

	Question	Answer
<b>Reporting</b>		
1.	Is the 2017 fee schedule applicable to the 2016 sales data that will be reported in 2017?	The 2017 fee schedule is based on the quantities that you provided in your steward report in May 2016 based on your 2015 sales data.
2.	With respect to the steward list and the change logs, I'm wondering if it's possible to have a little bit more information or more detail in the change logs for next year. In some cases, there are many changes in terms of stewards being removed or being added and more detail on these lists might help the retailers get a little more information on if and how they need to change the material they are supposed to report.	We recognize the importance of the steward list and the change log and realize that this is an important tool for stewards, and retailers in particular, in ensuring that there is no duplicate reporting. Supporting stewards with these types of tools in the most useful way possible is important to CSSA and we are happy to hear suggestions from stewards.
3.	The most difficult task in the fee calculation process is trying to determine what portion of our PPP ends up in the residential recycling stream. Can you provide tools and suggestions for ascertaining these percentages?	<p>We encourage you to contact our National Steward Services team at 1-888-980-9549 or by email at: <a href="mailto:stewards@cssalliance.ca">stewards@cssalliance.ca</a> to discuss your specific situation as the process of determining what ends up in the residential waste stream will be dependent on your sector and business.</p> <p>As a general guide however, you are correct that you can exclude the portion of material that is not taken home by your consumers but is disposed of at a commercial location. In order to access the portion of this material to exclude from your report you may rely on systems data, or studies undertaken by your company or your industry association. Please note that regardless of the method you use to determine the portion of material to exclude from your report, you must retain the data which supports this exclusion and make a note of it in your methodology.</p>
4.	As a large retailer, buying from small producers (who are exempt from reporting due to low volume) do we include their products in our report?	If a resident producer is exempt from the program because they are a de minimus steward, the retailer or distributor is not required to include that producer's material in their report.
5.	Since fees have changed significantly, can you provide a more detailed breakdown of the fees by sub-	The fees presented at the Annual Steward Meeting are the only fees that are relevant to stewards in preparing their budgets. There are no other fees that

	material type so companies can more easily prepare their budget?	apply. For stewards who use the National Material List, you are right that there are more reporting sub-material categories than listed in the fee schedule, but each sub-material category has the same fee as the broader material category. For instance, the National Material List has 9 material reporting sub-categories for PET plastic, however, the same fee is applied to all PET plastics regardless of its sub-category within PET plastics. A complete list of each reporting category and its associated 2017 fee rate will be available to each steward in their Submission Detail Report, available on the WeRecycle portal early in the new year.
6.	Would CSSA consider providing workshops or e-learning sessions to assist people figure out all the material categories? This would be particularly useful for someone new in the position since it can be rather confusing. E-learning tools might be helpful which allow people to do them on their own time.	Thanks very much for your suggestions and it is something that we are considering. Every spring around early March, we host a webinar to update stewards on the best practice reporting tips and tricks as stewards are preparing their reports which are due at the end of May. However, we have been looking at other types of on-line tools in addition to the Guidebook and the Tip Sheets so we welcome your suggestions.
7.	Are the four provinces working towards enforcing reporting requirements for organizations that are not registered as stewards but should be?	Enforcement is a top priority for all of the programs and as always, if stewards have any information about companies that should be participating in any of the four stewardship programs but are not currently registered, please let us know and we will look into it. The best way that stewards can determine the involvement of other businesses is to review the <a href="#">steward list and change log</a> which are posted each year on the CSSA website and each program's site. Please do remember that it is the Regulator's responsibility to enforce their regulations. For example, currently in British Columbia, the BC government has been very active in notifying companies and in some cases imposing penalties on companies that are not fulfilling their obligations and have not yet joined MMBC.
8.	Something that retailers have wanted for a few years is for CSSA to have a single steward identification number in order to more easily identify vendors that are and are not members of the stewardship	We understand the need for retailers to be able to match their vendor list against the list of stewards posted by the stewardship programs each year so that retailers can determine which vendors are participating in the program either as a resident steward or as a voluntary steward.

	<p>programs. It takes a lot of time trying to identify stewards. Every vendor has a federal ID number - a nine digit business number which would be perfect for CSSA to adopt. This number is not confidential, in fact, as part of the Excise Tax Act, it is required on every piece of paper that the vendor sends out and it is search-able as well. Has CSSA been thinking along those lines of adopting the Federal ID number for all stewards?</p>	<p>We would appreciate the opportunity to have a more in-depth discussion with interested stewards and their associations on how we can work to come up with potential solutions.</p>
<p><b>Obligated Party/ Obligated Material</b></p>		
<p>9.</p>	<p>Please explain the primary criteria that define a voluntary steward versus an obligatory steward?</p>	<p>A voluntary steward is a business that is not resident in a given jurisdiction but supplies obligated materials to consumers in that province. Businesses that are not resident in a province with stewardship regulations can elect to assume responsibility for their material and relieve the first importer (often their retail partner or distributor) of responsibility for the materials that they supply into that province if they satisfy the Voluntary Policy requirements. A business can become a voluntary steward by signing a voluntary steward agreement. All the information you will need to become a voluntary steward is posted on each program's site, or, please be in touch with a member of our Steward Services group at 1-888-980-9549 or by email at: <a href="mailto:stewards@cssalliance.ca">stewards@cssalliance.ca</a> and they will be happy to help you.</p>
<p>10</p>	<p>Why are manufacturing plants exempt from fees when they produce the products for which we are paying fees? Should this not be a shared expense?</p>	<p>The provincial regulations define the obligated party for the packaging and printed paper stewardship responsibilities, not the stewardship programs or CSSA. The Recycling Regulations in BC, Saskatchewan, Manitoba and Ontario have assigned stewardship responsibility to the organization or company that has residency and is a brand owner, or the first importer or franchisor that supplies the obligated packaging and printed paper to consumers in those provinces. CSSA provides guidance in interpreting the regulations and helps stewards determine their obligations.</p>

