- A population density factor that adjusts the slope between the programs with the greatest population density and the least dense programs.

Municipal variables

- Tonnage marketed for each material by each municipality as reported in the Datacall; and
- Population density, the population per hectare based on 2001 census data.

An example of the results of the model inputs and variables, using the calculations of Year One Net Costs set out in Section 7.1 for a full year funding, is presented in Appendix VIII. When the obligation date is finalized, the model will be updated through the MAC and MIPC to reflect the Year One financial obligation of industry.

6.7.3 How the Model Supports Program Efficiency

Incentives to reduce overall program costs

- The model funds municipalities on materials captured and not on specific program costs. This means that some municipalities will be funded a higher portion of actual costs and some a lower portion. Decoupling funding from program costs maximizes the incentive for municipalities to improve efficiency. All cost reductions are to the full benefit of the municipality, a dollar saved comes off the bottom line of the municipal costs.

Incentives to maximize capture

- The main municipal variable is the reported tonnes marketed. Increasing tonnes increases funding, regardless of costs. Funding increases proportionally by tonnes, whereas costs often rise incrementally. This should encourage, and make more cost-effective, education and public awareness campaigns.

Incentive to add materials

- Funding is determined for each material. Funding for a material increases as the density of the material decreases. Funding also increases as average revenue for the material goes down. This means that there is increased funding for lighter-weight and lower revenue materials. This is an incentive to add new materials such as plastics and boxboard (as long as the costs to add these materials can be maintained at or below current average program costs, which vary on a municipality by municipality basis).

Incentives for northern and rural programs

- The model has been developed with variables that allow for special consideration to be given to rural and northern programs: a population density function and a revenue discount function (i.e., to account for smaller scale programs). For 2003, for example, the average per tonne allocation to Northern municipalities is about 20% higher than the provincial average. Despite this incentive, the AMO/Stewardship Ontario Task Group has recognized the limits of the current allocation model to get sufficient funding to cover the costs of recycling in remote and northern areas.

As a result of these variables, a municipality will be allocated relatively greater dollars per tonne if it:

- Has a low population density;
- Is a comparatively smaller program;
- Increases the tonnage and variety of materials collected; and/or
- Collects a wide variety of materials (especially less dense plastics).

A municipality will be allocated lower dollars/tonne if it:

- Has a high population density;
- Is a large program; and/or
- Collects relatively few and better established materials.

The model does not use or determine costs for any given municipal program. Costs are based on proportioned provincial average costs using the variables to account for materials marketed, population density and size of operation. These modeled costs, applied to each municipality's individual material tonnage, are used for the purpose of funding allocation.

The model also does not account for specific collection or processing systems. Greater or less efficient programs are the responsibility of the municipality and are not reflected in funding allocations except through provincial averages. In other words, if a municipality has a more efficient system than other programs of a similar size, population density, and material stream, it realizes the full benefit of that efficiency (i.e., they can receive more than 50% funding). Conversely, if the program is less efficient than others, the full cost of that inefficiency is borne by the municipality (i.e., they can receive less than 50% funding).

6.7.4 Calculating Each Municipality's Share

The total tonnes of residential material recycled each year in the province is calculated through the Ontario 3Rs Municipal Survey, i.e., the tonnes reported by all 190 programs in the province are totalled each year to generate a provincial figure. For 2003 funding, 2001 3Rs Datacall tonnes have been entered into the funding allocation model (along with the 2001 gross and net cost estimates calculated by the AMO/Stewardship Ontario Task Group (Section 7.1)) to calculate each municipal program's share of the provincial total (Appendix VIII). A final verification is being completed to ensure that all tonnes reported are tonnes that were collected from households (and not IC&I sources). Starting early in the second quarter of 2003, a revised

3Rs Datacall survey will be administered by WDO (as described in Section 5.2) to assemble 2002 recycling program information.

In the past, the Datacall was a joint effort of CSR, MOE municipalities and several other partners. Under the new survey methodology, program-specific cost information will also be gathered to make the gross annual provincial cost calculation more accurate. For both tonnage and cost reporting in the future, there will be an opportunity to audit these figures before any payments are made. The cost and tonnage data gathering process for 2003 (i.e., the basis for the 2005 payments) will begin early in the second quarter in 2004 following the process outlined in Section 5.4 of the Plan.

6.7.5 Maintenance of the Municipal Funding Allocation Model

In 2003, MAC will review the limitations of the current allocation model as they relate to funding for recycling programs in remote and northern areas. Any recommendations as a result of that review will be provided to MIPC and the WDO Board for review and approval.

In 2003, and every other year thereafter, the WDO, through the work of MAC and MIPC, will review the following factors in the MFAM and update the model accordingly:

- Material densities to account for the shift towards material collected with compaction vehicles;
- Cost split by weight/volume to account for shifts in weight to volume ratios of the materials collected;
- Density adjustment to account for increases or decreases in material density to increase or reduce funding for specific materials;
- Scale factor that provides a discount rate for the revenue assumed for smaller programs;
- Population density factor that adjusts the slope between the programs with the greatest population density and the least dense programs; and
- Population densities to reflect population changes based on new census data.

Finally, it may be necessary, as programs develop, to add new factors or remove factors to address needs and concerns of municipalities regarding the fairness of the distribution of the funds available. These changes will be reviewed in detail and submitted to the WDO Board for its approval before implementation as per the procedures outlined in Sections 5, 6 and 9.18 of the Plan.

7. Annual Municipal Blue Box Program Cost Calculations

7.1 Calculation of Year One Net Costs

Funding of the net cost of municipal Blue Box waste program, under Section 25 (5) of the *Waste Diversion Act*, and as directed in the Minister's Program Request Letter to the WDO is expected to commence in calendar year 2003. A large majority of Steward's fees will go toward the obligation to pay the 50% net cost calculation of municipal costs.

The gross costs and gross revenue for 2002 will not be known until audited financial statements from municipalities are completed and submitted to the MMAH in June 2003. As such, it has been determined that the first year total net cost calculations would be based on a "best estimate" of 2001 costs. The AMO/Stewardship Ontario Task Group reached agreement on the net costs of municipal Blue Box recycling programs for Year One of the WDO's Blue Box Funding Program.

For the first year, given the absence of a current, comprehensive data set that would capture all municipal Blue Box costs for 2002, AMO and Stewardship Ontario instead used the best available information available to them to determine the most accurate estimate of current Blue Box costs possible.

In agreeing to Year One total net costs, AMO and Stewardship Ontario included similar components, as outlined below, to estimate total net costs:

Direct Service Delivery Costs

- This includes the collection and processing costs of residential Blue Box wastes, whether the service is contracted to the private sector, delivered by the public sector, or a combination thereof. If the service is contracted to the private sector, the direct service delivery cost is the collection and processing fees charged by the contractor to the municipality. If the service is delivered by the municipality, direct service delivery costs include:
 - Payroll costs of recycling collection truck drivers and sorters at a material recovery facility;
 - Services such as utilities, insurance, equipment repair and maintenance;
 - Supplies such as fuel, baling wire, Blue Boxes;
 - Rent or lease costs for buildings, equipment or vehicles;
 - Taxes and payments-in-lieu of taxes;
 - Interest on debt to acquire buildings, equipment or vehicles; and
 - The non-refundable portion of the GST and PST where applicable.

Amortized Capital Costs

- This includes the amortized capital cost of municipally owned collection vehicles, material recovery facilities, fixed and mobile equipment within the material collection facility, and collection containers other than Blue Boxes, where the capital costs do not form part of the contract service price from a private sector contractor. Grants for capital improvements will be subtracted from the amortized capital costs determined

for the program. The AMO–Stewardship Ontario Task Group also agreed that land costs would not be included in the calculation.

Public Awareness and Public Education Costs

- Regulation 101/94 to the *Environmental Protection Act* requires that municipal Blue Box wastes management systems include public awareness and education programs. Examples of costs in this category include: graphic design, production costs, printing, postage, linage rates, air time, etc.

Indirect Administrative Costs

- These are costs incurred by municipalities in support of the direct service delivery. Examples of indirect administrative costs include:
 - Financial, including accounts payable and receivable, purchasing, payroll, and audit;
 - Human Resources, including health and safety, labour and employee relations, training and development;
 - Information Technology, including electronic data bases to record and track Blue Box tonnage information; and
 - Legal, only for legal costs directly related to direct service delivery issues such as review of tender documents or contract disputes.
- Specifically excluded from indirect costs are costs associated with elected officials and corporate governance.

Also excluded from the gross cost calculation is the 50% contribution a municipality is required to make as part of any study or program carried out under the Effectiveness and Efficiency Fund (Section 6.6).

The gross revenue from Blue Box programs includes the following components:

Revenue from the Sale of Blue Box Wastes

- This is the revenue from the sale of Blue Box wastes as they appear on the municipal general ledger. It excludes revenue retained by private sector contractors under revenue sharing agreements with municipalities on the basis that this risk sharing arrangement reduces direct service delivery costs. The revenue from the sale of Blue Box wastes varies significantly from year to year. As such, AMO and Stewardship Ontario have agreed that a three year rolling average revenue should be used in order to attempt to balance the overall revenue a municipality will receive in any given year and to allow more control in budgeting both by municipalities and by Blue Box Stewards. The years used to calculate the three-year rolling average for the first year of funding are 2001, 2000, and 1999.

Processing Fees

- This includes the processing fees charged at municipal MRFs for processing residential Blue Box wastes from other municipalities. The costs presented and the revenues received must reflect the management of residential Blue Box wastes. No IC&I costs or revenues have been included.

Revenue from the Sale of Curbside Containers

- These revenues are included where the cost of the purchase of containers is included in the gross cost calculation.

Revenue from Grants or Other Funding

- This includes the funds that are intended to offset direct service delivery or public awareness and education costs.

The result of the application of the above, for Year One is shown in Table 7.1.

Table 7.1: Year One Net Cost Calculation

Cost Category	Value
Gross Cost	\$129,200,000
Gross Revenue	\$(66,700,000)
Net Cost	\$62,500,000
Industry Funding @ 50%	\$31,250,000
In-kind Contribution of CNA/OCNA	\$1,300,000
Total Blue Box Stewards' Financial Obligation (under the assumption of a full year obligation in 2003)	\$29,950,000

7.2 Date of Industry Obligation

In correspondence dated December 3, 2002, the Minister of Environment indicated that the Stewards under this Plan will be obligated to provide funding to municipalities under Section 25 (5) of the WDA when the Regulation adopting this Plan is approved by the Minister. The Blue Box Program Plan will be submitted to the Minister on February 28, 2003. It is understood that there will be a minimum 30 day review period at the Ministry of the Environment, simultaneous with a posting of the Plan on the Environmental Bill of Rights. Following this review, a new regulation must then be passed which will enable Stewardship Ontario to implement the plan as outlined in this document. Given that the precise dates when these steps will be completed are unknown, ***for the purposes of completing this Program Plan, the date of industry obligation is assumed to be May 1, 2003.*** It is upon this projected date that the following cost estimates have been determined.

7.2.1 Year One Financial Obligation of Industry

With an obligation date of May 1, 2003, Stewardship Ontario would be responsible \$20,833,333 (Table 7.2).

Table 7.2: Year One Industry Obligation

Cost Category	Value
Net Cost	\$62,500,000
Whole Year Industry Obligation (50% of Net Cost)	\$31,250,000
2/3rds Year Industry Obligation	\$20,833,333
CNA/OCNA In-kind Contribution	\$866,667
Total Industry Cash Contribution	\$19,966,666

7.3 Calculation of Annual Municipal Blue Box Support Payments

7.3.1 Guiding Principles

The AMO/Stewardship Ontario Task Group has agreed to establish a technical working committee that will report to MIPC (made up of AMO and Stewardship Ontario representatives and/or their technical designates) to determine the methodology and procedures for calculating the total net cost of municipal Blue Box programs in subsequent years.

The net cost calculations for Ontario's Blue Box programs will be developed using the following six principles as a guideline:

(1) Accuracy

Best estimates of actual expenditures and revenues using best available information. Protocol for data collection and reporting must be agreed by AMO and Stewardship Ontario.

(2) Transparency

All parties must know the source of the data and be able to understand how the numbers were derived.

(3) Verifiability

Industry and municipalities must be able to verify how the estimate was derived. This may involve third party verification of data. Stewardship Ontario and WDO technical and/or financial auditors must also be able to verify the data.

(4) Acceptability

The fee calculation methodology reflects a reasonable fee for services provided under the Blue Box Program Plan.

(5) Consistency of Reporting

Consistency in the submission of agreed upon data, in an agreed upon format, in a timely manner.

(6) Ability to Identify Costs

The information gathered and submitted must be in sufficient detail to identify cost drivers.

7.3.2 Definition of Costs and Revenues

Costs

- In future years, all direct costs and some indirect costs to the program will be included in the net cost calculation. These definitions will be refined as the 3Rs Datacall for 2002 information is developed. The AMO/Stewardship Ontario Task Group kept the categories of costs and what is acceptable under each category consistent with the work of existing municipal benchmarking groups (e.g., CAO's Benchmarking Initiative, OMBI, etc.).

It should be noted that the costs presented by municipalities will be reflective of the cost to manage residential recyclables only. All costs associated with handling IC&I sourced tonnes of materials (e.g., from schools), even if delivered through the municipal program, will be removed and the tonnes reported as recovered not included in the information provided by municipalities.

It should be noted that 2004 levies will be based on 2002 costs submitted by municipalities.

Revenues

- The most significant portion of program revenues for most recycling programs in Ontario is the revenue derived from the sale of recycled materials. Because recyclables are commodities for which prices fluctuate with changes in the market, the total value of revenues received year over year vary significantly as the economy changes. This makes budgetary planning very difficult. To help alleviate the fluctuations from year to year, and to make program budgeting easier, both parties agreed to using three year rolling averages on revenues (by material). In this manner, the peaks and valleys of revenues are reduced and, for any planning period, two of the three years of revenues will be known, meaning that only one year of forward looking projections will be required. For example, to determine the net cost of recycling programs and industry funding obligation for 2004, a three year average of 2001, 2002 and 2003 revenues for the sale of recycled material would be used.

7.3.3 Net Cost Calculation Methodology – Municipal Information

The total net cost of the municipal Blue Box program will be determined through an annual cost survey. AMO, in consultation with Stewardship Ontario, will develop a Schedule to collect the gross cost and gross revenue information, as defined in Section 7.1, from each municipal Blue Box program as part of the electronic Financial Information Return (e-FIR) that every municipality in Ontario is obligated to submit to the Minister of Municipal Affairs and Housing by April 30th of each year for the prior year's financial activity. Where the Blue Box program is delivered through a municipal association, board or commission, the association, board or commission will complete the Schedule on behalf of all member municipalities. The Schedule will be in an electronic format that will automatically calculate the three year rolling average for

the sale of Blue Box wastes and the net cost of each municipal Blue Box program by subtracting gross revenue from gross costs to determine the net cost.

The municipality, association, board or commission reporting the gross cost and gross revenue information will be required to submit a confirmation in writing, signed by the Chief Financial Officer and the external auditor, verifying that the information is true and correct and reflects the program delivery costs and revenues as defined in this Plan and as reported in the general ledger.

The MIPC and the MAC, in association with the MMAH and the WDO, will oversee the municipal Blue Box cost survey (Section 5).

7.3.4 Net Cost Calculation Methodology – Future Projections

The cost of Blue Box programs is not in the direct control of industry, rather, it is determined by decisions made by municipalities based on direction from their Councils, staff and residents. Costs are also influenced by drivers such as energy, the consumer price index and the level of competition among private sector service providers. As such, the costs presented herein are based on a series of conservative assumptions and the current understanding of the direction of the recycling industry as a whole (e.g., with respect to the movement towards more single stream collection programs).

In predicting future costs, two initial points of consideration are what materials are going to be recovered and at what recovery rate. Overall, for the purposes herein, it is assumed that the quantity of recyclables available will increase proportionally with the increase in population in the province, estimated at 1.5% per year.

The quantity (and percentage) of each material that was recovered in 2001 was based on the results of the Datacall exercise). For future years, two scenarios are examined (described in Section 6.2.4):

- Natural Growth Scenario: Diversion equal to population growth (i.e., maintaining 45% diversion); and
- 50% Diversion Scenario.

The impact of the application of these approaches to the quantity of each material diverted in future years is outlined in Table 6.6. These tonnage diversion estimates were used in the determination of future program costs.

The cost per tonne managed for each material was determined using the cost allocation protocol that was established by the MPAC (Appendix IX). This cost per tonne was increased uniformly (i.e., equally across all materials) in each year of the cost projection. The gross cost per tonne for 2002 was increased by 10% to account for a number of factors including:

- Full inclusion of indirect costs across all programs in the province (accounting for a projected 7% increase); and
- An increase of 3% to account for projected general program and cost of living increases.

For 2003, the costs were increased by 3%, primarily to account for increases in the cost of living. It has been assumed for the purposes of this exercise that any potential savings that may be seen as a result of moving to lower cost systems will be offset by increases resulting from

the renewal of contracts at higher costs (e.g., York Region) when compared to previously lower cost programs that were in existence in 2001 (e.g., City of Hamilton). However, for 2004 through 2006, cost increases of 3% are assumed to be offset by cost savings of 1%, 1.5% and 2% respectively, due to the activities and successes achieved through the application of the Effectiveness and Efficiency Program. It is initially estimated that money spent through the program will result in cost savings with a five year payback period (20% ROI).

Finally, because the future of commodities pricing cannot be accurately predicted, the average of the previous five years of revenues per tonne for each material is used across all years. Also, because it is not known which municipalities work on spot markets, which on longer term contracts for the sales of materials and the status of revenue sharing arrangements with municipal contractors, the CSR Price Sheet revenue values have been discounted by 20% for the years 1997 through 2001 and discounted by 10% for the years 2002 through 2006 (as it is understood that the CSR Price Sheet is now tracking revenues received by municipalities more accurately now than in years past).

7.4 Five Year Cost Projections

Shown in Figure 7.1 are preliminary Blue Box Program cost estimates for the years 2002 through 2006 based upon these planning assumptions. For years 2004 through 2006, cost assumptions equivalent with the Natural Growth and 50% recovery rate scenarios (as per Table 7.1) are shown. As outlined in the previous section, assumptions on recovery rate and on the annual cost increases vary with each year. The assumptions for increases in program costs and changes in revenues are consistent across both scenarios.

Figure 7.1: Future Cost (Net) Scenarios Under Different Recovery Rate Assumptions

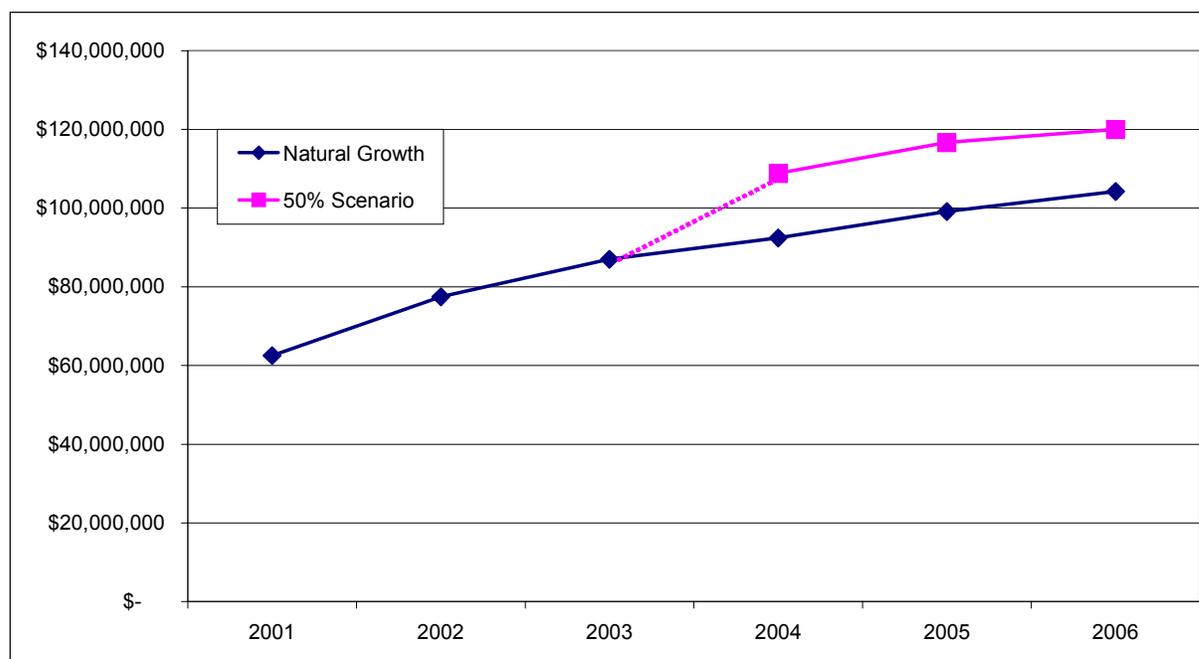


Table 7.3: Estimate of Future Program Costs

Year	Scenario	Printed Paper			Packaging		
		Gross	Revenues	Net	Gross	Revenues	Net
2001	Negotiated Final	\$ 33,271,000	\$ 32,609,000	\$ 662,000	\$ 95,929,000	\$ 34,091,000	\$ 61,838,000
2002	Estimate	\$ 37,346,000	\$ 31,387,000	\$ 5,959,000	\$ 107,146,000	\$ 35,676,000	\$ 71,470,000
2003	45% Recovery Rate	\$ 38,707,000	\$ 29,030,000	\$ 9,677,000	\$ 111,937,000	\$ 34,625,000	\$ 77,312,000
2004	50% Recovery Rate	\$ 43,267,000	\$ 33,113,000	\$ 10,154,000	\$ 138,118,000	\$ 39,465,000	\$ 98,653,000
2005	50% Recovery Rate	\$ 44,810,000	\$ 30,471,000	\$ 14,339,000	\$ 142,463,000	\$ 40,144,000	\$ 102,319,000
2006	50% Recovery Rate	\$ 45,925,000	\$ 30,920,000	\$ 15,005,000	\$ 145,797,000	\$ 40,840,000	\$ 104,957,000

Year	Scenario	Total		
		Gross	Revenues	Net
2001	Negotiated Final	\$ 129,200,000	\$ 66,700,000	\$ 62,500,000
	Net Cost Per Tonne	\$ 185	\$ 95	\$ 89
2002	Estimate	\$ 144,492,000	\$ 67,063,000	\$ 77,429,000
	Net Cost Per Tonne	\$ 204	\$ 94	\$ 109
2003	45% Recovery Rate	\$ 150,644,000	\$ 63,655,000	\$ 86,989,000
	Net Cost Per Tonne	\$ 209	\$ 88	\$ 121
2004	50% Recovery Rate	\$ 181,385,000	\$ 72,578,000	\$ 108,807,000
	Net Cost Per Tonne	\$ 223	\$ 89	\$ 134
2005	50% Recovery Rate	\$ 187,273,000	\$ 70,615,000	\$ 116,658,000
	Net Cost Per Tonne	\$ 226	\$ 85	\$ 141
2006	50% Recovery Rate	\$ 191,722,000	\$ 71,760,000	\$ 119,962,000
	Net Cost Per Tonne	\$ 228	\$ 86	\$ 143

Primarily because of the inclusion of indirect municipal costs in future net cost calculations (the Year One cost was a best estimate), and also because of projected lower revenues, it is estimated that the net cost of recycling in 2002 could increase to just less than \$77.5 million (\$109/te), compared to \$62.5 million in 2001. 2002's cost reflects the first year where actual, audited municipal costs will be used. The cost for 2003 could rise to approximately \$87 million, reflecting higher costs and conservative revenue estimates and increases in the quantity recovered of 1.5% compared to 2002. These assumptions are conservative. However, it should be noted that in the spirit of continuous improvement and the 50%/50% cost sharing arrangement of the WDA, municipalities and industry both equally acknowledge a shared interest and overall intent to have the diversion performance of the Blue Box Program improve over time, while maintaining or minimizing cost increases.

Through program changes (i.e., increases in recovery rates consistent with the MOE requirement for improvements in program performance), it is expected that the cost for recycling could increase to approximately \$109 million in 2004 (50% scenario). In 2005 and 2006, if the program continues to maintain 50% diversion, with the anticipated cost savings that could accrue to the system, the net cost for recycling in the province could increase to \$116 million in 2005 and \$120 million in 2006. It should be noted however that much of the projected cost increase is a result of the projected increase in tonnes managed and the revenue assumptions used.

In 2001, 699,300 tonnes of recyclables were recovered, whereas in 2006, 839,000 tonnes are expected to be recovered; an increase of 20%. The net cost increase is 91% over the same timeframe, but the cost per tonne increase is only 61%. Every effort will be made through the overall program design to minimize program costs while increasing diversion.

It should also be noted that there is a two year time lag between when the costs are incurred by municipalities and when 50% of the cost has to be covered by industry (e.g., levies submitted in 2003 are based on 2001 municipal program costs).

7.4.1 Risk in the Costs Shown

As industry does not have control over the programs implemented by municipalities, the cost for the management of those programs cannot be controlled or accurately projected for future years. As municipalities do not necessarily have direct control over the cost of their programs (i.e., contract prices are based on the conditions of the bidding marketplace at the time of the release of the tender), this further complicates the ability to accurately estimate future program costs. A principle objective of the WDA is to increase waste diversion in Ontario, as well as to stabilize municipal Blue Box program funding. Increasing the tonnes managed will, with the exception of aluminum cans which create excess revenues, increase the overall cost of the program as recovery rates increase. The higher the diversion rate is pushed, the more likely that higher cost materials will be included in municipal programs resulting in higher costs per tonne managed compared to the current rate.

While municipalities and industry maintain a focus on recovering lower cost materials as a first priority, there is a financial benefit to both municipalities and to Stewards. Finally, because commodity prices fluctuate on a worldwide basis and because the Ontario marketplace is relatively small, predicting future material revenues is tenuous at best. Therefore, the costs for the future programs presented herein are gross estimates only, with potential fluctuations of plus or minus 25% not considered unreasonable. The cost projections shown are for general guidance and trend analysis purposes only. The market development program outlined in Section 6.4 is also designed to address barriers to increasing revenues, with a specific focus on glass markets in the initial year of the program.

There is a future policy issue that will require the attention of municipalities, Stewardship Ontario and the WDO. At what point in time does it make more sense to stop pushing the limits of the Blue Box recycling program, where costs would accrue at a disproportional rate compared to the environmental benefit (i.e., higher increases in costs than in recovery of materials) and, instead, promote other diversion systems (e.g., full organics collection), where the money spent will proportionally provide greater diversion performance?

7.4.2 Cost Containment Strategies

Given the potential for Blue Box Program costs to double within five years it is in the interests of Stewards and municipalities to pursue all possible strategies for containing costs. Furthermore, environmental performance of the system should also be considered along with cost performance when considering expanding programs to add materials with little potential to significantly increase diversion but with higher than average management costs (e.g., plastic film). At some point, it is more economically and environmentally beneficial to focus on other waste diversion programs (e.g., organics) where the cost per unit of diversion achieved will be much lower.

In principle, all stakeholders in the province's recycling system (i.e., municipalities, Stewards, WDO, the provincial government and citizens) benefit from promoting a self-sustaining blue box system, i.e., a system where it is increasingly more cost effective (and environmentally preferred) to divert materials from disposal through increased recycling, reuse and waste reduction. Stewardship Ontario will continue to work, in partnership with other stakeholders, toward the goal of a self-sustaining system. The province, which has passed the *Waste Diversion Act*, has a key ongoing role to play in supporting efforts toward this goal.

Stewardship Ontario will continue to investigate options by which Stewards costs and overall program costs can be contained and introduce them for adoption by municipalities. These efforts may include, but are not limited to, the following:

(1) Identification of True Market Value of Materials

Through arrangements made by municipalities with their contractors, end markets, or both, it has become apparent that some municipalities are not currently receiving the true market value for many of their recovered materials. Stewardship Ontario will identify where these shortfalls in revenues exist and then, working in cooperation with municipalities, investigate and develop alternatives to increase revenues to municipalities and to reduce Blue Box Program costs. For example, the steel industry is exploring the option of acting as the end market for all recovered steel packaging. Over time, this could allow municipalities to send their materials to selected brokers who will then be paid a fee to clean and densify the material prior to shipping it to the steel end market. This is expected to result in significantly higher revenues to municipalities, which will, in turn, reduce industry's required financial contribution. Similar approaches are being considered for a number of other recyclables.

(2) Opportunities to Amalgamate Programs

Through the use of program funds, Stewardship Ontario will look to work with municipalities to identify where excess program capacity exists and then, through financial incentives, provide alternative opportunities to eliminate unnecessary infrastructure to the benefit of all parties. This may not necessarily mean that existing facilities in municipalities will close. For example, one municipality may choose to receive and sort a fibres stream from its own municipality and its neighbouring municipality, while its neighbour's facility processes all containers from the two municipalities, using a backhauling transportation system. Two facilities would still be used, but they would be smaller, specialized systems (e.g., as is now done in the City of Ottawa), where economies of scale can be realized and overall costs reduced.

(3) Development of Program Benchmarks

By identifying key program benchmarks (e.g., dollars spent per percentage point of diversion achieved in a municipality), and taking into consideration site and situation factors, Stewards and municipalities will be able to identify those programs that have costs in excess of program averages. From this information, they will be able to focus attention on those programs, identify the underlying cost drivers and then work to develop specific solutions for those municipalities. Possible solutions could include implementing program changes, modifications to contract language for future service agreements, or other means identified over the course of the program reviews.

(4) Examination of New and Emerging Recycling Technologies

Stewardship Ontario will investigate new and emerging technologies that will help increase program efficiencies and/or increase market value for materials. Investments in capital infrastructure, supported by industry sectors, could provide opportunities to introduce better systems to Ontario that will reduce program costs. Municipalities will be encouraged to send their materials to specific locations for testing. Stewardship Ontario will then work with municipalities to incorporate system changes into their programs, where these changes can reduce program costs.

(5) Other Opportunities

As industry becomes more aware of the specific cost drivers within specific municipal recycling programs, other opportunities to reduce these costs will be investigated.

8. Stewardship Ontario Program Delivery and Cost Estimates

8.1 Program Delivery Costs

8.1.1 Start up Costs

Start up costs of \$1.5 million were budgeted for the period October 1, 2002 to April 30, 2003. These costs were approved by Stewardship Ontario's Board of Directors on October 23, 2002. Start up costs will be covered by CSR, as approved by CSR's Board of Directors in March of 2002, on the condition that these funds will be repaid by crediting current CSR members' fees that will be due to Stewardship Ontario.

Program delivery costs during the start up period and for the remainder of 2003 are comprised mainly of allocations of CSR's staff salaries, direct costs for data management programming and capital acquisitions, and communications initiatives for website development combined with the requirements for funding WDO and Stewardship Ontario consultation programs. Table 8.1 details these costs through 2003. A brief outline of each of the program budgets is provided in Section 8.3.

Table 8.1: Start up Budget and 2003 Budget for Program Delivery and Administration

Cost Category	Startup Oct 1, 2002 to Apr 30, 2003	Budget May 1, 2003 to Dec 31, 2003	Total
Program Delivery			
Recruitment & Registration	\$ 124,800	\$ 164,800	\$ 289,600
IT and Data Management	\$ 401,900	\$ 240,000	\$ 641,900
Commodity Revenue Analysis	\$ 46,100	\$ 60,400	\$ 106,500
Market Development	\$ 45,200	\$ 62,800	\$ 108,000
Technical Leadership	\$ 236,000	\$ 262,600	\$ 498,600
Accounting	\$ 100,700	\$ 199,000	\$ 299,700
Communications	\$ 184,800	\$ 180,000	\$ 364,800
Committee & Board Support	\$ 71,000	\$ 83,700	\$ 154,700
Total Program Costs	\$ 1,210,500	\$ 1,253,300	\$ 2,463,800
Administration	\$ 289,500	\$ 589,000	\$ 878,500
TOTAL COSTS	\$ 1,500,000	\$ 1,842,300	\$ 3,342,300

8.1.2 Municipal Blue Box Support Payments

Based on the negotiated Year One net cost of the Blue Box Program Plan of \$62.5 million, as outlined in Section 7.1, as industry is responsible for 50% of the net cost of Blue Box recycling programs, industry is responsible for providing funding of \$31.25 million. However, given that industry Stewards cannot be obligated until the Blue Box Program Plan is approved by the Minister and given that this date remains uncertain, the initial date of obligation for the first year of the program is projected for the purposes of this analysis to be May 1, 2003. Therefore, based on the assumed obligation date, municipal Blue Box programs payments will cover the period of May 1 to December 31, 2003 or 2/3rds of the year (Table 8.2). For 2003 only, it has

been agreed that industry will not hold back 10% of the municipal payments to fund the Effectiveness and Efficiency Program, but rather will distribute the entire amount.

Table 8.2: Year One Municipal Support Payments

Cost Category	Value
Net Cost	\$62,500,000
Whole Year Industry Obligation (50% of Net Cost)	\$31,250,000
2/3rds Industry Obligation	\$20,833,333
CNA/OCNA In-kind Contribution	\$866,667
Total Industry Cash Contribution	\$19,966,666

8.2 Additional Program Elements

In the Minister's Letter of September 25, 2002, a number of additional program elements were outlined as required as part of the Blue Box Program Plan. To address these points, Stewardship Ontario has included a number of areas of activity, some of which are focused on ensuring accurate information gathering and analysis, improving curbside recycling performance, and reducing program costs for Stewards. These areas are:

- Data Collection and Analysis: Analyzing municipal recycling program tonnages and costs and conducting program reviews to identify ways to reduce these costs;
- Measuring Program Improvements: Conducting detailed waste sorts with municipal partners to measure waste generation, target progress and program improvement results;
- Green Procurement: To promote (and report on) private sector and public sector use of recycled materials;
- Market Development Projects: Including a 2003 Action Plan on Glass and material specific plans for 2004 for all other targeted materials; and
- Enforcement: MOE enforcement support and Stewardship Ontario compliance initiatives.

8.2.1 Data Collection and Analysis

The implementation of the Blue Box Program Plan will require a much more rigorous and comprehensive data collection process. A form will be developed for the 2003 3Rs Datacall. Information on tonnes recovered, households served, materials managed, and program costs will be collected. This will be combined with a thorough review of the responses received through the Datacall. This process, to be undertaken under the direction of the MIPC, will take three months each year to complete (April through June).

Using the data from the 3Rs Datacall process, combined with the results from the waste audits, and program reviews (Section 6.3), material recovery rates and detailed costs for the management of each material will be calculated. In turn, those results will form the basis for the development of Stewardship Ontario levies for each program year.

The cost to complete the 3Rs Datacall process is projected to be \$75,000 for 2003. This cost is incorporated into the WDO budget and is not part of the Stewardship Ontario budget. The

financial audits and program reviews (outlined in Section 6.3) have an estimated cost of \$200,000 for 2003.

8.2.2 Measuring Program Improvements

In order to accurately estimate Blue Box waste generation in the province (and therefore accurately measure waste diversion rates and progress towards future targets), it will be important that current and consistent waste audits be completed across a broad range of municipalities on an annual basis. The protocol for completing residential waste audits was developed and applied by more than 20 municipalities across Ontario under the IWDO. This same protocol will be followed annually with the costs for the audits being paid for using funds from the Effectiveness and Efficiency Fund once it is operational (Section 6.6). Audits need to be completed in large, medium and small municipalities, in both southern and northern Ontario, representing both single and multi-family dwellings and within and outside of the Greater Toronto Area. It is also important that the audits be completed across all seasons in order to capture variations in waste generation patterns (e.g., more beverage containers are generated in the summer months and more paper is generated around the Christmas season).

A minimum of 36 individual audits, covering a minimum of 50 households per audit day over a period of two weeks each (i.e., two days per audit sample), across all seasons and inclusive of all demographic groups, will be completed on an annual basis and used to establish the waste generation table which will be used to determine overall generation and diversion rates for both Blue Box wastes and other wastes.

Assuming an approximate cost of \$7,000 per two-day audit, the total annual cost to complete 36 audits will be \$250,000.

8.2.3 Green Procurement Program

In addition to material specific market development work, materials for all Blue Box wastes will be enhanced by promoting procurement practices that favour use of increased quantities of recycled materials. For 2003, \$100,000 have been allocated for the design, development and detailed implementation planning for a "WDO Green Procurement Program". The key components of this program when fully developed will include:

- Preparation of a green procurement code for all stakeholders in the WDO process (i.e., industry, municipal and provincial governments);
- Development of product catalogues and suppliers;
- Training in green procurement; and
- Promotion and education targeted at key target groups (i.e., procurement managers, highway engineers, etc).

Costs of this program will be increased in subsequent years with investments in trials and demonstration projects estimated to be up to \$250,000 in future years (assuming the procurement program is approved in 2003).

8.2.4 Market Development Programs

Many materials currently collected in Blue Box programs (including coloured glass, mixed broken glass, plastic film and mixed plastics) have experienced reduced demand, tighter specifications and lower revenues. In the first year of the Program, glass, one of the largest

tonnage contributors to the overall quantity of recyclables recovered in the Blue Box, will require particular focus and investment. A Glass Markets Task Group comprised of representatives from municipalities, Stewardship Ontario and glass end markets has been established to address this issue. This group is assessing various approaches to:

- Increase the quality of glass currently being recovered, thereby making it easier to market; and
- Identify other potential market outlets for mixed broken glass (e.g., aggregate substitute).

For 2003, Stewardship Ontario envisions a significant market development program focused on green and mixed coloured glass and funded primarily through the LCBO financial contribution. Given the severity of the problems associated with marketing of mixed and green glass in particular; and given that the LCBO financial contribution to Stewardship Ontario is expected to be greater than the 50% cost sharing calculation for materials for which LCBO is the Steward, a portion of the surplus LCBO funds will be dedicated to an aggressive glass market development program as follows:

- \$500,000 will be allocated in 2003 to support detailed business planning, feasibility studies, pilot projects and negotiations related to establishment of facilities as required (in accordance with the criteria as set out in Section 6.4.4 of the Program Plan); and
- \$2.5 million in 2003 for direct investment (implemented in 2004).

A detailed project plan for the Glass Markets Investment Fund will be completed no later than the end of 2003. Municipalities (e.g., through the Glass Task Group and AMO's involvement in the MIPC of WDO) will be consulted on the development of this initiative.

Notwithstanding this provision, should the date of approval of the Blue Box Program Plan (and therefore the date of obligation for Stewards) extend beyond July 1, 2003, the allocation of \$2.5 million will be reduced by \$250,000 for each month that the program approval is delayed, with these funds added to the pool of funds to be distributed under the municipal Blue Box support payments in 2003. If the Blue Box Program Plan is not approved in calendar year 2003, \$4 million of the LCBO contribution for 2003 will be distributed to municipalities using a similar methodology as employed to distribute the LCBO contribution in 2002.

Also during 2003, Stewardship Ontario, in consultation with MIPC, will assess needs and opportunities for other market development initiatives for implementation in 2004. Priorities will be given to those materials for which:

- Projected recovery is expected to exceed known demand;
- Opportunities are identified for reducing those materials recycling costs; and
- Opportunities are identified for increasing those materials' revenues.

As information on market opportunities are identified, an allocation of \$200,000 will be made in support of best practices education and awareness.

8.2.5 MOE Enforcement

Under the WDA, the MOE may charge reasonable fees to an IFO for enforcement activities. Recognizing that a high compliance rate across all Stewards is critical to meeting the projected fee rates, it is prudent to include funds to support enforcement proceedings from program

initiation to ensure that the significant penalties included in the *Act* are utilized. Stewardship Ontario will attempt to identify and notify all obligated Stewards. Compliance initiatives to be undertaken by Stewardship Ontario are outlined in Section 8.2.6. Stewardship Ontario may notify the MOE of Stewards not in compliance, as outlined under Enforcement Procedures in Section 9.16.

Stewardship Ontario and the Ministry have agreed to an initial budget for MOE Enforcement of \$200,000 for the first full year of the program. This amount can be increased if required, or alternatively can be shared in future years among other IFOs that may be developed. This level of funding will allow for the dedication of two FTE enforcement officers.

8.2.6 Stewardship Ontario Compliance Initiatives

Through the maintenance of a public registry of identified Stewards and the development of a tracking system to monitor compliance, Stewardship Ontario will provide additional compliance support. Field research will be performed by teams of temporary staff who will follow up on leads generated by complying Stewards, or independently through store shelf audits. In addition, Stewardship Ontario institute a non-compliance notification process, including written notification of when fees are due and payable, as well as a 30 day, 60 day, 90 day and 120 day notification follow up. If the Steward's registration and data submission process is not complete at the end of the 120 days, Stewardship Ontario will forward the non-compliant Steward's information to the MOE for enforcement action. In Year One, a total of \$200,000 have been assigned for the program.

8.2.7 Promotion and Education/Public Awareness

Section 6.5 of the Plan describes how promotion and education activities will be led by WDO with support from municipalities and Stewardship Ontario. Included in this section is a description of how the CNA/OCNA \$1.3 million program will be managed through WDO (including funding for the program's administration and annual evaluation). Section 5.3 describes the activities of WDO-PAC both in terms of overall education and awareness planning/oversight and ongoing program consultation requirements.

Stewardship Ontario will contribute to this area in three ways:

- Support "best practice" communication research and results diffusion: Research conducted by AMO and Stewardship Ontario indicates that Ontario municipalities spend about \$1.5 million each year for recycling program promotion and advertising. It is recognized that this will increase in future years as 50% of these costs will be eligible for funding support. In support of this activity, Stewardship Ontario will focus on best practice research so that future dollars expended are put to optimum use. \$200,000 have been allocated to this activity for 2003 (this activity may be supported in future years through the Effectiveness and Efficiency Fund as determined by the MIPC);
- Coordinate existing Stewards' communication and awareness activities to enhance these programs overall benefits and impacts; and
- Participate in WDO education planning, evaluation and oversight as outlined in Sections 5.2 and 6.5.2 of this Plan.

No additional funds have been allocated for education, awareness or consultation functions to WDO for 2003, since WDO's 2003 costs are already covered by the LCBO's 2002 \$1 million allocation as approved by the WDO Board of Directors.

