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# Stewardship ONTARIO

## Blue Box Stewards' Fees

*Providing Incentive to Reduce Packaging  
& Select Easier-to-recycle Material*

Toronto Packaging Waste Reduction Forum

Guy Perry  
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## Topics

- ◆ Stewardship Ontario responsibilities
  - common goals:
    - packaging reduction & selection of easier-to-recycle material types
    - more options to divert from landfill
- ◆ Linking Blue Box stewards' fees to performance
- ◆ Strengthening linkage to specific material types
- ◆ Monitoring & continuous Improvement



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## Key Responsibilities of Stewardship Ontario

- ◆ Discharge stewards responsibilities under the Blue Box Program Plan (BBPP):
  - identify & register stewards introducing Packaging & Printed Paper into ON market
  - 60% diversion of Packaging & Printed Paper by 2008
  - cost containment—reduce system cost or minimize increase as diversion increases
  - sharing costs fairly among obligated stewards



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## Linking Fee Calculations to Recycling Performance

- ◆ Key component of original BBPP
- ◆ Provides tangible incentive to:
  - reduce material usage
  - select recyclable material & increase recovery (where possible)
  - be aware of end-of-life stage costs in design
- ◆ Allows program to target recovery of next least cost unit of material while sharing costs across all materials
- ◆ Meets program objectives at lowest total cost
- ◆ Promotes continuous improvement

To reduce total program costs to consumers & taxpayers who are program funders & beneficiaries

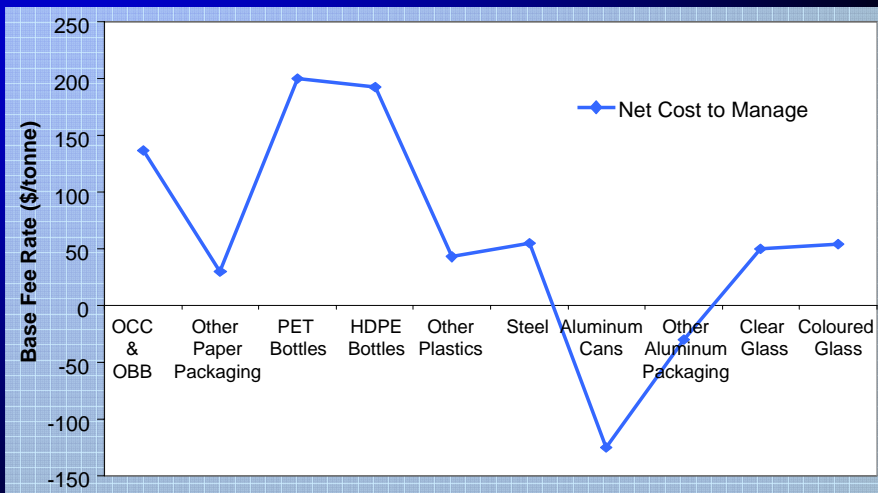


## Allocating Financial Obligation to Each Material

- ◆ Allocate obligation according to 3-factor formula
  - 35% based on relative recovery rate—higher recovery, lower fee rate
  - 40% based on real net costs (activity-based costs)
  - 25% to recognize materials at high recovery & low net cost



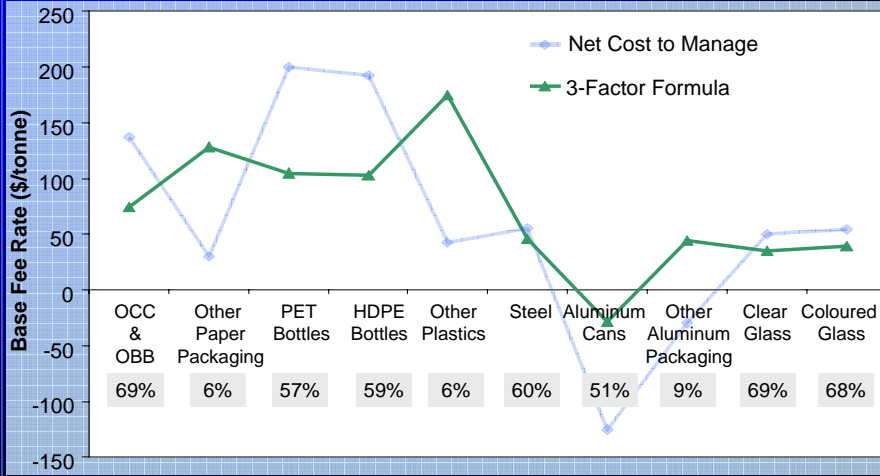
## Fees Reflecting 100% Cost



Allocate cost to collect & sort each material using *detailed activity-based costing*