8.2.8 Summary of Program Implementation Costs

The result of the implementation of each of the programs outlined within Section 8.2, it is an expenditure of an additional \$4.15 million (in addition to the start up and administration costs outlined in Section 8.1) (Table 8.3).

Table 8.3: Summary of Programs and Costs

Program	Cost
Data collection and analysis (incl. in WDO budget)	\$0
Financial Audits/Program Reviews	\$200,000
Measuring Program Improvements (Waste audits)	\$250,000
Green Procurement Program	\$100,000
Market Development Programs	
Glass Market Development Technical Projects/Feasibility Studies	\$500,000
Glass Markets Investment Fund	\$2,500,000
Best Practices	\$200,000
MOE Enforcement	\$200,000
Stewardship Ontario Compliance Initiatives	\$200,000
WDO Contributions (Year 1)	\$0
TOTAL	\$4,150,000

8.3 Program Implementation

8.3.1 Staff Costs

Stewardship Ontario has retained CSR to serve as the Secretariat to the organization for the purposes of developing and operating the Blue Box Program Plan. As a result, and as outlined in the budget presented to and approved by the Stewardship Ontario Board of Directors, CSR estimated that during the start up period and Year 1, current staff would spend approximately 75% of their time on Stewardship Ontario program planning, development and implementation. The terms of acceptance, as agreed upon by the Stewardship Ontario Board, were that all costs and allocations from CSR would be reviewed quarterly by the Treasurer and approved as part of the annual Business Plan process.

There will also be a need to hire additional staff on a full time, contract or seasonal basis (particularly in the area of membership recruitment, data management, report verification, member support services, compliance initiatives and accounting) to successfully implement the Plan. Budgeted new hires are detailed at the end of Section 8.3.2.

8.3.2 Program Budgets for Program Delivery

The following details the key functions within program budget areas.

Management and Administration

- Cost control;
- Legal, audit and insurance compliance;
- Office space planning;

- Office maintenance;
- Staffing; procurement of office supplies and equipment;
- Telephone and network communications; and
- Support, security and maintenance of the computer network.

Program Management

- Policy and strategic planning;
- Design and management of the Program Plan development process;
- Liaison with AMO in the development of the Program Plan;
- Development of the Stewardship Ontario governance structure and funding formula; presentations to key stakeholders;
- Drafting the Blue Box Program Plan to be submitted to the WDO Board; development of a web-based data reporting and management system; and
- Program implementation planning; and
- Providing progress reports to the Stewardship Ontario and WDO Boards of Directors and the MOE.

Recruitment and Registration

- Identification and notification of obligated Stewards. Extensive outreach activities have been initiated.

Compliance Initiatives

- Identification of Stewards that are not in compliance and initiation of actions necessary to ensure compliance.

Information Technology and Data Management

- Development, project management and programming of the online data management system to handle obligated Stewards' registration and data submission requirements. This program is outlined in detail in Section 8.3.3 and 9.7.

Commodity Revenue Analysis

- Research and confirmation of market prices for commodities to be used in the net cost calculations.

Market Development

- Research and development of alternative end markets. This program is outlined in detail in Section 6.4.

Technical Leadership

- Development of municipal and industry cost models;
- Analysis of waste/recycling material;
- Monitoring key cost drivers;
- Consultation with key stakeholders;

- Program definitions;
- Program audits;
- Development and implementation of the Effectiveness and Efficiency Fund;
- Final review of data;
- Submissions;
- Rulings; and
- Request for exemptions.

Accounting

- Accounting, finance and customer service functions including:
 - Financial reporting;
 - Budget preparation and compliance;
 - Payroll and benefits administration;
 - Online membership registration and data submission;
 - Invoicing and collections; and
 - Customer service administration.

Communications

- Communication with all stakeholders through advertising, brochures, access through website, as well as consultation/industry information sessions.

Committee and Board Support

- Attendance and reporting or “lead” at advisory committees and task groups to ensure transparency and to request support and input for all initiatives. To provide feedback and support to Stewardship Ontario’s Board of Directors on all issues. Committees, Boards and working groups included are as follows:
 - AMO/Stewardship Ontario Task Group;
 - Data and Reporting Advisory Committee;
 - Material and Packaging Advisory Committee;
 - Stewardship Ontario Board of Directors; and
 - WDO Board of Directors.

Budgeted New Hires

- Budgeted new hires are outlined in Table 8.4.

Table 8.4: Budgeted New Hires by Category

Program	Function	FTE Allocation
Recruitment and Registration	Membership Recruiter	2.00
Compliance Initiatives	Compliance Officer	2.00
Accounting	Bookkeeper	1.00
Accounting	Customer Service Supervisor	3.00
	Total new hires	8.00

Summary Staff Complement

- Full-time Equivalent at December 31, 2002 was nine (9) and is broken down by function below. New hires of eight (8) are planned for 2003. Final headcount is expected to be 17 at the end of 2003 (Table 8.5).

Table 8.5: Staff Complement Summary

Category	Existing Headcount	2003 New Hires	Headcount Dec. 31, 2003
Recruitment and Registration	1	2	3
Compliance Initiatives	0	2	2
IT and Data Management (contract)	0	0	0
Commodity Revenue Analysis	1	0	1
Market Development	0	0	0
Technical Leadership	2	0	2
Accounting	2	4	6
Communications	1	0	1
Committee and Board Support	1	0	1
Administration	1	0	1
Total	9	8	17

8.3.3 Data Management

Stewardship Ontario is in the process of developing a secure, web-based data reporting and management system. The objective of the system is to handle:

- Online Stewardship registration;
- Online data submission;
- Data analysis;
- Fund calculation;
- Invoicing;
- Financial reporting; and
- Collections.

The decision process for developing this system internally was made after extensive evaluation of a UK-based program, where it was decided that by acquiring this company's software, their basic architecture could be utilized in the Stewardship Ontario program. This software was purchased and has been used in the planning and structuring process, with necessary modifications made to meet the unique needs of an Ontario system.

In development of the new structure, programming costs were identified for three major phases of this project (Table 8.6).

Hardware requirements to support this system are estimated at \$110,000. The capital acquisitions include:

- Servers to support the web-based program as well as to house the database;
- E-mail servers;
- Software licenses;

- Security and backup hardware; and
- Accounting software.

Table 8.6: Phases of the Data Management System Development

Phase	Description	Cost
Phase 1	<ul style="list-style-type: none"> • Business process and design; • Restoration of UK software; and • Installation and configuration of computer hardware. 	\$40,000
Phase 2	<ul style="list-style-type: none"> • Data management system development 	\$100,000
Phase 3	<ul style="list-style-type: none"> • Acceptance of live data; and • Identify and troubleshoot problems. 	\$ 40,000
	Total programming costs	\$180,000

Phase 2 of system development is in progress. Completion of this phase of the programming will be in March 2003 at which time a two-month testing period will commence with actual data from volunteer Stewards.

8.3.4 Customer Services

A customer services group will be formed to handle Stewardship support. This group will be responsible for registration, monitoring the data submission process, reviewing and processing data submissions, and dealing with or redirecting all online or telephone queries or requests. To ensure efficient workflow, this group will operate within a “call centre” structure.

A senior customer service supervisor will manage day-to-day operations, staff hiring, staff training, performance evaluation, workflow and the data management system. To ensure continuity of knowledge and support, this will be a permanent position within Stewardship Ontario.

Four customer service representatives have been budgeted. Two existing CSR employees will fill these roles, and two staff will be hired on a contract basis during the annual registration and data submission period. As the work requirements will be seasonal, it is the intention on a going forward basis to staff this area with contract personnel. Staff will be hired on an “as needed” basis, in direct relation to increases in registrants. In the initial stages, it is expected four support staff will be adequate. This complement will be monitored closely during the start up period.

8.4 Year One Program Budget Summary

For 2003, to meet the Blue Box Program Plan requirements set out in the Minister’s Program Request Letter to the WDO, \$4.15 million in required additional program costs and \$3.34 million in program start up and administration costs will be incurred, for a total Stewardship Ontario program cost in 2003 of \$27,458,966 (Table 8.7).

The Year One administrative and overhead cost budget represents 6.7% of Year One total program costs. Administrative costs projected out to Year Four will decline relative to total program cost projections.

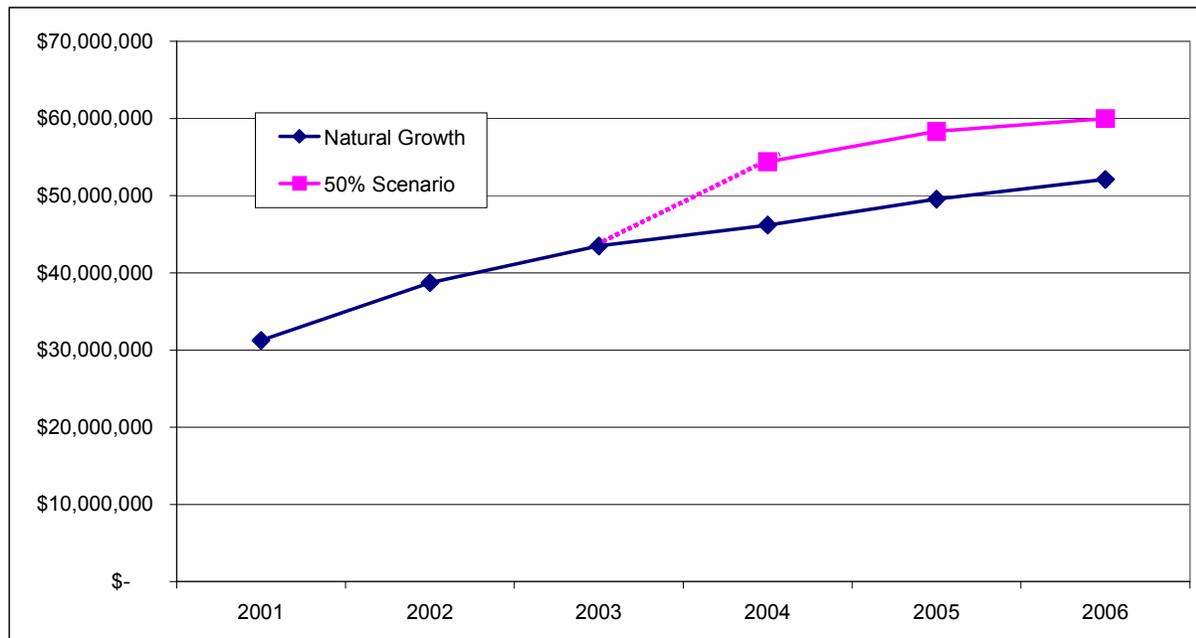
Table 8.7: Year One Program Budget Summary

Cost Category	Budget	Percentage
Payments to Municipalities	\$19,966,666	72.7%
Program Implementation Costs	4,150,000	15.1%
Start up Costs (7 months)	1,500,000	5.5%
Administrative and Overhead Costs (8 months)	1,842,300	6.7%
Total Program Costs	\$27,458,966	100.0%

8.5 Five Year Obligation Projections

Because of the complexity of projecting future Blue Box Program Plan costs, it is difficult to determine future Stewardship Ontario costs. However, based on the information provided in Figure 7.1 (Section 7.4), Figure 8.1 provides order of magnitude estimates for Stewardship Ontario program costs through 2006 under the Natural Growth and 50% scenarios. The costs shown are reflective of the 50% share of municipal Blue Box program costs only, i.e., none of the future additional program costs (e.g., audits, market development, promotion and education, consultation, etc.) are included at this point.

Figure 8.1: Total Industry Obligation Under Different Recovery Rate Assumptions



It is estimated that Stewardship Ontario payments to municipalities in 2004 (based on municipal costs for 2002) will increase to approximately \$38.7 million and to \$43.5 million in 2003. After 2003, the total will be contingent upon how many tonnes of recyclables are recovered. If a 50% recovery rate is achieved in 2004, these costs could total \$54.4 million. Through 2005 and 2006, industry’s obligation could increase to \$58.3 million and \$60.0 million respectively. For more information on five year costs, refer to Section 5.7. These costs do not include any provisions for additional programs or administration.

9. Stewardship Ontario Governance, Rules and Procedures

9.1 Stewardship Ontario

Stewardship Ontario is a non-share capital, not-for-profit Corporation initiated by the WDO to serve as the Secretariat for the development and implementation of a program for the management of Blue Box wastes under the WDA.

9.1.1 Governance Model

Stewardship Ontario is composed of the members of its Board of Directors. The founding Board of Directors of Stewardship Ontario represent the seven (7) existing industry sectors represented on the WDO Board whose members are expected to be the designated Stewards for the significant majority of obligated Blue Box wastes under the Plan, plus the CEO of the corporation. Brewers Retail Inc., the other industry sector represented on the WDO, is not required to participate in the program as per Section 35 of the *Act*.

Members of the Board of Directors are allowed to appoint alternates who may vote in the absence of the member. Voting representatives are identified by the Chair at the beginning of each meeting and are recorded in the Minutes of the Meeting.

Founding members of the Board of Directors and their designated alternates (as indicated by an asterisk) include:

One member appointed by the Food and Consumer Products Manufacturers of Canada

Tim Moore, Clorox Canada
Dennis Darby*, Procter & Gamble

One member appointed by the Canadian Council of Grocery Distributors

Geoff Wilson, Loblaw Companies Limited,
Larry Griffin*, Loblaw Brands Limited

One member appointed by the Retail Council of Canada

Diane Brisebois, RCC
John Hanson*, On behalf of RCC

One member appointed by Refreshments Canada

Gemma Zecchini, Refreshments Canada
Colleen Newell*, Pepsi-Cola Canada Ltd,

One member appointed by the Canadian Newspaper Association

Anne Kothawala, CNA
John Hinds*, CNA

One member appointed by the Liquor Control Board of Ontario

Gerry Ker, LCBO
Lyle Clarke*, LCBO

One member appointed jointly by the Canadian Paint and Coatings Association and the Canadian Consumer Specialty Products Association**Ron Hoare**, Para Paints**Ed Berry***, CCSPAThe CEO of Stewardship Ontario in an Ex-Officio capacity - **Damian Bassett**

Stewardship Ontario is managed by its Board of Directors and the officers of the corporation.

The Officers of Stewardship Ontario are as follows:

Chair: **Dennis Darby**
Vice-Chair: **Larry Griffin**
Treasurer: **Diane Brisebois**
CEO: **Damian Bassett**

Quorum

- The quorum for the transaction of business at any meeting is a majority of members.

Voting

- Each Founding Member, or their designated alternate in the absence of the member, is entitled to vote. Decisions of the Board of Directors are determined by majority vote.

Bylaws

- The bylaws of the Corporation are attached in Appendix V.

Subcommittees

- The Board of Directors may authorize the establishment of subcommittees of the Board of Directors and may authorize a subcommittee to include persons who are not members of the Board.

Remuneration and Expenses

- The members of the Board of Directors are not entitled to any remuneration associated with their duties as a director, but may be reimbursed for expenses in accordance with the bylaws.

9.1.2 Future Governance Model

Upon approval and implementation of the Blue Box Program Plan and the recruitment of additional members of the corporation, the Board of Directors of Stewardship Ontario will request the approval of the WDO to revise the governance model to include representation from all industry sectors included in the membership and to reflect the following guiding principles:

- (1) All designated Stewards under the plan are eligible for membership in Stewardship Ontario.

- (2) The Board of Directors of the corporation will be elected by industry sectors. The number of industry sectors will be determined after the number of members is known and the proportion of the total annual fees of the corporation contributed by each sector in each year of the program.
- (3) The Board of Directors will be comprised of a maximum of 20 members.
- (4) The Board of Directors will be elected by the members of the corporation at an annual general meeting.
- (5) Members fees will be determined on the basis of the methodologies set out in the Blue Box Program Plan and as approved by the WDO and the Minister of Environment.
- (6) The Corporation will execute its responsibilities in a transparent manner and ensure that the rules of the Corporation are available to the public on the Internet and in writing upon request, as per Section 30 of the WDA.

The future Board of Stewardship Ontario, subject to the approval of the WDO, will include representation from each of the seven founding sectors:

- Food and consumer products manufacturers;
- Non-alcoholic beverage manufacturers;
- Grocery distributors;
- General merchandise retailers;
- Newspaper publishers;
- Paint manufacturers and consumer chemical product manufacturers; and
- Retailer of alcoholic beverages.

The Board of Stewardship Ontario has established a Future Structure Committee (Section 9.14) charged with further development of the Board upon approval of the Program Plan and registration of members. Representation on the Board of Directors will be expanded to ensure representation for the range of industry sectors designated as Stewards under the Plan. The Board of Directors will be expanded to include representation from up to seven (7) additional sectors, which may include:

- Electronic and electrical products;
- Toys and sporting goods;
- Non-prescription pharmaceuticals;
- Quick service food;
- Importers;
- Distributors; and
- Hardware and automotive.

The final configuration of the Board and the voting representation will take into account the relative financial contributions of each sector to Stewardship Ontario.

To ensure that no one sector acquires controlling interest on the Board, the Board of Directors will establish criteria for which decisions will require both a majority vote of the Board and the approval of a minimum number of industry sectors (a double hurdle requirement).

Stewardship Ontario will review the size and composition of the Board of Directors annually. The procedures for altering the Board of Directors will be as outlined in Section 9.18.

9.1.3 Criteria for Membership in Stewardship Ontario

Upon approval of the Blue Box Program Plan, eligible members will include:

- The designated Stewards of Blue Box wastes;
- Other companies with a commercial connection to Blue Box wastes, as agreed by the Board of Directors; and
- Other persons as determined by the Board of Directors to have an interest in the activities of the Corporation.

To be a member in good standing in the Corporation, Stewards of Blue Box wastes must keep records, provide reports and pay fees to Stewardship Ontario in the manner determined by the Board of Directors from time to time.

In addition to members, Stewardship Ontario may appoint Observers to the Board or to committees of the Board as appropriate.

9.1.4 Committees

Stewardship Ontario will establish committees to provide advice to the Board of Directors, including the:

Future Structure Committee

- To consult with Stewards and to make recommendations on the appropriate composition of the Board of Directors following receipt of applications for membership in the corporation. These recommendations will be made within 120 days of approval of the Blue Box Program Plan.

Audit Committee

- To make recommendations to the Board of Directors on all matters related to the funds of the Corporation as set out in Sections 32 and 33 of the WDA.

Blue Box Program Advisory Committee

- To make recommendations to the Board of Directors on all matters related to implementation of the Blue Box Program Plan.

9.1.5 Annual General Meeting

There will be an annual general meeting of the Corporation to review and approve the recommendations of the Board of Directors in regards to meeting the obligations of Stewardship Ontario as set out in Sections 30 and 33 of the WDA.

9.2 Stewards of Blue Box Wastes

Section 30 (1) of the WDA states that:

“If an industry funding organization is designated by the regulations as the industry funding organization for a waste diversion program, the organization may make rules

(a) Designating persons or classes of persons as stewards in respect of the designated waste to which the waste diversion program applies“

Section 30 (2) states that a rule made under clause (1):

“Shall not designate a person as a steward in respect of a designated waste unless the person has a commercial connection to the designated waste or to a product from which the designated waste is derived.”

Furthermore, the Minister’s Program Request Letter to the WDO for a Waste Diversion Program for Blue Box wastes (September 23rd, 2002) states:

“The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program.”

Stewardship Ontario has defined brand owners and first importers of products sold in Ontario that result in Blue Box wastes as set out in Section 2 as Stewards for the purposes of this Blue Box Program Plan.

9.3 Stewards for Printed and Packaging Materials

A Steward of a designated Blue Box waste is identified in the Minister’s Request for a Waste Diversion Program for Blue Box waste. Item 5 in the Addendum to the Program Request Letter states:

5. *“The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program”.*

For the purposes of this plan, a “Steward” means a person who bears financial responsibility under this program for Blue Box wastes and, in particular, means

(1) With respect of Blue Box waste that is packaging:

- (a) A person who voluntarily fulfills the obligations of Steward for the waste; or
- (b) If a person described in subclause (a) does not exist, then, a person carrying on business in Ontario who:
 - (i) For the Ontario market, owns the intellectual property rights to the brand of the packaged product or is a licensee of those rights; and
 - (ii) Manufactures, packages, or distributes the packaged product for sale in Ontario, or causes the manufacture, packaging, or distribution of the packaged product for

- sale in Ontario, notwithstanding that one or more of the above described activities does not take place in Ontario; or
- (c) If a person described in subclause (a) or (b) does not exist, then, a person in Ontario who packs or fills or causes the packing or filling of products whether the activity takes place in Ontario or not; or
- (d) If a person described in subclause (a), (b) or (c) does not exist, then, the first person to take possession of the packaged product in Ontario for distribution or sale.

(2) With respect of Blue Box waste that is printed paper:

- (a) A person who voluntarily fulfills the obligations of Steward for the waste; or
- (b) If a person described in subclause (a) does not exist, then, a person in Ontario who is the publisher of the printed material, whether production of the printed material takes place in Ontario or not; or
- (c) If a person described in subclause (a) or (b) does not exist, then, a person in Ontario who is the title-owner of the printed material or is a licensee of those rights for Ontario, whether production of the printed material takes place in Ontario or not; or
- (d) If a person described in subclause (a), (b) or (c) does not exist, then, a person in Ontario who prints or causes the printing of the printed material whether the printing takes place in Ontario or not; or
- (e) If a person described in subclause (a), (b), (c) or (d) does not exist, then, the first person to take possession of the printed material in Ontario for distribution of sale.

Therefore all brand owners and first importers into Ontario of products that result in final consumption packaging and printed papers as defined in Section 2 are generally deemed to be Stewards under the Blue Box Program Plan, subject to the franchisor rule in Section 9.3.2 and the *de minimis* exemption as outlined in Section 9.4.

9.3.1 Liquor Control Board of Ontario

The Liquor Control Board of Ontario (LCBO) is an agency of the Province of Ontario. The Province of Ontario has designated the LCBO to be the Steward for all domestic and imported wines and spirits, and imported beers that are listed exclusively with the LCBO. The LCBO is therefore the Steward for all designated Blue Box wastes sold or distributed through LCBO stores, agency stores, winery/distillery retail stores and duty free stores in Ontario. The obligation extends to include all printed informational and promotional materials distributed free at the stores, through newspaper inserts and through subscription.

9.3.2 Franchise Businesses

The definitions of a "franchise," "franchisor," and "franchisee" contained in the *Arthur Wishart Act* shall be applied in interpreting the meaning of those same expressions for purposes of this Plan. With respect to any business operated partly or wholly in Ontario as a franchise, the franchisor shall be deemed the obligated Steward for all its Ontario franchisees. Therefore, the franchisor will be obligated to report packaging and printed paper generated in Ontario by all of its franchisees and the franchisor itself through its corporately-owned stores (e.g., special promotions, advertising etc.) with the following exceptions:

- With respect to any business operated partly or wholly in Ontario as a franchise, where the franchisor does not supply all or substantially all of the goods to plants, distribution

centres, and/or stores operated by its franchisees, each franchisee of the franchisor shall be deemed to be the Steward for purposes of obligations to Stewardship Ontario.

For example, where the franchisor is solely providing franchisees with the right to use a trade-mark, trade name, and/or a proprietary formulation or ingredients, the franchisee will be the party deemed responsible for the purchasing and generation of packaging and printed materials. Therefore the franchisee is the appropriate Steward.

- With respect to any business operated partly or wholly in Ontario under a master (or sub-) franchise agreement, if the franchisor resides outside of Ontario and grants the rights to an Ontario sub-franchisor. If under the terms of the master or sub-franchise agreement, the sub-franchisor is required to supply all or substantially all of the goods to plants, distribution centres, and/or stores operated by the sub-franchisor or such franchisor's associate, if applicable, and/or by its franchisees, the sub-franchisor shall be deemed to be the Steward for purposes of obligations to Stewardship Ontario.

9.3.3 Other Distribution Channels

There are a number of other distribution business models in practice for the sale and distribution of consumer goods. This includes cooperative arrangements and/or the sale of a consumer product or service by an independent sales contractor (ISC) who does not operate from a fixed retail location. For the purposes of this Plan, the criterion for the designated Steward described in Section 9.3 applies.

9.4 De Minimis Threshold

The Minister's Program Request Letter further states that:

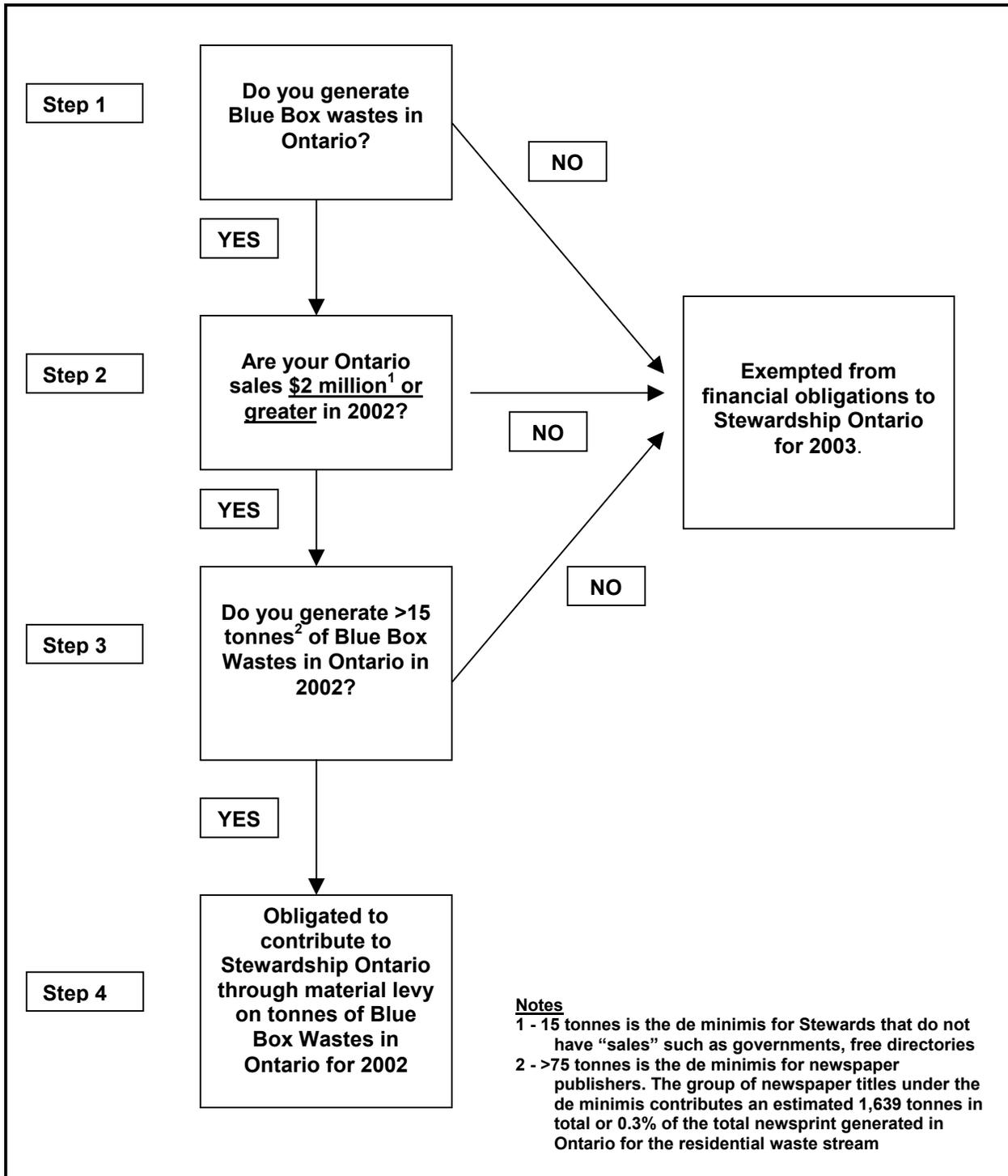
- (5) *"The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in Blue Box wastes under the program. The program will include a rule to exempt stewards under subsection 30 (1) (e) of the Act based on de minimis criteria."*

The purpose of the *de minimis* threshold is addressed in the draft Operating Agreement between the MOE and the WDO under *Schedule E - Guiding Principles for Fee Setting Criteria: Waste Diversion Ontario*:

"In accordance with subsection 15.01 of this Agreement, Waste Diversion Ontario shall have regard to the following guiding principles when establishing the amount of fees to be charged: Exemptions from fees should be based on clearly stated criteria relating to the volume or size of operation so that small businesses can be excluded."

Stewardship Ontario, through the support of Data and Reporting Advisory Committee has established a sales-based *de minimis* threshold which includes a two-tiered process for determining if a designated Steward is required to register with Stewardship Ontario (Figure 9.1).

**Figure 9.1:
How to Determine If You Are Exempt from the Stewardship Ontario
Blue Box Program Plan**



9.4.1 Level 1 - 2002 Ontario Sales of Less Than \$2 Million

Stewards of Blue Box wastes with 2002 Ontario gross revenues from sales of less than \$2 million are exempted from paying fees to Stewardship Ontario and furthermore are not obligated to register with Stewardship Ontario in the first year of the program.

In subsequent years of the program, if and when Ontario sales grow beyond \$2 million in any calendar year, these Stewards will be required to register with Stewardship Ontario and to pay fees.

In Section 9.3.2, Stewardship Ontario designates the franchisor as the obligated party on behalf of their franchisees. With respect to any business operated wholly or partly in Ontario as a franchise, the \$2 million threshold applies to the aggregate gross revenues of all franchisee and corporately-owned stores comprising the franchise system, notwithstanding that some individual franchisees or subsidiaries fall below the \$2 million threshold.

This *de minimis* level is intended to meet the requirements set out by the Minister for consideration of the administrative burden on small businesses while maintaining as level a playing field as possible for all Stewards of Blue Box wastes.

In addition, this *de minimis* level will reduce the administrative burden on Stewardship Ontario by reducing the total membership base of the corporation while still capturing the significant majority of Blue Box wastes generated in Ontario. Preliminary estimates indicate that approximately 30,000 to 34,000 companies in Ontario will be exempted at this *de minimis* level³, representing an estimated 2%-5% of total Blue Box wastes generated in the province.

9.4.2 Level 2 – 2002 Ontario Sales over \$2 Million

Stewards with 2002 Ontario gross revenues from sales over \$2 million are above the *de minimis* threshold and will be required to register with Stewardship Ontario. However, following registration with Stewardship Ontario, Stewards that generate less than 15 tonnes of Blue Box packaging and printed paper materials in 2002, are also exempted from the first year of the program. There is a separate weight exemption of 75 tonnes for small newspaper generators. In subsequent years of the Program, if Blue Box wastes generated by a Steward exceed 15 tonnes in any calendar year, these Stewards will be required to pay fees to Stewardship Ontario.

For Stewards that are not commercial entities (e.g., such as municipalities, provincial agencies, etc.) but are designated as Stewards for such material as printed papers distributed to households, the 15 tonne threshold limit will apply.

³ In a November 28, 2002 letter, the Canadian Federation of Independent Businesses indicated that of their total Ontario membership of 40,000 that approximately 30% of CFIB manufacturing and wholesale members, 10% of food service and 12% of retail members would be obligated to file with Stewardship Ontario under the Level 1. If these estimates covered all members, approximately 30,000 to 32,000 CFIB members would be exempt under the Level 1 *de minimis*. At a Data and Reporting Advisory Committee, on November 14, 2002, CFIB provided information that 85% of CFIB members have sales of less the \$2 million which would equate to 34,000 members. Together, the two sets of information provided by CFIB indicate that between 30,000 to 34,000 of their Ontario members would be exempt under the Level 1 *de minimis*. Additional members would also be exempt under the weight threshold discussed in Level 2.

The rationale for this *de minimis* level is to ensure that Stewardship Ontario will not be expending more effort and costs to register and discharge the obligations of Stewards than the corporation is likely to receive in fees. Fifteen tonnes of a mix of packaging material was determined to be the most appropriate level at which administration costs would be likely to equal fees received from the Steward.

The objective of the weight threshold is to ensure that those Stewards that have high dollar sales per unit of product but relatively low packaging generation (e.g., jewellery, watches, crystal, etc.) are not disadvantaged. However, it is difficult to estimate the number of businesses that will be exempted under this weight threshold. The following table presents a rough estimate for what the 15 tonnes equates to for a sample packaging and printed materials.

Table 9.1: Examples of Weight Thresholds

Packaging/Printed Material Description	Number of Units/Cases	Assumptions
Magazines	75,000 total sales/subscriptions	200 grams/magazine
Envelope with 2 part insert	1,000,000 mail outs	15 grams for mail out
Retail carryout bags	200 cases of bags	7.5 grams/bag
Specialty jam (200 ml)	100,000 units	150 grams w/lid

As a subset of this *de minimis* rule, the publishers of newspapers sold in Ontario that generated less than 75 tonnes of printed paper in 2002 are also exempted from year one of the Program. About 108 companies own the 265 newspapers represented by the OCNA, and approximately 81 owners each generate less than 75 tonnes of newsprint entering the residential waste stream. This group contributes an estimated 1,639 tonnes in total (20.2 tonnes each), or 0.3% of the total newsprint generated in Ontario for the residential waste stream⁴.

Stewardship Ontario will review the *de minimis* levels, Level 2 weight thresholds and reporting procedures annually. The procedures for amending the *de minimis* levels will be consistent with the requirements for making changes as outlined in Section 9.18.

9.5 Calculating and Reporting Quantities of Obligated Materials

Under this Program Plan, Stewards will be required to measure and report to Stewardship Ontario the total quantity (in kilograms) of Blue Box wastes entering the Ontario residential waste stream on an annual basis. The reported quantities of packaging and printed paper will be multiplied by the material-specific levies as set out in Section 9.11 to determine a Stewards' total fees payable to Stewardship Ontario for Year One. The same process will be followed for subsequent years of the program.

When reporting to Stewardship Ontario, Stewards shall take into consideration and abide by the following rules:

- (1) Stewards will determine and declare to Stewardship Ontario that portion of total Blue Box wastes sold directly to consumers or through retail channels as the basis for calculating fees due to Stewardship Ontario. Blue Box waste that does not enter the residential waste stream and is handled exclusively within a commercial establishment's

⁴ Email communications between Don Lamont, Ontario Community Newspapers Association and Gordon Day, Stewardship Ontario, December 3, 2002.

on-premise waste management program can be excluded from a Stewards' submission of obligated material.

- (2) Food service establishments which provide take home, drive-through services or home delivery of products which result in Blue Box wastes are required to report on the total quantities of Blue Box wastes that are taken away from the property of the Steward by consumers or that are delivered to consumers. All quantities of Blue Box waste not managed through an on-premise waste management programs should be considered obligated wastes under the program.
- (3) For reasons of administrative simplicity, Stewards may choose to report on the estimated quantities of Blue Box wastes placed on the market, regardless of where such material is subsequently managed as waste.
- (4) For the purpose of this plan, Stewardship Ontario has determined that all Blue Box wastes sold or distributed through the following sales and distribution channels are deemed to be obligated materials:
 - Grocery retailers;
 - General merchandise retailers;
 - Drug and pharmacy retailers;
 - Convenience and gas station retailers;
 - Club, wholesale, cash-and-carry;
 - Product sales via the internet;
 - On-premise factory stores for public or employees;
 - Direct home sales; and
 - Unsolicited materials delivered directly to households.
- (5) In reporting to Stewardship Ontario, Stewards are required to:
 - Identify the quantities of Blue Box wastes, by material type, that were deducted in the calculation because they are managed within a commercial establishment's waste management system;
 - Identify the method by which this deduction was derived (e.g., customer sales records, market research, waste audits etc.);
 - Keep records for a period of at least five years and make these records available to Stewardship Ontario upon request; and
 - Provide documentation from the Chief Operating Officer or the Auditors of the corporation attesting that the information provided is accurate.
- (6) Stewards which have established an internal management system for portions of their designated Blue Box wastes must report on all wastes generated in Ontario to Stewardship Ontario and may apply for a credit or exemption for that portion that is managed internally and does not enter the municipal residential waste system. This will be reviewed by Stewardship Ontario on a case by case basis.

Stewardship Ontario will review these rules on an annual basis according to the procedures described in Section 9.18.

9.6 Data Reporting Requirements

9.6.1 Definitions of Material Categories

Section 2 defines Blue Box wastes as packaging and printed materials comprised of paper, glass, metal, plastics, textiles or any combinations thereof. The following provides further definition on the packaging and printed material categories that Stewards will be required to measure and report to Stewardship Ontario. Table 9.2 provides further definitions of packaging and printed material categories that Stewards will be required to measure.

9.6.2 Exemptions

Stewardship Ontario has identified the following packaging as being exempt from fees under the Blue Box Program Plan. These are in addition to Blue Box waste definitions identified in Section 2 and Section 9.5.

- (1) Transportation and distribution packaging that is not intended primarily for use or management in the home.
- (2) Industrial or bulk packaging that is not intended for sale to or use by consumers in the home.
- (3) Durable packaging (having a useful life of at least five years) that is intended to facilitate storage or transport or to prevent the loss of product components for durable products and which remains with the product throughout its useful life.
- (4) Other items that are not generally considered to be packaging:
 - Items provided as accessories to the product that do not serve a packaging function (e.g., plastic cutlery, straws, paper serviettes);
 - Packaging components sold as product (empty) to the end consumer (e.g., garbage bags, organic waste bags, food storage bags, food storage containers); and
 - Items that constitute an integral part of the product (e.g., toner cartridges, single use cameras).
- (5) Packaging materials that are not covered under the Blue Box Waste Regulation including:
 - Wood based packaging (e.g., boxes, crates);
 - Ceramic based packaging;
 - Crystal packaging;
 - Rubber packaging; and
 - Leather packaging

If a Steward requires further clarification about a possible exemption they can contact Stewardship Ontario and apply for a special assessment. Each possible exemption will be reviewed on a case-by-case basis relative to the WDA and the Minister's Letter.

Table 9.2: Definitions of Blue Box Materials

Designation of Materials	Base Definition	Sub-Classifications of Materials Covered Under Program
Printed Paper	Includes all printed paper materials for use by consumers distributed through retail distribution, subscriptions, and mass mail delivery. It also includes instructions, warranty and health information inside some packaged products.	<ul style="list-style-type: none"> (1) Newspaper and newsprint flyers (2) Glossy magazines and catalogues (3) Directories (telephone, postal codes, flight schedules) (4) Other printed paper including deliveries to the home and printed paper found within packaged products
Paper Packaging	<p>Paper packaging is subdivided into two groups:</p> <p>(1) Paper packaging containing more than 85% paper or paperboard in addition to less than 15% by weight of other closely bonded, impregnated or laminated materials that cannot be easily separated.</p>	<ul style="list-style-type: none"> (5) Corrugated packaging and kraft paper bags which contain less than 15% by weight of other closely bonded, impregnated or laminated materials that cannot be easily separated. Paper bags purchased at retail used for containing organic waste are to be exempt. (6) Boxboard and other paper packaging. Includes boxboard containers, moulded pulp paper packaging (e.g. egg cartons, formed trays), tissue paper, paper labels, newspaper used as dunnage, and other paper packaging which contain less than 15% by weight of other closely bonded, impregnated or laminated materials that cannot be easily separated.
	<p>(2) Paper packaging containing more than 50% paper or paperboard and more than 15% by weight of other closely bonded, impregnated or laminated materials that cannot be easily separated.</p>	<ul style="list-style-type: none"> (7) Aseptic and gable top cartons. (8) Other laminated paper packaging with more than 15% by weight of non-paper. This includes metalized foil/paper/plastic laminants where paper represents the greatest percentage by weight.
Steel Packaging	All steel packaging	<ul style="list-style-type: none"> (9) Steel packaging where the container represents more than 50% by weight steel. Includes steel paint, aerosol food, beverage containers, plus lids and closures.

Table 9.2: Definitions of Blue Box Materials (continued)

Designation of Materials	Base Definition	Sub-Classifications of Materials Covered Under Program
Aluminum Packaging	Aluminum container packaging containing more than 50% by weight of aluminum and minimum thickness greater than 153 micrometres. Aluminum semi-rigid and flexible foil packaging (thickness of less than 153 micrometres)	(10) Aluminum containers and lids. (11) Aluminum semi-rigid and flexible foil packaging that contains more than 50% by weight of aluminum.
Plastic Packaging	Polymer based packaging including bottles, jugs, films, bags, pouches, wraps, tubs, lids, tubes, trays, cups and other formed or moulded packaging.	(12) PET bottles and jars (e.g., peanut butter) (13) HDPE bottles and jugs (14) Other Rigid plastics. Includes bottles, jugs, tubs, lids, closures, trays, cups, forms, tubes and other rigid plastic packaging. (15) Polystyrene foam and rigid packaging. (16) LDPE and HDPE film bags and wraps. Plastic bags purchased at retail used for containing garbage, organic waste or recyclable materials are to be exempt. (17) Other flexible film plastic wraps, bags and formed packaging including PET, PVC, PP, multi-layered, and laminated flexible plastic packaging. This includes metalized foil/paper/plastic laminants where plastics represent the greatest percentage by weight.
Glass Packaging	All sealed glass containers	(18) Glass container packaging, with the exception of packaging made from Pyrex, ceramics or crystal.
Textile Packaging	Natural and synthetic based textile packaging	(19) Natural and synthetic based textile packaging.

Other materials not listed that are exempt including ceramics, Pyrex, crystal, rubber, wood and leather.

9.7 Online Data Management System

A secure data management system has been developed which will allow Stewards to complete their registration with Stewardship Ontario online. In order to assist Stewards registering, filing and discharging their responsibilities under the Blue Box Program Plan, the following features are included:

- General information regarding a Steward's obligations under the WDA;
- Login screen with membership identification number, login name and password;
- One-time registration of basic company filing and data reporting contact information (e.g., address, contact information);
- Provision to allow Stewards to assign separate passwords to subsidiary companies to enable them to report their information through a primary contact;
- Data reporting screens by individual material type to allow entry of the quantities of designated materials as measured or reported by the Steward;
- Additional information regarding the method on which the reported information is based and the method of calculation;
- The option for companies to use a sectoral calculator to determine a *reasonable estimate* of Blue Box wastes;
- Summary table of reported or calculated obligations;
- Input screen for registering brand names for which the Steward is responsible;
- Support information such as FAQ and definitions; and
- Direct payment options.

9.7.1 Data Reporting Options

With the exception of companies obligated under Ontario Regulation 104/94, Stewards have not previously been required to measure, collect and report on the generation of printed paper and packaging. However, under the Blue Box Program Plan, Stewards of Blue Box wastes in Ontario are now required to report the generation of these designated wastes on an annual basis.

The online data management system will provide Stewards with three options for reporting the generation of Blue Box wastes:

Option 1

- Report actual or measured quantities of Blue Box wastes sold or distributed into Ontario in 2002.

Option 2

- Report actual or measured quantities of Blue Box wastes sold or distributed throughout Canada in 2002, then apply the appropriate sales or population factor with supporting evidence.

Option 3

- Use a sectoral calculator that has been prepared by Stewardship Ontario to provide a reasonable estimate of Blue Box wastes generation based on a Steward's Ontario wholesales figures for 2002. The calculator provided by Stewardship Ontario is only available to Stewards for use in the first year of the program. Section 9.7.3 describes this option in greater detail. Use of an approved sectoral calculator in subsequent years will be allowed, as outlined in Section 9.7.5.

Stewards who already maintain a packaging database are required to report using their detailed data for packaging placed on the Ontario market for 2002.

Options 1 and 2 are for those Stewards who are able to collect and estimate actual generation information for calendar year 2002, which will be the base year for reporting obligations. Packaging and printed paper generation can be measured and tracked through the following methods:

- Internal packaging specification and sales databases;
- Bill of materials information or purchasing specifications from packaging suppliers;
- Conduct a packaging audit using internal or external resources; and/or
- Work with a third party source of packaging data.

The need for an option to file data on a Canada-wide basis was emphasized continuously throughout the consultation process. Option 2 is intended to assist those Stewards who, due to the following factors, may not always be able to accurately determine what percentage of Blue Box wastes generation actually occurred in Ontario:

- The product shipped is through one or more distribution warehouses and the Steward does not know where the product goes from there;
- Stewards may have the ability to track or estimate generation through packaging purchasing, but with shipments to other provinces or export out of the country it is difficult to precisely determine consumption in the province of Ontario;
- Stewards located outside of Ontario that want to join Stewardship Ontario need to have a way of tracking material into Ontario which could include distribution, import and export issues; and/or
- Stewards who are first importers and distributors need to have a reasonable method of tracking many products in and out of Ontario, in order to fulfill obligations.

Under Option 2, the Steward will declare the total generation of Blue Box wastes in Canada and then will be guided through the online registration form to provide additional information to determine whether the figures need to be adjusted (examples outlined on Table 9.3), where consideration is given to:

- Ontario sales figures as a percentage of a Steward's total Canadian sales. This is the preferred approach as it assesses the quantity of Blue Box wastes consumed in Ontario and is therefore most accurate for both the Steward and Stewardship Ontario; and
- If the Steward cannot accurately assess Ontario sales, then the Steward will be able to use the percentage of population that the Ontario market represents of the Steward's combined markets across Canada.

Note that Stewardship Ontario will require Stewards to maintain and provide supporting documentation for audit purposes.

The third option available for Stewards to report to Stewardship Ontario is through the use of a simplified sectoral calculator. This is described further in Section 9.7.3.

Table 9.3: Illustrated Examples of Steward Reporting

Example	How System Will Interpret
Steward 'A' – Brand owner of toys sends all products to network of small retailers across country. However records show that 80% of all sales are to Ontario retail locations.	Steward 'A' enters total generation and Ontario sales percentage and the online data management system calculates Ontario obligations based on 80% of total.
Steward 'B' – Brand owner of toys sends all products through three retail distribution centres in Ontario, and cannot report what per cent of total sales are from Ontario. The products are distributed to retail stores in Ontario, Quebec and Manitoba only.	Steward 'B' enters total generation and provinces where the products are sold. The online data management system calculates that Ontario represents 58% of the total population of the three provinces. Therefore, total obligations will be based on 58% of total weight reported.
Steward 'C' – First importer of hiking related equipment. Sells to all provinces, through one retail outlet and cannot report Ontario specific sales.	Steward 'C' enters total generation and provinces where the products are sold. The online data management system calculates that Ontario represents 38% of the total population of the all provinces. Therefore total obligations will be based on 38% of total weight reported.
Steward 'D' – First importer of hiking related equipment. Sells in B.C., Alberta and Ontario through one retail outlet. Steward 'D' knows Ontario sales are only 10% of total sales from three provinces.	Steward 'D' enters total generation and Ontario sales percentage and the online data management system calculates Ontario obligations based on 10% of total.

9.7.2 Reporting Accuracy and Planning for Future Years

For Stewards who do not currently collect data on the type and weight of components of packaging, Stewardship Ontario recognizes that it will be difficult to meet the reporting requirements for Year One. This section outlines some options and guidelines for the collection of Blue Box waste data and on the need for reporting accuracy.

Stewards must recognize the need to establish accurate reporting systems and databases within their organizations, or as part of supplier and purchasing arrangements. The data requirements of Stewardship Ontario are typically traceable within organizations through the following sources:

- Supplier of packaging materials (composition of packaging, unit weights, etc);
- Suppliers of imported products (composition of packaging, unit weights, etc);
- In-house packaging design and procurement expertise;
- In-house purchasing records;
- Bills of materials and other packaging specification documents;

- Third party sources, including consultants who can conduct packaging audits and establish appropriate reporting protocols; and
- Third party databases of unit weight information that a company with similar products could access.

Stewards must ensure that the data they submit for Year One and for future years are as accurate as possible. Total quantities reported must reflect every product and package for which the Steward has an obligation. It is anticipated that in order to fulfill packaging stewardship obligations, each Steward will need to create and maintain a database of packaging data at the component level, using data from suppliers and packaging specifications. Each component weight used for the reporting calculations must be attributed to a levy category (packaging material or printed paper type) and should be accurate at least to the gram (with the exception of the incidental “component rule”, see below). Quantities of each levy category will be reported in kilograms. Each Steward will be requested to include information explaining what data source and/or calculation method was used.

Stewardship Ontario does not expect that Stewards can or will be able to report on all components of Blue Box wastes for their first year obligations. Therefore, Stewards will be allowed to estimate overall Blue Box wastes generation by sampling of a selection of products. Listed below are some suggested guidelines to assist Stewards with the process of collecting Blue Box wastes generation data.

Sample Audit

- Stewards take a sample of their top 10 to 25 per cent of product lines. Measure the weight of printed paper and packaging by material type and extrapolate for the remaining product lines. For some companies, a sampling of ten to twenty per cent of the product lines may represent 70 to 80 per cent of product sales. The online data management form will be asking Stewards what methods, research and percentages were used to determine their reported quantities.

Component Rule

- This rule applies where the incidental components (e.g., labels, closures, adhesives, staples) are attached to other components to form and represent less than five per cent of the resultant assembly. For example, a glass container consisting of 250 grams of flint/clear glass, a five gram steel cap and a three gram label may be reported as 258 gram of glass because eight grams of incidental packaging is less than five per cent of the total weight of 258 grams.

Other Challenges

- Some Stewards with large product ranges, frequent changes in product lines or packaging (e.g., seasonal products), or significant imports may not be able to account for every item. In this case, extrapolations from other data may be acceptable. They must however always be justified and must mention the data source on the statement. .

Note that Stewardship Ontario reserves the right to audit the data submitted by the Steward and to revise these estimates, and fee estimates, as required.

Stewardship Ontario will be preparing a guidebook for Stewards to assist them in completing their estimates and reporting through the online data management system.

9.7.3 Use of Stewardship Ontario Sectoral Calculator for Year One

Since all Stewards may not be able to provide the detailed reporting data required for the start up of the program in 2003, Stewardship Ontario will allow use of a simplified reporting tool. The tool is based upon a calculation applied to the Steward's wholesale sales in Ontario in 2002. The purpose of the sectoral calculator is to provide a reasonable estimate of packaging to enable Stewards to meet their reporting and financial obligations to Stewardship Ontario in a timely fashion for at least the first year of the program. Stewards who already maintain a packaging database are required to report using their detailed data for packaging placed in the Ontario market in 2002.

By the beginning of the reporting year 2004, Stewards must have developed (or have access to) an accurate database of packaging material types and weights, as described above, to ensure accurate reporting to Stewardship Ontario. The simplified Stewardship Ontario sectoral calculator method will no longer be available for use after that date. Use of an approved sectoral calculator in subsequent years will be allowed, as outlined in Section 9.8.

9.7.4 Basis for the Sectoral Calculator Estimates of Packaging

The premise of the simplified calculator is to provide Stewards with the option of making a reasonable estimate of the weight of packaging generated within the Steward's industry sector, based upon an estimate of the average generation of packaging per volume of sales within the sector.

Stewardship Ontario has reviewed various packaging schemes in other countries including the United Kingdom, Ireland, Belgium and France. Stewardship Ontario determined that the Belgian system, operated by FOST Plus, most closely resembles the definitions to be used in Ontario. FOST Plus operates the household packaging recovery and funding support system in Belgium has over 6,300 member companies in 2001. FOST Plus provided Stewardship Ontario, in confidence, actual reported packaging data for 2001 from 200 industry individual sectors representing 22 consolidated sectors.

The primary reasons supporting Stewardship Ontario's decision to use the FOST Plus data, as compared to other jurisdictions reviewed are:

- Similar population size to Ontario;
- The packaging material categories are closely comparable with the material categories proposed by Stewardship Ontario;
- As with Stewardship Ontario, the FOST Plus program covers only household packaging and does not address transportation packaging. Therefore, packaging data do not include transportation and distribution packaging; and
- FOST Plus has been cooperative in providing the detailed data and has supported Stewardship Ontario staff in reviewing adjustments and answering questions.

While Stewardship Ontario is of the opinion that the FOST Plus data presents the best available data at this time, it also needs to be recognized that there are differences in consumption

patterns and packaging formats between Belgium and Ontario. Stewardship Ontario has attempted to adjust for the obvious differences including:

- Population;
- The removal of packaging data not included in the Stewardship Ontario program (e.g., beer packaging); and
- Accounting for significant differences in consumption patterns (e.g., packaged water consumption is four times higher in Belgium).

Even with these adjustments, Stewards should recognize that differences between the jurisdictions exist and it is not possible to have all of these variables accounted and adjusted within the sectoral calculations.

The FOST Plus reported tonnes were summarized by sector category and by material tonnage. From these data, the relative percentage of each packaging material type for each industry sector was calculated. For example, the data show that the furniture and bedding sector generate 3.5% of all paper packaging in Belgium. It was assumed therefore that 3.5% of paper packaging in Ontario can be allocated to that sector (9,400 tonnes). Similar calculations were made for each of the 25 grouped sectors by ten packaging categories. Table 9.4 presents a simplified example of the sectoral calculator.

Table 9.4: Illustrative Example of How the Sectoral Calculator Works

	Prepared Cereals*	Household Appliance**
FOST Tonnage for Boxboard* and Corrugated** Packaging	1,980	7,800
% Tonnage represents of total tonnes reported (150,000 tonnes)	1.32%	5.20%
Projected weight of material in Ontario (200,000 tonnes)	2,640 tonnes or 2,640,000 kg	10,400 tonnes or 10,400,000 kg
Ontario sales for this sector	\$600 million	\$1,300 million
Calculated kilograms per \$1 M in revenues from sales	4,400	8,000
Calculator estimates that Company "X" with sales of \$75 million in Ontario would generate:	334,000 kg of boxboard cereal boxes	600,000 kg of corrugated packaging

Note: the figures used are for illustrative purposes only.

* Prepared Cereal packaging is boxboard based.

** Household Appliance packaging is corrugated containers based.

Ontario financial sales data were then collected from a variety of Statistics Canada and industry sources. The estimates of the total tonnes of packaging were divided into the sales figures to derive an estimated tonnage of packaging generated per one million dollars in sales. This calculation was then completed for each sector and for each packaging material type.

Stewards who choose the sectoral calculator option will be required to input their company's North American Industry Classification System (NAICS) code and Ontario wholesale sales figures for 2001. The formula will generate packaging tonnage estimates by material type. These will be multiplied by the final material levies to determine total financial obligation.

It must be emphasized that use of the sectoral calculator provides a rough approximation only. All Stewards are encouraged to implement detailed packaging and printed paper data management systems or complete audits specific to their companies.

It should be noted that the Year One sectoral calculator developed by Stewardship Ontario does not cover all industry sectors. Stewards who are unable to use the sectoral calculator for Year One will be required to provide estimates as described in Section 9.7.2. The minimum number of sectors where Stewardship Ontario has developed a calculation of packaging generation includes, but is not limited to:

- Packaged food/grocery (packaged and fresh products) with subcategories:
 - Baked goods, biscuits, cereals, pasta;
 - Dairy products;
 - Snack foods;
 - Confectionary, sugar;
 - Frozen foods, canned foods, sauces, condiments;
 - Fish, poultry, meat, eggs;
 - Edible oils, fats, margarines
- Cleaning and maintenance;
- Kitchen and household appliances;
- Garden and outdoor equipment;
- Hardware and home repair;
- Furniture and bedding;
- Personal care cosmetics and fragrances;
- Non-prescription drug and self care products;
- Paper and stationary;
- Jewellery and watch making;
- Leather and travel goods;
- Electrical, electronic, photographic, telecommunications and information technology equipment;
- Toys and games;
- Pet food supplies and accessories;
- Sporting equipment, camping, bicycle accessories;
- Automotive parts and accessories;
- Clothing, sewing and fabric; and
- Shoes and footwear.

Retailers that choose to use the sectoral calculator will treat the above sector categories as stand alone departments. They would therefore complete a calculation for each corresponding department where they are the brand owner or first importer.

Stewards who choose to use the sectoral calculator must agree, as a condition of the Stewardship Ontario membership agreement, to the following:

- That use of this method is voluntary; and
- That it provides a reasonable approximation of their Blue Box wastes obligation. Stewards who use the sectoral calculator cannot subsequently file a dispute regarding the estimated quantities of Blue Box wastes deemed to have been generated.

Stewardship Ontario has also developed a simplified calculator that utilizes the same approach (calculates tonnes of packaging per one million dollars in sales), but which uses actual Ontario-based packaging data from specific sectors, rather than the FOST Plus data. To date, four industry associations have approached Stewardship Ontario to develop similar calculators for those sectors. Stewardship Ontario will also combine sectors that may have similar data or to agree appropriate methodologies for developing a Year One simplified calculator for their specific industry sector.

With regard to the current methodology, it should be noted that:

- The sectoral calculator does not include factors for printed paper (e.g., flyers, advertisements, catalogues, home bills, etc.) or service packaging (e.g., carry-out bags, food service packaging, gift boxes, etc.). Printed paper and service packaging will need to be declared separated by material type on the online data management system;
- The “other plastics” category includes other rigid plastic, polystyrene and film;
- Use of the sectoral calculator is acceptable for Year One only of the program; and
- The accuracy of the methodology will continue to be field tested in Ontario and refined, as required.

Appendix X has a list of draft sectoral calculations that Stewardship Ontario has developed for use in Year One only.

9.8 Reporting Data Beyond Year One

Stewards will be required to report packaging and printed paper generation information for Ontario on an annual basis for the previous twelve month period. It is anticipated that Stewards will have in place the appropriate systems in place to monitor and report to Stewardship Ontario the required generation information for Ontario.

In subsequent years of the program, Stewardship Ontario will support and direct the ongoing development of sectoral calculators. The development of approved sectoral calculators will be a cooperative effort between Stewardship Ontario and those sectors that choose to adopt this approach to calculating the weight of packaging and printed paper generation in Ontario, and the associated fees for Stewards in the sector.

Use of a sectoral calculator will require negotiation of an agreement with Stewardship Ontario including:

- The methodology on which each sector’s calculator is based;
- Information on how the data are to be collected (e.g., packaging audits, third party database) and adjusted;

- A continuous improvement plan whereby the quality and accuracy of the data are improved each year to the point where the approach is deemed satisfactory;
- Data collected will need to reflect measured component weights for packaging and printed papers;
- Statement of confidentiality of data provided by companies or collected through field research;
- An acknowledgement from users that the data represent a reasonable estimate of packaging generation and that the calculations provide a reasonable basis for calculating fees due to Stewardship Ontario; and
- A process for identifying and paying for the costs associated in developing, maintaining and improving the calculator by the users.

Stewardship Ontario staff will need to be involved in the development of an approved sectoral calculator. Therefore, Stewardship Ontario will need to recover costs associated with the time spent developing and approving sectoral calculators with sectors and associations. The fee schedule will include:

- Fees associated for the time (billed on an hourly basis) required to working with sectors and associations in the development of an approved sectoral calculator; and
- Annual reviews, updates and renewal of the sectoral calculator.

The fees are required so that costs incurred by Stewardship Ontario for the development and approval of sectoral calculators in the future are not shared by Stewards that choose not to use them.

9.9 Audit Provisions

9.9.1 Reports Provided By Stewards

Stewards will be required to maintain records for a period of at least five years in support of all data submitted to Stewardship Ontario. These data will be subject to audit by Stewardship Ontario. The percentage of reports that will be audited in any given program year will be determined by the Board of Directors on an annual basis but will encompass no less than 10% (by weight of Blue Box wastes) of members' reports in any given year.

9.9.2 Reports Provided By Municipalities

The significant majority of the costs to Stewardship Ontario and the basis for setting fees for Stewards in any given year are directly related to the Blue Box operating costs reported by Ontario municipalities. Stewardship Ontario will work with the WDO to establish satisfactory protocols for auditing these reports and to implement a program of audits acceptable to the Boards of Directors of Stewardship Ontario and the WDO.

9.10 Methodology for Setting Member Fees

Under the WDA Section 30 (1) (b) a designated for a waste diversion program may make rules setting the amount of fees to be paid by Stewards or prescribing methods for determining the amount of the fees.

Section 30 (3) of the *Act* requires that the fees paid by Stewards not exceed the sum of:

- (i) The costs of developing, implementing and operating the program;
- (ii) A reasonable share of costs incurred by the WDO; and
- (iii) A reasonable share of costs incurred by the Ministry in administering the *Act*.

The fee paid by a Steward should reflect the proportion of these total costs attributable to the Steward.

In developing a methodology for setting members fees, Stewardship Ontario consulted with a wide variety of industries that have a commercial connection to Blue Box wastes. The methodology that has been developed integrates three key elements critical to the fairness, effectiveness and sustainability of the Blue Box Program Plan:

Element 1: The recovery rate of each designated Blue Box wastes in any given program year.

Given that the higher the recovery rate of any material in the Blue Box Program Plan, the higher the potential costs to the Stewards of these materials, the fee methodology should not penalize Stewards for this success.

Element 2: The net cost of recycling each of the designated materials through municipal Blue Box programs in any given year.

Given that the net costs to recycle each of these materials vary significantly, the fee methodology should provide Stewards with a financial incentive to select materials with lower recycling costs.

Element 3: The disproportionate contribution that some Blue Box materials make to the overall success of the Blue Box Program Plan in diverting wastes from disposal.

Given that some individual Blue Box materials are being recycled at far higher rates than others, yet responsibility for reaching the overall diversion targets is shared collectively, the fee methodology should aim to reach the overall diversion targets in the most cost effective manner to all stakeholders while sharing total program costs fairly among all Stewards.

The methodology developed for setting Stewardship Ontario fees breaks new ground through the integration of these three elements in order to support, in an equitable, transparent manner, the overarching policy objectives of the WDA. The model used for setting annual member fees is fully integrated; that is, if the elements associated with anyone material change, the impact will be shared across all materials in the system. The key components that are used to determine the levy for each packaging type are specific to each material type and include:

- Quantity generated in the residential waste stream only;
- Quantity recovered through municipal recycling programs in Ontario;
- Gross cost per tonne;
- Revenue per tonne; and
- Net cost per tonne.

There are also a number of aspects that are not specific to each material type, but do impact the levies assigned to each material. They include:

- Total quantity of obligated materials generated in the residential waste stream;
- Total quantity of obligated materials recovered through the municipal recycling programs in Ontario; and
- Total net system cost.

Four key principles underpin the funding allocation methodology. The fee structure:

- (1) Reflects the actual costs to manage each designated Blue Box material type;
- (2) Takes into consideration the benefits to all Stewards from the high recycling rates achieved by some materials;
- (3) Encourages increased material recycling rates; and
- (4) Reflects the positive contribution of some materials to the overall system (e.g., the positive revenues of materials, such as aluminum cans).

9.10.1 How the Stewardship Ontario Fee Setting Model Allocates Costs

The Pay In Model encompasses a five step methodology, as follows:

Step 1: Determine the total quantities of designated Blue Box wastes

The analysis is based upon the estimated quantity of Blue Box wastes generated in residential households only.

Step 2: Determine the total costs to Stewardship Ontario in Year One

These costs include:

- Determination of costs for the printed paper and packaging streams;
- The municipal Blue Box program payments (50% of Blue Box system net costs);
- Other required program implementation costs (market development, promotion and education, effectiveness and efficiency improvements, etc.);
- Program design and start up costs (Program Planning, consultation, WDO and MOE negotiations);
- Stewardship Ontario administration and management costs; and
- Share of costs for WDO programs and MOE enforcement.

Step 3: Allocate these total costs across the designated Blue Box materials to determine a per tonne/per kilogram levy rate

The model uses three factors in allocating costs, with a weighting attached to each factor.

Factor 1: Recovery Rate

Factor 1, with a weighting of 40%, addressing principles #2 and #3 above, is the current recovery rate of each material weighted to the total number of tonnes generated.⁵ This has the effect of somewhat lowering fees for those materials with the highest recycling rates and conversely, transferring a portion of these costs to those materials with the lowest recycling rates. It works as follows:

The recovery rate for each material is determined by dividing the total tonnes marketed of a specific material by the total tonnes generated of a specific material. Therefore, the recovery rate is relative to specific materials and not relative to the total tonnes recovered through the recycling program.

As it would be unfair to simply levy materials relative to their recovery rate (i.e., in this instance, then higher would be worse), the levies assigned in this category are determined based on (100% minus recovery rate) for each material. For example, newspapers have a recovery rate of approximately 64%. The basis of assigning the levy is on $1-0.64=0.36$. Therefore, the higher the current recovery rate, the lower the levy.

Because of the vastly different quantities of each material available for diversion and currently recovered through the recycling program, it is not possible to simply compare each material's diversion rates relative to the total diversion rate. As newspapers represent approximately 60% of all material available for diversion, the levies would always be incorrectly apportioned to that one material (In the opposite extreme, a material such as aseptic containers that represents only a very small amount of the material available for diversion would be allocated a disproportionate amount of money as well). To simply compare recovery rates, all materials would have to be generated in the same quantity.

As this is not the case, an alternative approach had to be developed. To be fair between materials, irrespective of quantity generated, it is best that recovery rates be compared between materials. To do so, the levy model developed here compares each material using the mean and standard deviation of the dataset.⁶ The mean of the dataset is the average diversion rate for the printed paper or packaging category respectively. Because it has yet to be determined how many individual material categories there will be against which Stewards will be levied may fluctuate, the standard deviation of the material categories was determined and is used.⁷

With the mean and standard deviation determined for the dataset, based on the location on the normal distribution curve (for purposes here it is assumed that the dataset approximates a normal distribution), i.e., relative to the mean, each material category is

⁵ The weightings for each of the three categories are adjustable in any given year of the program.

⁶ This statistical comparison is done separately for the printed paper category and the packaging category. This approach ensures that there is no cross-subsidization of costs between printed paper and packaging.

⁷ For printed paper, the categories are the four shown in the Pay In Model (i.e., Newspapers, Magazines/Catalogues, Telephone Directories, Other Printed Paper). For packaging the categories include: Paper packaging, Plastics, Steel, Aluminum and Glass Using material categories instead of individual materials avoids the issue surrounding the expansion or collapse of individual materials within material categories. For example, if it is determined that there will be only PET, HDPE and all other plastics categories, rather than PET, HDPE, Plastic Film, Polystyrene and all other plastics as leviable.

assigned a levy amount. Within each material category, each individual material within that category has its point on the distribution curve determined as is done with the material categories. However, when assigning a dollar amount to each individual material within the material category, the diversion rates relative to the others only within its material category (in the case of printed paper, the material categories equate to the materials themselves) are used.

This approach ends up assigning too many dollars to each material and each stream and also does not recognize that there are different quantities of each material generated. For example, if both aseptic and gabletop cartons have the same diversion rate, by simply comparing the rates (i.e., their points on the distribution curve), being identical, they would both be allotted the same cost. When then dividing the levied amount by the tonnes generated to get the levy per tonne, one would be much higher (about four times higher when comparing generation quantities for these two materials) than the other.

Therefore, two more steps are involved at this point to ensure the “correct” dollar amount is assigned to individual materials. First the levy is normalized to the tonnes generated, thereby redistributing the dollars, fairly and equitably, relative to the amount generated of each material.⁸ Then the total dollars are normalized to the total levy amount for the category on the same basis of the ratio of the normalized tonne levy to the required levy amount.

Factor 2: Net Cost of the Current Program

Factor 2, with a weighting of 40%, addressing principles #1 and #4 on page 97, is the calculated net cost to manage of each material within the overall program. This has the effect of assigning higher fees to materials with higher costs to recycle while lowering fees to materials with a low cost to recycle.

The total recovered tonnes (defined as tonnes marketed by municipalities or their private sector operator) of each material is multiplied by the net cost per tonne for each material to arrive at a total net cost for the management of each material. For example, assume that there were 20,000 tonnes of steel cans recovered through Blue Box programs and the net cost per tonne to manage that material was \$200 per tonne. The net cost for steel management would then be \$4,000,000. This calculation is done for each material. The costs are added to arrive at the total net cost of the system for the year. In this example, assume that the total net cost of the program is \$62,500,000.

To determine how many of the dollars assigned to the levy category are allotted to steel cans, the net cost of steel (\$4,000,000) is divided by the total net cost of the system (\$62,500,000) to arrive at a percentage allocation. In this example, steel cans represent 6.4% of the total net cost and, therefore, would be allocated 6.4% of the dollars assigned to this levy category. This approach assigns 100% of the dollars relative to the percentage that each material's costs represent of the total net cost.

⁸ The normalizing has to be done because a levy based on a recovery rate of 10% of 100,000 tonnes of a specific material has to be relatively equal on a dollar basis to a levy based on a recovery rate of 10% on 1,000 tonnes generated of a specific material or the smaller generated material would be levied unfairly.

Factor 3: Equalization (Net Costs at Equal Recovery Rate)

Factor 3, with a weighting of 20%, addressing principles #2, #3 and #4 on page 97, determines the costs that would have been incurred to manage each material type if all materials were recycled at an equal rate (set for purposes of this calculation at 75%). If only the Recovery Rate and Net Cost factors were utilized, there would be little incentive to divert additional materials from disposal and the levies charged against materials with a low cost to manage and not recovered would be lower. Also, there is a cost that municipalities must incur when managing materials recovered through their recycling programs and subsequently removed as residuals. Therefore, as a means of levelling the playing field among materials with very different recycling rates, a third levy category was added that recognizes the cost that would have been incurred by Stewards of recycling all materials to a similar, equal diversion rate.

This factor has the effect of reassigning some costs from high performing (recycled) materials to those with lower recycling rates and provides a clear financial incentive to Stewards of these materials to promote increased recycling of these materials. It also reflects the investments that have been made in recycling infrastructure that has been made as a result of having to recycle some materials as per O. Reg. 101/94. Non Schedule 1 materials (except OCC and OBB) benefit in that most of the infrastructure is capable of handling these materials with little capital investment (i.e., lower incremental cost structure).

It is first assumed that all materials will reach a similar diversion rate; set here at 75% (no material currently is achieving 75% diversion). To determine how much it would cost to manage each material at a 75% diversion rate, it is assumed that the current net cost per tonne would hold for all future tonnes managed. The difference in the quantity of tonnes currently diverted compared to what would be diverted at a 75% diversion rate is multiplied by the net cost per tonne for that material. For example, assume that there are currently 50,000 tonnes of OCC diverted per year and that this represents a 50% diversion rate. To get to 75%, an additional 25,000 tonnes would have to be diverted. Assume as well that the current net cost per tonne to manage OCC is \$200 per tonne. Therefore, the cost to manage the additional 25,000 tonnes per year would be \$5,000,000. This calculation is done for each material and then totalled to get the cost to manage all materials to a 75% diversion rate.

The percentage each material represents of the total additional cost is then multiplied by the dollar amount assigned to this levy category to determine the allocated cost for each material.

Step 4: Add the Levies Assigned Costs Under the Three Factors

Once the levies are determined for each material under each of the three factors, the totals are added up to determine the total base levy for that material. However, this is not the final levy for each material category.

Step 5: Assigns the *de minimis* and Compliance Rates

The base levies are increased by 5% to account for the *de minimis* provision. This 5% was estimated based on the *de minimis* assumptions outlined in Section 9.3.

For purposes of calculating the first year levies, a compliance rate of 95% is assumed for all materials. It is recognized by Stewardship Ontario that this is an ambitious target. Failure to achieve these compliance rates may require an increase in fee rates to meet any program shortfall. Every effort will be made, however, to recover fees, as well as penalties and interest, from delinquent Stewards.

After the application of the *de minimis*/compliance rate, the final levy per tonne is established (See Section 9.12 and Table 9.5). It is this rate that will be used for each material against the tonnages generated as reported by each Steward.

9.11 Reasoning for the Weighting Assigned To Each Factor

An earlier version of this approach used only two variables: Recovery Rate and Net Cost Per Tonne to Manage. Both were applied on a linear scale with the “score” for each material along that scale assigned equally in weight (i.e., 50%/50%). The two factors were multiplied together to arrive at a “net impact” factor for each material. When tested with key stakeholders, this approach raised anomalies. For example, in handling materials with a zero (or negative) net cost to manage produced a zero levy, thereby not providing any incentive to increase diversion for these materials. However, the relative weightings of the two variables were generally accepted and considered consistent with the two principles that underpin the determination of the levy:

- There should be a connection between the levy and the cost for the delivery of the service (i.e., the cost of managing the material within the current program); and
- There should be an incentive to increase recovery rates for each material.

The fee calculation model was subsequently revised to include the third factor and to revisit the original weights assigned to the first two factors. The first key change was moving from multipliers to an additive approach, where the assigned values (and subsequent levy) for each factor are added together to get a total levy. This allows the new model to both credit those materials that generate revenues in excess of costs, but also to ensure there is a cost incentive to increase diversion.

The second key change was the addition of a third factor, Equalization. This factor acts to recognize that some materials have been part of municipal recycling programs for a long period of time and absorb much of the current recycling program costs. The “newer” materials, with relatively low recycling recovery rates do not attract a lot of the current program costs. Therefore, assigning levies based purely on current program costs is inherently unfair (i.e., as costs are assigned to those that established the program with the highest recovery rates). To address this issue, the Equalization Factor was added, albeit with a low weighting of 20% of the total obligation. Higher and lower assigned weightings were examined, but overall, as determined through the consultation process, a weighting of 20% was considered reasonable.

With this relatively low weighting for the Equalization Factor, 80% of the total obligation remained to be assigned between the Recovery Rate Factor and Net Cost Factor. A series of 13 different weightings were examined: 70/10/20 decreasing the first number by 5% and increasing the second by 5% up to 10/70/20, with the calculated levies across the scenarios compared and ranked (lowest cost = 1; highest cost = 13) for each material. Each of these scenarios was examined in more detail to assess equitability.

The results of the investigations were that with weightings of 40/40/20 all material categories ended with a ranking of 7 (out of 13), suggesting that the weightings are equally "fair" (or "unfair"). These weightings were approved by the Stewardship Ontario Board of Directors. All future weightings, if changed, will also be approved by the Stewardship Ontario Board.

9.12 Year One Fee Schedule

Table 9.5 provides the Stewardship Ontario fee schedule by material type for Year One of the program and takes into consideration only those costs associated with the application of the Pay In Model three factor formula as outlined in Section 9.11. The levies shown also include 50% of start up costs and all administration and other program costs as outlined in Section 8. The other 50% of the start up costs will be levied in calendar year 2004. The start up, administration and other program costs are apportioned using an estimate of the percentage of Stewards that have materials in each levy category with the exception of special, material specific programs where those costs are assigned to specific materials (e.g., the glass market program costs are assigned to the four glass material categories). More details of the allocations of start up, administration and other program costs are presented in the Pay In Model shown in detail in Appendix XI.

Table 9.5: First Year Fee Schedule by Material Type

Weightings: 40/40/20		Annualized Levy (1)	8 month Levy (2) (3)
Category	Material	cents/kg	cents/kg
PRINTED PAPER			
Printed Paper	Newspaper (4)	0.028 ¢/kg	0.028 ¢/kg
	Magazines and Catalogues	0.081 ¢/kg	0.060 ¢/kg
	Telephone Books	0.081 ¢/kg	0.062 ¢/kg
	Other Printed Paper	0.251 ¢/kg	0.229 ¢/kg
PACKAGING			
Paper Based Packaging		4.728 ¢/kg	3.195 ¢/kg
Plastics Packaging		6.692 ¢/kg	4.532 ¢/kg
Steel Packaging		3.633 ¢/kg	2.434 ¢/kg
Aluminum Packaging (5)		-5.465 ¢/kg	-3.321 ¢/kg
Glass Packaging	All Non-LCBO - Flint	3.723 ¢/kg	2.508 ¢/kg
	All Non-LCBO - Coloured	4.016 ¢/kg	2.740 ¢/kg
LCBO Glass (6)	LCBO - Flint	0.000 ¢/kg	0.000 ¢/kg
	LCBO - Coloured	0.000 ¢/kg	0.000 ¢/kg

Notes:

- (1) The levies in this column assume a 12 month obligation period.
- (2) The levies in this column assume the 8 month obligation period as outlined in Section 7.2 (i.e., May 1 to December 31, 2003).
- (3) The 8 month levy is not a direct derivation of 2/3rds the 12 month number. The start up, administration, glass programs and other programs are set. Only the base levies change.
- (4) Newspaper in kind advertising offsets the base levy. Levies shown here in both columns reflect their obligations for start up, administration and other programs.
- (5) Although aluminum packaging shows a negative fee, they are credited for their materials, but do pay their share of start up, administration and other program fees.
- (6) LCBO's levies are offset by their \$5,000,000 contribution which covers all base levies, start up administration and other programs as outlined in Section 8.

While fees are expressed as cents/kg, fees are not calculated on a simple weight basis. See Section 9.10 for a description of how the base levies are calculated.

9.13 Setting Fees for Subsequent Program Years

The Pay In Model outlined in Section 9.10 will be used in subsequent years to determine the levies paid for each material category established for Blue Box wastes. The Stewardship Ontario Board will review the weightings to each of the three factors used in the fee calculation (currently 40% - Recovery Rate; 40% - Current Net Cost; 20% - Equalization (Future Cost) on an annual basis and make modifications as required to support the overall goals and objectives of the Blue Box Program Plan.

Preliminary fee rates for subsequent program years will be calculated no later than August 15 of each program year, with final fee rates to be established by the Board of Directors no later than November 1 of each program year.

9.14 Invoice and Payment Schedule

9.14.1 Year One – May 1, 2003 Obligation Date

Annual packaging information will be collected from Stewards throughout 2003. Assuming a May 1, 2003 obligation date, Stewardship Ontario will issue an invoice to identified Stewards on June 1 covering the period May 1 to August 31, 2003. This invoice will be due and payable on July 1. The second and final invoice for 2003 will be issued on September 1 and will be due on October 1. This invoice will cover the period September 1 to December 31, 2003.

As additional Stewards are identified, they will be notified and will be billed retroactively to May 1. Stewards identified later than December 31, 2003 will be subject to penalties and interest as outlined in Section 9.16.

9.14.2 Year 2 (full calendar year)

The invoicing and payment schedule will normalize into quarters in 2004 with a Q1 invoice issued on January 1 for estimated 1st quarter fees (estimate based on $\frac{1}{4}$ of the 2003 annual obligation). Subsequent invoices will be issued on April 1, July 1 and October 1, which will reflect the actual 2003 obligation based on 2004 data submissions (a Steward's prior calendar year's data).

9.14.3 Contributions from the Newspaper Industry

For Year One, through the use of the Pay In Model, the allocated cost to the newspaper industry does not exceed their \$1.3 million in-kind contribution. In future years, as determined through the Pay In Model, using cost and recovery data pertinent to each year, the newspaper industry will be responsible for paying, in cash, to Stewardship Ontario, their allocated costs in excess of \$1.3 million.

Because of the Recovery Rate Factor and Equalization Factor and the performance of newspaper in terms of recovery relative to other printed papers, it is not possible to determine the exact net cost point where the newspaper industry will have a cash exposure position. However, using 2001 data, had the net cost of newspaper been approximately \$11 per tonne

(rather than the current estimated net cost of less than \$2 per tonne), the newspaper's base obligation would have just exceeded the \$1.3 million in-kind contribution.

This cost per tonne number will change as the overall recycling system and the performance of individual materials changes year over year.

9.15 Dispute Resolution

If any dispute arises between a Steward and Stewardship Ontario as to their respective rights and obligations under the Blue Box Program Plan, the parties will use the following dispute resolution procedures to resolve such disputes:

- (1) The parties shall attempt to resolve the dispute through designated representatives from each of Stewardship Ontario and the Steward in the spirit of mutual cooperation through discussion and negotiations within thirty (30) days upon which written notice of the dispute was first given or as otherwise agreed upon;
- (2) If the parties are unable to resolve the dispute, the Steward shall have the right to submit the dispute to the CEO of Stewardship Ontario for discussion and resolution within thirty (30) days of the date of notice requiring such dispute to be submitted or as otherwise agreed upon;
- (3) In the event that the Steward and the CEO of Stewardship Ontario are unable to resolve such dispute, the Steward shall have the right, upon notice in writing, to require the dispute to be submitted to the Board of Directors of Stewardship Ontario for discussion and resolution within 30 days of the date of notice requiring such dispute to be submitted to them or as otherwise agreed upon; and
- (4) If the Board of Directors of Stewardship Ontario is unable to resolve the dispute, either party shall have the right to refer the matter to a mutually agreed upon 3rd party within 30 days of the date of notice requiring such dispute to be submitted to them or as otherwise agreed upon.

9.16 Enforcement Procedures

Stewardship Ontario will maintain a registry of:

- (1) All members and of the products for which these members are the designated Stewards under the Blue Box Program Plan; and
- (2) All members and of the products that are included under ISPs that may be approved by the WDO as per Section 34 of the WDA.

As and when Stewards and products are identified that are not included under the Stewardship Ontario Blue Box Program Plan or an approved ISP, designated Stewards for these Blue Box wastes will be notified immediately that they are required to report and submit fees to Stewardship Ontario.

If these Stewards do not comply within 120 days of notification, the Ministry of the Environment may be requested to take enforcement action as provided under Sections 36 through 40 of the WDA.

9.17 Interest and Penalties

Stewardship Ontario will charge interest and penalties to Stewards that have not submitted fees or Stewards that have not registered. Delinquent and later joining Stewards are obligated from date of obligation (assumed to be May 1, 2003). Table 9.6 presents Stewardship Ontario's schedule of interest and penalties.

Table 9.6: Interest and Penalties Schedule

Scenario	30-90 Days Outstanding	91-180 Days Outstanding	Over 180 Days Outstanding
Steward has filed and has been invoiced, but is slow in paying	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% 	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% 	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% • Penalty of 10% of fees owing when filed
Steward has been notified by Stewardship Ontario of requirement to file	<ul style="list-style-type: none"> • Back payment to May 1, 2003 • Interest at CIBC Prime rate plus 3% 	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% • Penalty of 10% of fees owing when filed 	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% • Penalty of 10% of fees owing when filed
Non-compliant (non-registered) as of December 31, 2003	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Back payment to date of obligation • Interest at CIBC Prime rate plus 3% • Penalty of 10% of fees owing when filed

Stewards whose Blue Box wastes were included within an ISP approved by the WDO or the Minister under Section 34 of the WDA which is subsequently determined to have failed to meet the goals and objectives established for the ISP will be obligated to become members of Stewardship Ontario and will be accepted as members upon payment of fees, penalties and interest as outlined in Section 9.17.

9.18 Procedures for Amending Stewardship Ontario Rules

The Board of Stewardship Ontario will review all of the rules outlined in the Blue Box Program as required on an annual basis. Notification of all proposed rule changes will be notified to members and posted on the Stewardship Ontario website. A notice period of no less than 30-days will be allowed for comment on the proposed changes. Following review of comments received the Board of Directors of Stewardship Ontario will vote on proposed changes as per the bylaws of the corporation.

The WDO will be notified in writing of any proposed changes to the rules as set out in this Program Plan. The WDO will notify Stewardship Ontario if any of the proposed changes constitute a “material change” under Section 27 of the WDA.

If any proposed rule change is deemed to constitute a “material change” by the WDO, the proposed change will be submitted to the Minister of Environment for review and to request approval in writing to permit Stewardship Ontario to implement the proposed rule change.

Following review and approval by the WDO, and as required by the Minister, members will be notified of all rule changes to be implemented and the date of their effect.

9.19 Reporting

Stewardship Ontario will provide an annual report to the WDO as per Section 33 of the WDA, not later than April 1 in each year of the program. The annual reports will also be posted on the website of Stewardship Ontario.

10. Program Agreement

Preamble

THIS AGREEMENT made in duplicate is effective as of this 19th day of February, 2003.

B E T W E E N:

WASTE DIVERSION ONTARIO,
a corporation without share capital
incorporated by the *Waste Diversion Act, 2002*
(hereinafter referred to as “Waste Diversion Ontario”)

- and -

STEWARDSHIP ONTARIO,
a corporation without share capital
incorporated pursuant to the *Corporations Act (Ontario)*
(hereinafter referred to as “Stewardship Ontario”)

WHEREAS according to Subsection 25 (3) of the *Act*, a waste diversion program developed under this *Act* must include an agreement between Waste Diversion Ontario and the industry funding organization that the program is developed in cooperation with, governing the role of the industry funding organization in the implementation and operation of the program and governing the exercise of the industry funding organization’s powers under the *Act*;

AND WHEREAS Waste Diversion Ontario has caused Stewardship Ontario to be established under Section 24 of the *Act* for the purposes of developing and implementing a waste diversion program for designated Blue Box wastes under the *Act*;

NOW THEREFORE in consideration of the premises and mutual agreements contained herein and subject to the terms and conditions hereinafter set forth, the parties covenant and agree as follows:

10.1 Purpose of the Agreement

10.1.1 The purpose of this Agreement between Waste Diversion Ontario and Stewardship Ontario is to:

- (a) Define the roles and responsibilities of the two parties;
- (b) Set out the operating relationships between the two parties; and
- (c) Ensure openness and transparency to serve the public interest.