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### Impact of Fee Setting Formula



3-factor formula transfers portion of obligation from materials with higher recovery rates to materials with lower recovery rates

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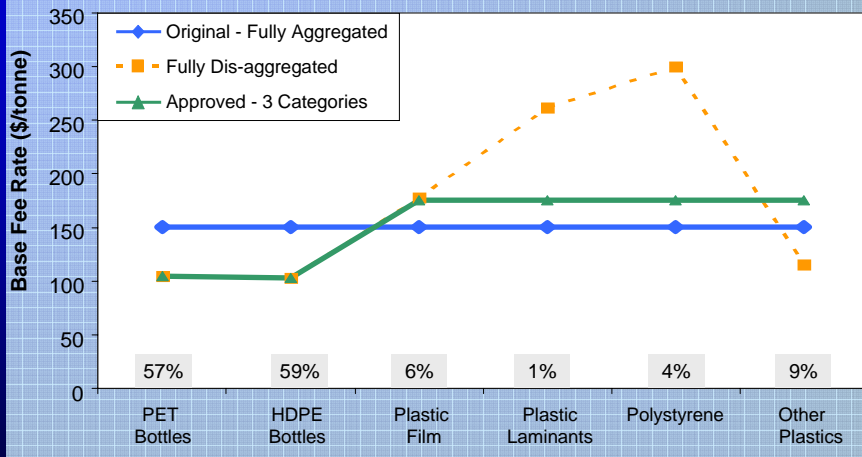
### Fees Tied More Closely to Specific Material Performance

- ◆ Plastic & Paper Packaging fees initially fully aggregated
- ◆ Plastics now dis-aggregated to reflect differences in recycling performance, i.e.:
  - PET bottles
  - HDPE bottles & jugs
  - other: film, plastic laminants, polystyrene, other plastics (including other PET & HDPE packaging)
- ◆ Similarly paper fee rates dis-aggregated
- ◆ Adjustments to 3-factor formula weightings & parameters



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### Plastic Packaging Dis-Aggregation Example



Dis-aggregation to reflect collection & sorting in Blue Box system recognizing differences in handling & recovery rates

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### Examples of Policy Impact on BBPP Fees

	Recovery Rate	50% Net Cost Obligation	Base Fees	Costs Transferred
Corrugated Cardboard & Boxboard	69%	\$35 M	\$19 M	(-\$16 M)
Other Plastics	6%	\$6 M	\$24 M	+\$18 M
PET bottles	57%	\$10 M	\$5 M	(-\$5 M)
HDPE bottles & jugs	58%	\$5 M	\$2 M	(-\$3 M)
Aluminum cans	51%	(-\$3 M)	(-\$1 M)	\$2 M

Effect of 3 factor formula is to transfer costs from materials with high recycling rates to those with low recycling rates to increase financial incentive in order to improve performance



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## Market Development Investments

- ◆ For some materials, there are barriers to increasing recovery & to lowering cost of recycling
- ◆ Provision to include additional material-specific fees to overcome barriers
  - paid by stewards of affected materials
- ◆ Initial focus on glass in first 2 years
  - \$2.8M in additional fees paid by stewards of glass
  - new glass processing capacity => well over 100K TPA
- ◆ For 2008, \$2.4M market development fees to increase plastics recycling—plastics stewards



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## On-going Stewardship Ontario Activities

- ◆ Too early to identify trends in BB generation as a result of Stewardship Ontario fees
- ◆ "Assessment of Stewards' Actions in Response to Stewardship Ontario Fees" submitted to WDO & forwarded to Minister
  - recognizes: additional data required; BBPP fees one component of stewards' decision-making; BBPP long-term process
- ◆ Proposing changes to steward reporting for 2009:
  - carry-out bags
  - large containers
  - biodegradable plastic film & rigid containers
  - additional data compiled on voluntary basis:
    - what company is doing to reduce packaging materials, select easier to recycle materials or utilize recycled materials
- ◆ Commitment to annual review of whether changes required to methodology



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Thank You!