10.2 Definitions and Interpretation

10.2.1 When used in this Agreement, the following words and expressions have the following meanings:

- (a) “**Act**” means the *Waste Diversion Act, 2002*, S.O. 2002, s. 6, as may be amended from time to time;
- (b) “**Agreement**” means this Program Agreement which is entered into pursuant to Section 25 (3) of the *Act* and includes all attached schedules and any amendments thereto;
- (c) “**Blue Box Program Plan**” means the waste diversion program submitted by Stewardship Ontario and approved by Waste Diversion Ontario and submitted to the Minister for approval, as set out in Schedule A;
- (d) “**Blue Box Waste**” means waste materials defined under Ontario Regulation 273/02 dated September 23, 2002;
- (e) “**Business Day**” means any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year’s Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day, Boxing Day and any other day which the Government of Ontario has elected to be closed for business;
- (f) “**Documentation**” means, for purposes of Section 10.8 of this Agreement, correspondence, documentation pertaining to public consultation during development of the Blue Box Program Plan, minutes of meetings of the Board of Directors and subcommittees, internal reports, consultants’ reports, agendas and other information and data obtained, created or maintained by Stewardship Ontario;
- (g) “**FIPPA**” means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended;
- (h) “**Funds**” means monies paid by Stewards to Stewardship Ontario as set out in Sections 30 and 31 of the *Act*;
- (i) “**Industry Stewardship Plan**” means a program referred to in Section 34 of the *Act*;
- (j) “**Minister**” means the Minister of Environment;
- (k) “**Ministry**” means the ministry of the Minister;
- (l) “**Operating Agreement**” means Operating Agreement entered into between Waste Diversion Ontario and the Minister;
- (m) “**Stewards**” means the persons or classes of persons designated under the Blue Box Program Plan rules as responsible for paying fees to Stewardship Ontario;
- (n) “**Waste Diversion Program**” means a program referred to in Sections 23 and 25 of the *Act*.

10.2.2 In this Agreement,

- (a) Words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) The word “including” or “includes” shall mean “including [or includes] without limitation”;
- (c) Any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (d) When calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; if the last day of such period is not a Business Day, the period shall end on the next Business Day;
- (e) All dollar amounts are expressed in Canadian dollars;

- (f) Any tender of notices or documents under this Agreement shall be made upon the relevant party at the address set out in Section 10.12;
- (g) The division of this Agreement into separate sections and subsections, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement; and
- (h) Except as specifically defined or provided for in this Agreement, words and abbreviations which have well known or trade meanings are used in accordance with their recognized meanings.

10.3 Term of Agreement and Amendment

- 10.3.1 The term of this Agreement shall commence upon approval of the Blue Box Program Plan by the Minister and shall remain in effect until five (5) years after that date and for successive periods of five (5) years each thereafter unless terminated earlier in accordance with Section 10.16 of this Agreement or amended in accordance with Subsection 10.3.5.
- 10.3.2 Any changes to the terms of this Agreement shall be by written amendment signed by both parties. No changes shall be effective or shall be carried out in the absence of such an amendment.
- 10.3.3 The parties agree to conduct a review of the performance and implementation of this Agreement not later than two (2) years following the date of this Agreement first written above and every two (2) years thereafter. As part of such review, each of the parties may suggest any appropriate amendments to the terms of this Agreement.
- 10.3.4 Notwithstanding Subsection 10.3.3, the parties agree that Waste Diversion Ontario and Stewardship Ontario shall be able to suggest appropriate amendments to the terms of this Agreement to the Minister at any time.
- 10.3.5 No material change may be made to the Blue Box Program Plan or to the terms of this Agreement without the written approval of the Minister as set out in Section 27 of the *Act*.

10.4 Roles of the Parties

- 10.4.1 Waste Diversion Ontario represents and warrants that it has approved the Blue Box Program Plan.

Waste Diversion Ontario:

- (a) Will ensure that the terms and conditions of this Agreement are carried out in a responsible, complete and thorough manner, and on a timely basis;
- (b) Will ensure that the criteria applicable to the approval of the Blue Box Program Plan set out in the Operating Agreement (including the schedules thereto) and the *Act* are applied, with such changes as may be appropriate, to Industry Stewardship Plans for Blue Box wastes submitted to Waste Diversion Ontario for approval except that:

- (i) the proponent of any such Industry Stewardship Plan shall not be required to disclose the costs of managing the Blue Box wastes which are subject to such Industry Stewardship Plan; and
- (ii) no such Industry Stewardship Plan shall become effective prior to the later of January 1, 2004 or the date six months following the date of approval of such Industry Stewardship Plan by Waste Diversion Ontario;
- (c) Will provide estimates to Stewardship Ontario from time to time in advance of the share of costs expected to be incurred by Waste Diversion Ontario in carrying out its responsibilities under the *Act* and by the Ministry in administering the *Act* to be charged to Stewardship Ontario for purposes of Section 32 of the *Act*; and
- (d) Will implement the programs, policies and procedures identified as the responsibility of Waste Diversion Ontario in the Blue Box Program Plan approved by the Minister.

10.4.2 Stewardship Ontario:

- (a) Will, following approval by the Minister, implement the Blue Box Program Plan; and
- (b) Will comply with all of its obligations under the *Act* including the preparation of an annual report pursuant to Section 33 of the *Act*.

10.5 Transparency

10.5.1 Stewardship Ontario will maintain an Internet website accessible by the public and will post every rule made pursuant to the *Act* on its website. Subject to confidential or proprietary considerations, and provided that information is available in electronic format, Stewardship Ontario's website is to include information on, or contain the appropriate electronic links to, the Blue Box Program Plan and Stewardship Ontario's annual report pursuant to Section 33 of the *Act*. Stewardship Ontario will provide a copy of a rule to every person who requests a copy and may charge the person a reasonable fee for such copy.

10.6 Information Sharing

10.6.1 Subject to confidential and proprietary considerations, Stewardship Ontario shall provide data and information obtained in the course of developing or implementing the Blue Box Program Plan to Waste Diversion Ontario upon request. The parties acknowledge and agree that data and information which might be confidential or proprietary in relation to one steward may cease to be proprietary or confidential if aggregated with data and information relating to more than one steward. Information to be shared shall include, without limitation, comments received from Stewards with respect to the Blue Box Program Plan. The parties agree to negotiate in good faith with a view to agreeing upon an information sharing protocol to implement the provisions of this Section 10.6.1.

10.6.2 Stewardship Ontario acknowledges that information provided by Waste Diversion Ontario to the Minister is under the control of the Minister within the meaning of FIPPA. Waste Diversion Ontario shall retain full control over all other information obtained, created or maintained by Waste Diversion Ontario.

- 10.6.3 Any data or materials provided by Stewardship Ontario to Waste Diversion Ontario which are confidential and are to remain confidential shall be clearly marked as confidential. In the event that the Minister receives a request under the FIPPA relating to the disclosure of any such confidential information which has been provided by Waste Diversion Ontario to the Minister and provides notice thereof to Waste Diversion Ontario, Waste Diversion Ontario agrees to provide Stewardship Ontario with notice to that effect. Notwithstanding the foregoing, Stewardship Ontario acknowledges that the Minister is bound by FIPPA and may be required by order of a court or tribunal to disclose confidential information provided by Stewardship Ontario to Waste Diversion Ontario which has in turn been provided by Waste Diversion Ontario to the Minister.
- 10.6.4 Each of the parties agrees to hold data and information received from the other which are marked confidential in confidence, unless:
- (a) Such party is required to disclose such data or information by applicable law or by the order of any court or tribunal of competent jurisdiction;
 - (b) Such data or information have become generally available to the public without breach of this Agreement;
 - (c) Such data or information were developed independently by the recipient without the use of such confidential data or information or were lawfully received from another source having the right to furnish such data or information; or
 - (d) Such data or information were previously known to the recipient free of any restriction as evidenced by documentation in the recipient's possession.

10.7 Stakeholder and Public Consultation

- 10.7.1 Waste Diversion Ontario may require Stewardship Ontario to provide opportunities for consultation with stakeholders, including the public, which may be affected by any proposed material changes to the Blue Box Program Plan. Such consultation is to be open, accessible and responsive to concerns expressed.

10.8 Stewardship Ontario Responsibility for Documentation and Audit

- 10.8.1 Stewardship Ontario shall be responsible for maintaining Documentation in carrying out its responsibilities under this agreement, in a responsible and complete manner.
- 10.8.2 Without limiting the generality of the foregoing, the Board of Directors of Stewardship Ontario shall maintain the following:
- (a) All documents relating to its consultation activities, comments and responses received and a review of whether and how comments and responses were addressed; and
 - (b) All documents relating to the Funds.
- 10.8.3 The receipt and disbursement of the Funds will be reflected in the audited financial statements of Stewardship Ontario. The audited financial statements are to be prepared in accordance with generally accepted accounting principles and accompanied by the auditor's report thereon.

- 10.8.4 Stewardship Ontario agrees to implement and maintain measures to ensure the security and integrity of the Documentation and to protect the Documentation against loss, alteration and destruction.

10.9 Complaints and Inquiries Handling

- 10.9.1 Waste Diversion Ontario shall be responsible for handling all complaints and inquiries it receives in the following manner:
- (a) Waste Diversion Ontario will be responsible for determining if the complaint and/or inquiry is related to:
 - (i) its responsibilities as set out under the *Act* or as set out in this Agreement;
 - (ii) any other action of Waste Diversion Ontario; or
 - (iii) Stewardship Ontario;
 - (b) If the complaint/inquiry is related to Waste Diversion Ontario's responsibilities as set out under the *Act* or as set out in this Agreement, or to any other action of Waste Diversion Ontario, Waste Diversion Ontario will be responsible for addressing the complaint or responding to the inquiry;
 - (c) If the complaint/inquiry is related to Stewardship Ontario, Waste Diversion Ontario shall forward the complaint/inquiry to Stewardship Ontario asking it to address the complaint or respond to the inquiry (in accordance with any applicable dispute resolution mechanism) and report to Waste Diversion Ontario after doing so;
 - (d) In the event that Waste Diversion Ontario receives complaints/inquiries pertaining to enforcement issues, Waste Diversion Ontario will forward such complaints/inquiries to the Ministry; and
 - (e) With respect to any other complaint or inquiry, Waste Diversion Ontario will be responsible for forwarding the complaint or inquiry to the appropriate person.

10.10 Insurance

- 10.10.1 Stewardship Ontario shall put into effect and maintain throughout the term of this Agreement all the necessary and appropriate insurance for a prudent not-for-profit corporation.
- 10.10.2 Without limitation to the generality of the foregoing, Stewardship Ontario shall obtain and maintain directors and officers liability insurance in amounts which are customary for a prudent not-for-profit corporation.

10.11 Assignment

- 10.11.1 Stewardship Ontario shall not assign or subcontract any of its rights or obligations under this Agreement or any part thereof without the prior written consent of Waste Diversion Ontario and the Minister, provided that Stewardship Ontario shall be permitted to retain Corporations Supporting Recycling to act as the Secretariat for Stewardship Ontario.

10.12 Notices

10.12.1 All notices to or upon the respective parties hereto shall be in writing and shall be delivered to the party to which such notice is required to be given under this Agreement at the respective address set out below by personal delivery, facsimile or pre-paid registered post. All notices shall be deemed to have been duly given:

- (a) one (1) Business Day after such notice is received by the other party when delivered by personal delivery or by facsimile; or
- (b) five (5) Business Days after posting by prepaid registered post. In the event of a postal disruption, notices must be given by personal delivery or by a signed back facsimile and all notices delivered within one (1) week prior to the postal disruption must be confirmed by a signed back facsimile to be effective.

Notices to Waste Diversion Ontario shall be delivered to:

Waste Diversion Ontario
P.O. Box 113
Maple, Ontario L6A 1R6

Attention: Executive Director
Facsimile: 905-303-2347

Notices to Stewardship Ontario shall be delivered to:

Stewardship Ontario
26 Wellington Street East, Suite 601
Toronto, Ontario M5E 1S2

Attention: Chief Executive Officer
Facsimile: 416-594-3463

10.12.2 Either party may, by written notice delivered to the other party, designate a new address or facsimile number for these notices.

10.13 Waiver

10.13.1 No term, condition or provision hereof shall be or be deemed to have been waived by Waste Diversion Ontario by reason of any act, forbearance, indulgence, omission, or event. Only an express written waiver by Waste Diversion Ontario shall be binding and each such waiver shall be conclusively deemed to be limited to the circumstances, right or remedy therein specified.

10.14 Severability

10.14.1 In the event that any provision of this Agreement or any part of such provision shall be determined to be invalid, unlawful or unenforceable to any extent, such provision or part thereof shall be severed from the remaining terms and conditions of this Agreement which shall continue to be valid and enforceable to the fullest extent permitted by law.

10.15 Dispute Resolution

- 10.15.1 Stewardship Ontario shall include a dispute resolution mechanism in all contracts to which Stewardship Ontario is a party with the exception of contracts for goods and services in the ordinary course of business.
- 10.15.2 If any dispute arises between Stewardship Ontario and Waste Diversion Ontario as to their respective rights and obligations under this Agreement, the parties shall use the following dispute resolution procedures to resolve such disputes:
- (a) The parties shall attempt to resolve disputes in the spirit of mutual cooperation through discussions and negotiations between the designated representatives of the parties within thirty (30) days of the date upon which written notice of the dispute was first given by one party to the other or as otherwise agreed upon;
 - (b) If the parties are unable to resolve the dispute in the manner aforesaid, either party shall have the right, on notice in writing to the other, to require that such dispute be submitted to the Executive Director of Waste Diversion Ontario and the CEO of Stewardship Ontario for discussion and resolution within thirty (30) days of the date of the notice requiring such dispute to be submitted to them or as otherwise agreed upon;
 - (c) In the event that the Executive Director of Waste Diversion Ontario and the CEO of Stewardship Ontario are unable to resolve such dispute, either party shall have the right, on notice in writing to the other, to require that such dispute be submitted to the Chair of the Board of Directors of Waste Diversion Ontario and the Chair of the Board of Directors of Stewardship Ontario for discussion and resolution within thirty (30) days of the date of the notice requiring such dispute to be submitted to them or as otherwise agreed upon;
 - (d) If the Chair of the Board of Directors of Waste Diversion Ontario and the Chair of the Board of Directors of Stewardship Ontario are unable to resolve the dispute, either party shall have the right to refer the matter to binding arbitration in accordance with the provisions of the *Arbitration Act, 1991*, S.O. 1991, c. 17, as amended. The costs of the arbitration and fees of the arbitrator(s) shall be borne equally by the parties. The arbitration shall take place in Toronto, Ontario, Canada, before a single arbitrator to be chosen jointly by the parties. If the parties cannot agree on the choice of an arbitrator within thirty (30) days of the notice requiring such dispute to be submitted to arbitration, then the parties will each select an arbitrator who in turn will select a third arbitrator as soon as reasonably practicable following such thirty (30) day period; and
 - (e) The parties may determine the procedure to be followed by the arbitrator(s) in conducting the proceedings, or may request the arbitrator(s) to do so. The arbitrator(s) shall issue a written award within thirty (30) days of completion of the hearing.

10.16 Termination

- 10.16.1 If, in the reasonable opinion of Waste Diversion Ontario, there has been a breach of this Agreement by Stewardship Ontario, Waste Diversion Ontario may terminate this Agreement after giving Stewardship Ontario ninety (90) Business Days prior written notice of the breach or default if Stewardship Ontario fails to remedy such breach by the expiry of the ninety (90) day notice period. In the event that the remedy of such

breach by Stewardship Ontario reasonably requires more than ninety (90) days, Stewardship Ontario shall so advise Waste Diversion Ontario without delay and provide a revised time line. Waste Diversion Ontario shall notify Stewardship Ontario in writing as to whether the revised time line is acceptable and, if it is, the revised time line to remedy such breach will apply.

10.16.2 Notwithstanding subsection 10.16.1, Waste Diversion Ontario may terminate this Agreement immediately upon written notice to Stewardship Ontario if:

- (a) Stewardship Ontario assigns or subcontracts any of its rights or obligations under this Agreement or any part thereof except as expressly provided for herein;
- (b) Stewardship Ontario becomes bankrupt or insolvent;
- (c) A receiver or trustee is appointed for any part of the assets of Stewardship Ontario;
- (d) Any assignment is made for the benefit of creditors of Stewardship Ontario; or
- (e) Stewardship Ontario is wound up or goes into liquidation.

10.17 Agreement Binding

10.17.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

10.18 Entire Agreement

10.18.1 This Agreement embodies the entire Agreement between the parties with regard to the operation of Stewardship Ontario and supersedes any prior understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution of this Agreement.

10.19 Public Announcements

10.19.1 Neither Waste Diversion Ontario nor Stewardship Ontario shall make any press release or other formal public announcement which refers to the role of the other in the development and implementation of the Blue Box Program Plan without first consulting the other concerning the contents of such proposed press release or public announcement. The parties agree that prior consultation shall not be required in respect of routine communications or other general information provided by either of the parties to the public with respect to the implementation of the Blue Box Program Plan.

10.20 Governing Law

10.20.1 This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereby agree that any dispute arising out of or in relation to this Agreement shall be determined in Ontario.

10.20.2 Stewardship Ontario agrees that it shall, and shall require its officers, directors and staff to, comply with all laws, ordinances, rules and regulations which apply to the operation of Stewardship Ontario, any activities of Stewardship Ontario and the responsibilities of Stewardship Ontario under the Act.

10.21 Signatures

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date stated in the Preamble to this Agreement (Page 111).

WASTE DIVERSION ONTARIO



per: _____
Tim Moore
Chair



per: _____
Authorized Signing Officer

Name: Terry Cassidy

We have authority to bind Waste Diversion Ontario.

STEWARDSHIP ONTARIO



per: _____
Dennis Darby
Chair



per: _____
Authorized Signing Officer

Name: Damian L. Bassett

We have authority to bind Stewardship Ontario.

Appendix I

Waste Diversion Act



3RD SESSION, 37TH LEGISLATURE, ONTARIO
51 ELIZABETH II, 2002

3^e SESSION, 37^e LÉGISLATURE, ONTARIO
51 ELIZABETH II, 2002

Bill 90

*(Chapter 6
Statutes of Ontario, 2002)*

**An Act to promote
the reduction, reuse
and recycling of waste**

The Hon. C. Stockwell
Minister of Environment
and Energy

1st Reading	June 26, 2001
2nd Reading	May 14, 2002
3rd Reading	June 13, 2002
Royal Assent	June 27, 2002

Project de loi 90

*(Chapitre 6
Lois de l'Ontario de 2002)*

**Loi visant à promouvoir
la réduction, la réutilisation
et le recyclage des déchets**

L' honorable C. Stockwell
Ministre de l'Environnement
et de l'Énergie

1 ^e lecture	26 juin 2001
2 ^e lecture	14 mai 2002
3 ^e lecture	13 juin 2002
Sanction royale	27 juin 2002



**An Act to promote
the reduction, reuse
and recycling of waste**

**Loi visant à promouvoir
la réduction, la réutilisation
et le recyclage des déchets**

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

Sa Majesté, sur l'avis et avec le consentement de l'Assemblée législative de la province de l'Ontario, édicte :

PURPOSE

OBJET

Purpose

1. The purpose of this Act is to promote the reduction, reuse and recycling of waste and to provide for the development, implementation and operation of waste diversion programs.

Objet

1. La présente loi a pour objet de promouvoir la réduction, la réutilisation et le recyclage des déchets et de prévoir l'élaboration, la mise en oeuvre et l'administration de programmes de réacheminement des déchets.

DEFINITIONS

DÉFINITIONS

Definitions

2. (1) In this Act,

Définitions

2. (1) Les définitions qui suivent s'appliquent à la présente loi.

“blue box waste” means material prescribed as blue box waste by the regulations; (“déchets destinés à la boîte bleue”)

«déchets désignés» Déchets destinés à la boîte bleue ou matières prescrites comme déchets désignés par les règlements. («designated waste»)

“designated waste” means blue box waste or material prescribed as a designated waste by the regulations; (“déchets désignés”)

«déchets destinés à la boîte bleue» Matières prescrites comme déchets destinés à la boîte bleue par les règlements. («blue box waste»)

“industry funding organization” means a corporation incorporated under section 24; (“organisme de financement industriel”)

«ministère» Le ministère qui relève du ministre. («Ministry»)

“Minister” means the Minister of Environment and Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; (“ministre”)

«ministre» Le ministre de l'Environnement et de l'Énergie ou l'autre membre du Conseil exécutif qui est chargé de l'application de la présente loi en vertu de la *Loi sur le Conseil exécutif*. («Minister»)

“Ministry” means the ministry of the Minister; (“ministère”)

«organisme de financement industriel» Personne morale constituée en application de l'article 24. («industry funding organization»)

“regulations” means the regulations made under this Act by the Minister; (“règlements”)

«règlements» Les règlements pris en application de la présente loi par le ministre. («regulations»)

“rules” means the rules made under this Act by an industry funding organization. (“règles”)

«règles» Les règles établies en vertu de la présente loi par un organisme de financement industriel. («rules»)

Regulations in respect of rule matters

(2) A reference in this Act to rules made by an industry funding organization shall be deemed to include a reference to the regulations authorized under subsection 42 (4).

Règlement sur les questions traitées par les règles

(2) La mention dans la présente loi des règles établies par un organisme de financement industriel est réputée inclure la mention des règlements autorisés en vertu du paragraphe 42 (4).

WASTE DIVERSION ONTARIO

Establishment

3. A corporation without share capital is hereby established to be known in English as Waste Diversion Ontario and in French as Réacheminement des déchets Ontario.

Composition

4. (1) Waste Diversion Ontario is composed of the members of its board of directors.

Members of board of directors

(2) The board of directors shall be composed of the following members:

1. Four members appointed by the Association of Municipalities of Ontario.
2. One member appointed by the Brewers of Ontario.
3. One member appointed jointly by the Canadian Manufacturers of Chemical Specialties Association and the Canadian Paint and Coatings Association.
4. One member appointed by the Canadian Newspaper Association.
5. Three members appointed by Corporations Supporting Recycling.
6. One member appointed by the Liquor Control Board of Ontario.
7. One member appointed by the Retail Council of Canada.
8. If a waste diversion program for a designated waste is being developed, implemented or operated under this Act with an industry funding organization, such number of members as may be prescribed by the regulations, appointed by the industry funding organization from among those members of the organization's board of directors who are knowledgeable with respect to the designated waste or products from which the designated waste is derived.
9. One member who is employed in the public service of Ontario, appointed by the Minister.
10. Two members who are not employed in the public service of Ontario, appointed by the Minister.

Observers

(3) The following persons are entitled to attend meetings of the board of directors as observers, but they may participate in meetings only to the extent allowed by the board:

1. One observer appointed jointly by the Canadian Manufacturers of Chemical Specialties Association and the Canadian Paint and Coatings Association.
2. One observer appointed by the Ontario Community Newspapers Association.

RÉACHEMINEMENT DES DÉCHETS ONTARIO

Création

3. Est créée une personne morale sans capital-actions appelée en français Réacheminement des déchets Ontario et en anglais Waste Diversion Ontario.

Composition

4. (1) Réacheminement des déchets Ontario se compose des membres de son conseil d'administration.

Membre du conseil d'administration

(2) Le conseil d'administration se compose des membres suivants :

1. Quatre membres nommés par l'Association des municipalités de l'Ontario.
2. Un membre nommé par l'organisme appelé Brewers of Ontario.
3. Un membre nommé conjointement par l'Association canadienne des manufacturiers de spécialités chimiques et l'Association canadienne de l'industrie de la peinture et du revêtement.
4. Un membre nommé par l'Association canadienne des journaux.
5. Trois membres nommés par l'organisme appelé Corporations Supporting Recycling.
6. Un membre nommé par la Régie des alcools de l'Ontario.
7. Un membre nommé par le Conseil canadien du commerce de détail.
8. Si un programme de réacheminement des déchets à l'égard des déchets désignés est élaboré, mis en oeuvre ou administré en application de la présente loi en collaboration avec un organisme de financement industriel, le nombre de membres, que les règlements prescrivent, nommés par l'organisme de financement industriel parmi les membres de son conseil d'administration qui possèdent des connaissances à l'égard des déchets désignés ou des produits dont ils sont dérivés.
9. Un membre employé dans la fonction publique de l'Ontario, nommé par le ministre.
10. Deux membres qui ne sont pas employés dans la fonction publique de l'Ontario, nommés par le ministre.

Observateurs

(3) Les personnes suivantes ont le droit d'assister aux réunions du conseil d'administration à titre d'observateurs; elles ne peuvent toutefois participer aux réunions que dans la mesure où le conseil les y autorise :

1. Un observateur nommé conjointement par l'Association canadienne des manufacturiers de spécialités chimiques et l'Association canadienne de l'industrie de la peinture et du revêtement.
2. Un observateur nommé par l'association appelée Ontario Community Newspapers Association.

3. One observer appointed by the Ontario Waste Management Association.
4. One observer appointed by the Paper & Paperboard Packaging Environmental Council.

Alternative to subs. (2) and (3)

(4) Subsections (2) and (3) do not apply if an operating agreement entered into under section 6 provides for an alternative structure of members of the board of directors and observers.

First chair

(5) Despite section 10, the first chair of the board of directors shall be designated by the board of directors for a term of one year from among the members referred to in paragraph 5 of subsection (2).

Responsibilities

5. Waste Diversion Ontario shall,

- (a) develop, implement and operate waste diversion programs for designated wastes in accordance with this Act and monitor the effectiveness and efficiency of those programs;
- (b) seek to enhance public awareness of and participation in waste diversion programs;
- (c) seek to ensure that waste diversion programs developed under this Act affect Ontario's marketplace in a fair manner;
- (d) determine the amount of money required by Waste Diversion Ontario and the industry funding organizations to carry out their responsibilities under this Act;
- (e) establish a dispute resolution process for,
 - (i) disputes between an industry funding organization and a municipality with respect to payments to the municipality under a waste diversion program, and
 - (ii) disputes between an industry funding organization and a person with respect to the person's obligations under section 31 or the person's obligations under the rules made by the industry funding organization under section 30;
- (f) maintain a list of plans approved under section 34 and ensure that the list is made available to the public;
- (g) monitor the effectiveness of plans approved under section 34;
- (h) conduct public consultations on any matter referred to Waste Diversion Ontario by the Minister;
- (i) advise or report to the Minister on any matter referred to Waste Diversion Ontario by the Minister;

3. Un observateur nommé par l'association appelée Ontario Waste Management Association.
4. Un observateur nommé par le Conseil de l'environnement des emballages de papier et de carton.

Structure différente

(4) Les paragraphes (2) et (3) ne s'appliquent pas si un accord de fonctionnement conclu en application de l'article 6 prévoit une structure différente pour le conseil d'administration et les observateurs.

Premier président

(5) Malgré l'article 10, le premier président du conseil d'administration est désigné par le conseil pour un mandat d'un an parmi les membres visés à la disposition 5 du paragraphe (2).

Responsabilités

5. Les responsabilités de Réacheminement des déchets Ontario sont les suivantes :

- a) élaborer, mettre en oeuvre et administrer des programmes de réacheminement des déchets pour les déchets désignés conformément à la présente loi et en surveiller l'efficacité et l'efficience;
- b) chercher à sensibiliser davantage le public aux programmes de réacheminement des déchets et à accroître sa participation à ceux-ci;
- c) chercher à faire en sorte que les programmes de réacheminement des déchets élaborés en application de la présente loi touchent équitablement le marché ontarien;
- d) calculer les sommes d'argent dont Réacheminement des déchets Ontario et les organismes de financement industriels ont besoin pour s'acquitter des responsabilités que leur impose la présente loi;
- e) mettre sur pied une procédure pour régler les différends entre :
 - (i) soit un organisme de financement industriel et une municipalité à l'égard des paiements dus à cette dernière dans le cadre d'un programme de réacheminement des déchets,
 - (ii) soit un organisme de financement industriel et une personne à l'égard des obligations qu'imposent à cette dernière l'article 31 ou les règles établies par l'organisme en vertu de l'article 30;
- f) tenir une liste des plans approuvés en vertu de l'article 34 et veiller à ce qu'elle soit mise à la disposition du public;
- g) surveiller l'efficacité des plans approuvés en vertu de l'article 34;
- h) tenir des consultations publiques sur toute question que lui soumet le ministre;
- i) conseiller le ministre ou lui faire rapport sur toute question qu'il lui soumet;

- (j) ensure that any operating agreement entered into under section 6 and any agreements referred to in subsection 25 (3) are made available to the public.

Operating agreement

6. (1) The Minister may serve notice on Waste Diversion Ontario that an operating agreement is required.

Time limit

(2) An operating agreement shall be agreed on by Waste Diversion Ontario and the Minister within 180 days after notice is served under subsection (1), or within such longer period as the Minister, before or after the expiry of the 180-day period, may in writing allow.

Contents

(3) The operating agreement shall contain such provisions as the Minister considers advisable in the public interest respecting the operations of Waste Diversion Ontario.

Amendment

(4) The Minister may serve notice on Waste Diversion Ontario that an amendment to the operating agreement is required.

Same

(5) An amendment shall be agreed on by Waste Diversion Ontario and the Minister within 180 days after notice is served under subsection (4), or within such longer period as the Minister, before or after the expiry of the 180-day period, may in writing allow.

Application of *Environmental Bill of Rights, 1993*

(6) Section 16 of the *Environmental Bill of Rights, 1993*, and the other provisions of that Act that apply to proposals for regulations, apply with necessary modifications to an operating agreement or amendment to an operating agreement under consideration by the Minister under this section and, for that purpose, the operating agreement or amendment shall be deemed to be a proposal under consideration by the Ministry for a regulation under a prescribed Act.

Policies established by Minister

7. The Minister may establish policies applicable to Waste Diversion Ontario and the board of directors shall ensure that the policies are implemented promptly and efficiently.

Business plans

8. (1) Waste Diversion Ontario shall, not later than January 1 in each year, adopt and submit to the Minister a business plan for the implementation of Waste Diversion Ontario's responsibilities under this Act for that year.

Copies of business plan

(2) When a business plan is submitted to the Minister, Waste Diversion Ontario shall provide a copy of the busi-

- j) veiller à ce que tout accord de fonctionnement conclu en application de l'article 6 et tout accord visé au paragraphe 25 (3) soient mis à la disposition du public.

Accord de fonctionnement

6. (1) Le ministre peut signifier à Réacheminement des déchets Ontario un avis l'informant de la nécessité de conclure un accord de fonctionnement.

Délai

(2) L'accord de fonctionnement est approuvé d'un commun accord par Réacheminement des déchets Ontario et le ministre dans les 180 jours qui suivent la signification de l'avis visé au paragraphe (1) ou dans le délai plus long que le ministre peut autoriser par écrit avant ou après l'expiration du délai de 180 jours.

Contenu

(3) L'accord de fonctionnement contient les dispositions que le ministre estime souhaitables dans l'intérêt public relativement aux activités de Réacheminement des déchets Ontario.

Modification

(4) Le ministre peut signifier à Réacheminement des déchets Ontario un avis l'informant de la nécessité de modifier l'accord de fonctionnement.

Idem

(5) La modification est approuvée d'un commun accord par Réacheminement des déchets Ontario et le ministre dans les 180 jours qui suivent la signification de l'avis visé au paragraphe (4) ou dans le délai plus long que le ministre peut autoriser par écrit avant ou après l'expiration du délai de 180 jours.

Application de la *Charte des droits environnementaux de 1993*

(6) L'article 16 de la *Charte des droits environnementaux de 1993*, ainsi que les autres dispositions de cette loi qui s'appliquent aux propositions de règlements, s'appliquent, avec les adaptations nécessaires, à l'accord de fonctionnement, ou à toute modification de celui-ci, qui est à l'étude par le ministre en application du présent article et, à cette fin, l'accord ou sa modification est réputé une proposition qui est à l'étude par le ministère pour la prise d'un règlement en application d'une loi prescrite.

Politiques établies par le ministre

7. Le ministre peut établir des politiques applicables à Réacheminement des déchets Ontario, auquel cas le conseil d'administration veille à ce qu'elles soient mises en application promptement et efficacement.

Plans d'activités

8. (1) Au plus tard le 1^{er} janvier de chaque année, Réacheminement des déchets Ontario adopte et présente au ministre un plan d'activités pour l'année à l'égard de l'acquiescement des responsabilités que lui impose la présente loi.

Copies du plan d'activités

(2) Lorsque Réacheminement des déchets Ontario présente son plan d'activités au ministre, elle en fournit une

ness plan to every industry funding organization and shall make the business plan available to the public.

Management

9. Waste Diversion Ontario shall be managed by its board of directors.

Chair

10. The chair of the board of directors shall be designated by the board of directors from among its members.

Quorum

11. Two-thirds of the members of the board of directors constitutes a quorum for the transaction of business, unless otherwise provided by the by-laws made under section 13.

Voting

12. (1) Decisions of the board of directors shall be determined by majority vote.

One vote per member

(2) Subject to subsections (3) and (4), each member of the board of directors is entitled to one vote.

Tie vote

(3) In the event of a tie vote, the chair is entitled to cast a second vote.

Members not entitled to vote

(4) The members of the board of directors appointed under paragraphs 9 and 10 of subsection 4 (2) are not entitled to vote.

Same

(5) Despite subsection (4), the Minister may authorize one of the members of the board of directors appointed under paragraph 10 of subsection 4 (2) to vote.

By-laws

13. (1) The board of directors may pass by-laws,
- (a) regulating its proceedings, specifying the powers and duties of the officers and employees of Waste Diversion Ontario and generally for the conduct and management of Waste Diversion Ontario; and
 - (b) respecting the appointment of officers and employees of Waste Diversion Ontario and providing for payment of their remuneration and expenses.

Subcommittees

(2) The by-laws may authorize the establishment of subcommittees of the board of directors and may authorize a subcommittee to include persons who are not members of the board.

Remuneration and expenses

14. The members of the board of directors are not entitled to any remuneration, but may be reimbursed for expenses in accordance with the by-laws made under section 13.

copie à chaque organisme de financement industriel et met le plan à la disposition du public.

Gestion

9. Réacheminement des déchets Ontario est gérée par son conseil d'administration.

Président

10. Le conseil d'administration désigne un de ses membres à la présidence.

Quorum

11. Les deux tiers des membres du conseil d'administration constituent le quorum pour la conduite de ses affaires, sauf disposition contraire des règlements administratifs adoptés en vertu de l'article 13.

Vote

12. (1) Le conseil d'administration prend ses décisions à la majorité des voix.

Une voix par membre

(2) Sous réserve des paragraphes (3) et (4), chaque membre du conseil d'administration a droit à une voix.

Égalité des voix

(3) En cas d'égalité des voix, le président a droit à une deuxième voix.

Membres sans droit de vote

(4) Les membres du conseil d'administration nommés en application des dispositions 9 et 10 du paragraphe 4 (2) n'ont pas droit de vote.

Idem

(5) Malgré le paragraphe (4), le ministre peut autoriser à voter un des membres du conseil d'administration nommé en application de la disposition 10 du paragraphe 4 (2).

Règlements administratifs

13. (1) Le conseil d'administration peut adopter des règlements administratifs :

- a) d'une part, régissant ses travaux, précisant les pouvoirs et fonctions des dirigeants et employés de Réacheminement des déchets Ontario et prévoyant de façon générale la conduite et la gestion des affaires de Réacheminement des déchets Ontario;
- b) d'autre part, traitant de la nomination des dirigeants et employés de Réacheminement des déchets Ontario et prévoyant le versement de leur rémunération et de leurs indemnités.

Sous-comités

(2) Les règlements administratifs peuvent autoriser la création de sous-comités du conseil d'administration et peuvent autoriser ceux-ci à comprendre des personnes qui ne sont pas membres du conseil d'administration.

Rémunération et dépenses

14. Les membres du conseil d'administration n'ont droit à aucune rémunération, mais ont droit au remboursement de leurs dépenses conformément aux règlements administratifs adoptés en vertu de l'article 13.

**Corporations Act and
Corporations Information Act**

15. The *Corporations Act* and the *Corporations Information Act* do not apply to Waste Diversion Ontario, except as otherwise provided by the regulations.

Capacity and powers

16. Waste Diversion Ontario has all the capacity and powers of a natural person for the purpose of carrying out its responsibilities, except as otherwise provided by this Act.

Not a Crown agent

17. Waste Diversion Ontario is not an agent of the Crown in right of Ontario for any purpose, despite the *Crown Agency Act*, and shall not hold itself out as such.

Protection from liability: Crown

18. No action or other proceeding shall be commenced against the Crown in right of Ontario in respect of any act or omission of Waste Diversion Ontario, any member of its board of directors, or any of its officers, employees or agents.

Protection from liability: directors, etc.

19. (1) No action or other proceeding shall be commenced against a member of the board of directors of Waste Diversion Ontario or any officer or employee of Waste Diversion Ontario for any act done in good faith in the performance or intended performance of his or her duties or for any neglect or default in the performance in good faith of his or her duties.

Same

(2) Subsection (1) does not relieve Waste Diversion Ontario of any liability to which it would otherwise be subject.

Fiscal year

20. The fiscal year of Waste Diversion Ontario is the period from January 1 to December 31 in each year.

Auditor

21. (1) Waste Diversion Ontario shall appoint an auditor.

Annual audit

(2) The auditor shall, for each fiscal year, audit the accounts and financial transactions of Waste Diversion Ontario and shall prepare a report on each audit.

Annual report

22. (1) Waste Diversion Ontario shall, not later than April 1 in each year,

- (a) prepare a report in accordance with this section on its activities during the previous year; and

**Loi sur les personnes morales et
Loi sur les renseignements exigés des personnes morales**

15. Sauf disposition contraire des règlements, la *Loi sur les personnes morales* et la *Loi sur les renseignements exigés des personnes morales* ne s'appliquent pas à Réacheminement des déchets Ontario.

Capacité et pouvoirs

16. Sauf disposition contraire de la présente loi, Réacheminement des déchets Ontario a la capacité et les pouvoirs d'une personne physique pour s'acquitter de ses responsabilités.

Pas un mandataire de la Couronne

17. Malgré la *Loi sur les organismes de la Couronne*, Réacheminement des déchets Ontario n'est à aucune fin un mandataire de la Couronne du chef de l'Ontario et ne doit pas se faire passer pour tel.

Immunité : Couronne

18. Sont irrecevables les actions ou autres instances introduites contre la Couronne du chef de l'Ontario pour un acte ou une omission de Réacheminement des déchets Ontario ou des membres de son conseil d'administration, de ses dirigeants, de ses employés ou de ses mandataires.

Immunité : administrateurs

19. (1) Sont irrecevables les actions ou autres instances introduites contre un membre du conseil d'administration de Réacheminement des déchets Ontario ou un dirigeant ou un employé de Réacheminement des déchets Ontario pour un acte accompli de bonne foi dans l'exercice effectif ou censé tel de ses fonctions ou pour une négligence ou un manquement qu'il a commis dans l'exercice de bonne foi de ses fonctions.

Idem

(2) Le paragraphe (1) ne dégage pas Réacheminement des déchets Ontario de la responsabilité qu'elle serait autrement tenue d'assumer.

Exercice

20. L'exercice de Réacheminement des déchets Ontario commence le 1^{er} janvier et se termine le 31 décembre de la même année.

Vérificateur

21. (1) Réacheminement des déchets Ontario nomme un vérificateur.

Vérification annuelle

(2) Pour chaque exercice, le vérificateur vérifie les comptes et les opérations financières de Réacheminement des déchets Ontario et prépare un rapport sur chaque vérification.

Rapport annuel

22. (1) Au plus tard le 1^{er} avril de chaque année, Réacheminement des déchets Ontario :

- a) d'une part, prépare, conformément au présent article, un rapport sur ses activités entreprises au cours de l'année précédente;

- (b) provide a copy of the report to the Minister and make the report available to the public.

Contents

- (2) The report shall include the following:
1. Information about waste diversion programs developed, implemented or operated under this Act during the previous year.
 2. Audited financial statements for Waste Diversion Ontario and a copy of the auditor's report under subsection 21 (2).
 3. A description of the consultation undertaken by Waste Diversion Ontario during the previous year under subsection 29 (2) and a summary of the results of the consultation.
 4. A copy of every report provided to Waste Diversion Ontario by an industry funding organization under section 33 in respect of the previous year.
 5. Information about plans approved by Waste Diversion Ontario under section 34 during the previous year, including a copy of every report provided to Waste Diversion Ontario under subsection 34 (5) in respect of the previous year.

Signature

- (3) The report shall be signed by the chair of the board of directors.

WASTE DIVERSION PROGRAMS
AND INDUSTRY FUNDING ORGANIZATIONS

Waste diversion programs

23. (1) The Minister may require Waste Diversion Ontario to develop a waste diversion program for a designated waste.

Same

(2) Waste Diversion Ontario shall develop the program in co-operation with an industry funding organization.

Same

(3) The Minister may require that the program be developed in co-operation with,

- (a) an existing industry funding organization; or
- (b) an industry funding organization to be incorporated under Part III of the *Corporations Act* by Waste Diversion Ontario for the purpose of the program.

Consultation

(4) In developing the program, Waste Diversion Ontario and the industry funding organization shall consult with persons they consider likely to be affected by the program, including members of the public.

- b) d'autre part, fournit une copie du rapport au ministre et met le rapport à la disposition du public.

Contenu

- (2) Le rapport comprend ce qui suit :
1. Des renseignements sur les programmes de réacheminement des déchets qui ont été élaborés, mis en oeuvre ou administrés en application de la présente loi au cours de l'année précédente.
 2. Les états financiers vérifiés de Réacheminement des déchets Ontario et une copie du rapport du vérificateur prévu au paragraphe 21 (2).
 3. Une description des consultations tenues par Réacheminement des déchets Ontario au cours de l'année précédente en application du paragraphe 29 (2) et un sommaire de leurs résultats.
 4. Une copie de chaque rapport présenté à Réacheminement des déchets Ontario par chaque organisme de financement industriel en application de l'article 33 à l'égard de l'année précédente.
 5. Des renseignements sur les plans approuvés au cours de l'année précédente par Réacheminement des déchets Ontario en vertu de l'article 34, y compris une copie de chaque rapport présenté à Réacheminement des déchets Ontario en application du paragraphe 34 (5) à l'égard de l'année précédente.

Signature

(3) Le rapport est signé par le président du conseil d'administration.

PROGRAMMES DE RÉACHEMINEMENT DES DÉCHETS
ET ORGANISMES DE FINANCEMENT INDUSTRIELS

Programmes de réacheminement des déchets

23. (1) Le ministre peut exiger que Réacheminement des déchets Ontario élabore un programme de réacheminement des déchets pour des déchets désignés.

Idem

(2) Réacheminement des déchets Ontario élabore le programme en collaboration avec un organisme de financement industriel.

Idem

(3) Le ministre peut exiger que le programme soit élaboré en collaboration avec :

- a) soit un organisme de financement industriel existant;
- b) soit un organisme de financement industriel qui doit, aux fins du programme, être constitué en application de la partie III de la *Loi sur les personnes morales* par Réacheminement des déchets Ontario.

Consultation

(4) Lors de l'élaboration du programme, Réacheminement des déchets Ontario et l'organisme de financement industriel consultent les personnes qui seront, à leur avis, vraisemblablement touchées par le programme, y compris les membres du public.

Establishment of industry funding organization

24. (1) If Waste Diversion Ontario is required under section 23 to develop a waste diversion program for a designated waste, Waste Diversion Ontario shall cause a corporation without share capital to be incorporated under Part III of the *Corporations Act* for the purpose of the program.

Application of subs. (1)

- (2) Subsection (1) does not apply if,
- (a) the Minister has required under clause 23 (3) (a) that the program be developed in co-operation with an existing industry funding organization; or
 - (b) no requirement has been imposed by the Minister under subsection 23 (3) and Waste Diversion Ontario is of the opinion that the program should be developed in co-operation with an existing industry funding organization.

Contents of waste diversion program

25. (1) A waste diversion program developed under this Act for a designated waste may include the following:

1. Activities to reduce, reuse and recycle the designated waste.
2. Research and development activities relating to the management of the designated waste.
3. Activities to develop and promote products that result from the waste diversion program.
4. Educational and public awareness activities to support the waste diversion program.

Same

(2) A waste diversion program developed under this Act for a designated waste shall not promote any of the following:

1. The burning of the designated waste.
2. The landfilling of the designated waste.
3. The application of the designated waste to land.
4. Any activity prescribed by the regulations.

Program agreements

(3) A waste diversion program developed under this Act must include an agreement between Waste Diversion Ontario and the industry funding organization that the program is developed in co-operation with, governing the role of the industry funding organization in the implementation and operation of the program and governing the exercise of the industry funding organization's powers under this Act.

Same

- (4) The agreement referred to in subsection (3) must

Création d'un organisme de financement industriel

24. (1) Si l'article 23 exige que Réacheminement des déchets Ontario élabore un programme de réacheminement des déchets pour des déchets désignés, elle fait constituer, aux fins du programme, une personne morale sans capital-actions en application de la partie III de la *Loi sur les personnes morales*.

Non-application du par. (1)

(2) Le paragraphe (1) ne s'applique pas dans l'un ou l'autre des cas suivants :

- a) le ministre a exigé en vertu de l'alinéa 23 (3) a) que le programme soit élaboré en collaboration avec un organisme de financement industriel existant;
- b) le ministre n'a imposé aucune exigence en vertu du paragraphe 23 (3) et Réacheminement des déchets Ontario est d'avis que le programme devrait être élaboré en collaboration avec un organisme de financement industriel existant.

Volets du programme de réacheminement des déchets

25. (1) Le programme de réacheminement des déchets élaboré en application de la présente loi pour des déchets désignés peut comporter les volets suivants :

1. Des activités en vue de réduire, de réutiliser et de recycler les déchets désignés.
2. Des activités de recherche et de développement portant sur la gestion des déchets désignés.
3. Des activités de développement et de promotion des produits découlant du programme de réacheminement des déchets.
4. Des activités d'éducation et de sensibilisation du public à l'appui du programme de réacheminement des déchets.

Idem

(2) Le programme de réacheminement des déchets élaboré en application de la présente loi pour des déchets désignés ne doit pas promouvoir l'une ou l'autre des activités suivantes :

1. Le brûlage des déchets désignés.
2. L'enfouissement des déchets désignés.
3. L'épandage des déchets désignés sur des terrains.
4. Toute activité prescrite par les règlements.

Accords liés au programme

(3) Le programme de réacheminement des déchets élaboré en application de la présente loi comprend un accord conclu entre Réacheminement des déchets Ontario et l'organisme de financement industriel qui collabore avec celle-ci à l'élaboration du programme. Cet accord régit le rôle de l'organisme dans la mise en oeuvre et l'administration du programme, et l'exercice des pouvoirs que lui confère la présente loi.

Idem

- (4) L'accord visé au paragraphe (3) formule les règles

set out the wording of the rules that the industry funding organization proposes to make under section 30 and must include the agreement of Waste Diversion Ontario to the making of those rules.

Blue box program payments to municipalities

(5) A waste diversion program developed under this Act for blue box waste must provide for payments to municipalities to be determined in a manner that results in the total amount paid to all municipalities under the program being equal to 50 per cent of the total net costs incurred by those municipalities as a result of the program.

Submission of program for approval

26. (1) After a waste diversion program has been developed under section 23, Waste Diversion Ontario shall submit the program to the Minister for his or her approval.

Information to be submitted

(2) The information submitted to the Minister must include the following:

1. The name of the industry funding organization that the program has been developed in co-operation with.
2. A description of the consultation undertaken in the development of the program and a summary of the results of the consultation.
3. A detailed description of the waste diversion program, including,
 - i. the objectives of the program and the methods that will be used to measure whether the objectives are met,
 - ii. information on how the program will be implemented and operated, and
 - iii. information on the timing of implementation of the program.
4. An estimate of the costs of developing the program.
5. An estimate of the costs of implementing and operating the program, including a detailed breakdown of those costs and who will incur them.
6. A proposal for a regulation governing the composition and appointment of the board of directors of the industry funding organization named under paragraph 1.
7. The agreement referred to in subsection 25 (3) between Waste Diversion Ontario and the industry funding organization named under paragraph 1.
8. Information summarizing any expressions of interest in submitting plans for approval under section 34 that relate to the designated waste to which the program applies.

que l'organisme de financement industriel propose d'établir en vertu de l'article 30 et comprend l'accord de Réacheminement des déchets Ontario à l'égard de l'établissement de ces règles.

Paiements versés aux municipalités au titre du programme de la boîte bleue

(5) Le programme de réacheminement des déchets élaboré en application de la présente loi pour les déchets destinés à la boîte bleue doit prévoir le versement aux municipalités de paiements calculés de manière à ce que le total des paiements versés à toutes les municipalités dans le cadre du programme soit égal à 50 pour cent du total des coûts nets qu'elles engagent par suite du programme.

Demande d'approbation du programme

26. (1) Après avoir élaboré un programme de réacheminement des déchets en application de l'article 23, Réacheminement des déchets Ontario le présente au ministre en vue de son approbation.

Renseignements à présenter

(2) Les renseignements présentés au ministre sont les suivants :

1. Le nom de l'organisme de financement industriel qui a collaboré à l'élaboration du programme.
2. Une description des consultations tenues lors de l'élaboration du programme et un sommaire de leurs résultats.
3. Une description détaillée du programme de réacheminement des déchets, y compris :
 - i. les objectifs du programme et les méthodes qui seront utilisées pour déterminer s'ils sont atteints,
 - ii. des renseignements sur la façon dont le programme sera mis en oeuvre et administré,
 - iii. des renseignements sur les délais de mise en oeuvre du programme.
4. Une estimation des coûts d'élaboration du programme.
5. Une estimation des coûts de mise en oeuvre et d'administration du programme, y compris une ventilation détaillée de ces coûts et la mention des personnes qui les engageront.
6. Un projet de règlement régissant la composition du conseil d'administration de l'organisme de financement industriel visé à la disposition 1 et la nomination de ses membres.
7. L'accord visé au paragraphe 25 (3) conclu entre Réacheminement des déchets Ontario et l'organisme de financement industriel visé à la disposition 1.
8. Des renseignements résumant toute déclaration d'intérêt faite à l'égard de la présentation de plans se rapportant aux déchets désignés auxquels s'applique le programme en vue de leur approbation en vertu de l'article 34.

9. Such other information as the Minister may require.

Decision of Minister

(3) The Minister shall decide in writing to approve the program or not to approve the program.

Application of *Environmental Bill of Rights, 1993*

(4) Section 16 of the *Environmental Bill of Rights, 1993*, and the other provisions of that Act that apply to proposals for regulations, apply with necessary modifications to a waste diversion program under consideration by the Minister under this section and, for that purpose, the program shall be deemed to be a proposal under consideration by the Ministry for a regulation under a prescribed Act.

Changes to approved program

27. If a waste diversion program is approved by the Minister under section 26, no material change may be made to the program, including the agreement referred to in subsection 25 (3), without the written approval of the Minister.

Application of subs. 4 (1) and ss. 9-21

28. If an industry funding organization is continued by the regulations and is designated by the regulations as the industry funding organization for a waste diversion program, subsection 4 (1) and sections 9 to 21 apply, with necessary modifications, to the organization and, for that purpose, a reference in those provisions to Waste Diversion Ontario shall be deemed to be a reference to the organization.

Implementation and operation of program

29. (1) If an industry funding organization is designated by the regulations as the industry funding organization for a waste diversion program, Waste Diversion Ontario and the industry funding organization shall implement and operate the program in accordance with the agreement referred to in subsection 25 (3).

Consultation

(2) In implementing and operating the program, Waste Diversion Ontario and the industry funding organization shall consult with persons they consider to be affected by the program, including members of the public.

Rules relating to stewards

30. (1) If an industry funding organization is designated by the regulations as the industry funding organization for a waste diversion program, the organization may make rules,

- (a) designating persons or classes of persons as stewards in respect of the designated waste to which the waste diversion program applies;

9. Les autres renseignements que le ministre exige.

Décision du ministre

(3) Le ministre décide par écrit d'approuver ou non le programme.

Application de la *Charte des droits environnementaux de 1993*

(4) L'article 16 de la *Charte des droits environnementaux de 1993*, ainsi que les autres dispositions de cette loi qui s'appliquent aux propositions de règlements, s'appliquent, avec les adaptations nécessaires, au programme de réacheminement des déchets qui est à l'étude par le ministre en application du présent article et, à cette fin, le programme est réputé une proposition qui est à l'étude par le ministère pour la prise d'un règlement en application d'une loi prescrite.

Modification d'un programme approuvé

27. Si le ministre approuve un programme de réacheminement des déchets en application de l'article 26, il ne peut être apporté aucun changement important au programme, y compris l'accord visé au paragraphe 25 (3), sans l'approbation écrite du ministre.

Application du par. 4 (1) et des art. 9 à 21

28. Si les règlements maintiennent un organisme de financement industriel et le désignent comme l'organisme de financement industriel pour un programme de réacheminement des déchets, le paragraphe 4 (1) et les articles 9 à 21 s'appliquent, avec les adaptations nécessaires, à l'organisme et, à cette fin, la mention dans ces dispositions de Réacheminement des déchets Ontario vaut mention de l'organisme.

Mise en oeuvre et administration du programme

29. (1) Si les règlements désignent un organisme de financement industriel comme l'organisme de financement industriel pour un programme de réacheminement des déchets, Réacheminement des déchets Ontario et l'organisme de financement industriel mettent en oeuvre et administrent le programme conformément à l'accord visé au paragraphe 25 (3).

Consultation

(2) Lorsqu'ils mettent en oeuvre et administrent le programme, Réacheminement des déchets Ontario et l'organisme de financement industriel consultent les personnes qui sont, à leur avis, touchées par le programme, y compris les membres du public.

Règles relatives aux responsables de la gérance

30. (1) L'organisme de financement industriel qui est désigné par les règlements comme l'organisme de financement industriel pour un programme de réacheminement des déchets peut établir des règles visant à faire ce qui suit :

- a) désigner des personnes ou des catégories de personnes comme responsables de la gérance à l'égard des déchets désignés auxquels s'applique le programme de réacheminement des déchets;

- (b) setting the amount of the fees to be paid by stewards under subsection 31 (1) or prescribing methods for determining the amount of the fees;
- (c) prescribing the times when fees are payable under subsection 31 (1);
- (d) requiring the payment of interest or penalties on fees that are not paid in accordance with subsection 31 (1);
- (e) exempting stewards or classes of stewards from subsection 31 (1), subject to such conditions and restrictions as may be prescribed by the rules;
- (f) requiring stewards to keep records prescribed by the rules and governing the submission of those records to persons specified by the rules and the inspection of those records by persons specified by the rules;
- (g) requiring stewards to provide reports and other information to persons specified by the rules.

Stewards

(2) A rule made under clause (1) (a) shall not designate a person as a steward in respect of a designated waste unless the person has a commercial connection to the designated waste or to a product from which the designated waste is derived.

Fees

(3) In making rules under clause (1) (b), the industry funding organization shall have regard to the following principles:

1. The total amount of fees paid by stewards under subsection 31 (1) should not exceed the sum of the following amounts:
 - i. The costs of developing, implementing and operating the program.
 - ii. A reasonable share of costs not referred to in subparagraph i that are incurred by Waste Diversion Ontario in carrying out its responsibilities under this Act.
 - iii. A reasonable share of costs incurred by the Ministry in administering this Act.
2. The fee paid by a steward should fairly reflect the proportion of the sum referred to in paragraph 1 that is attributable to the steward.

Rule must be set out in program agreement

(4) A rule made under this section is not valid unless the wording of the rule is set out in the agreement referred to in subsection 25 (3).

General or particular

(5) A rule made under this section may be general or particular in its application.

- b) fixer les droits payables par les responsables de la gérance en application du paragraphe 31 (1) ou prescrire leurs modes de calcul;
- c) prescrire les moments auxquels les droits sont payables en application du paragraphe 31 (1);
- d) exiger le paiement d'intérêts ou de pénalités sur les droits qui ne sont pas versés conformément au paragraphe 31 (1);
- e) soustraire des responsables de la gérance ou des catégories de ceux-ci à l'application du paragraphe 31 (1), sous réserve des conditions et des restrictions prescrites par les règles;
- f) exiger des responsables de la gérance qu'ils tiennent les dossiers prescrits par les règles et régir leur présentation aux personnes précisées dans les règles ainsi que leur examen par les personnes précisées dans les règles;
- g) exiger des responsables de la gérance qu'ils fournissent les rapports et autres renseignements aux personnes précisées dans les règles.

Responsables de la gérance

(2) Les règles établies en vertu de l'alinéa (1) a) ne peuvent désigner comme responsable de la gérance à l'égard de déchets désignés qu'une personne qui a un lien commercial avec les déchets désignés ou avec un produit dont sont dérivés les déchets désignés.

Droits

(3) Lorsqu'il établit des règles en vertu de l'alinéa (1) b), l'organisme de financement industriel tient compte des principes suivants :

1. Le total des droits que versent les responsables de la gérance en application du paragraphe 31 (1) ne doit pas dépasser la somme de ce qui suit :
 - i. Les coûts d'élaboration, de mise en oeuvre et d'administration du programme.
 - ii. Une part raisonnable des coûts non visés à la sous-disposition i qu'engage Réacheminement des déchets Ontario en vue de s'acquitter des responsabilités que lui impose la présente loi.
 - iii. Une part raisonnable des coûts qu'engage le ministère en vue d'appliquer la présente loi.
2. Les droits que verse un responsable de la gérance doivent refléter équitablement la proportion de la somme visée à la disposition 1 qui lui est imputable.

Formulation de la règle dans l'accord

(4) Est non valable la règle établie en vertu du présent article qui n'est pas formulée dans l'accord visé au paragraphe 25 (3).

Portée des règles

(5) Les règles établies en vertu du présent article peuvent avoir une portée générale ou particulière.

Publication

(6) The industry funding organization shall ensure that every rule made under this section is available to the public without charge on the Internet.

Same

(7) The industry funding organization shall provide a copy of a rule made under this section to every person who requests a copy and may charge the person a reasonable fee for the copy.

Notice

(8) A rule made under this section is not effective against a person unless the person has received a copy of the rule or written notice of how to obtain a copy of the rule.

Regulations Act

(9) The *Regulations Act* does not apply to the rules made under this section.

Payment of stewardship fees

31. (1) A person who is designated under the rules made by an industry funding organization as a steward in respect of a designated waste shall pay to the organization the fees determined in accordance with the rules at the times specified by the rules.

Voluntary contributions

(2) The industry funding organization may, with the approval of Waste Diversion Ontario, reduce the amount of fees payable by a person under subsection (1), or exempt a person from subsection (1), if the person has made voluntary contributions of money, goods or services to the organization.

Conditions and restrictions

(3) A reduction in fees or exemption under subsection (2) may be subject to such conditions or restrictions as are specified in writing, with the approval of Waste Diversion Ontario, by the industry funding organization.

Funds

32. (1) Each industry funding organization that is designated by the regulations as the industry funding organization for a waste diversion program shall establish and maintain a fund in respect of the program.

Purposes of fund

(2) The fund shall be held in trust by the industry funding organization for the following purposes:

1. To pay the costs of developing, implementing and operating the waste diversion program.
2. To pay a reasonable share of costs not referred to in paragraph 1 that are incurred by Waste Diversion Ontario in carrying out its responsibilities under this Act.

Publication

(6) L'organisme de financement industriel veille à ce que chaque règle établie en vertu du présent article soit mise à la disposition du public sans frais sur Internet.

Idem

(7) L'organisme de financement industriel fournit une copie d'une règle établie en vertu du présent article à chaque personne qui lui en fait la demande et il peut demander des droits raisonnables pour la copie.

Avis

(8) Les règles établies en vertu du présent article sont sans effet à l'encontre de la personne qui n'en a pas reçu copie ou qui n'a pas reçu d'avis écrit sur la façon d'en obtenir copie.

Loi sur les règlements

(9) La *Loi sur les règlements* ne s'applique pas aux règles établies en vertu du présent article.

Paiement des droits de gérance

31. (1) La personne qui est désignée en vertu des règles établies par un organisme de financement industriel comme responsable de la gérance à l'égard de déchets désignés verse à l'organisme, aux moments précisés dans les règles, les droits fixés conformément à celles-ci.

Contributions volontaires

(2) Si une personne a fait des contributions volontaires en argent, en biens ou en services à l'organisme de financement industriel, celui-ci peut, avec l'approbation de Réacheminement des déchets Ontario, réduire le montant des droits payables par la personne en application du paragraphe (1) ou l'exempter de l'application de ce paragraphe.

Conditions et restrictions

(3) L'organisme de financement industriel peut assortir la réduction des droits ou l'exemption visée au paragraphe (2) des conditions ou des restrictions qu'il précise par écrit, avec l'approbation de Réacheminement des déchets Ontario.

Fonds

32. (1) Chaque organisme de financement industriel qui est désigné par les règlements comme l'organisme de financement industriel pour un programme de réacheminement des déchets crée et maintient un fonds à l'égard du programme.

Objectifs du fonds

(2) Le fonds est détenu en fiducie par l'organisme de financement industriel pour assumer les coûts suivants :

1. Les coûts d'élaboration, de mise en oeuvre et d'administration du programme de réacheminement des déchets.
2. Une part raisonnable des coûts non visés à la disposition 1 qu'engage Réacheminement des déchets Ontario en vue de s'acquitter des responsabilités que lui impose la présente loi.

3. To pay a reasonable share of costs incurred by the Ministry in administering this Act.

Money to be paid into fund

(3) All money received by the industry funding organization, including the following amounts, shall be paid into the fund:

1. All fees paid to the organization under subsection 31 (1) and all interest and penalties paid in respect of those fees.
2. All voluntary contributions of money to the organization.
3. All investment income earned by the fund.

Annual report

33. (1) Each industry funding organization that is designated by the regulations as the industry funding organization for a waste diversion program shall, not later than April 1 in each year,

- (a) prepare a report in accordance with this section on its activities during the previous year; and
- (b) provide a copy of the report to Waste Diversion Ontario and make the report available to the public.

Contents

- (2) The report shall include the following:
 1. Information about waste diversion programs developed, implemented or operated under this Act during the previous year.
 2. Audited financial statements for the industry funding organization and a copy of the auditor's report on the organization under subsection 21 (2).
 3. A description of the consultation undertaken by the industry funding organization during the previous year under subsection 29 (2) and a summary of the results of the consultation.

Signature

(3) The report shall be signed by the chair of the industry funding organization's board of directors.

Industry stewardship plans

34. (1) On application, Waste Diversion Ontario may approve a written plan for the purposes of this section if,

- (a) the plan relates to a designated waste for which the Minister has approved a waste diversion program under section 26; and
- (b) Waste Diversion Ontario is satisfied that the plan will achieve objectives that are similar to or better

3. Une part raisonnable des coûts qu'engage le ministère en vue d'appliquer la présente loi.

Sommes versées au fonds

(3) Sont versées au fonds toutes les sommes d'argent que l'organisme de financement industriel reçoit, y compris ce qui suit :

1. Les droits versés à l'organisme en application du paragraphe 31 (1) et les intérêts et pénalités payés à l'égard de ces droits.
2. Les contributions volontaires en argent faites à l'organisme.
3. Les revenus de placements accumulés sur le fonds.

Rapport annuel

33. (1) Au plus tard le 1^{er} avril de chaque année, chaque organisme de financement industriel qui est désigné par les règlements comme l'organisme de financement industriel pour un programme de réacheminement des déchets :

- a) d'une part, prépare, conformément au présent article, un rapport sur ses activités entreprises au cours de l'année précédente;
- b) d'autre part, fournit une copie du rapport à Réacheminement des déchets Ontario et met le rapport à la disposition du public.

Contenu

- (2) Le rapport comprend ce qui suit :
 1. Des renseignements sur les programmes de réacheminement des déchets qui ont été élaborés, mis en oeuvre ou administrés en application de la présente loi au cours de l'année précédente.
 2. Les états financiers vérifiés de l'organisme de financement industriel et une copie du rapport du vérificateur prévu au paragraphe 21 (2).
 3. Une description des consultations tenues par l'organisme de financement industriel au cours de l'année précédente en application du paragraphe 29 (2) et un sommaire de leurs résultats.

Signature

(3) Le rapport est signé par le président du conseil d'administration de l'organisme de financement industriel.

Plans de gérance industrielle

34. (1) Sur demande, Réacheminement des déchets Ontario peut, pour l'application du présent article, approuver un plan écrit si les conditions suivantes sont réunies :

- a) le plan se rapporte à des déchets désignés pour lesquels le ministre a approuvé un programme de réacheminement des déchets en application de l'article 26;
- b) Réacheminement des déchets Ontario est convaincue que le plan atteindra des objectifs semblables

than the objectives of the waste diversion program approved by the Minister.

Approval by Minister

(2) On application, the Minister may approve a written plan for the purposes of this section if,

- (a) Waste Diversion Ontario has refused to approve the plan;
- (b) the plan relates to a designated waste for which the Minister has approved a waste diversion program under section 26; and
- (c) the Minister is satisfied that the plan will achieve objectives that are similar to or better than the objectives of the waste diversion program approved by the Minister.

Approval in writing

(3) An approval under this section is not valid unless it is in writing.

Time limit

(4) An approval under this section is valid for the time period specified in the approval.

Annual report

(5) The person responsible for the operation of a plan approved under this section shall, not later than April 1 in each year,

- (a) prepare a report on the operation of the plan during the previous year; and
- (b) provide a copy of the report to Waste Diversion Ontario and make the report available to the public.

Exemption from stewardship fees

(6) Subsection 31 (1) does not apply to a person who is designated under the rules made by an industry funding organization as a steward in respect of a designated waste if a plan that relates to the designated waste is approved under this section and,

- (a) the plan was approved on the application of the person; or
- (b) the person is required by a contract to participate in the plan and is a member of a class of persons described in the plan as participants of the plan.

Fees

(7) Waste Diversion Ontario may establish and charge fees for,

- (a) considering an application under subsection (1);
- (b) monitoring the effectiveness of plans approved under this section; and
- (c) performing other functions related to plans approved under this section.

ou supérieurs à ceux du programme approuvé par le ministre.

Approbation du ministre

(2) Sur demande, le ministre peut, pour l'application du présent article, approuver un plan écrit si les conditions suivantes sont réunies :

- a) Réacheminement des déchets Ontario a refusé d'approuver le plan;
- b) le plan se rapporte à des déchets désignés pour lesquels le ministre a approuvé un programme de réacheminement des déchets en application de l'article 26;
- c) le ministre est convaincu que le plan atteindra des objectifs semblables ou supérieurs à ceux du programme qu'il a approuvé.

Approbation écrite

(3) Est non valable l'approbation donnée en vertu du présent article qui n'est pas par écrit.

Durée de validité

(4) L'approbation donnée en vertu du présent article est valable pour la période qui y est précisée.

Rapport annuel

(5) Au plus tard le 1^{er} avril de chaque année, la personne responsable de l'administration d'un plan approuvé en vertu du présent article :

- a) d'une part, prépare un rapport sur l'administration du plan au cours de l'année précédente;
- b) d'autre part, fournit une copie du rapport à Réacheminement des déchets Ontario et met le rapport à la disposition du public.

Exemption des droits de gérance

(6) Le paragraphe 31 (1) ne s'applique pas à la personne qui est désignée en vertu des règles établies par un organisme de financement industriel comme le responsable de la gérance à l'égard de déchets désignés si un plan qui se rapporte à ces déchets est approuvé en vertu du présent article et :

- a) soit que le plan a été approuvé à la demande de la personne;
- b) soit que la personne est tenue aux termes d'un contrat de participer au plan et fait partie d'une catégorie de personnes que le plan désigne comme participants au plan.

Droits

(7) Réacheminement des déchets Ontario peut fixer et imposer des droits pour ce qui suit :

- a) l'étude d'une demande en application du paragraphe (1);
- b) la surveillance de l'efficacité des plans approuvés en vertu du présent article;
- c) l'exercice d'autres fonctions liées aux plans approuvés en vertu du présent article.

Same

(8) The Minister may establish and charge fees for considering an application under subsection (2).

Same

(9) A fee established under subsection (7) or (8) must reasonably reflect the costs incurred by Waste Diversion Ontario or the Minister, as the case may be, in performing the function for which the fee is established.

Brewers Retail Inc.

35. (1) A program developed under section 23 shall not provide for the diversion of blue box waste that is packaging associated with products listed for sale by Brewers Retail Inc.

Brewers and importers of beer

(2) A program developed under section 23 shall not require the participation of or contribution by Brewers Retail Inc. or a brewer or importer of beer in respect of blue box waste that is packaging associated with products listed for sale by Brewers Retail Inc.

Annual report

(3) Brewers Retail Inc. shall, not later than August 1 in each year,

- (a) prepare a report on the operation of its packaging return system during the 12-month period ending on the preceding April 30, including,
 - (i) a detailed description of the system, including information on how the system is operated, the objectives of the system and the methods used to measure whether the objectives are met,
 - (ii) specific measurements relating to the system's performance in meeting its objectives during the period,
 - (iii) the opinion of an auditor confirming the accuracy of the information referred to in sub-clauses (i) and (ii), and
 - (iv) information on educational and public awareness activities undertaken during the period to support the system; and
- (b) provide a copy of the report to Waste Diversion Ontario and make the report available to the public.

Signature

(4) The report prepared under subsection (3) shall be signed by the chair of the board of directors of Brewers Retail Inc.

Fees

(5) Waste Diversion Ontario may establish and charge

Idem

(8) Le ministre peut fixer et imposer des droits pour l'étude d'une demande en application du paragraphe (2).

Idem

(9) Les droits fixés en vertu du paragraphe (7) ou (8) doivent refléter raisonnablement les coûts qu'engage Réacheminement des déchets Ontario ou le ministre, selon le cas, dans l'exercice de la fonction pour laquelle les droits sont fixés.

Brewers Retail Inc.

35. (1) Le programme élaboré en application de l'article 23 ne doit pas prévoir le réacheminement des déchets destinés à la boîte bleue qui constituent des emballages relatifs aux produits inscrits en vue de leur vente par la société Brewers Retail Inc.

Brasseurs et importateurs de bière

(2) Le programme élaboré en application de l'article 23 ne doit pas exiger la participation ou la contribution de la société Brewers Retail Inc. ou des brasseurs ou importateurs de bière à l'égard des déchets destinés à la boîte bleue qui constituent des emballages relatifs aux produits inscrits en vue de leur vente par cette société.

Rapport annuel

(3) Au plus tard le 1^{er} août de chaque année, la société Brewers Retail Inc. :

- a) d'une part, prépare un rapport sur le fonctionnement de son programme de retour des emballages au cours de la période de 12 mois se terminant le 30 avril précédent, qui comprend notamment :
 - (i) une description détaillée du programme, y compris des renseignements sur son fonctionnement, ses objectifs et les méthodes utilisées pour déterminer si ceux-ci sont atteints,
 - (ii) des évaluations précises de la mesure dans laquelle le programme a atteint ses objectifs au cours de la période,
 - (iii) l'avis d'un vérificateur confirmant l'exactitude des renseignements visés aux sous-alinéas (i) et (ii),
 - (iv) des renseignements sur les activités d'éducation et de sensibilisation du public entreprises au cours de la période à l'appui du programme;
- b) d'autre part, fournit une copie du rapport à Réacheminement des déchets Ontario et met le rapport à la disposition du public.

Signature

(4) Le rapport préparé en application du paragraphe (3) est signé par le président du conseil d'administration de la société Brewers Retail Inc.

Droits

(5) Réacheminement des déchets Ontario peut fixer et

fees for administrative costs associated with reports provided under subsection (3).

Same

(6) A fee established under subsection (5) must reasonably reflect the costs incurred by Waste Diversion Ontario in performing the function for which the fee is established.

ENFORCEMENT

Provincial officers

36. (1) The Minister may in writing designate as provincial officers such persons or classes of persons as the Minister considers necessary in respect of such provisions of this Act, the regulations and the rules as are set out in the designations.

Limitation of authority

(2) The Minister, in a designation under subsection (1), may limit the authority of a provincial officer in such manner as the Minister considers necessary or advisable.

Peace officers

(3) A provincial officer is a peace officer for the purpose of enforcing this Act, the regulations and the rules.

Investigation and prosecution

(4) A provincial officer may investigate offences under this Act and may prosecute any person whom the provincial officer reasonably believes is guilty of an offence under this Act.

Powers of provincial officer

37. (1) If a provincial officer has reasonable grounds for believing that it is necessary, for the purpose of the administration of this Act, the regulations or the rules, he or she may enter at any reasonable time any place, including any building other than a dwelling, and make or require to be made such surveys, examinations, investigations, tests and inquiries, as he or she considers necessary for that purpose, including examinations of records and other documents, and may make, take and remove or may require to be made, taken or removed samples, copies or extracts.

Order authorizing

(2) If a justice of the peace is satisfied, on an application made without notice by a provincial officer, that there is reasonable ground for believing that it is necessary to enter any place, including a building used as a dwelling, for the administration of this Act, the regulations or the rules, the justice of the peace may issue an order authorizing a provincial officer to enter and to do anything mentioned in subsection (1), but anything done pursuant to the order shall be done between 6 a.m. and 9 p.m. unless the justice of the peace authorizes the provincial officer, by the order, to do it at another time.

Entry with consent

(3) Nothing in this section prevents a provincial officer

imposer des droits pour couvrir les coûts d'administration afférents aux rapports fournis en application du paragraphe (3).

Idem

(6) Les droits fixés en vertu du paragraphe (5) doivent refléter raisonnablement les coûts qu'engage Réacheminement des déchets Ontario dans l'exercice de la fonction pour laquelle les droits sont fixés.

EXÉCUTION

Agents provinciaux

36. (1) Le ministre peut par écrit désigner comme agents provinciaux les personnes ou les catégories de personnes qu'il estime nécessaires pour faire exécuter les dispositions de la présente loi, des règlements et des règles qui sont énoncées dans les actes de désignation.

Limitation des pouvoirs

(2) Le ministre peut, dans une désignation faite en vertu du paragraphe (1), limiter les pouvoirs d'un agent provincial de la façon qu'il estime nécessaire ou souhaitable.

Agents de la paix

(3) L'agent provincial est un agent de la paix aux fins de l'exécution de la présente loi, des règlements et des règles.

Enquête et poursuite

(4) L'agent provincial peut enquêter sur les infractions à la présente loi et poursuivre en justice les personnes qu'il croit, en se fondant sur des motifs raisonnables, coupables d'une infraction à la présente loi.

Pouvoirs de l'agent provincial

37. (1) Si un agent provincial a des motifs raisonnables de croire que cela est nécessaire pour l'application de la présente loi, des règlements ou des règles, il peut pénétrer à une heure raisonnable dans tout lieu, y compris un bâtiment qui n'est pas une habitation, et faire ou exiger que soient faits les études, examens, enquêtes, épreuves et recherches qu'il estime nécessaires à ces fins, y compris l'examen de dossiers et autres documents. Il peut également faire, prendre et emporter des échantillons, des copies ou des extraits ou exiger que ces choses soient faites.

Ordonnance d'autorisation

(2) Un juge de paix qui est convaincu, après qu'un agent provincial lui a présenté une demande sans préavis, qu'il existe des motifs raisonnables de croire qu'il est nécessaire de pénétrer dans tout lieu, y compris un bâtiment servant d'habitation, en vue de l'application de la présente loi, des règlements ou des règles peut rendre une ordonnance qui autorise l'agent provincial à pénétrer dans le lieu et à y faire les choses visées au paragraphe (1). Toutefois, ces choses ne peuvent être faites qu'entre 6 heures et 21 heures, à moins que dans l'ordonnance le juge de paix n'autorise l'agent provincial à agir de la sorte à un autre moment.

Consentement de l'occupant

(3) Le présent article n'a pas effet d'empêcher un

from entering any place, including a building used as a dwelling, with the consent of the occupier, or from doing any other thing at the place with the consent of the occupier.

Identification

38. On request, a provincial officer who exercises a power under this Act shall identify himself or herself as a provincial officer either by the production of a copy of his or her designation or in some other manner and shall explain the purpose of the exercise of the power.

Obstruction of provincial officer

39. No person shall hinder or obstruct a provincial officer in the lawful performance of his or her duties or knowingly furnish a provincial officer with false information or refuse to furnish him or her with information required for the purposes of this Act, the regulations or the rules.

Matters confidential

40. (1) Every provincial officer shall preserve secrecy in respect of all matters that come to his or her knowledge in the course of doing anything under this Act and shall not communicate any such matter to any person except,

- (a) as may be required in connection with the administration of this Act, the regulations or the rules or any proceedings under this Act, the regulations or the rules;
- (b) to his or her counsel; or
- (c) with the consent of the person to whom the information relates.

Same

(2) Except in a proceeding under this Act, the regulations or the rules, no provincial officer shall be required to give testimony in any proceeding with regard to information obtained by him or her in the course of doing anything under this Act.

Offences

41. (1) A person who contravenes this Act, the regulations or the rules is guilty of an offence.

Directors, officers, etc.

(2) If a corporation contravenes this Act, the regulations or the rules, every director, officer, employee or agent of the corporation who directed, authorized, participated in, assented to or acquiesced in the contravention is guilty of an offence.

Penalty

(3) On conviction, a person who is guilty of an offence under this Act is liable,

- (a) if the person is an individual, to a fine of not more than \$20,000 for each day or part of a day on which the offence occurs or continues; or

agent provincial de pénétrer dans tout lieu, y compris un bâtiment servant d'habitation, avec le consentement de l'occupant, ou d'y faire toute autre chose avec le consentement de l'occupant.

Identification

38. Si la demande lui en est faite, l'agent provincial qui exerce un pouvoir que lui confère la présente loi révèle son identité d'agent provincial par la production d'une copie de l'acte de sa désignation ou d'une autre façon, et explique l'objet de l'exercice de ce pouvoir.

Entrave à un agent provincial

39. Nul ne doit gêner ni entraver l'agent provincial dans l'accomplissement de ses fonctions conformément à la loi, lui fournir sciemment de faux renseignements ni refuser de lui fournir les renseignements requis pour l'application de la présente loi, des règlements ou des règles.

Questions confidentielles

40. (1) L'agent provincial garde le secret à l'égard de toutes les questions dont il prend connaissance dans l'accomplissement de toute chose prévue par la présente loi, et n'en divulgue rien à quiconque, sauf :

- a) ce qui peut être exigé en ce qui concerne l'application de la présente loi, des règlements ou des règles ou toute instance introduite en vertu des dispositions de ceux-ci;
- b) à son avocat;
- c) s'il a obtenu le consentement de la personne à qui s'applique le renseignement.

Idem

(2) Sauf dans le cas d'une instance introduite en vertu de la présente loi, des règlements ou des règles, l'agent provincial n'est pas tenu de fournir un témoignage dans une instance relativement à un renseignement qu'il a obtenu dans l'accomplissement de toute chose prévue par la présente loi.

Infractions

41. (1) Quiconque contrevient à la présente loi, aux règlements ou aux règles est coupable d'une infraction.

Administrateurs, dirigeants

(2) Si une personne morale contrevient à la présente loi, aux règlements ou aux règles, un administrateur, un dirigeant, un employé ou un mandataire de la personne morale qui a ordonné ou autorisé la commission de l'infraction ou y a consenti, acquiescé ou participé est coupable d'une infraction.

Peine

(3) Quiconque se rend coupable d'une infraction à la présente loi est passible, sur déclaration de culpabilité :

- a) s'il s'agit d'un particulier, d'une amende maximale de 20 000 \$ pour chaque journée ou partie de journée pendant laquelle l'infraction se commet ou se poursuit;

- (b) if the person is a corporation, to a fine of not more than \$100,000 for each day or part of a day on which the offence occurs or continues.

MISCELLANEOUS

Regulations

- 42.** (1) The Minister may make regulations,
- (a) prescribing materials as blue box waste for the purposes of this Act;
 - (b) prescribing materials as designated wastes for the purposes of this Act;
 - (c) prescribing the number of members of the board of directors of Waste Diversion Ontario to be appointed under paragraph 8 of subsection 4 (2) by an industry funding organization in respect of a designated waste;
 - (d) prescribing activities for the purpose of paragraph 4 of subsection 25 (2);
 - (e) continuing an industry funding organization named under paragraph 1 of subsection 26 (2) and designating the organization as the industry funding organization for a waste diversion program that has been approved by the Minister under section 26;
 - (f) governing the composition and appointment of the board of directors of an industry funding organization that is continued and designated as the industry funding organization for a waste diversion program under clause (e);
 - (g) prescribing provisions of the *Corporations Act* or the *Corporations Information Act* that apply to Waste Diversion Ontario or an industry funding organization;
 - (h) exempting any person or class of persons from any provision of this Act, the regulations or the rules, subject to such conditions or restrictions as may be prescribed by the regulations;
 - (i) providing that section 35 does not apply if criteria specified by the regulations are satisfied;
 - (j) defining any word or expression used in this Act that is not already defined;
 - (k) respecting any matter that the Minister considers advisable to carry out the purpose of this Act.

Board of directors of industry funding organization

(2) Subject to subsection (3), a regulation made under clause (1) (f) governing the composition and appointment of the board of directors of an industry funding organization is not valid unless it is approved by the industry funding organization before the regulation is made.

- b) s'il s'agit d'une personne morale, d'une amende maximale de 100 000 \$ pour chaque journée ou partie de journée pendant laquelle l'infraction se commet ou se poursuit.

DISPOSITIONS DIVERSES

Rèlements

- 42.** (1) Le ministre peut, par règlement :
- a) prescrire des matières comme déchets destinés à la boîte bleue pour l'application de la présente loi;
 - b) prescrire des matières comme déchets désignés pour l'application de la présente loi;
 - c) prescrire le nombre de membres du conseil d'administration de Réacheminement des déchets Ontario qui doivent être nommés en application de la disposition 8 du paragraphe 4 (2) par un organisme de financement industriel à l'égard de déchets désignés;
 - d) prescrire des activités pour l'application de la disposition 4 du paragraphe 25 (2);
 - e) maintenir un organisme de financement industriel nommé en application de la disposition 1 du paragraphe 26 (2) et le désigner comme l'organisme de financement industriel pour un programme de réacheminement des déchets qui a été approuvé par le ministre en application de l'article 26;
 - f) régir la composition du conseil d'administration d'un organisme de financement industriel qui est maintenu et désigné comme l'organisme de financement industriel pour un programme de réacheminement des déchets en vertu de l'alinéa e), et régir la nomination de ses membres;
 - g) prescrire les dispositions de la *Loi sur les personnes morales* ou de la *Loi sur les renseignements exigés des personnes morales* qui s'appliquent à Réacheminement des déchets Ontario ou à un organisme de financement industriel;
 - h) soustraire toute personne ou catégorie de personnes à l'application de toute disposition de la présente loi, des règlements ou des règles, sous réserve des conditions ou des restrictions prescrites par les règlements;
 - i) prévoir que l'article 35 ne s'applique pas s'il est satisfait aux critères précisés dans les règlements;
 - j) définir tout terme utilisé mais non défini dans la présente loi;
 - k) traiter de toute question jugée utile pour réaliser l'objet de la présente loi.

Conseil d'administration de l'organisme de financement industriel

(2) Sous réserve du paragraphe (3), est non valable le règlement pris en application de l'alinéa (1) f) et régissant la composition du conseil d'administration d'un organisme de financement industriel ainsi que la nomination de ses membres s'il n'est pas préalablement approuvé par l'organisme.

Same

(3) Subsection (2) does not apply to a regulation that implements a proposal for a regulation described under paragraph 6 of subsection 26 (2).

Regulations in respect of rule matters

(4) The Minister may make regulations in respect of any matter in respect of which an industry funding organization may make rules under subsection 30 (1), and subsections 30 (2) and (3) apply, with necessary modifications, for that purpose.

Same

(5) A regulation under subsection (4) may revoke or amend a rule.

General or particular

(6) A regulation may be general or particular in its application.

Conflict

(7) If a regulation conflicts with a rule, the regulation prevails.

Act binds Crown

43. This Act is binding on the Crown in right of Ontario.

Review of Act

44. (1) The Minister shall cause a review of this Act to be undertaken within five years after this section comes into force.

Same

- (2) The Minister shall,
- (a) inform the public when a review under this section is undertaken; and
 - (b) prepare a written report respecting the review and make that report available to the public.

Commencement

45. This Act comes into force on the day it receives Royal Assent.

Short title

46. The short title of this Act is the *Waste Diversion Act, 2002*.

Idem

(3) Le paragraphe (2) ne s'applique pas au règlement qui met en oeuvre un projet de règlement visé à la disposition 6 du paragraphe 26 (2).

Règlements sur les questions traitées par les règles

(4) Le ministre peut, par règlement, traiter de toute question à l'égard de laquelle un organisme de financement industriel peut établir des règles en vertu du paragraphe 30 (1), et les paragraphes 30 (2) et (3) s'appliquent à cette fin avec les adaptations nécessaires.

Idem

(5) Les règlements pris en application du paragraphe (4) peuvent révoquer ou modifier des règles.

Portée des règlements

(6) Les règlements peuvent avoir une portée générale ou particulière.

Incompatibilité

(7) Les règlements l'emportent sur toute règle avec laquelle ils sont incompatibles.

La Loi lie la Couronne

43. La présente loi lie la Couronne du chef de l'Ontario.

Examen de la Loi

44. (1) Le ministre fait effectuer un examen de la présente loi dans les cinq ans qui suivent l'entrée en vigueur du présent article.

Idem

- (2) Le ministre :
- a) d'une part, informe le public de la date où commence l'examen prévu au présent article;
 - b) d'autre part, prépare un rapport écrit sur l'examen et le met à la disposition du public.

Entrée en vigueur

45. La présente loi entre en vigueur le jour où elle reçoit la sanction royale.

Titre abrégé

46. Le titre abrégé de la présente loi est *Loi de 2002 sur le réacheminement des déchets*.

Appendix II

Program Request Letter

Ministry
of the
Environment

Office of the Minister

135 St. Clair Ave. West
12th Floor
Toronto ON M4V 1P5
Tel (416) 314-6790
Fax (416) 314-6748

September 23, 2002

Ministère
de
l'Environnement

Bureau du ministre

135, avenue St. Clair ouest
12^e étage
Toronto ON M4V 1P5
Tél (416) 314-6790
Télééc (416) 314-6748



Mr. Tim Moore, Chair,
Waste Diversion Ontario

Dear Mr. Moore:

I am pleased to write to the Board of Directors of Waste Diversion Ontario (WDO) regarding three important initiatives under the *Waste Diversion Act, 2002*.

Subsection 6(1) of the *Act* allows for the Minister to serve notice that an operating agreement between the Minister and WDO is required. Please consider this letter as my notice. I have attached a draft of the agreement to initiate our discussions and ask that you work with the Ministry's member of the Board, Keith West, to finalize the agreement. The agreement should be ready for our signatures by the end of December 2002.

I am also pleased to attach the final regulation designating blue box waste under the *Act*. Pursuant to subsection 23(1) of the *Act*, I am requiring that WDO develop a waste diversion program for blue box waste in co-operation with an industry funding organization to be incorporated under Part III of the *Corporations Act* for the purpose of the program. I would ask that the program be submitted for my approval by February 28, 2003. An addendum to this letter provides additional areas to be addressed in the proposed program submission.

I am also requesting that WDO allocate the \$4 million from the LCBO that is now available for direct payment to municipalities to cover their 2002 costs associated with glass beverage alcohol containers recovered through the blue box program. I would ask that this funding be provided to municipalities by the end of November 2002 using the formula and approach used over the past four years of the LCBO glass funding program. An audited statement concerning the municipal allocations should be submitted to the LCBO and the Ministry once the funding is complete.

Finally, I am pleased to confirm that \$1 million in funding is being provided through the LCBO to cover start up costs of WDO. A formal motion from the WDO Board to the LCBO requesting the funds is required to initiate the transfer.

I look forward to the completion of these activities and I thank the Board of Directors for its continuing commitment to waste diversion in the province.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Stockwell".

Chris Stockwell
Minister
07610 (2/01)



**Addendum to the Minister's Request for
a Waste Diversion Program for
Blue Box Waste**

1. Waste Diversion Ontario (WDO) shall develop a Waste Diversion Program for Blue Box Waste (the program) in accordance with all legislative requirements of the *Waste Diversion Act, 2002* (the *Act*).
2. WDO shall submit a public consultation plan to the Minister within one month of receiving the request for the program. The plan shall describe how the consultation requirements of the *Act* will be satisfied for the program.
3. The program shall include support for all materials designated as Blue Box Waste under the *Act* and which are managed by or on behalf of Ontario municipalities.
4. The program shall support, at a minimum, all categories of wastes set out in Schedule 1 of O. Reg. 101/94 under the *Environmental Protection Act*.
5. The proposed funding rules under the program will designate and define as stewards under the program, brand owners and first importers into Ontario of products that result in blue box wastes under the program. The program will include a rule to exempt stewards under subsection 30(1)(e) of the *Act* based on de minimis criteria.
6. The program shall include targets for the overall quantity of blue box waste to be diverted under the program, and per material targets for blue box waste to be captured under the program.
7. The proposed funding rules under the program will include:
 - a. The method used to calculate the total net costs incurred by municipalities as a result of the program;
 - b. The funding formula to be used for determining payments to municipalities, including variations in costs dependant on north/south and urban/rural differences; and
 - c. A funding performance incentive to encourage program efficiency and effectiveness.
8. The program will include a plan, with funding provisions, outlining research and development activities to support and increase the effectiveness and efficiency of blue box waste diversion.
9. The proposed funding rules under the program will account for the voluntary contribution of the Liquor Control Board of Ontario (LCBO) of \$5 million annually for calendar years 2003 through 2006, to be used for direct funding to municipalities under the program to help cover the cost of recycling glass alcohol beverage containers in municipal blue box

programs, any administrative expenses incurred by WDO and the designated IFO, and efforts to improve the effectiveness and efficiency of blue box waste diversion.

10. The proposed funding rules under the program will account for the voluntary contribution of the Canadian Newspaper Association (CNA) and the Ontario Community Newspaper Association (OCNA) of newspaper advertising with a value of \$1.3 million annually and, in addition, annual funds for the purpose of implementing and monitoring the advertising program and any administrative expenses incurred by WDO and the designated IFO. The program will contain a plan on how the advertising will be allocated and administered. The funding rules will also contain a formula to determine when additional funding support from newspaper members will be required should the cost of recycling newspapers become a cost to municipal blue box programs.
11. The program will include a plan, with funding provisions, outlining activities to develop and promote products that result from the program.
12. The program will include a plan, with funding provisions, outlining educational and public awareness activities to support the program.

Appendix III

Ontario Regulation 273/02

ONTARIO REGULATION 273/02

made under the

WASTE DIVERSION ACT, 2002

Made: September 23, 2002

Filed: September 23, 2002

BLUE BOX WASTE

Blue box waste materials

1. Waste that consists of any of the following materials, or any combination of them, is prescribed as blue box waste for the purposes of the Act:

1. Glass.
2. Metal.
3. Paper.
4. Plastic.
5. Textiles.

CHRIS STOCKWELL
Minister of the Environment
Dated on September 23, 2002.

Appendix IV

Regulation 101/94 – Schedule 1

ONTARIO REGULATION 101/94
MADE UNDER THE
ENVIRONMENTAL PROTECTION ACT

Schedule 1
BLUE BOX WASTE

PART I
BASIC BLUE BOX WASTE

1. Aluminum food or beverage cans (including cans made primarily of aluminum).
2. Glass bottles and jars for food or beverages.
3. Newsprint.
4. Polyethylene terephthalate bottles for food or beverages (including bottles made primarily of polyethylene terephthalate).
5. Steel food or beverage cans (including cans made primarily of steel).

PART II
SUPPLEMENTARY BLUE BOX WASTE

1. Aluminum foil (including items made from aluminum foil).
2. Boxboard and paperboard.
3. Cardboard (corrugated).
4. Expanded polystyrene food or beverage containers and packing materials.
5. Fine paper.
6. Magazines.
7. Paper cups and plates.
8. Plastic film being,
 - i. linear low density or low density polyethylene grocery bags or bags used for food or beverages, and
 - ii. linear low density or low density polyethylene used for wrapping products.
9. Rigid plastic containers being,
 - i. high density polyethylene bottles used for food, beverages, toiletries or household cleaners (including bottles made primarily of high density polyethylene), and
 - ii. polystyrene containers used for food or beverages (including containers made primarily of polystyrene).
10. Telephone directories.
11. Textiles (not including fibreglass or carpet).
12. Polycoat paperboard containers, being containers made primarily of paperboard and coated with low density polyethylene or aluminum, and used for food or beverages.

Appendix V

Stewardship Ontario Bylaws

GENERAL BY LAW GOVERNING THE AFFAIRS OF STEWARDSHIP ONTARIO

SECTION 1.0 INTERPRETATION

1.01 Definitions. In this By-Law, unless the context otherwise requires:

- (a) **“Act”** means the *Corporations Act*; R.S.O. 1990, c.C-38 as amended
- (b) **“Applicable Law”** means all requirements which the Corporation has agreed to meet, imposed by governments, courts or other regulatory bodies, including this By-Law, as amended or supplemented from time to time.
- (c) **“Board”** means the Board of Directors of the Corporation;
- (d) **“Board Resolution”** means:
 - (i) a resolution passed at the meeting of the Board by a simple majority of the votes cast by the Directors entitled to vote at such meeting; or
 - (ii) a resolution that is consented to in writing by all of the Directors;
- (e) **“Brand Owner”** means:
 - (i) a person who is the owner, licensee of, or first importer of a product bearing a trademark under which a consumer product is sold or otherwise distributed, whether the trademark is registered or not;
 - (ii) an association representing one or more persons referred to in (i);
 - (iii) a party who has accepted responsibility for products of a person referred to in (i).
- (f) **“By-Law”** means this regulation as amended from time to time;
- (g) **“Chair”** means the Chairman of or the Chairman of any meeting of, the Board of Directors;
- (h) **“Corporation”** means Stewardship Ontario;
- (i) **“Director”** means a director of the Corporation;
- (j) **“Founding Member”** shall have the meaning ascribed in paragraph 3.01 hereof;

(k) “**Member**” means a member of the Corporation and includes a Founding Member;

(l) “**Membership**” means the membership or a Member in the Corporation;

(m) “**WDA**” means Waster Diversion Act, 2002, .S.O., 2002 as amended.

Words importing the singular number include the plural and vice versa; and words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

SECTION 2.0 AFFAIRS OF THE CORPORATION

2.01 Head Office. The head office of the Corporation shall be in the City of Toronto in the province of Ontario, Canada or at such location therein as the Board from time to time determine. The location of the head office may be changed in accordance with this By-Law and the Act.

2.02 Financial Year. Until changed by the Board, the financial year of the Corporation shall end on the last day of December in each year.

2.03 Execution of Instruments. Deeds, transfers, assignments, contracts, obligations, certificates and other instruments must be signed on behalf of the Corporation by two persons, one whom holds the office of the Chair of the Board or Directors and the other of whom holds the office of Chief Executive Officer or Secretary or any other office created by By-Law or by the Board. In addition, the Board may from time to time authorize such person or persons to execute any particular instrument or class of instruments.

2.04 Banking Arrangements. The banking business of the Corporation including, without limitation the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board.

2.05 Authority. The maximum amount of funds which the Corporation can borrow will be limited by budgets approved from time to time by the Board. Upon this By-Law being sanctioned by at least two-thirds of the votes cast at a special general meeting of the Members duly called for considering this By-Law, the Directors may from time to time:

(a) borrow money upon the credit of the Corporation;

(b) limit or increase the amount to be borrowed;

(c) issue debentures or other securities of the Corporation;

(d) pledge or sell such debentures or other securities for such sums and at a price as may be deemed expedient; and

(e) secure any such debentures, or other securities, or any other future borrowing or liability of the Corporation, by mortgage, hypothec, charge or pledge of all or any currently-owned or subsequently acquired real and personal, movable and immovable, property of the Corporation, and the undertaking and rights of the Corporation.

The Board may from time to time delegate to such officers of the Corporation or Directors as they deem appropriate the foregoing borrowing powers to the extent and manner, as the Board deem appropriate. Nothing herein limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

2.06 Auditors. The Members shall at each annual meeting appoint an auditor to audit the accounts of the Corporation to hold office until the next annual meeting provided that the Board may fill any casual vacancy in the office of auditor. The remuneration of the auditor shall be fixed by the Members or by the Board, if they are authorized to do so by the Members.

2.07 Minutes. The minutes of the Board or any committee thereof shall not be available to the Membership of the Corporation but shall be available to the Board, each of whom shall, upon request, receive a copy of such Minutes.

2.08 Rules and Regulations. Subject to the Act and the WDA, the Board may establish rules and regulations not inconsistent with the By-Laws relating to the management and operation of the Corporation.

SECTION 3.0 MEMBERS

3.01 Members. Subject to the Act and the letters patent, the Members shall consist of the applicants for incorporation of the Corporation and of such other persons that are admitted by the Board as Members pursuant to this By-Law.

Within 60 days of incorporation the Directors shall admit 7 additional members (Founding Members) namely:

Food & Consumer Products Manufacturers of Canada
Refreshments Canada
Canadian Council of Grocery Distributors
Retail Council of Canada
Canadian Newspaper Association
Canadian Paint & Coating Association/Canadian Consumer Specialty Products Association
Liquor Control Board of Ontario

3.02 Qualifications and Rights. Any person may be admitted to Membership by the Board and assigned such grouping or classification as the Board may determine. Each Founding Member shall be entitled to receive notice of and attend all meetings of the Members and shall be entitled to one vote on any vote taken at any meeting of Members.

3.03 Term of Membership. The interest of a Member in the Corporation is not transferable and lapses and ceases to exist upon death in the case of an individual, or dissolution in the case of a corporation, or when the Member ceases to be a Member by resignation or otherwise in accordance with this By-Law.

3.04 Membership Fees. The fees payable by Members shall from time to time be fixed by a Rule made by the Corporation pursuant to the Section 30 of the WDA passed by the Board. A notice of the fees payable at any time shall be sent to each Member by the Secretary promptly before the due date.

3.05 Resignation. Any Member wishing to withdraw from Membership may do so upon giving 12 months notice in writing to the Board. Members shall remain liable for payment of any assessment or other sum levied or which become payable by the Member to the Corporation prior to acceptance of such resignation.

3.06 Termination by the Board for Non-Payment. The Membership of any Member who is in arrears in payment of fees in excess of 90 days may be terminated by or under the authority of the Board if such arrears or fees are not paid within the designated time; and if such arrears are not paid by such designated time the Board may pass a resolution authorizing the removal of such Member from the Register of Members of the Corporation and thereupon such persons cease to be a Member of the Corporation. Any such Member may reapply for Membership in the Corporation.

3.07 Removal by Members. Upon 30 days notice in writing to a Member of the Corporation, Members may after giving the Member an opportunity to be heard pursuant to the Dispute Resolution section of this Regulation, pass a resolution authorizing the removal of such Member from the register of Members of the Corporation and thereupon such persons shall cease to be a Member of the Corporation. The notice may be delivered personally or mailed to the last address of the Member as shown on the register of Members.

SECTION 4.0 DIRECTORS

4.01 First Directors. The applicants for incorporation shall be the first directors of the Corporation, and the first members of the Corporation.

Within 60 days of incorporation the directors shall admit 7 additional members (Founding Members) namely:

Food & Consumer Products Manufacturers of Canada
Refreshments Canada
Canadian Council of Grocery Distributors
Retail Council of Canada
Canadian Newspaper Association
Canadian Paint & Coating Association/Canadian Consumer Specialty Products Association
Liquor Control Board of Ontario

Upon admission of the above members, the number of directors of the Corporation shall increase from 3 to 9, 7 of which shall be appointed by each of the above-mentioned seven members each as to one director replacing the initial 3 directors (Founding Member Directors). Such seven directors shall hold office during the pleasure of their respective Founding Member.

An eighth director may be appointed by the Founding Member Directors, who will serve as an at-large director, and hold office until the next annual meeting of Members. The Founding Member Directors shall appoint a ninth director who shall serve as Chief Executive Officer of the Corporation.

4.02 Qualification. No person shall be qualified for election as a Director if such person is less than 18 years of age; is of unsound mind and has been so found by a court in Canada or elsewhere; is not an individual or has the status of a bankrupt. No person shall be qualified for election as a Founding Member Director unless he or she shall be a chief executive or general manager of a Founding Member or a person designated in writing by such an officer of a Founding Member.

4.03 Election and Term. The appointment of Founding Member Directors may take place at such time or times as each Founding Member may determine, which appointment shall be effected by written instrument of appointment signed by the respective Founding Member.

4.04 Vacation of Office. A director ceases to hold office on death, on removal from office by the Members, on ceasing to be qualified for election as a director, on receipt of a written resignation by the Corporation or, if a time is specified in such resignation, at the time so specified whichever is later.

4.05 Vacancies. Subject to the Act, a quorum of the Board may appoint a qualified individual to fill a vacancy on the Board of the at large director.

4.06 Action by the Board. The Board shall manage the business and affairs of the Corporation. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office.

4.07 Meeting by Telephone or Other Electronic Means. If all the Directors of the Corporation consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the board or of a committee of the board by means of such conference telephone or other communications facilities as all directors consent to the use of in advance of the meeting, to

which all Directors have equal access and as permit all persons participating in the meeting to communicate adequately with each other. A Director participating in such a meeting is deemed to be present at the meeting, and may be counted in the quorum present at such meeting. Voting at such meetings shall be by poll of the participants signifying verbally or by electronic means of communication their assent or dissent on the matter before the board for approval. If the electronic means of communication is not secure, each Director shall be so advised by the Chair and a procedure to secure discussion and voting on matter before the Board shall be agreed upon in advance of the meeting.

4.08 Place of Meetings. Meetings of the Board may be held at any place in or outside Ontario.

4.09 Calling of Meetings. Meetings of the Board shall be held from time to time at such time and at such place as the Board, the Chair, Vice-Chair or any two Directors may determine.

4.10 Notice of Meeting. Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 9 to each Director not less than forty-eight hours (48 hrs) before the date of the meeting. A notice of a meeting of Directors need not specify the purpose of or the business to be transacted at the meeting. Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.11 First Meeting of New Board. Provided a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of Members at which such Board is elected.

4.12 Regular Meetings. The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

4.13 Chair. The Chair of the Corporation shall be the chair of any meeting of the Board. If the Chair is not present, the Vice-Chair shall be the chair of any meetings of the Board. If the Chair and Vice-Chair are not present, the Directors present shall choose one of their members to be chair of the meeting.

4.14 Quorum. The quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Directors.

4.15 Votes to Govern. At all meetings of the Board every question shall be decided by a majority of the votes cast on the question.

4.16 Remuneration and Expenses. The Directors shall serve as such without remuneration and no Director shall directly or indirectly receive any profit from such position. However, directors will be entitled to be reimbursed for travelling and other expenses properly incurred-by them in attending meetings of the Board or any committee thereof. Nothing herein shall preclude any

Director who is engaged in or is a member of a firm engaged in any business or profession from acting in and being paid the usual professional costs and charges for any professional business required to be done in connection with the administration of the affairs of the Corporation. Also, nothing herein contained shall be construed to preclude any Director from serving the Corporation as an officer or in any other capacity and receiving reasonable compensation therefor.

SECTION 5.0 COMMITTEES

5.01 Committees of the Board. The Board may appoint such committees as it, from time to time, considers advisable. No committee shall have the power to act for or on behalf of the Board but shall only have the power to make recommendations to the Board. Any committee member may be removed by a majority vote of the Board. The Board may, from time to time, determine if members are entitled to receive an honorarium for their service on a committee. Members of the committee are entitled to reasonable expenses incurred in the exercise of their duty.

5.02 Future Structure Committee. There shall be a Future Structure Committee which shall be comprised of three current directors and other persons as the Directors may from time to time determine. The Future Structure Committee shall prepare a written proposal for the directors recommending a proposed future structure of the Board and their method of appointment, which would take effect at the end of the second year of the Company's existence. Such proposal shall take into consideration the amounts of monies paid to the Company by its Members, the industry groups of such Members and such other factors as the committee may determine.

5.03 Other Committees of the Board. Subject to 5.01, the Board may establish one or more other committees of the Board and fix their terms of reference and composition as it sees fit.

5.04 Procedure. Unless otherwise determined by the Board, each committee and advisory body shall have power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

SECTION 6.0 OFFICERS

6.01 Appointment. The Board may from time to time appoint a Chair, Vice-Chair, a Chief Executive Officer, a Secretary and Treasurer, and other officers as the Board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The Board may specify the duties of and, in accordance with this By-Law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director.

6.02 Chair of the Board. The Board shall appoint a Chair of the board who shall be a Director. The Chair shall be subject to the authority of the Board, preside at all meetings of the Board and Members; and shall have such other powers and duties as the board may specify.

6.03 Vice-Chair. The Board shall also appoint a Vice-Chair. The Vice-Chair shall have such powers and duties as the Board may specify. During the absence or disability of the Chair, the Vice-Chair shall also have the powers and duties of that office.

6.04 Chief Executive Officer. The Board shall also appoint a Chief Executive Officer who shall subject to the authority of the Board have general supervisions of the affairs of the Corporation.

6.05 Secretary: The Secretary shall attend and be the secretary of all meetings of the Board, members and committees of the Board and shall enter or cause to be entered in the records kept for the purpose of minutes of all proceeding thereat. The Secretary shall give or cause to be given, as and when instructed, all notices to Members, Directors, officers, auditors and members of committees of the Board and shall be the custodian of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and have such other powers and duties as otherwise may be specified.

6.06 Treasurer: The Treasurer, or person performing the usual duties of a Treasurer, shall arrange to keep full and accurate accounts of all receipts and disbursements of the Corporation in proper books of account and shall deposit all moneys or other valuable effects in the name and to the credit of the Corporation in such bank or banks as may from time to time be designated by the Board. He shall arrange to disburse the funds of the Corporation under the direction of the Board, taking proper vouchers therefor and shall render to the Board at the regular meetings thereof or whenever required of him, a written account of all his transactions as Treasurer, and of the financial position of the Corporation. He shall also perform such other duties as may from time to time be determined by the Board.

6.07 Powers and Duties of Officers. The powers and duties of all officers shall be such as the terms of their engagement call for or as the Board may specify. The Board may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

6.08 Term of Office and Remuneration. The Board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the Board shall hold office until a successor is appointed or until the Corporation receives an earlier resignation. The officers shall be paid such remuneration for their services as the board may from time to time determine.

6.09 Agents and Attorneys. The Corporation, by or under the authority of the Board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

SECTION 7.0 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 Limitation of Liability. Every Director and officer of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no Director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other Director, officer or employee, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgement or oversight on the part of such Director or officer, or for any other loss, damage or misfortune which shall happen in the execution of the duties of office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder.

7.02 Indemnity. Subject to the Act, the Corporation shall indemnify Directors or officers, former Directors or officers, or persons who act or acted as Directors or officers of the Corporation or at the Corporation's request as directors or officers of a body corporate of which the Corporation is or was a shareholder or creditor, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been a Director or officer of the Corporation or such body corporate, if (a) they acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful. The Corporation shall also indemnify such persons in such other circumstances as the Act or law permits or requires. Nothing in this By-Law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this By-Law.

SECTION 8.0 MEETINGS OF MEMBERS

8.01 Annual Meetings. The annual meeting of Members shall be held at such time in each year and, subject to section 8.04 at such place as the Board, the Chair or the Vice-Chair may from time to time determine, for the purpose of considering the financial statements of the Corporation placed before the meeting, the report of the Corporation's auditor thereon, and the report of the Board, appointing auditors, and for the transaction of such other business as may properly be brought before the meeting.

8.02 General Meetings. The Board shall have power to call a general meeting of Members at any time.

8.03 Special Meetings. A special meeting of the Members shall be called by the Chair or Secretary upon receipt by either of them of a petition requesting the meeting signed by one-third of the Members in good standing, setting out the reasons for calling such meeting.

8.04 Place of Meetings. Meetings of Members shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the Board shall so determine, at some other place in Canada or, if all the Members entitled to vote at the meeting so resolve generally or for any particular meeting, at some place outside Canada.

8.05 Notice of Meetings. Notice in Writing of the time and place of each meeting of Members shall be given in the manner provided in Section 9 not less than fifteen days before the date of the meeting, to the auditor and to each Member who at the close of business on the day immediately preceding the day on which notice is given is entered in the register of Members of the Corporation. Notice of a meeting of Members called for any purpose other than consideration of the financial statements and auditor's report and Board's report, and reappointment of the incumbent auditor shall state the nature of the business to be transacted in sufficient detail to permit the Member to form a reasoned judgement thereon. Any notice to Members may either enclose a form of proxy or contain a reminder of the right to appoint a proxy. Notice of any adjourned meeting of Members is not required if the time and place of the adjourned meeting is announced at the original meeting.

8.06 Meetings Without Notice. A meeting of Members may be held without notice at any time and place permitted by the Act (a) if all the Members entitled to vote thereat are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held. At such a meeting any business may be transacted which the Corporation at a meeting of Members may transact. If the meeting is held at a place outside Canada, Members not present or duly represented, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

8.07 Chair, Secretary and Scrutineers. The chair of any meeting of Members shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chair of the Board, Vice-Chair and the Secretary. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair of the meeting. If the Secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a Member, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be Members, may be appointed by a resolution or by the chair with the consent of the meeting.

8.08 Persons Entitled to be Present. The only persons entitled to be present at a meeting of Members shall be those entitled to vote thereat, the officers, the Directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the letters patent or By-Law to be present at the meeting. Any other person

may be admitted only on the initiation of the chair of the meeting or with the consent of the meeting.

8.09 Quorum. The quorum for the transaction of business at any meeting of Members shall be six (6) Founding Members.

8.10 Right to Vote. Subject to the Act and the letters patent, at any meeting of the Members every Founding Member shall be entitled to vote who is at the time of the meeting entered in the books of the Corporation as a Founding Member.

8.11 Proxies. At any meeting of Members a proxyholder duly and sufficiently appointed by a Member shall be entitled to exercise, subject to any restrictions expressed in the instrument appointing such person, the same voting rights that the Member appointing the proxyholder would be entitled to exercise if present at the meeting. A proxyholder need not be a Member. An instrument appointing a proxy shall be in writing. An instrument appointing a proxy shall be acted on only if, prior to the time of voting, it is deposited with the Secretary of the Corporation or of the meeting or as may be directed in the notice calling the meeting.

8.12 Votes to Govern. Unless the Act, the letters patent, provide at any meeting of Members every Founding Member shall be entitled to vote who is at the time of the meeting entered in the books of the Corporation as a Founding Member. Each Founding Member shall have the right to exercise one vote.

8.13 Show of Hands. Any question at a meeting of Members shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Members upon the said question.

8.14 Ballots. On any question proposed for consideration at a meeting of Members, and whether or not a show of hands has been taken thereon, the chair may require a ballot or any person may demand a ballot thereon. A ballot so required or demanded shall be taken in such manner, as the chair shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. Upon a ballot each Founding Member present in person or represented by proxy and entitled to vote shall have one vote and the result of the ballot shall be the decision of the Members upon the said question.

8.15 Equality of Vote. In case of an equality of vote at any meeting of the Members either upon a show of hands or upon a ballot, the resolution shall be defeated.

8.16 Adjournment. The chair at a meeting of Members may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place.

SECTION 9.0 NOTICES

9.01 Method of Giving Notices. Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the letters patent, the By-Law or otherwise to a Director, officer, auditor or Member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address including fax number address or if mailed to such person at such recorded address by prepaid ordinary or air mail or if sent to such person at such recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered for dispatch. The Secretary may change or cause to be changed the recorded address of any member, Director, officer, auditor or member of a committee of the board in accordance with any information believed by the Secretary to be reliable.

9.02 Computation of Time. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

9.03 Omissions and Errors. The accidental omission to give any notice to any Member, Director, officer, auditor or member of a committee of the board or the non-receipt of any notice, by any Member, Director, officer, auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.04 Waiver of Notice. Any Member (or duly appointed proxyholder), Director, officer, auditor may waive any notice required to be given to under any provision of the Act, the letters patent, the By-Law or otherwise and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice.

SECTION 10.0 DISPUTE RESOLUTIONS

10.01 Disputes. Disputes among Members, and between any Member and the Corporation shall be referred to a Dispute Resolution Task Force ("Task Force") established by the Directors within 10 days of receipt of a written notice of dispute from any member.

The Task Force shall convene a meeting following 10 days written notice and all affected parties, and entitle the Corporation or Member as the case may be to attend with legal counsel and written documentation as it may see fit. The Task Force shall follow the principles of natural justice and not permit a Task Force member to participate in the event of a real or perceived conflict.

Any decision of the Task Force shall be made in writing.

SECTION 11.0 AMENDMENT

11.01 Amendment. This By-Law may be amended by a resolution of the directors confirmed by a majority of the Members, and accepted as to paragraphs 4.01 to 4.05 inclusive by confirmation as a regulation by the Minister of Environment or his successor under the WDA as amended.

SECTION 12.0 EFFECTIVE DATE

12.01 Effective Date. This By-Law shall come into force when made by the board in accordance with the Act.

Appendix VI

Letter of Understanding Between AMO and
Stewardship Ontario

Letter of Understanding Between
The Industry Funding Organization for the Blue Box Program and
The Association of Municipalities of Ontario

October 12, 2002

Reviewed by WDO Board of Directors, October 29, 2002

Whereas the *Waste Reduction Act* 2002 requires that:

- “Waste Diversion Ontario shall develop, implement, and operate waste diversion programs for designated wastes in accordance with this Act and monitor the effectiveness and efficiency of those programs”(Sec.5.(a)); and
- “Waste Diversion Ontario shall develop the program in co-operation with an industry funding organization (Sec.23.(2)); and
- “A waste diversion program developed under this Act for blue box waste must provide for payments to municipalities to be determined in a manner that results in the total amount paid to all municipalities under the program being equal to 50 per cent of the total net costs incurred by those municipalities as a result of the program (Sec. 25.(5)).

And Whereas in a letter from the Minister of the Environment, the Hon. Chris Stockwell, to the Chair of Waste Diversion Ontario, Tim Moore, dated September 23, 2002, the Minister wrote,

- “ Pursuant to subsection 23 (1) of the Act, I am requiring that WDO develop a waste diversion program for blue box waste in co-operation with an industry funding organization to be incorporated under Part III of the Corporations Act for the purpose of the Program. I would ask that the program be submitted for my approval by February 28, 2003. An addendum to this letter provides additional areas to be addressed in the proposed program submission.

And Whereas at its September 24th meeting, the Waste Diversion Ontario Board

- Directed representatives of industry on the WDO Board (FCPMC, CCGD, Refreshments Canada, CNA, RCC, and LCBO) to establish and incorporate an industry funding organization for the Blue Box Program.
- Directed the establishment of a Blue Box Program Task Group comprised of representatives of the Association of Municipalities of Ontario (AMO) and members of the Industry Funding Organization (IFO) to agree on key elements of the blue box program plan.

THEREFORE BE IT RESOLVED THAT the Industry Funding Organization for the Blue Box Program and the Association of Municipalities of Ontario create an AMO-IFO Taskforce tasked with agreeing on key elements of the blue box program as outlined in the Waste Diversion

Act, the Minister's letter dated September 23, 2002, WDO Board direction from the September 24th 2002 meeting, and this Letter of Understanding.

2. PRINCIPLES

Mandate:

- To reach agreement on key blue box program development issues before issues are taken to the WDO Board for approval.

Commitment

- The Parties to this Letter of Understanding are committed to seeking agreement within the timelines outlined in the WDO Board -adopted blue box task and timeline plan.

Membership on Taskforce

- The AMO-IFO Taskforce will be co-chaired by one representative from AMO and one representative from the IFO. The IFO and the Association of Municipalities of Ontario may each appoint five members to the AMO-IFO Taskforce. In addition to these ten members, the IFO and AMO may invite 3 observers each to meetings of the Taskforce. Observers may participate in discussions at the discretion of the co-chairs.

3. IMPLEMENTATION

Reaching Agreement

- The AMO-IFO Taskforce will meet to discuss and reach agreement on key elements of the blue box program as required.

Identifying Key Elements

- AMO-IFO Taskforce members will identify the specific key elements for which AMO-IFO agreement is required. These will be revised on a periodic basis.

Endorsement of joint position(s) by respective governing bodies

- Upon reaching agreement on one or more key elements, AMO and the IFO will return to their respective governing bodies for endorsement of the AMO-IFO Taskforce's recommended position(s).

Consideration of joint position(s) by the WDO Board

- Once agreement is secured from the AMO and IFO's respective governing bodies, joint recommendations will be brought to the WDO Board for its consideration.

Failure to Reach Agreement

- If the AMO and IFO members of the Taskforce cannot reach agreement on an element of the blue box plan, either party may request that the WDO Board establish a dispute resolution mechanism to assist in reaching a timely resolution of the issue in question.

Review of the AMO-IFO Taskforce

- The mandate of the AMO-IFO Taskforce must be reviewed once the WDO-endorsed proposed blue box program plan is submitted to the Minister.
- Immediately following submission of the proposed Blue Box program plan, and in concert with the review of the IFO's membership, the mandate of the AMO-IFO Taskforce will be reviewed with a view to institutionalizing AMO's role in blue box program implementation.

**ADDENDUM TO LETTER OF UNDERSTANDING
October 9, 2002**

Workplan October-November, 2002

The AMO-IFO Taskforce identified 10 issues on which to seek agreement in the lead-up to the next two Board meetings of the WDO, on October 29th, and November 27th, 2002.

The Taskforce will endeavor to reach agreement on the following six issues and present their joint recommendation to the October 29th WDO Board meeting:

1. Agreement on calculation of Year 1 for 50% of net municipal blue box program operating costs, including the effective date of that funding.
2. Agreement on methodology and procedures for Effectiveness and Efficiency fund/program letter requirements for an R&D program.
3. Municipal funding allocation model.
4. Exploration of Minister's Directive to the WDO, re. material recovery targets for Year 1, and 5-year.
5. Educational and Public Awareness activities to support the WDO blue box funding program.
6. Letter of Understanding between AMO and the Industry Funding Organization

The Taskforce will endeavor to reach agreement on the following four issues and present their joint recommendation to the November 27th WDO Board meeting:

1. Agreement on methodology and procedures for calculating net municipal blue box program operating costs in subsequent years.
2. Agreement on principles and operationalization of the Canadian Newspaper Association/Ontario Community Newspaper Association in-kind advertising program.
3. Institutionalizing AMO's participation in key IFO functions.
4. Agreement on principles, and implementation of the distribution of funding to municipalities of IFO-collected stewardship fees.

Appendix VII

Consultation Program

Consultation Programs

This report provides additional detail on the consultation process supported and/or undertaken by Stewardship Ontario. It includes:

- 1.1 – Description of Stewardship Ontario’s two advisory committees and two sub-committees
- 1.2 – Industry Consultation Program Description
- 1.3 – Municipal Consultation Program Description
- 1.4 – Public Consultation Program Description
- 1.5 – Stewardship Ontario Communications and Website

1.1 Stewardship Ontario Advisory Committees

Stewardship Ontario established three advisory committees to address issues of particular relevance to industries with economic interests in the packaging and printed materials chains.

1.1.1 Materials and Packaging Advisory Committee

The Materials and Packaging Advisory Committee (MPAC) was established in the first week of October 2002 and includes representatives from all major packaging groups:

Bill Wilson, International Paper
Brenda Pulley, Alcan Aluminum
Cathy Cirko, Environment and Plastics Industry Council
Chris Benedetti, GPC Int'l (on behalf of Alcan Aluminum)
Don Lamont, Ontario Community Newspapers Association
Don McCallen, Sony of Canada
Francois Dalpe, Bell Canada
Greg Lorenzoni, Alcan Aluminum
Jaan Koel, Tetra Pak
John Hall, Rogers Media Publishing
John Hinds, Canadian Newspaper Association
John Mullinder, Paper and Paperboard Packaging Environmental Council
John Paulowich, Dofasco Steel
Kamy Zarbafi, Transcontinental Publishing
Larry Dworkin, Packaging Association of Canada
Lynn Johannson, E2M (on behalf of O-I Canada Corp.)
Nicola Crawhall, Association of Municipalities of Ontario
Ozzie Zatka, Tetra Pak
Paul Sanagan, Bell ActiMedia
Peter Robinson, Nexcycle
Rick Findlay, PSTG Consulting (on behalf of EPIC)
Stephanie Kilfoil, Earth Tech Canada (on behalf of CNA/OCNA/PPEC)
Todd Latham, Canadian Business Press
Dan Lantz, Stewardship Ontario (Chair)
Geoff Love, Stewardship Ontario
Gordon Day, Stewardship Ontario

Each member of the MPAC was provided with an agenda and the minutes for each meeting. Between October and February 3, 2003, the Committee met 13 times (approximately once each week).

The focus of the MPAC was to review the elements of the Blue Box Program Plan specifically related to packaging and printed materials producers. Each member of the committee understood that Stewards had been defined as brand owners and first importers. However, a number of packaging producers anticipated that some part of the program levies (to be established for each packaging type) could be downloaded to the packaging manufacturer. Given that some of these companies do not have direct representation on the WDO (other than through the observer status granted to the Paper and Paperboard Packaging Environmental Council), it was important that the printed paper manufacturers and packaging material manufacturers had the opportunity to participate in the Blue Box Program Plan development through an advisory committee.

The key issues that were discussed by the MPAC include:

- Overview of the WDO process and timing for the activities required to complete a Blue Box Program Plan;
- Process for determining costs for the management of individual Blue Box wastes (See 1.1.2 on the Activity Based Costing Subcommittee);
- Total and material specific targets related to the Minister's Program Request Letter;
- Residues: What are they? What can MPAC members do about residues related to market development?;
- Potential for a recycled content credit within the calculation of Stewardship Ontario fees;
- Ability of markets to absorb all recovered materials;
- Market prices paid vs. "as reported" by municipalities;
- Material definitions;
- Review of the proposed Stewardship Ontario Pay In (Fees) Model to be used to assign levies to Stewards;
- Definition of fairness with respect to the Pay In Model;
- Manufacturers' representation on the Stewardship Ontario Board if costs are downloaded from Stewards to packaging manufacturers; and
- Review of the Draft Blue Box Program Plan.

In the first two months of 2003 through to the submission of the Blue Box Program Plan, the MPAC will spend additional time and effort on reviewing the plan relative to the impact on the MPAC membership.

The minutes for each of the MPAC meetings are posted on the Stewardship Ontario website.

1.1.2 Activity Based Costing Subcommittee

A subcommittee of the main MPAC was established to develop the protocol for material-specific costs, using activity based costing (ABC) methods for the management of individual materials within the recycling program. The ABC Subcommittee included:

Cathy Cirko, Environment and Plastics Industry Council
Don Lamont, Ontario Community Newspapers Association
John Hinds, Canadian Newspaper Association
John Mullinder, Paper and Paperboard Packaging Environmental Council
John Paulowich, Dofasco Steel
Larry Dworkin, Packaging Association of Canada
Lynn Johannson, E2M (on behalf of O-I Canada Corp.)
Peter Robinson, Nexcycle
Rick Findlay, PSTG Consulting (on behalf of EPIC)
Stephanie Kilfoil, Earth Tech Canada (on behalf of CNA/OCNA/PPEC)
Dan Lantz, Stewardship Ontario (Chair)

The ABC Subcommittee started with the work completed six years ago by CSR: Corporations Supporting Recycling through a Municipal Recycling Cost Allocation Task Group, which was the first attempt by a broad cross-section of industry to establish a series of protocols to assign collection and processing costs to individual materials. The ABC Subcommittee met for the first time on 24 October 2002. The Subcommittee met five times over the next month for an average of four hours each meeting, to establish 48 collection and 11 processing principles. Once consensus was reached on all principles by the members of the ABC Subcommittee, a full presentation was given to the members of the main MPAC. The principles are outlined in the Appendix IX.

1.1.3 Printed Paper Subcommittee

A separate Subcommittee for printed paper was established because of the specific characteristics of printed paper within the Blue Box Program Plan. The Subcommittee's concerns specifically relate to the delineation of costs between individual subcategories within the total printed paper category. For example, with the exception of some telephone directories (only a few programs in Ontario separate telephone directories) and some mixed household paper, all printed papers are marketed in Ontario as newspaper (#8 ONP and/or #6 ONP) and, therefore, are not always distinguished within municipal recycling programs.

The membership of this Subcommittee consists of both members from the main MPAC and other individuals wanting to address printed paper issues, and includes the following:

Bill Shields, Masthead
Bruce Shuh, Home Hardware Stores
Don Lamont, Ontario Community Newspapers Association
Francois Dalpe, Bell Canada
Gus Sevink, FDSA Canada
John Hall, Rogers Media Publishing
John Hanson, Hanson Research (On behalf of the Retail Council of Ontario)
John Hinds, Canadian Newspaper Association

Justin Sherwood, Canadian Council of Grocery Distributors
Lisa Marsden, Retail Council of Canada
Kami Zarbafi, Transcontinental Publishing
Mark Jamison, Canadian Magazine Publishers
Paul Sanagan, Bell ActiMedia
Ted Mader, Zellers
Terry Goulding, Home Hardware
Dan Lantz, Stewardship Ontario (Chair)
Gordon Day, Stewardship Ontario

A number of key printed paper topics were covered in the four meetings that were held from the beginning of November, when the Subcommittee was first formed, until the end of December, 2002:

- Overview of the WDO process and timing for the activities required to complete a Blue Box Program Plan;
- Impact of magazine imports vs. domestic on residential Blue Box programs;
- Trade publications vs. consumer publications (residential vs. Industrial, Commercial and Institutional (IC&I) sourced materials);
- What about supplied material running in magazines? Should brand owners pay costs or those generating it?
- Should there be a credit for recycled stock?
- How is it determined how much of each printed paper stream is generated and ends up in the Blue Box?
- Can other Stewards receive credit for in kind advertising similar to the CNA/OCNA agreement?
- Who will be responsible and how will costs of newsstand issues be reported and paid?
- How is the funding formula structured and how much will each category of printed materials be expected to pay?
- Material definitions; and
- Review of the proposed Stewardship Ontario Fee Model that will used to assign levies to Stewards.

The minutes of the Printed Paper Subcommittee meetings are posted on the Stewardship Ontario website.

1.1.4 Data and Reporting Advisory Committee

The Data and Reporting Advisory Committee was established in the first week of October 2002 and is comprised of the following representatives from a range of industry brand owners and industry associations:

Michael Gagnon, Procter and Gamble Inc.
Fred Ware, Hudson's Bay Company
Don McCallen, Sony of Canada
Andrew Horsman, Wal-Mart Canada
Steve Rathlou, S.C. Johnson and Sons Ltd.
Gail Bebee, Canadian Tire Corporation, Limited
Don Strain, Mattel Canada Inc.
David Betts, Electronics Product Stewardship (EPS)

Walter Kraus, Loblaw's Companies
Don Lamont, Ontario Community Newspaper Association (OCNA)
Warren Hertle, Hasbro Canada Corporation
Robert White, Nonprescription Drug Manufacturers Association of Canada (NDMAC)
Silvio Ferrante, Unilever Canada
Justin Sherwood, Canadian Council of Grocery Distributors (CCGD)
Joanne McGovern, Canadian Manufacturers and Exporters (CME)
Ryan Parks, Ontario Restaurant, Hotel and Motel Association (ORHMA)
Melanie Currie, Canadian Federation of Independent Business (CFIB)
Sheila Edmonson, Canadian Toy Association (CTA)
Jane Mackenzie, Stewardship Ontario
Gordon Day, Stewardship Ontario

The focus of the Advisory Committee was to provide support and feedback to the Stewardship Ontario Board by reviewing and critiquing draft program elements. The key task areas addressed by the Advisory Committee include:

- Establish *de minimis* criteria as required by Minister's letter to the WDO;
- Development of reporting requirements for Stewards;
- Define obligated Stewards, including issues related to franchises and service packaging;
- Development of a sectoral quick calculator to assist Stewards in meeting Year One obligations;
- Develop definitions for designated materials; and
- Review online registration process.

Meeting agenda, minutes and discussion documents are distributed by email to the Committee members.

1.2 Industry Consultation Program Description

1.2.1 Background and Objective

The industry consultation process carried out by Stewardship Ontario was designed to inform, consult with and take into account comments from industry stakeholders that will be affected by Ontario's *Waste Diversion Act*.

To quickly introduce the new industry roles and responsibilities as a result of the Blue Box Program Plan, Stewardship Ontario selected use of a website as the primary mode of communication with industry throughout the consultation period. Workshops and webcasts were determined most suitable for information and question and answer session gatherings.

1.2.2 Elements of Consultation

Website: a new Stewardship Ontario website was launched on November 18, 2002. The website is the primary vehicle for promotion of the consultation process, posting of consultation documents for comment, reception of comment from industry, and general communication between Stewardship Ontario and Ontario industry. Above all, the site is

designed to be flexible and easily updated to match the tight timeframes brought on by the *Waste Diversion Act* and the Minister's Program Request Letter. For the consultation and recruitment periods, to guide industry, the website will be primarily text content.

Postcard: a postcard announcing the new website was distributed widely to spark awareness of the new organization and its consultation mandate and site. Its distribution was primarily to potentially obligated industry, industry and stakeholder media, Ontario municipalities and the Ontario media.

Notice to CSR Members: CSR's *Quick Facts* (electronic newsletter) is being used to communicate directly with 120 CSR industry Members, informing them of the consultation period, website, workshops and webcast.

Press Release to Industry and Retailers Associations: Releases continue to be sent to industry and retail associations' newsletters (many electronic weeklies) to inform a wider range of obligated companies of the Stewardship Ontario consultation period and activities.

The following associations received press releases:

Allied Beauty Association	Canadian Pharmacists Association
American Forest & Paper Association	Canadian Plastics Industry Association
Association of Canadian Biscuit Manufacturers	Canadian Polystyrene Recycling Association
Association of Canadian Publishers	Canadian Printing Industries Association
Association of Sales & Marketing Companies International	Canadian Restaurant & Food Services Association
Automotive Aftermarket Retailers of Ontario	Canadian Retail Hardware Association
Automotive Industries Association of Canada	Canadian Sanitation Supply Association
Automotive Parts Manufacturers Association of Canada	Canadian Seed Trade Association
Baking Association of Canada	Canadian Snack Food Association
Breakfast Cereal Manufacturers of Canada	Canadian Toys Vending Inc.
Canadian Apparel Federation	Canadian Wholesale Drug Association
Canadian Appliance Manufacturers Association	Canadian Wireless Telecommunications Association
Canadian Association of Chain Drug Stores	Children's Apparel Manufacturers' Association
Canadian Association of Importers & Exporters Inc.	Confectionery Manufacturers Association of Canada
Canadian Association of Petroleum Producers	Consumers' Association of Canada
Canadian Association of Regulated Importers	Food & Consumer Product Manufacturers of Canada
Canadian Association of Specialty Foods	Forest Products Association of Canada
Canadian Automatic Merchandising Association	Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)
Canadian Bankers Association	Information Technology Association of Canada
Canadian Booksellers Association	Landscape Ontario
Canadian Bottled Water Association	National Seafood Sector Council
Canadian Chemical Producers' Association	Nonprescription Drug Manuf. Assoc. of Canada
Canadian Consumer Specialty Products Association	Ontario Community Newspapers Assoc.
Canadian Cosmetic, Toiletry & Fragrance Association	Ontario Dairy Council
Canadian Council of Grocery Distributors	Ontario Forest Industries Association
Canadian Down and Feather Products Association	Ontario Furniture Manufacturers Association
Canadian Drug Manufacturers Association	Ontario Imported Wine, Spirit & Beer Assoc.
Canadian Federation of Independent Business	Ontario Independent Meat Packers & Processors

Canadian Federation of Independent Grocers Canadian Gift & Tableware Association Canadian Hardware & Housewares Manufacturers Association Canadian Health Food Association Canadian Homeopathic Pharmaceutical Association Canadian Magazine Publishers Association Canadian Manufacturers & Exporters Association Canadian Naturopathic Association Canadian Newspaper Association Canadian Office Products Association Canadian Paint & Coatings Association Canadian Paper Box Manufacturers' Association Canadian Paper Trade Association Canadian Petroleum Products Institute Canadian Pharmaceutical Distribution Network	Ontario Pharmacists Association Ontario Printing & Imaging Association Packaging Association of Canada Paper & Paperboard Packaging Environment Council Portable Appliance Manufacturers Association Refreshments Canada Retail Council of Canada Seafood Producers Association of Nova Scotia Shoe Manufacturers Association of Canada Siding & Window Dealers Association of Canada Spirits Canada & Association of Canadian Distillers Sportive Sportswear Manufacturers Sports Manufacturers International Wine Council of Ontario
--	---

Letters and Postcards to Stewardship Ontario Database: Letters and postcards are being sent to industry contacts in the CSR database to inform them of the Stewardship Ontario consultation period and activities.

Press Release to Ontario and National Business Media: Releases are also being distributed periodically, promoting workshops, webcast and overall consultation period.

Workshops: Two workshops were held as key events in the consultation process. One introduced the *Act* and the process, the second summarized the feedback received and brought closure to the process. Workshops were held at a Toronto airport hotel location for ease of attending. Workshops, webcast and website were also open to the public. To enhance the participation in the consultation process, a written transcript of Workshop I is posted on the Stewardship Ontario website, recorded proceedings of Workshop II is posted for 90 days.

Webcast: Two webcasts were held. The first addressed the pay in formula and definitions. The second was a “simulcast” of the second workshop. The purpose was to extend the reach of the consultation process. To enhance the participation in the consultation process, recorded proceedings are posted for 90 days.

1.2.3 Key Participants in Consultation

Promotions and participation in the consultation process were targeted at three key audiences:

Affected Industry Representatives: individual representatives (executive, government relations, legal, public affairs) from the companies that will be registering with Stewardship Ontario or carrying out their own recovery programs.

Industry Associations' Representatives: industry and trade associations are treated as equally important targets for participation in the consultation process. They play a

key role in helping Stewardship Ontario reach more individual company representatives (their members).

Stewardship Ontario Committees (and their outreach): Stewardship Ontario's Committees were in constant consultation on the developing funding formula and Blue Box Program Plan. These committees include: the Materials and Packaging Advisory Committee and its Subcommittees, the Data and Reporting Advisory Committee, and the AMO/Stewardship Ontario Task Group.

Representatives who pre-registered for the industry consultation workshops represented the following companies, associations or NGOs:

Workshop I:

3M Canada Company
 A & P Company of Canada Ltd.
 Aberfoyle Springs Co.
 Alberto Culver Canada Inc.
 Amcor PET Packaging - North America
 Archer Daniels Midland Company
 Arla Foods Inc.
 Armstrong Corporation
 Association of Municipal Recycling Coordinators
 Association of Municipalities of Ontario
 Atlantic Packaging Products Ltd
 Automotive Industries Association of Canada
 Baking Association of Canada
 Bayer Inc.
 Bell ActiMedia Inc.
 Benjamin Moore & Co., Limited
 Binney & Smith Canada
 Black & Decker
 Cadbury Trebor Allan Inc.
 Can Cos, Toil & Frag Assn (CCTFA)
 Canada Bread
 Canadian Association of Chain Drug Stores
 Canadian Federation of Independent Business
 Canadian Hardware & Housewares Manufacturers Assoc
 Canadian Magazine Publishers Association
 Canadian Newspaper Association
 Canadian Paper Box Manufacturers Association
 Canadian Snack Food Association
 Canon Canada Inc.
 Castle Building Centres Group Ltd.
 CCL Industries Inc.
 Cdn. Federation of Independent Business
 Chantler Packaging Inc.
 Clorox Canada
 CM Consulting
 Coca-Cola Bottling Company
 Cogenics Inc.
 Colgate-Palmolive Canada Inc.
 Collecte sélective Québec
 Comark Inc.
 Costco Wholesale Canada Ltd.

Workshop II:

A&P Company of Canada Limited
 Acuity Specialty Products
 Admaston Bromley Waste Reduction Committee
 AEP Canada Inc
 Alberto Culver Company
 Amcor
 Amcor PET Packaging
 Archer Daniels Midland Company
 Arla Foods
 Ashland Canada Corp.
 Atlantic Packaging Products Ltd
 Baking Association of Canada
 Benjamin Moore & Co., Limited
 Binney & Smith Canada
 Black & Decker
 BRAIN Inc.
 Cadbury Trebor Allan Inc.
 Campbell Soup Company Ltd.
 Canadian Association of Chain Drug Stores (CACDS)
 Canadian Hardware & Housewares Manufacturers Assoc
 Canadian Paint & Coatings Association
 Canadian Polystyrene Recycling Association
 Canadian Steel Can Recycling sponsored by Dofasco
 Canadian Tire Corp.
 CCTFA
 Clover Leaf Seafoods Inc
 CM Consulting
 Coca-Cola Bottling Company
 Coffee Association of Canada
 Colgate-Palmolive Canada Inc.
 Collecte sélective Québec
 Comark
 Costco Wholesale
 Curran Events Media Inc.
 Dare Foods Limited
 Del's Pastry
 Direct Selling Association of Canada
 Dow Canada
 E.D. Smith & Sons, Limited
 E2M on behalf of O-I Canada Corp
 earthbound environmental

<p> Curran Events Media Inc. Dare Foods Limited Dofasco DowChemical Canada Inc E2M on behalf of O-I Canada Corp Environment and Plastics Industry Council EPI Epson Canada Limited ESG International For R Information (AMRC newsletter) Gay Lea Foods Co-operative Limited GlaxoSmithKline Consumer Healthcare GNLB International GPC International H. J. Heinz Company of Canada Ltd. Hallmark Cards Canada Ltd Home Hardware Stores Limited Hood Packaging Corporation ICI Canada ICI Paints IKEA IKEA Trading Services Canada Imperial Oil Innovative Management Solutions Inc. Japan External Trade Organization Jergens Canada Inc. Keith Mussar & Associates kleen-flo tumbler Industries Ltd. Kodak Canada Inc Kraft Canada Inc. Lavo Inc. Logic Box Systems Inc. Maple Leaf Consumer Foods Mary Kay Cosmetics Ltd. Masthead Magazine McNeil Consumer Healthcare Mead Johnson MGM Management Ministry of Enterprise, Opportunity and Innovation Municipal Affairs Consulting Natrell inc. Nature's Sunshine Products of Canada Neilson Dairy Nestlé Purina PetCare Norampac Novartis Consumer Health Canada Inc. Nu Skin Canada Ontario Ministry of the Environment Ontario Restaurant Hotel & Motel Association Ontario Waste Management Association P&G Pharmaceuticals Packaging Association of Canada Para Paints Parmalat Canada Parry Sound North Star PepsiCo Foods Canada Inc. Pepsi-Cola Canada Ltd. Photo Marketing Association International Pinnacle Pharmaceuticals Ltd. </p>	<p> Ecolab Electronics Product Stewardship Canada Environmental Commissioner of Ontario Environmental Strategies Limited EnviroTech Associates Inc EPI EPIC EPSON Canada Food Industry Competitiveness Branch, Ont. Min of Frank Stewart & Associates Gartner Lee Ltd Gay Lea Foods Co-operative Limited General Mills Canada GlaxoSmithKline Consumer Healthcare GlaxoSmithKline Inc Government of Ontario GPC International Hallmark Canada Hallmark Cards Hayes LLC representing Sonoco High Liner Foods Inc. Hill and Knowlton Canada ICI Canada IKEA Canada Imperial Tobacco Canada Ltd Jergens Canada Inc. Keith Mussar & Associates kleen-flo Tumbler Industries Ltd Kodak Canada Inc. Kraft Logic Box Systems Inc. Manitoba Product Stewardship Corporation Maple Leaf Foods Inc. Mary Kay Cosmetics Ltd. McCormick Canada McNeil Consumer Healthcare Mead Johnson Canada Metro Label Company Limited Ministry of Enterprise , Opportunity and Innovation Natrell Nature's Sunshine Products of Canada NDMAC Nestle Canada Nestlé Purina PetCare North Island Publishing Novartis Consumer Health Canada Inc. Nu Skin Canada Ontario Dairy Council Ontario Food Processors Association Ontario Ministry of the Environment Ontario Restaurant Hotel and Motel Association Ontario Waste Management Association Packaging Association of Canada (PAC) Para Paints Parmalat PepsiCo Foods Canada Inc Pepsi-Cola Canada Pfizer Canada Inc. Polytainers Inc. </p>
--	---

<p> Polytainers Inc. PPEC Prime Strategies Int'l Procter & Gamble Inc. Product Care Association Puresource Natural Products Purity Life Health Products Ltd. Quebecor World Quixtar Canada Corporation R.A. Miller & Company, Inc. Recycling Council of Ontario Regional Municipality of Niagara Remington Products (Canada) Inc. Retail Council of Canada RIS International Ltd Riviera Concepts Inc., Rochester Midland Limited Rohm and Haas Canada Inc. S.C. Johnson and Son, Limited Saturn Scotia Investments Limited Scotts Canada Ltd. Sealed air (Canada) Inc Sears Canada Inc Shoppers Drug Mart Inc. Silgan Plastics Canada Inc. Simmons Canada Inc. Sobeys Inc. Sobeys Ontario Sony Music Canada Sony of Canada Ltd Tetra Pak Canada Inc The Clorox Company of Canada, Ltd. The Great A&P Company of Canada Limited The Hudson's Bay Company The Mentholatum Company of Canada Ltd. Toronto Star Newspapers Limited Toys' R' Us Canada Ltd Transcontinental Printing - RBW Graphics Division TWD Technologies Ltd. Unilever Canada USANA Canada Van Wyck Packaging Visions of Utopia W. Ralston (Canada) Inc. Waste Diversion Ontario Waste Diversion Toronto Winners Merchants Inc. Winners Merchants International L.P. WKI Working Knowledge Inc </p>	<p> PPEC PPG Canada Inc. Prime Strategies Group Inc. Procter & Gamble Inc. Procter & Gamble Pharmaceuticals Quebecor World Quixtar Canada Corporation R.A. Miller & Company, Inc. Raymond Communications Reckitt Benckiser (Canada) Inc. Reg Consulting Remington Retail Council of Canada RIS International Ltd Riviera Concepts Inc., Robin Hood Multifoods Inc. Ronco Protective Products S.C. Johnson and Son, Limited Sandworks Scotts Canada Ltd. Sears Canada Sherwin Williams Sherwin-Williams Diversified Brands Shoppers Drug Mart Inc. Simmons Canada Inc. Smurfit-MBI Smurfit-Stone Sobeys Inc. Sony of Canada Ltd Staples-Business Depot Strub Pickles Tea Association of Canada Tetra Pak Canada Inc. The Clorox Company of Canada, Ltd. The Hudson's Bay Company The Minute Maid Company Canada Inc. Toronto Star Newspapers Ltd. True Value Manufacturing Ultima Foods Inc Unicity Network Canada Ltd Unilever Canada USANA Velcro Canada Inc. Vistapac Inc. Wal-Mart Canada Waste Diversion Ontario Waste Diversion Toronto Weston Bakeries Limited Whitehall-Robins Inc. Working Knowledge Inc. Zephyr Enterprises </p>
--	---

1.2.4 Content Covered and Participation in Consultation Sessions with Industry

Workshop I – December 3, 2002:

A Message from Ontario's Ministry of the Environment

Keith West – Director of Waste Management Policy Branch, Ontario Ministry of the Environment

Introducing Waste Diversion Ontario and Stewardship Ontario

Tim Moore – Chair, Waste Diversion Ontario and President and General Manager, The Clorox Company of Canada Ltd.

Development and Approval of the Required Blue Box Program

Derek Stephenson – Stewardship Ontario Program Manager

Question and Answer Period

Facilitator: Damian Bassett – Stewardship Ontario

Audience participation in Workshop I: 220 participants at workshop. 331 individuals have viewed the written transcript of the workshop since posted on Stewardship Ontario website.

Webcast – December 17, 2002:

Draft Definitions for Calculating Obligated Materials

Gordon Day – Stewardship Ontario, Technical Services

How Material Levies will be Calculated by Stewardship Ontario

Dan Lantz – Stewardship Ontario, Technical Services

Question and Answer Period

Facilitator: Damian Bassett – Stewardship Ontario

Audience participation in Webcast: 424 participants in webcast. 712 individuals have listened to the audio and viewed the visuals of the webcast since posted on the Canada NewsWire website.

Workshop II/Webcast II – January 16, 2003:

1. Definitions of Blue Box Wastes and Stewards (Revised)
2. De Minimis (Revised)
3. Discharging Your Obligations under WDA
4. Input into the Plan Development Process
5. Projected Recovery Scenarios
6. Date of Obligation
7. Year One Municipal Payments (Partial)
8. Year One Stewardship Ontario Program Costs (Partial)
9. Fee Setting Methodology
10. Proposed Weightings and Rationale
11. Material Specific Recommended Fees
12. What If Fees Too High or Too Low
13. Projected 5 Year Cost Estimates
14. Stewardship Ontario Governance Issues / Model
15. Stewardship Ontario and WDO Operating Agreement

16. Online Registration and Key Dates Summary
17. Deadline for Industry Comments
18. Question and Answer Period

Audience participation in Workshop II: 120 participants at workshop, 302 individuals listened “live” to the simulcast (webcast). 617 individuals have listened to the archived simulcast since posted on Canada NewsWire website.

1.2.5 Questions from Industry during the Consultation Period

To support the consultation process, a “Questions” function was available to industry representatives on the Stewardship Ontario website. Questions were received and responded to in a timely fashion by Stewardship Ontario staff. Copies of questions received and answers returned are posted on the Stewardship Ontario website.

1.2.6 Presentation of Proposed Blue Box Proposed Plan for Comment

On January 21, 2002, the complete Proposed Blue Box Program Plan was presented to the Board of Directors of Waste Diversion Ontario for comment, and simultaneously posted on the Stewardship Ontario website for official Industry comment. 1183 individuals downloaded the document from the website for review and comment. A total of 35 official comments were received from Industry. Copies of comments received are posted on the Stewardship Ontario website.

1.3 Municipal Consultation Program Description

Ontario municipalities have provided Blue Box programs to their residents since 1982. Municipal Blue Box waste management systems became mandatory for municipalities with a population of at least 5,000 on March 3, 1994 through Section 7 (1) of Ontario Regulation 101/94. In 2001 there were 190 municipal Blue Box waste management systems in operation in 355 municipalities representing 95% of the population of Ontario.

Since 1995 Ontario municipalities have funded 100% of the total net cost of the Blue Box programs. Section 25 (5) of the WDA specifies that a waste diversion program for Blue Box waste must provide for payments to municipalities equal to 50 per cent of the total net cost of the Blue Box programs. The Minister’s Program Request Letter of September 23, 2002 also requests a number of other key program elements that directly affect municipalities. These include:

- The method used to calculate the total net costs incurred by municipalities;
- The funding formula to be used for determining payments to municipalities;
- A funding performance incentive to encourage program efficiency and effectiveness;
- Waste diversion targets and per material targets for Blue Box waste to be captured under the program;

- The allocation and administration of the voluntary contribution from the CNA and OCNA; and
- Educational and awareness activities to support the Blue Box program.

The date, locations, attendance and municipal representation for each of the workshops held by SAMO are summarized below.

AMO Consultation Sessions:

Date	City	Location	Total Attendance	Municipalities Represented
October 15, 2002	Sudbury	AMO County and Regions Conference	40	20
November 5, 2002	Ottawa	Ottawa Sportsplex, Hall F, Woodruffe Drive, Ottawa	30	19
November 7, 2002	Toronto	Committee Room 3, City Hall, 100 Queen Street. W., Toronto	26	11
November 12, 2002	London	Civic Gardens Complex, 615 Springbank Drive, London	29	20
November 13, 2002	Orillia	Council Chambers, 50 Andrew St. S., Orillia	33	19
November 26, 2002	Teleconference	AMO Office, 394 University Ave. Toronto	14	7
December 5, 2002	Mississauga	Canadian Waste and Recycling Expo, International Centre	27	15

1.4 Public Consultation Program Description

1.4.1 Core Elements

The core elements of the public consultation process are outlined below:

Public open houses: The open houses featured a drop-in, informal discussion and distribution of program information. Four open houses were held: Thunder Bay (Jan. 7); North York (Jan. 9); London (Jan. 11) and Kingston (Jan. 13). Hours for the open houses were from 3 p.m. to 7 p.m., with the exception of London, which operated from 12 p.m. to 3 p.m. (because it was held on a Saturday). In addition to discussions, open house participants were provided sheets and were encouraged to submit their comments by fax, mail, or through the RCO website.

Stakeholder workshops: The workshops used a problem-based learning model for small group discussion and feedback with a short presentation on the program. Participants discussed three topic areas (the recycling efficiency rate proposed as the

“target” for the program, Blue Box performance improvement/ Efficiency and Effectiveness Fund, and education and public awareness). The small groups provided a summary of the key points from each discussion as a contribution to the public consultation. Workshops ran for 2.5 hours. Six sessions were held. The first two (in Toronto on Dec. 12 and Guelph on Jan. 6) were invitation sessions where interested stakeholders were specifically invited to attend (the general public was welcome as well). The remaining four sessions were in Thunder Bay, North York/Toronto, London and Kingston.

The RCO website: Background documents were posted on the *Waste Diversion Act*, Waste Diversion Ontario, and materials related to the three topic areas identified above. Members of the public were invited to attend the open houses/workshops and also to submit comments directly through the website or by email.

The Stewardship Ontario website: Links were established from Stewardship Ontario’s home page. All information and formal advertising included Stewardship Ontario’s website address.

Responsive newspaper publication: A quarter-page announcement ran in newspapers in the areas of Guelph, Thunder Bay, North York, Kingston, Markham, North York, Richmond Hill and London, prior to public open houses and stakeholder workshops. The advertisements contained a response form that members of the public could fax or mail to RCO, together with instructions for submitting comments through the RCO website or by email.

CBC Radio – Ontario Today: A one hour question and answer session was held on January 8, 2003. During the session, dates and venues were promoted during the show as well as visits to Stewardship Ontario site for future information.

1.4.2 Promotion and Participation

Email invitations were distributed through RCO’s network and other partnering organizations and associations (3000+, including members, *Renews* subscribers, information requests, ex-members, provincial and municipal elected officials). Additional reminders were posted on the readers of Highlights the Headlines daily service. Notices were sent almost exclusively by email.

Listed below are the associations contacted to help distribute information about the consultation and to help extend invitations:

Association of Canadian Distillers Association of Condominium Managers Association of Municipalities of Ontario Association of Municipal Recycling Coordinators Automotive Parts Manufacturers' Association Bluewater Recycling Association Canadian Association of Recycling Industries Canadian Environmental Defense Fund Canadian Environmental Industry Association	Ontario Home Builders' Association Ontario Restaurant Hotel and Motel Association Ontario Waste Management Association Packaging Association of Canada Pembina Institute Sierra Club Solid Waste Association of North America Sustainability Network Thames Region Ecological Association Ontario
--	---

Canadian Environmental Law Association Canadian Household Battery Association Canadian Institute of Environmental Law and Policy Canadian Newspaper Association Citizen's Network on the Environment Canadian Paint and Coatings Association Canadian Plastics Industry Association Canadian Polystyrene Recycling Association Canadian Standards Association Canadian Vehicle Manufacturers Association Composting Council of Canada Conservation Council of Ontario Consumers Association of Canada Earth Day Canada Environment and Plastics Industry Council Forest Products Association Green Communities Association Green Tourism Association Motor Vehicles Manufacturers Association National Association for PET Container Resources North American Recycled Rubber Association Ontario Association for Geography and Environmental Education Ontario Automobile Dealers Association Ontario Community Newspaper Association	Environment Network (distributed notice to their lists) MWIN (distributed notice to their lists) 2000 WDO Consultation Lists Distribution List and WDO Round-up List (notices sent primarily by email) Municipal Clerks and Mayors (notices sent 1/5 by email and the remainder by fax) 1997-98 Roles and Responsibilities Distribution List (notices sent by fax) People and Planet Friendly Events listserv (notice sent by email) Northwestern Ontario Recycling Association (notice sent by email) Ontario Public Interest Research Group (OPIRG) (notice sent by email) Federation of Ontario Municipalities www.fonom.org (notice sent by email) Great Lakes United (notice sent by email) Rural Ontario Municipalities Association www.roma.on.ca (notice sent by email) WDO Board, Observers, Stewardship Ontario, Working Group (notice sent by email) Post-Secondary Schools (Political Science and Environmental Dept) (notice sent by email)
---	--

RCO and Stewardship Ontario measured the impact of the public consultation sessions in five ways:

- Number of requests for background information packages;
- Participation in the Public Open Houses;
- Attendance at the Stakeholder Workshops;
- Traffic on the Stewardship Ontario website; and
- Visits to the RCO website.

Workshop Registrations

Consultation Date	Registered	Actual
Dec 12 (Toronto)	15	15
Jan 6 (Guelph)	11	18
Jan 7 (Thunder Bay)	6	14
Jan 9 (North York)	19	20
Jan 11 (London)	12	13
Jan 13 (Kingston)	18	26

RCO Website Traffic Summary (as of January 9, 2003)

	Dec 2001 - Jan 2002	Dec 2002 - Jan 7/2003	Jan 8-9/ 2003
Unique Visits to RCO's website	14,134	8,442	1,163
Visits to RCO's website	44,100 (3.12 visits/visitor)	18,742 (2.2 visits/visitor)	3266 (2.8 visits/visitor)
Hits to RCO's website	226,016	132,712	13,719

	(5.12 pages/visit)	(7.08 pages/visit)	(4.2 pages/visit)
Consultation Invitation Page Visited	N/A	571	
Consultation Registration Page Visited	N/A	278	
Registration Form Completed	N/A	122	
Background Documents Viewed	N/A	172	
Dec 12 Summary Document Viewed	N/A	65	

The timing of the workshops (just before and after the holiday season) had a negative impact on the public's participation in the sessions. Very few email and fax comments were received (15 in total as of January 9). Seventeen people requested the Background Information Package (through email/phone). Nonetheless, the website traffic, particularly as a result of the CBC phone-in program, exceeded more than 500 hits the day of the program.

1.5 Stewardship Ontario Communications and Website

1.5.1 Background and Objective

Stewardship Ontario's communications objective was common to any "start up" organization: get noticed. Not only was an expansive introduction program necessary, but also a consultation period, a recruitment campaign, a member registration process, and general communication between Stewardship Ontario and obligated companies were all to be implemented in a relatively short period of time.

1.5.2 Naming of Organization

The new Industry Funding Organization was in need of a name to represent its activities and membership. A modified "focus group" approach was used to research a name for the IFO and contact was made with key representatives of industry, trade associations, and NGOs. Among all names tested, the key words that drew the strongest support were "Stewardship," "Industry," "Ontario," and "Trust". The Board of Directors took into account the results of the research and chose "Stewardship Ontario", a name for the new IFO that all agreed best described the organization.

1.5.3 Look

The corporate look of Stewardship Ontario is centred on the design of the website. Corporate colours are a combination of blue and green, with text in black. The logo's blue text represents the Blue Box. The green leaf represents the environmental aspects of the work carried out by Stewardship Ontario and the maple leaves represent Ontario and Canada.

1.5.4 Website

The Stewardship Ontario website was established as the primary mode of communication with industry, stakeholders, government and the general public. The website quickly introduced the organization to industry, providing a means by which they could follow through on the steps of consultation, recruitment and communication. All communication would strive to be e-based and paperless.

The Stewardship Ontario website's role is to be the primary Industry communication vehicle for the consultation period, recruitment campaign, member registration mechanisms, posting of documents, reception of comments, and general communication between the IFO and obligated Industry.

Address: www.stewardshipontario.ca

Above all, the site is designed to be flexible, and easily updated to match the tight time frames brought on by the *Waste Diversion Act* and Minister's Program Request Letter. All words and attachments are easily updated (words and page links are changeable within minutes). As the organization both "defines itself" and changes its daily business over the coming months and years, website changes will not cause strain on budget or manpower.

Website Traffic: 2002-2003

	Unique Visitors	Total Visits
November 2002	652	3,093
December 2002	1,096	7,969
January 2003	1,676	10,302
February 2003	1,124	6,282

For the consultation and recruitment periods, the website consisted of primarily text-based content, which guided industry through the processes. Sections of the site include: [home], [contact us], [search], [stewards only], and [public and media] header navigation buttons. The content sections are: Who We Are, What's New, The IFO, How to Register, Municipal Affairs, The Province, and Links.

1.5.5 Additional Communications

To spark awareness, a postcard announcing the new organization and website was distributed widely. The *CSR Quick Facts* is used to communicate directly with 120 CSR Industry Members. Press releases are sent to industry and retail association's newsletters to alert other industry and retail association members. Letters, notices and e-mails are being sent to industry contacts in CSR's contact database, and press releases are being distributed to Ontario and the national business media.

1.5.6 Results

Research into the effectiveness of the organization's communications activities shows a growing awareness and understanding of the issues surrounding the Ontario *Waste Diversion Act*, and increasing numbers of contacts from industry through the Stewardship Ontario website.

Appendix VIII

Municipal Funding Allocation Model

Reference System Input Worksheet

Reference Recycling System	Population Density	Total	1	2	3	4	5	6	7	8	9	10	
			ONP	Hhd Paper	OCC	OBB	OCC-OBB	Polycoat/aseptic	Mixed fibre	Aluminum	Steel Cans	Glass	
23		Tonnes	652,853	176,975	1,664	45,995	17,646	33,640	845	234,767	10,073	29,923	101,325
		Cubic Metres	5,026,283.58	707,900.64	12,323.48	1,022,100.00	284,614.68	600,710.36	23,465.83	1,203,935.03	335,780.67	328,826.59	506,626.30
		Revenue/tonne	\$ 95.66	\$88	\$80	\$73	\$41	\$41	\$55	\$82	\$1,736	\$46	\$9
		Total Revenue	\$ 66,700,000	\$ 15,632,216	\$ 133,094	\$ 3,372,777	\$ 729,314	\$ 1,390,332	\$ 46,462	\$ 19,171,100	\$ 17,487,457	\$ 1,376,468	\$ 911,927
			11	12	13	14	15	16	17	18	19	20	
			PETE	HDPE	Plastic Film	Plastic Tubs	Poly-styrene	Mixed Plastic	Commingled 1	Commingled 2	Commingled 3	Commingled 4	
			12,679	6,894	1,814	509	304	3,785	11,249	6,073	777	285	
			507,156.40	275,779.60	64,796.79	15,437.27	25,326.67	151,401.60	56,813.74	33,929.72	13,637.19	3,697.14	
			\$266	\$282	\$7	\$4	\$125	\$243	\$98	\$115	\$368	\$443	
			\$ 3,372,590	\$ 1,946,521	\$ 12,700	\$ 2,206	\$ 37,990	\$ 918,516	\$ 1,106,126	\$ 696,439	\$ 286,310	\$ 126,207	

Reference System and Cost Distribution Parameters

Average Reference System Gross Cost	\$ 185.31	/tonne
Weight Based Share	40%	of total costs distributed in proportion to weight of material.
Glass Factor	1.50	Increase glass volume by a ratio of 1.5 to compensate for glass related problems.

Note! Only shaded cells require input or are changeable.

Funding Parameters

Funding Slope Multiplier (1 to 3)	1.500	Per tonne spread (\$0.00) between - MAXIMUM = \$0.00 () & MINIMUM = \$0.00 ()
Average Provincial Net Cost	\$ 89.65	/tonne for all recycling programs funded by WDO.
WDO Funding Share	47.9%	of net costs

Revenue Discount

10.0%	maximum discount applied to revenue for communities with lowest total tonnes to compensate for economies of scale - discount is proportional to total tonnes with community with largest tonnes discounted at 0%.
-------	---

Reference System Costs

Total Tonnes Marketed	652,853	
Average Gross Cost/Tonne	\$ 185.31	
Total Gross Cost	\$ 120,980,230	(\$185.31 per tonne times 652,853 tonnes)
Weight Based Share	40%	\$ 48,392,092 \$ 74.12 /tonne (distributed in proportion to weight)
Volume Based Share	60%	\$ 72,588,138 \$ 14.44 /cubic metre (distributed in proportion to volume)
Average Revenue	\$ 66,700,000	\$ 95.66 /tonne
Net Cost	\$ 54,280,230	\$ 83.14 /tonne

Funding Area

Total Provincial Fundable Tonnes	697,224	carried over from Input sheet
Average Net Cost/tonne	\$ 89.65	
Net Cost	\$ 62,506,119	
Funded Share	47.9%	of net costs
Funded Total	\$ 29,952,932	47.9% of net costs cap
Average	\$ 42.96	/tonne

Model Parameters

Reference Net Cost/tonne	\$ 83.14	
Reference System Funding	\$ 39.84	/tonne based on 47.92% funding of total net costs
Actual Reference System Funding	\$ 31.23	/tonne due to adjustment of 37.56% of Reference Community cost per tonne to meet total funding share of \$29,952,932.
Funding Slope Multiplier (1 to 3)	1.5000	Per tonne spread (\$0.00) between - MAXIMUM = \$0.00 () & MINIMUM = \$0.00 ()
Glass Factor	1.50	Increase glass volume by 1.5 times to compensate for glass related problems.
Minimum Population Density	0.006	'BARRIE ISLAND, TOWNSHIP OF' has the smallest population density of 0,006 people per hectare.
FF	6.27	Calculated Value that sets the 'Population Density Factor' for the 'Reference System' to 1.00.

Reference Community and All Communities Material Tonnage Comparisons

WDO_Model

Material	Total	Fibres							Containers					Commingled			
		ONP	Hhld Paper	OCC	OBB	OCC-OBB	Polycoat/aseptic	Mixed fibre	Aluminum	Steel Cans	Glass	PETE	HDPE	Commingle d 1	Commingle d 2	Commingle d 3	Commingle d 4
Reference Community																	
Tonnes	697,224	176,975	1,664	45,995	17,646	33,640	845	234,767	10,073	29,923	101,325	12,679	6,894	11,249	6,073	777	285
% of Total	100%	25.4%	0.2%	6.6%	2.5%	4.8%	0.1%	33.7%	1.4%	4.3%	14.5%	1.8%	1.0%	1.6%	0.9%	0.1%	0.0%
All Communities																	
Tonnes	690,811	176,975	1,664	45,995	17,646	33,640	845	234,767	10,073	29,923	101,325	12,679	6,894	11,249	6,073	777	285
% of Total	100%	25.6%	0.2%	6.7%	2.6%	4.9%	0.1%	34.0%	1.5%	4.3%	14.7%	1.8%	1.0%	1.6%	0.9%	0.1%	0.0%
ESSEX-WINDSOR SOLID WASTE AUTHORITY																	
Tonnes	19,811	13,112	31	1,474	1,339	-	-	-	341	890	1,990	383	4	-	-	247	-
% of Total	100%	66.2%	0.2%	7.4%	6.8%	-	-	-	1.7%	4.5%	10.0%	1.9%	0.0%	-	-	1.2%	-

Community		Tonnes	WDO Funding	
			Total	Per Tonne
Essex-Windsor	ESSEX-WINDSOR SOLID WASTE AUTHORITY (7)	19,811	\$753,974	\$38.06
<i>Pop. Density = 2.071</i>	<i>Rank</i>	<i>10</i>	<i>12</i>	<i>129</i>

This version of the model updated October 21, 2002 to reflect AMO/IFO Agreement on 2001 Gross and Net Cost
 Tonnage is based on 2001 Data Call tonnage
 Population density is based on 2001 census data
 Revenue is based on 2001 average revenue

Appendix IX

Cost Allocation Principles

Collection and Processing Activity Based Costing Principles

Starting with the Municipal Recycling Cost Allocation Task Group collection and processing principles established in 1997 by a Committee of municipal and industry representatives, the Activity Based Costing Subcommittee of the Materials and Packaging Advisory Committee (MPAC) developed a series of collection and processing costing principles to be used to determine the cost for the management of each material within the blue box program. Wherever possible, the principles are based on identifying and then determining costs relative to specific activities undertaken in the collection and processing of recyclables.

These principles ensure that there is minimal allocation of costs on an arbitrary basis, i.e., costs being assigned that are not related to how costs are actually incurred relative to activities undertaken in the program. The principles cover all aspects of the programs including capital, operating and administration, under the assumption of full cost accounting. In total there are 11 collection cost principles and 48 processing cost principles. The principles are not meant to be taken in isolation, rather applied together.

The output from the application of these principles applied across a range of programs in the province is estimates of the actual gross cost to handle each material in the program.

Cost Allocation Assumptions – Collection

Collection (C) Assumption	Cost Driver(s)
C.1: The total collection cost should be allocated to each collection activity based upon the relative time spent on each activity.	1 st – time by individual material
C.2: The time (and associated capital, labour and operating cost) attributed to loading segregated recyclables (or streams of recyclables) into individual compartments should be allocated to those segregated materials.	1 st – time by individual material
C.3: The time (and associated capital, labour and operating cost) attributed to all non-sorting functions of collection, including morning inspection; driving to and from the route; entering and exiting the cab; picking up and setting down blue boxes; inspecting/quality control at the curb; emptying the hopper; talking to residents; coffee and lunch breaks; driving back to the depot at the end of the day should be apportioned to materials on the same basis as applied in C.2, where costs for curbside activities can be apportioned to individual materials.	1 st – time by individual material
C.4: Where C.2 cannot be applied to all materials, but rather where only limited splitting of sorting/loading times can be determined, the capital and labour costs associated with all curbside functions (as outlined in C.2 and C.3) should first be allocated on the time identified for each compartment (if possible) and then by the volume of the material within each compartment.	1 st – time by stream of materials 2 nd – volume within the stream
C.5: The cost of unloading individual materials should be allocated first on the basis of the time to unload each compartment and then, if necessary, based on the relative volumes of recyclables within that compartment.	1 st – time by individual compartment 2 nd – volume
C.6: The fuel costs should first be allocated on the time identified for each compartment and then, 10% of total fuel cost should be allocated to recyclables collected based on relative weights and 90% by onboard volume.	1 st – time by individual compartment 2 nd – 10% by weight; 90% by volume
C.7: The maintenance costs should first be allocated on the time identified for each compartment and then, 10% of total fuel maintenance should be allocated to recyclables collected based on relative weights and 90% by onboard volume.	1 st – time by individual compartment 2 nd – 10% by weight; 90% by volume
C.8: Administration costs directly attributable to specific materials should be allocated to those materials based on the time spent administering those materials. Administration costs that cannot be attributed to a specific material should be allocated equally across all materials.	1 st – individual materials 2 nd – equally

Collection (C) Assumption	Cost Driver(s)
C.9: General operating costs should be assigned to individual material as an additive cost based on the percentage cost allocations in total determined through the application of principles C.1 to C.8. This approach will not make any material change to the total percentage allocation of costs to individual materials.	1 st – additive cost based on allocations of all costs for C.1 to C.8
C.10: Promotion and education costs directly attributable to specific materials should be allocated to those materials based on the time spent administering those materials, with remaining costs allocated equally to all materials.	1 st – individual materials 2 nd – equally
C.11: Collection containers costs should be allocated to all materials based on the onboard volume of materials.	1 st – onboard volume

Cost Allocation Assumptions – Processing

Processing (P) Assumption	Cost Driver(s)
P.1: Floor space (m ²) is the driver that can best be used to allocate the MRF building cost to each of the five functional areas (receiving, processing, storage and shipping, general/transportation aisles, administration).	1 st – floor space
P.2: The cost of the receiving area shall be allocated to individual materials based on the relative tipping floor space (m ²) taken up and dedicated to each material in a single or commingled stream and then by volume.	1 st – floor space 2 nd – volume
P.3: The cost of storage and shipping space shall be allocated to individual materials based on the relative floor space (m ²) taken up and dedicated to each material shipped.	1 st – floor space
P.4: Where different pieces of equipment overlap each other in vertical space, the cost of the processing floor space shall be allocated by first dividing the floor space by the number of layers of equipment and then, where there are multiple materials processed in that layer, by the relative volumes of material on each layer.	1 st – floor space divided by the # of layers of equipment 2 nd – volumes
P.5: The cost of the processing floor space that can be attributed to a single material shall be allocated to that single material.	1 st – material specific floor space
P.6: The cost of the processing floor space under any equipment, where equipment is shared by more than one stream of materials, shall first be allocated on the basis of the time spent processing each stream. This principle applies to any function within the facility where a sharing of resources, on a time basis, is undertaken. Where there are multiple materials in the stream, further allocation shall be done on the basis of volume within the stream.	1 st – time 2 nd – volume
P.7: The cost of the processing floor space under the presort conveying system(s) shall be allocated on the basis of the volume processed of each material (assuming commingling of materials).	1 st – volume
P.8: The cost of the processing floor space under excess (defined as conveyors over bunkers that are not used in the sorting process) conveying equipment shall not fall to the last material, but shall be shared on the basis of the space taken up on the tipping floor (m ²) by each material utilizing the entire conveying system.	1 st – volume
P.9: The cost of the processing floor space in general/transportation aisles shall be allocated first on the basis of the time each material utilizes the space and then, where shared time is seen (e.g., moving mixed paper), on the basis of the relative volumes of each material within the stream.	1 st – time 2 nd – volume
P.10: The cost of administration floor space (m ²) shall be allocated first to those materials which cause the cost directly and then, the balance shall be allocated equally to all materials.	1 st – material specific 2 nd – equally to all materials

Processing (P) Assumption	Cost Driver(s)
P.11: The annualized capital cost of a feed conveyor used to transport commingled materials shall first be allocated by the relative time the conveyor is used for each stream. Then for each stream of mixed materials, the cost shall be allocated based on the relative volume of each recyclable material in the commingled stream	1 st – time 2 nd – volume
P.12: Similar allocation to that used in P.5. The annualized amortized capital cost of the conveyor belt is equated to the length of the bunker in which the material is held and that section is apportioned to the individual materials.	1 st – length
P.13: Similar allocation to that used in P.8. For bunkers not in use, the annualized capital cost for the equivalent length of conveyor shall be assigned equally to all materials on the belt on a volume basis.	1 st – length 2 nd – volume
P.14: The negatively sorted material shall be assigned the annualized capital cost for the length of conveyor past the last filled bunker. If more than one material is within the negative sort, the apportionment shall then be by volume. If residue is the material removed and placed into the bunker immediately prior to the negative sort (i.e., into the last filled bunker), that cost should be assigned to the negatively sorted material.	1 st – length 2 nd – volume
P.15: The annualized capital cost for stationary equipment that in place to the primary benefit of one material (e.g., ferrous magnet, eddy current separator) shall be assigned in whole to that material.	1 st – primary benefit material
P.16: The annualized capital cost for stationary equipment that is in place to the primary benefit of many materials (e.g., flats-rounds separator; air classifier) shall be assigned to each material benefiting from that equipment on the basis of the volume of each material processed by that equipment.	1 st – volume
P.17: The amortized capital cost of a baler shall be allocated based on the relative times required to bale each material.	1 st – time
P.18: The amortized capital cost of rolling stock shall first be allocated based on the time the equipment is used to handle individual materials. Allocation within a material stream should then be based on the volume of individual recyclables handled within each stream.	1 st – time 2 nd – volume
P.19: Similar allocation to that used in P.12. The annualized amortized capital cost of the structural platforms is equated to the area of the bunker in which the material is held and that platform area shall be apportioned to the individual materials across the time the line is used for that stream of materials.	1 st – time 2 nd – individual material bunker footprint
P.20: The annualized capital cost of the structural steel and platforms in use for the movement of commingled materials shall first be allocated by the relative time the steel structure and platforms are used for each stream. Then for each stream of mixed materials, the cost shall be allocated based on the relative volume of each recyclable material in the commingled stream	1 st – time 2 nd – volume

Processing (P) Assumption	Cost Driver(s)
<p>P.21: The amortized capital cost of a weighscale (and associated house, computer equipment, etc.) shall be apportioned based on the number of loads across the scale for specific materials. The cost apportioned to inbound trips shall be allocated based on the annual onboard density based volumes of materials. The cost apportioned to outgoing trips shall be allocated to individual materials based on the number of annual shipping loads for those materials. Where there are split loads, the load shall be apportioned by the relative percentage of the load for each material.</p>	<p>1st – number of loads 2nd – onboard volume of inbound and outbound vehicles</p>
<p>P.22: The cost of the annualized land value shall be allocated to individual materials based on the relative land space (m²) taken up and dedicated to each material.</p>	<p>1st – land space</p>
<p>P.23: The annual amortized capital cost of the paved or paved-equivalent areas of the MRF property shall be apportioned based on the number of loads inbound and outbound for each specific material, using volume for split loads where necessary.</p>	<p>1st – number of loads 2nd – volume</p>
<p>P.24: The annual amortized capital cost of all other ancillary land of the MRF property shall be apportioned in the same amounts to that of the interior footprint of the building as determined through the application of P.1 through P.10.</p>	<p>1st – Application of P.1 to P.10.</p>
<p>P.25: Labour costs for sorters shall be allocated based on the percentage of time spent sorting each material. Time is determined by counting the number of pieces of each material and converting the piece counts by material to a percentage of time per hour.</p>	<p>1st – time via piece counts</p>
<p>P.26: Labour costs for front end loader and skid steer operators shall be allocated based on time spent handling each material. Where commingled streams are managed, the time by stream shall then be apportioned by the volume of each material within the stream.</p>	<p>1st – time 2nd – volume</p>
<p>P.27: Labour costs for fork lift truck operators shall be allocated based on time spent handling each material.</p>	<p>1st – time</p>
<p>P.28: Labour costs for baler operators shall be allocated based on time spent handling each material. Where there are blended bales, further allocations shall be done on the basis of the relative volumes of each material within the bale.</p>	<p>1st – time 2nd – volume</p>
<p>P.29: Labour costs for weighscale operators should be allocated based on the same principles as applied to the weighscale itself, i.e., number of loads inbound apportioned by onboard volumes and number of loads outbound, apportioned by load equivalents.</p>	<p>1st – inbound and outbound load volumes 2nd – volume</p>
<p>P.30: Labour costs for shift managers should be allocated based the allocations of all staff for each material, under the assumption that the shift manager manages people and people are there relative to the specific materials.</p>	<p>1st – time by sorters</p>

Processing (P) Assumption	Cost Driver(s)
P.31: The cost of administration staff shall be allocated first to those materials which cause the cost directly (based on time spent) and then, the balance should be allocated equally to all materials.	1 st – material specific – time 2 nd – equally to all materials
P.32: Labour costs for supervisory staff shall be allocated first to those materials which cause the cost directly and then secondly on the basis of the number of materials processed at the facility. This is based on the premise that the supervisor is responsible for the delivery of the program and, as such, as materials are part of the program, they should share in the delivery cost equally.	1 st – material specific 2 nd – number of materials
P.33: The cost of maintenance staff shall be allocated first to those materials which cause the cost directly and then by volume.	1 st – material specific 2 nd – volume
P.34: The cost of general labour staff shall be allocated first to those materials that cause the cost directly and then, the balance should be allocated equally to all materials.	1 st – material specific 2 nd – equally to all materials
P.35: If a stream is bag based, the costs of bag opening and removal shall be apportioned to that stream only and then on the basis of the volume of each material within that stream. In a commingled collection program, where some materials show up in bags in some proportion, the cost of any preprocessing for the removal of materials from bags shall be allocated to all materials in the stream on the basis of volume.	1 st – volume
P.36: Common labour time and costs incurred by sorters doing their cleanup at the end of the shift (i.e., not general janitorial cleaning) shall be allocated first to those materials that cause the cost, if known, and then to materials based on the volumes of each material processed.	1 st – material specific 2 nd – volume
P.37: If equipment is used to process more than one material at different times during the operating cycle, maintenance costs should first be allocated based on the relative times the equipment is used for those materials.	1 st – time
P.38: Whenever possible, general maintenance costs (or the portion of maintenance costs) directly attributable to an individual material shall be allocated to that material.	1 st – material specific

Processing (P) Assumption	Cost Driver(s)
P.39: Remaining equipment maintenance costs shall be allocated to individual materials using the same approach as the capital cost allocation for that equipment. Refer to P.11 to P.21.	1 st – material specific 2 nd – see P.11 to P.21
P.40: The fuel cost of rolling stock shall first be allocated based on the time the equipment is used to handle individual materials. Allocation within a material stream shall then be based on the volume of individual materials handled within each stream.	1 st – material specific 2 nd – volume
P.41: The cost of baling wire shall be allocated to individual materials baled based on the number of bales of each material marketed and the appropriate wire usage per bale.	1 st – material specific
P.42: All electrical costs shall be allocated to each piece of processing equipment based on the calculated electrical usage for that equipment. These costs then should be allocated according to the equipment capital cost allocation. Refer to P.11 to P.21.	1 st – material specific 2 nd – see P.11 to P.21
P.43: Where there is the removal of residue in the last bunker preceding the negative sort, all costs associated with that removal shall be allocated to the negative sort material(s). Where there are multiple materials in the negative sort, the cost of residue removal is shared by all materials in the final stream on the basis of the volume of each material in that stream.	1 st – material specific 2 nd – volume
P.44: The cost for the removal of residues in the pre-sort area of a MRF shall be allocated to all materials in that stream on the sorting line based on the relative volume of each material in that stream.	1 st – all materials 2 nd – volume
P.45: The cost for the removal of residues (capital and operating) at any point after a major break in the sorting function as a result of a piece of equipment (defined as air classifier, flats-rounds separator, OCC screen, ONP screen) that produces two (or more) streams of materials, shall be allocated to only those materials downstream of the piece of equipment and on the basis of the relative volume of each material in that stream.	1 st – downstream materials 2 nd – volume
P.46: The cost for the removal of residues at any location in a manual sorting system (i.e., no automated separation equipment, as may occur in smaller facilities) shall be allocated to all materials downstream of the point of removal of residues (into a bunker or dumpster (not residue removal to a garbage can or small bin on the sorting platform) in that stream on the sorting line based on the relative volume of each material in that stream.	1 st – all materials 2 nd – volume
P.47: The shipping and disposal costs for the management of residues shall be allocated to each material on the basis of the weight of the material managed.	1 st – weight

Processing (P) Assumption	Cost Driver(s)
P.48: General operating costs should be assigned to individual material as an additive cost based on the percentage cost allocations in total determined through the application of principles P.1 to P.48. This approach will not make any material change to the total percentage allocation of costs to individual materials.	1 st – additive cost based on allocations of all costs for P.1 to P.48

Appendix X

Year One Sectoral Calculator

Year One Sectoral Calculator Figures*
Expressed as Kilograms per \$1 Million in Gross Revenues from Sales

Sectors	Packaging Material Categories**				
	Paper Packaging (kg/\$1 M sales)	Plastics (kg/\$1 M sales)	Steel (kg/\$1 M sales)	Aluminum (kg/\$1 M sales)	Glass (kg/\$1 M sales)
Packaged Food/Fresh Produce	22,650	13,400	8,370	800	14,260
Baked Goods/Biscuits/Cereals/Pasta	18,770	7,490	340	40	250
Dairy Products (milk, butter, yogurt, cheese)	11,740	13,950	470	360	340
Ice Cream and Frozen Desserts	17,150	8,440	50	0	30
Frozen Food, Canned Food, Sauces, Dressings	10,340	5,160	18,760	560	31,020
Savoury Snack Foods,	6,910	21,050	670	0	1,500
Confectionary/Sugar	23,270	13,270	1,010	0	1,990
Edible Oils, Fats, Margarine	30,540	32,130	660	0	4,840
Fish, Red Meat, Poultry/Eggs	8,560	13,550	6,260	0	3,410
Cleaning and Maintenance	34,140	32,030	3,400	0	340
Kitchen and Household Appliances	18,050	9,140	140	0	50
Garden and Outdoor Appliances	10,390	8,210	120	0	50
Hardware/Home Repair	10,490	11,770	8,680	0	160
Furniture, Bedding	14,370	3,770	40	0	50
Personal Care, Cosmetics, Fragrances	4,270	10,740	600	320	520
Pharmaceutical, Non-prescription, Self-care	7,500	6,790	0	20	90
Paper and Stationery	8,450	2,180	0	0	0
Jewellery and Watch-making	3,170	450	0	0	0
Leather and Travel Goods	5,970	2,420	0	0	0
Electronic, Photographic, Telephone, Information Technology Equipment	15,810	1,860	100	0	0
Toys and Games	15,550	2,000	0	0	0
Pet Food, Supplies, Accessories	27,980	4,740	36,860	390	200
Sporting Equipment, Hiking, Camping, Bicycle Accessories	720	340	70	0	20
Car Accessories	1,300	2,560	500	0	0
Clothing/ Fabric/Sewing	2,790	560	40	0	0
Shoes/Footwear	21,280	160	0	0	0

NOTES:

* Please see Section 9.7 for description of how figures have been developed.

* Calculations do not include estimates for printed papers or service/in-store packaging. These will need to be reported separately via the online data management system.

Appendix XI

Pay In Model

Table 1: Generation and Recovery

Category	Material	Quantity Generated Tonnes	Percentage of Quantity Generated	Quantity Recovered Tonnes	Material Recovery Rate	Quantity Remaining tonnes	Percentage of Total Remaining
PRINTED PAPER							
	Newspaper	489,400	31.49%	350,337	71.59%	139,063	16.27%
	Magazines and Catalogues	89,600	5.77%	14,402	16.07%	75,198	8.80%
	Telephone Books	14,600	0.94%	6,172	42.28%	8,428	0.99%
	Other Printed Paper	130,500	8.40%	20,524	15.73%	109,976	12.87%
	Printed Paper Total	724,100	46.60%	391,435	54.06%	332,665	38.92%
PACKAGING							
Paper Based Packaging							
	Old Corrugated Containers	134,700	8.67%	87,861	65.23%	46,839	5.48%
	Gabletop	13,200	0.85%	693	5.25%	12,507	1.46%
	Paper Laminants	44,800	2.88%	450	1.00%	44,350	5.19%
	Aseptic Containers	2,900	0.19%	152	5.24%	2,748	0.32%
	Old Boxboard	129,800	8.35%	45,666	35.18%	84,134	9.84%
	Paper Packaging Total	325,400	20.94%	134,822	41.43%	190,578	22.30%
Plastic Packaging							
	PET bottles	35,700	2.30%	13,736	38.48%	21,964	2.57%
	HDPE bottles	23,700	1.53%	7,964	33.60%	15,736	1.84%
	Plastic Film	53,700	3.46%	1,380	2.57%	52,320	6.12%
	Plastic Laminants	65,100	4.19%	650	1.00%	64,450	7.54%
	Polystyrene	22,100	1.42%	510	2.31%	21,590	2.53%
	Other Plastics	31,900	2.05%	2,749	8.62%	29,151	3.41%
	Plastics Total	232,200	14.94%	26,989	11.62%	205,211	24.01%
Steel Packaging							
	Food and Beverage	59,000	3.80%	28,311	47.99%	30,689	3.59%
	Aerosols	4,200	0.27%	2,015	47.99%	2,185	0.26%
	Paint Cans	4,700	0.30%	2,255	47.99%	2,445	0.29%
	Steel Total	67,900	4.37%	32,582	47.99%	35,318	4.13%
Aluminum Packaging							
	Aluminum Cans	24,500	1.58%	9,788	39.95%	14,713	1.72%
	Aluminum Foil	3,600	0.23%	1,088	30.21%	2,513	0.29%
	Aluminum Total	28,100	1.81%	10,875	38.70%	17,225	2.02%
Glass							
	All Non-LCBO - Flint	73,600	4.74%	36,134	49.10%	37,466	4.38%
	All Non-LCBO - Coloured	20,400	1.31%	10,014	49.09%	10,386	1.22%
	LCBO - Flint	25,900	1.67%	17,750	68.53%	8,150	0.95%
	LCBO - Coloured	56,400	3.63%	38,653	68.53%	17,747	2.08%
	Glass Total	176,300	11.34%	102,552	58.17%	73,748	8.63%
PACKAGING TOTAL							
		829,900	53.40%	307,820	37.09%	522,080	62.91%
TOTALS							
		1,554,000	100.00%	699,255	45.00%	854,745	100.00%

Table 2: Gross and Net Costs

Category	Material	Quantity Recovered	Gross Cost		Revenues		Net Cost of Current System					Net Cost of System to 75% Diversion Rate			
			Per Tonne	Total Cost	Per Tonne	Total Revenues	Per Tonne	Total Net Cost	%age of Total Net \$	%age of Printed Cost	%age of Pkg Cost	Cost to Manage Rest to 75%	%age Cost of Tonnes to 75%	%age of Printed Cost	%age of Pkg Cost
<i>Assumed Diversion Rate</i> 75%															
PRINTED PAPER															
Printed Paper	Newspaper	350,337	\$ 85.00	\$ 29,778,645	\$ 83.31	\$ 29,185,735	\$ 1.69	\$ 592,910	0.95%	89.50%		\$ 28,285	0.02%	11.02%	
	Magazines and Catalogues	14,402	\$ 85.00	\$ 1,224,153	\$ 83.31	\$ 1,199,779	\$ 1.69	\$ 24,374	0.04%	3.68%		\$ 89,356	0.05%	34.82%	
	Telephone Books	6,172	\$ 85.00	\$ 524,637	\$ 83.31	\$ 514,191	\$ 1.69	\$ 10,446	0.02%	1.58%		\$ 8,086	0.00%	3.15%	
	Other Printed Paper	20,524	\$ 85.00	\$ 1,744,540	\$ 83.31	\$ 1,709,805	\$ 1.69	\$ 34,735	0.06%	5.24%		\$ 130,909	0.08%	51.01%	
Printed Paper Total		391,435	\$ 85.00	\$ 33,271,975	\$ 83.31	\$ 32,609,510	\$ 1.69	\$ 662,465	1.06%	100.00%		\$ 256,636	0.15%	100.00%	
PACKAGING															
Paper Based	Old Corrugated Containers	87,861	\$ 270.00	\$ 23,722,470	\$ 81.46	\$ 7,156,834	\$ 188.54	\$ 16,565,636	26.50%			\$ 2,481,989	1.48%	1.48%	
Packaging	Gabletop Cartons	693	\$ 350.00	\$ 242,550	\$ 50.91	\$ 35,281	\$ 299.09	\$ 207,269	0.33%			\$ 2,753,720	1.64%	1.64%	
	Paper Laminants	450	\$ 430.00	\$ 193,500	\$ -	\$ -	\$ 430.00	\$ 193,500	0.31%			\$ 14,254,500	8.50%	8.51%	
	Aseptic Containers	152	\$ 350.00	\$ 53,200	\$ 50.91	\$ 7,738	\$ 299.09	\$ 45,462	0.07%			\$ 605,059	0.36%	0.36%	
	Old Boxboard	45,666	\$ 400.00	\$ 18,266,400	\$ 37.95	\$ 1,733,081	\$ 362.05	\$ 16,533,319	26.45%			\$ 18,712,128	11.16%	11.17%	
Paper Pack'g Total		134,822	\$ 315.07	\$ 42,478,120	\$ 66.26	\$ 8,932,934	\$ 248.81	\$ 33,545,186	53.67%			\$ 38,807,396	23.14%	23.17%	
Plastic Packaging	PET bottles	13,736	\$ 700.00	\$ 9,615,200	\$ 246.22	\$ 3,382,081	\$ 453.78	\$ 6,233,119	9.97%			\$ 5,916,834	3.53%	3.53%	
	HDPE bottles	7,964	\$ 770.00	\$ 6,132,280	\$ 259.18	\$ 2,064,103	\$ 510.82	\$ 4,068,177	6.51%			\$ 5,011,663	2.99%	2.99%	
	Plastic Film	1,380	\$ 900.00	\$ 1,242,000	\$ 6.48	\$ 8,942	\$ 893.52	\$ 1,233,058	1.97%			\$ 34,753,481	20.72%	20.75%	
	Plastic Laminants	650	\$ 910.00	\$ 591,500	\$ -	\$ -	\$ 910.00	\$ 591,500	0.95%			\$ 43,839,250	26.14%	26.18%	
	Polystyrene	510	\$ 870.00	\$ 443,700	\$ 115.71	\$ 59,010	\$ 754.30	\$ 384,690	0.62%			\$ 12,117,749	7.23%	7.24%	
	Other Plastics	2,749	\$ 870.00	\$ 2,391,630	\$ 3.70	\$ 10,178	\$ 866.30	\$ 2,381,452	3.81%			\$ 18,344,715	10.94%	10.95%	
Plastics Total		26,989	\$ 756.47	\$ 20,416,310	\$ 204.69	\$ 5,524,314	\$ 551.78	\$ 14,891,996	23.83%			\$ 119,983,692	71.54%	71.65%	
Steel Packaging	Food and Beverage	28,311	\$ 230.00	\$ 6,511,601	\$ 54.61	\$ 1,546,159	\$ 175.39	\$ 4,965,443	7.94%			\$ 2,795,443	1.67%	1.67%	
	Aerosols	2,015	\$ 230.00	\$ 463,538	\$ 54.61	\$ 110,066	\$ 175.39	\$ 353,472	0.57%			\$ 198,998	0.12%	0.12%	
	Paint Cans	2,255	\$ 230.00	\$ 518,721	\$ 54.61	\$ 123,169	\$ 175.39	\$ 395,552	0.63%			\$ 222,688	0.13%	0.13%	
Steel Total		32,582	\$ 230.00	\$ 7,493,860	\$ 54.61	\$ 1,779,393	\$ 175.39	\$ 5,714,467	9.14%			\$ 3,217,128	1.92%	1.92%	
Aluminum Packaging	Aluminum Cans	9,788	\$ 550.00	\$ 5,383,125	\$ 1,605.06	\$ 15,709,522	\$ (1,055.06)	\$ (10,326,397)	-16.52%			\$ (9,060,326)	0.00%	0.00%	
	Aluminum Foil	1,088	\$ 620.00	\$ 674,250	\$ 1,605.06	\$ 1,745,502	\$ (985.06)	\$ (1,071,252)	-1.71%			\$ (1,588,409)	0.00%	0.00%	
Aluminum Total		10,875	\$ 557.00	\$ 6,057,375	\$ 1,605.06	\$ 17,455,025	\$ (1,048.06)	\$ (11,397,650)	-18.24%			\$ (10,648,735)	0.00%	0.00%	
Glass Packaging	All Non-LCBO - Flint	36,134	\$ 190.00	\$ 6,865,497	\$ 10.72	\$ 387,302	\$ 179.28	\$ 6,478,196	10.37%			\$ 3,418,147	2.04%	2.04%	
	All Non-LCBO - Coloured	10,014	\$ 190.00	\$ 1,902,699	\$ (3.63)	\$ (36,341)	\$ 193.63	\$ 1,939,040	3.10%			\$ 1,023,484	0.61%	0.61%	
LCBO Glass	LCBO - Flint	17,750	\$ 190.00	\$ 3,372,565	\$ 10.72	\$ 190,256	\$ 179.28	\$ 3,182,309	5.09%			\$ 300,235	0.18%	0.18%	
	LCBO - Coloured	38,653	\$ 190.00	\$ 7,344,119	\$ (3.63)	\$ (140,273)	\$ 193.63	\$ 7,484,391	11.97%			\$ 706,115	0.42%	0.42%	
Glass Total		102,552	\$ 190.00	\$ 19,484,880	\$ 3.91	\$ 400,943	\$ 186.09	\$ 19,083,937	30.53%			\$ 5,447,981	3.25%	3.25%	
PACKAGING TOTAL		307,820	\$ 311.64	\$ 95,930,545	\$ 110.76	\$ 34,092,609	\$ 200.89	\$ 61,837,936	98.94%			\$ 156,807,462			
TOTALS		699,255	\$ 184.77	\$ 129,202,520	\$ (95.39)	\$ 66,702,120	\$ 89.38	\$ 62,500,400	100.00%			\$ 157,064,097	100.00%		100.00%
								Industry Allocation	\$ 31,250,200						

**Table 3: First Year Fee Schedule By Material Type
- Full Year Obligation**

Base Fees

Category	Material	Recovery Rate Factor		Net Cost Factor		Equalization Factor		4=1+2+3 Combined Base Allocated Cost	5 Levy to Net Cost Ratio
		100% minus Recovery Rate	Weight Weighted Recovery Rate Allocated Cost (Norm.)	Net Cost	Net Cost Allocated Cost	Percentage of Remaining Cost	Equalization Allocated Cost		
Column Reference Number**		1	2	3	4	5	6	7	8
Weight for Factor		40.0%		40.0%		20.0%			
PRINTED PAPER									
Printed Paper	Newspaper	28.41%	\$ 69,829	89.50%	\$ 118,571	11.02%	\$ 7,301	\$ 195,700	0.33
	Magazines and Catalogues	83.93%	\$ 24,214	3.68%	\$ 4,874	34.82%	\$ 23,064	\$ 52,152	2.14
	Telephone Books	57.72%	\$ 3,067	1.58%	\$ 2,089	3.15%	\$ 2,087	\$ 7,243	0.69
	Other Printed Paper	84.27%	\$ 35,371	5.24%	\$ 6,946	51.01%	\$ 33,789	\$ 76,106	2.19
Printed Paper		45.94%	\$ 132,480	100.00%	\$ 132,480	100.00%	\$ 66,240	\$ 331,200	0.50
PACKAGING									
Paper Based Packaging		58.57%	\$ 4,426,317	54.25%	\$ 6,709,001	23.17%	\$ 1,433,065	\$ 12,568,383	0.37
Plastics Packaging		88.38%	\$ 5,230,745	24.08%	\$ 2,978,383	71.65%	\$ 4,430,713	\$ 12,639,841	0.85
Steel Packaging		52.01%	\$ 790,426	9.24%	\$ 1,142,887	1.92%	\$ 118,801	\$ 2,052,114	0.36
Aluminum Packaging		61.30%	\$ 405,215	-18.43%	\$ (2,279,518)	0.00%	\$ -	\$ (1,874,302)	0.16
Glass Packaging	All Non-LCBO - Flint	50.90%	\$ 832,319	10.48%	\$ 1,295,632	2.04%	\$ 126,224	\$ 2,254,176	0.35
	All Non-LCBO - Coloured	50.91%	\$ 230,735	3.14%	\$ 387,806	0.61%	\$ 37,795	\$ 656,335	0.34
LCBO Glass	LCBO - Flint	31.47%	\$ 142,171	5.15%	\$ 636,458	0.18%	\$ 11,087	\$ 789,716	0.25
	LCBO - Coloured	31.47%	\$ 309,592	12.10%	\$ 1,496,870	0.42%	\$ 26,075	\$ 1,832,538	0.24
Glass Packaging		41.83%	\$ 1,514,817	30.86%	\$ 3,816,767	3.25%	\$ 201,181	\$ 5,532,765	0.29
Factor Allocation to Printed Paper			\$ 132,480		\$ 132,480		\$ 66,240	\$ 331,200	
Factor Allocation to Packaging			\$ 12,367,520		\$ 12,367,520		\$ 6,183,760	\$ 30,918,800	

Base Cost - Year 1 Entire Year	\$ 31,250,000
Allocated Printed Paper Cost	\$ 331,200
Allocated Packaging Cost	\$ 30,918,800
Start Up & Administration Cost	\$ 3,342,300
Glass Markets Programs	\$ 3,000,000
Additional Programs	\$ 1,200,000
Total	\$ 38,792,300
LCBO Contribution	\$ 5,000,000
ONP In Kind Contribution	\$ 1,300,000
Monies to Municipalities	\$ 29,950,000

Notes:

- (1) CNA/OCNA in kind contributions offset the first \$1.3 million of base allocated costs. All start up, administration and other program costs are required to be paid in cash by CNA/OCNA.
- (2) LCBO numbers do not add due to 12 month obligation assumption used to generate base fees for all materials. The assumption is that LCBO base levies will be 2/3 of that shown plus an \$250,000 for all non-LCBO glass materials. Glass programs are outlined in more detail in the Blue Box Program Plan. LCBO's total contribution to all programs and for levies will not exceed \$5 million.

**Column reference numbers show how totals are achieved.

For example, Combined Base Allocated Cost (column 4) is the sum of levies calculated for the Recovery Rate Factor (column 1) + the Net Cost Factor (column 2) + the Equalization Factor (column 3).

**Table 3: First Year Fee Schedule By Material Type
- Full Year Obligation**

Programs, Start Up and Administration Fees

		Column Reference Number**		6	7	8	9	10	11	12=sum(6:11)
Category	Material	Glass Programs		MOE and Stewardship Ontario Compliance	Other Programs	Start Up Costs	Administration Costs	Total All Programs/Start Up/Admin. Costs		
		Market Development	Investment Program							
	Weight for Factor	\$ 500,000	\$ 2,500,000	\$ 400,000	\$ 750,000	\$ 750,000	\$ 1,842,300			
PRINTED PAPER		\$ -								
Printed Paper	Newspaper	\$ -	\$ -	\$ 13,005	\$ 24,383	\$ 24,383	\$ 59,896	\$ 121,667		
	Magazines and Catalogues	\$ -	\$ -	\$ 1,438	\$ 2,695	\$ 2,695	\$ 6,621	\$ 13,449		
	Telephone Books	\$ -	\$ -	\$ 359	\$ 674	\$ 674	\$ 1,655	\$ 3,362		
	Other Printed Paper	\$ -	\$ -	\$ 23,360	\$ 43,800	\$ 43,800	\$ 107,590	\$ 218,550		
Printed Paper		\$ -	\$ -	\$ 38,161	\$ 71,553	\$ 71,553	\$ 175,762	\$ 357,028		
PACKAGING										
Paper Based Packaging		\$ -	\$ -	\$ 136,566	\$ 256,061	\$ 256,061	\$ 628,987	\$ 1,277,674		
Plastics Packaging		\$ -	\$ -	\$ 143,753	\$ 269,537	\$ 269,537	\$ 662,092	\$ 1,344,920		
Steel Packaging		\$ -	\$ -	\$ 17,969	\$ 33,692	\$ 33,692	\$ 82,761	\$ 168,115		
Aluminum Packaging		\$ -	\$ -	\$ 17,969	\$ 33,692	\$ 33,692	\$ 82,761	\$ 168,115		
Glass Packaging	All Non-LCBO - Flint	\$ 80,400	\$ -	\$ 14,069	\$ 26,380	\$ 26,380	\$ 64,800	\$ 212,030		
	All Non-LCBO - Coloured	\$ 44,600	\$ -	\$ 3,900	\$ 7,312	\$ 7,312	\$ 17,961	\$ 81,085		
LCBO Glass	LCBO - Flint	\$ 70,000	\$ 454,545	\$ 5,020	\$ 9,413	\$ 9,413	\$ 23,123	\$ 571,515		
	LCBO - Coloured	\$ 305,000	\$ 2,045,455	\$ 22,592	\$ 42,360	\$ 42,360	\$ 104,052	\$ 2,561,818		
Glass Packaging		\$ 500,000	\$ 2,500,000							
	Factor Allocation to Printed Paper	\$ 500,000	\$ 2,500,000	\$ 400,000	\$ 750,000	\$ 750,000	\$ 1,842,300	\$ 6,742,300		
	Factor Allocation to Packaging									

Base Cost - Year 1 Entire Year	\$ 31,250,000
Allocated Printed Paper Cost	\$ 331,200
Allocated Packaging Cost	\$ 30,918,800
Start Up & Administration Cost	\$ 3,342,300
Glass Markets Programs	\$ 3,000,000
Additional Programs	\$ 1,200,000
Total	\$ 38,792,300
LCBO Contribution	\$ 5,000,000
ONP In Kind Contribution	\$ 1,300,000
Monies to Municipalities	\$ 29,950,000

**Table 3: First Year Fee Schedule By Material Type
- Full Year Obligation**

Total Fees, De Minimis, Compliance, Total Levy Per Kilogram

		<i>Column Reference Number**</i>								
		<i>4</i>	<i>12</i>	<i>13=4+12</i>	<i>14</i>	<i>15</i>	<i>16=13-14-15</i>			
Category	Material	Combined Base Allocated Cost	Total All Programs/Start Up/Admin. Costs	Total Contribution Required By Material	In Kind Credited Dollars (1)	LCBO Cash Contribution Credited Dollars (2)	Total Allocations By Material	5% Deduction De Minimis 5% Deduction Compliance	Whole Year Levy cents/kg	
	Weight for Factor							Overall Rate		
PRINTED PAPER										
Printed Paper	Newspaper	\$ 195,700	\$ 121,667	\$ 317,367	\$ 195,700		\$ 121,667	90%	0.028 c/kg	
	Magazines and Catalogues	\$ 52,152	\$ 13,449	\$ 65,601			\$ 65,601	90%	0.081 c/kg	
	Telephone Books	\$ 7,243	\$ 3,362	\$ 10,605			\$ 10,605	90%	0.081 c/kg	
	Other Printed Paper	\$ 76,106	\$ 218,550	\$ 294,655			\$ 294,655	90%	0.251 c/kg	
Printed Paper		\$ 331,200	\$ 357,028	\$ 688,228	\$ 195,700	\$ -	\$ 492,528	90%		
			\$ -							
PACKAGING										
			\$ -							
Paper Based Packaging		\$ 12,568,383	\$ 1,277,674	\$ 13,846,057	\$ -	\$ -	\$ 13,846,057	90%	4.728 c/kg	
Plastics Packaging		\$ 12,639,841	\$ 1,344,920	\$ 13,984,761	\$ -	\$ -	\$ 13,984,761	90%	6.692 c/kg	
Steel Packaging		\$ 2,052,114	\$ 168,115	\$ 2,220,229	\$ -	\$ -	\$ 2,220,229	90%	3.633 c/kg	
Aluminum Packaging		\$ (1,874,302)	\$ 168,115	\$ (1,706,187)	\$ -	\$ -	\$ (1,706,187)	90%	-5.465 c/kg	
Glass Packaging	All Non-LCBO - Flint	\$ 2,254,176	\$ 212,030	\$ 2,466,206			\$ 2,466,206	90%	3.723 c/kg	
	All Non-LCBO - Coloured	\$ 656,335	\$ 81,085	\$ 737,420			\$ 737,420	90%	4.016 c/kg	
LCBO Glass	LCBO - Flint	\$ 789,716	\$ 571,515	\$ 1,361,231		\$ 1,361,231	\$ -	100%	0.000 c/kg	
	LCBO - Coloured	\$ 1,832,538	\$ 2,561,818	\$ 4,394,356		\$ 4,394,356	\$ -	100%	0.000 c/kg	
Glass Packaging		\$ 5,532,765	\$ 3,426,448	\$ 8,959,213	\$ -	\$ 5,755,587	\$ 3,203,626			
			\$ -							
			\$ -							
Factor Allocation to Printed Paper		\$ 31,250,000	\$ 6,742,300	\$ 37,992,300	\$ 195,700	\$ 5,755,587	\$ 32,041,013			
Factor Allocation to Packaging										

Base Cost - Year 1 Entire Year	\$ 31,250,000
Allocated Printed Paper Cost	\$ 331,200
Allocated Packaging Cost	\$ 30,918,800
Start Up & Administration Cost	\$ 3,342,300
Glass Markets Programs	\$ 3,000,000
Additional Programs	\$ 1,200,000
Total	\$ 38,792,300
LCBO Contribution	\$ 5,000,000
ONP In Kind Contribution	\$ 1,300,000
Monies to Municipalities	\$ 29,950,000

Unallocated LCBO Money \$ (755,587)
 Estimated allocations to other LCBO stewardable materials \$ 250,000
Net Unallocated LCBO Money \$ (1,005,587)

Table 4: Product Packaging Examples - With Levies Applied

Packaging Type	Product Packaging Example	Unit Weight (Grams)	\$/tonne	Cents/kg	Estimated Levy Cents/Unit
Printed Paper	Newspaper - Toronto Sun weekday	249	\$ 0.28	0.03	0.0069
	Magazine - Vanity Fair	820	\$ 0.81	0.08	0.07
	Magazine - Report on Business	251	\$ 0.81	0.08	0.02
	Catalogue - Sears Wishbook	1450	\$ 0.81	0.08	0.12
	Catalogue - Toys' R Us flyer	110	\$ 0.81	0.08	0.01
Paper	Paperboard box - 525 gram cereal	104	\$ 47.28	4.73	0.49
Packaging	Paperboard box - 1.05 kg granola bars	94	\$ 47.28	4.73	0.44
	Paperboard box - 312 g frozen waffles	40	\$ 47.28	4.73	0.19
	Egg Carton	53	\$ 47.28	4.73	0.25
	Corrugated case	210	\$ 47.28	4.73	0.99
	Kraft bag - 4 kg of pet food	82	\$ 47.28	4.73	0.39
Polycoat	2 litre milk carton	63	\$ 47.28	4.73	0.30
	1 litre milk carton	41	\$ 47.28	4.73	0.19
	250 ml drinking box	10	\$ 47.28	4.73	0.05
Ferrous	1.36 litre juice can	153	\$ 36.33	3.63	0.56
	540 ml soup can	73	\$ 36.33	3.63	0.27
	12 ounce food can	48	\$ 36.33	3.63	0.17
Aluminum	355 ml soft drink can	15	\$ (54.65)	-5.46	-0.08
Glass	473 ml juice bottle	228	\$ 37.23	3.72	0.85
	750 ml juice flint bottle	335	\$ 37.23	3.72	1.25
	750 ml olive oil green bottle	335	\$ 40.16	4.02	1.35
Plastics	2 Litre PET bottle	58	\$ 66.92	6.69	0.39
	600 ml PET bottle	30	\$ 66.92	6.69	0.20
	4 litre HDPE water bottle	65	\$ 66.92	6.69	0.43
	HDPE bottle - 2.6 L dishwashing soap	149	\$ 66.92	6.69	1.00
	PP pail - 3.5 kg kitty litter	181	\$ 66.92	6.69	1.21
	PP - yogurt cup (no lid)	6	\$ 66.92	6.69	0.04
	HDPE - carry out bag (large)	13	\$ 66.92	6.69	0.09
	LDPE - outer milk bag	8	\$ 66.92	6.69	0.05
	LDPE - frozen peas	12	\$ 66.92	6.69	0.08
	PS - half pint blueberries	10	\$ 66.92	6.69	0.07
	8 ounce PS coffee cup	8	\$ 66.92	6.69	0.05
	Laminant	Pasta bag	5	\$ 66.92	6.69
Vacuum sealed salmon		13	\$ 66.92	6.69	0.09
Frozen concentrated juice can		29	\$ 47.28	4.73	0.14
Cookie bag		12	\$ 47.28	4.73	0.06
Multiple	Frozen Entrée - Paper	28	\$ 47.28	4.73	0.13
Packaging	Frozen Entrée - Plastic	25	\$ 66.92	6.69	0.17
	Total	53			0.30
	Cling wrap paper core	34	\$ 47.28	4.73	0.16
	Outer box w/metal cutter (laminant)	41	\$ 47.28	4.73	0.19
	Total	75			0.35
	Toilet tissue plastic wrap	15	\$ 66.92	6.69	0.10
	Paper cores (12)	48	\$ 47.28	4.73	0.23
	Total	63			0.33
	Powdered beverage in fibre can	100	\$ 47.28	4.73	0.47
	PP Lid	6	\$ 66.92	6.69	0.04
	Total	106			0.51
	Pouch	60	\$ 66.92	6.69	0.40
	Outer carton	75	\$ 47.28	4.73	0.35
	Total	135			0.76

Notes Box

Table 5: Levy Obligation Calculations

Enter Tonnes Managed
By Material Category

Material Category	Material	Tonnes Managed	Levy Per Tonne	Total Levy
PRINTED PAPER				
	Newspaper		\$ 0.28	\$ -
	Magazines and Catalogues		\$ 0.81	\$ -
	Telephone Books		\$ 0.81	\$ -
	Other Printed Paper		\$ 2.51	\$ -
Printed Paper Total		-		\$ -
PACKAGING				
Paper Based	Corrugated Containers		\$ 47.28	\$ -
Packaging	Gabletop		\$ 47.28	\$ -
	Paper Laminants		\$ 47.28	\$ -
	Aseptic Containers		\$ 47.28	\$ -
	Boxboard		\$ 47.28	\$ -
Paper Packaging Total		-		\$ -
Plastics	PET bottles		\$ 66.92	\$ -
	HDPE bottles		\$ 66.92	\$ -
	Plastic Film		\$ 66.92	\$ -
	Plastic Laminants		\$ 66.92	\$ -
	Polystyrene		\$ 66.92	\$ -
	Other Plastics		\$ 66.92	\$ -
Plastics Total		-		\$ -
Steel	Food and Beverage		\$ 36.33	\$ -
	Aerosols		\$ 36.33	\$ -
	Paint Cans		\$ 36.33	\$ -
Ferrous Total		-		\$ -
Aluminum	Aluminum Cans		\$ (54.65)	\$ -
	Aluminum Foil		\$ (54.65)	\$ -
Aluminum Total		-		\$ -
Glass	All Non-LCBO - Flint		\$ 37.23	\$ -
	All Non-LCBO - Coloured		\$ 40.16	\$ -
	LCBO - Flint		\$ -	\$ -
	LCBO - Coloured		\$ -	\$ -
Glass Total		-		\$ -
PACKAGING TOTAL		-		\$ -
GRAND TOTAL		-		\$ -