11	<p>Despite the excellent online resources CSSA has provided, there are a lot of stewards and potential stewards that are very confused as to whether they are obliged to pay stewardship fees and if so, how much. In addition, there are a number of stewards that have over contributed and are looking for a credit. Our organization has worked with hundreds of these companies, and they have indicated the benefit of having access to third party consultants such as our company. Stewardship Ontario used to identify third party consultants on their website that were available to assist these companies and I encourage CSSA to also include the names of these third party companies that could offer these services to stewards.</p>	<p>Thank you very much for that suggestion. We will raise this idea for discussion with our four programs.</p>
12	<p>I am wondering why the Quebec program is not covered under CSSA.</p>	<p>Each province has its own specific regulatory framework. Éco Entreprises Québec manages the Québec's program in accordance with its regulation.</p>
<p><b>Governance</b></p>		
13	<p>Regarding new governance structure, I am curious to know how the provincial boards fit into CSSA's harmonization mandate. Could you provide some further details on the rationale behind the decision to switch to the provincial boards?</p>	<p>In 2015, CSSA undertook a governance review which included meetings with 15 to 20 stewards. There were two clear outcomes from those meetings: a desire to maintain a local component to the governance, as well as an absolute need to continue with the harmonization agenda. We believe that both local governance and harmonization can be achieved with this new governance approach. With the PPP programs there is a significant provincial regulatory component and a need for close interface with municipalities and other local stakeholders which are specific to each provincial program. But, despite that need for the local/ provincial engagement, it is equally important is to make sure that the regional needs are aligned with the harmonization agenda because many of the stewards that participate in the provincial programs are national in scope and a patchwork of administrative practices is not efficient. At CSSA, we are committed to pursuing harmonization across as many elements of the programs as possible. The</p>

		<p>fee methodology project was a good example of a harmonized approach to the creation of a new fee calculation methodology which was led by stewards with the participation of all four programs and ultimately led to the adoption of the new methodology by all four stewardship program boards. This is an area where it would have been very inefficient for the four programs to have undertaken such a project independently. We will take a similar harmonized approach to the Material Cost Differentiation Project with the four programs and their stewards working together and CSSA providing a coordination and support role.</p>
<p><b>Four-Step Fee Methodology</b></p>		
<p>14</p>	<p>Was there any consideration of financial incentives for stewards to use recycled materials in their products/packaging? Can it be incorporated in the future as they do in Quebec currently?</p>	<p>The Steward Consultation Committee discussed the concept of rewarding certain practices such as applying a credit for the use of recycled content. But, as the SCC members developed and refined their guiding principles for the new methodology, they were focused on developing a methodology that would fairly allocate system costs and the revenues. One of the outcomes of this discussion was the understanding that the cost to collect and process the material remains the same regardless of whether it is made of recycled content and therefore a credit for the use of recycled content is not a feature of the new fee calculation methodology. However, in the new four-step methodology, commodity revenue earned when materials are sold to recycling end markets is attributed only to those materials – this is a departure from the former three factor formula. Therefore stewards that purchase recycled content are contributing to the development of a strong market for that material which will result in revenue being attributed back to those stewards helping to offset those material fees.</p>
<p>15</p>	<p>Will the programs continue to publish the material specific recycling rates even though that data input is no longer used in the fee setting?</p>	<p>Material specific recovery rates remain important to the fee setting process. The four-step methodology uses material recovery rates differently than the three-factor formula. In the four-step methodology, material specific recovery rates are used to determine the collected and marketed quantities by multiplying each material's recovery rate with the quantity of material supplied into that category, as reported by stewards.</p>

		<p>Programs that have published this information have done so for the 2017 fee schedule. Stewardship Ontario, as noted, has calculated fees using the three-factor formula and the material specific recovery rates are published in the fee calculation tables published here:  <a href="http://stewardshipontario.ca/stewards-bluebox/fees-and-payments/">http://stewardshipontario.ca/stewards-bluebox/fees-and-payments/</a>          (please scroll down to 2017 fee calculation model).</p> <p>MMSM’s recovery rates are published here:  <a href="http://stewardshipmanitoba.org/stewards/fees-payments/setting-fees/">http://stewardshipmanitoba.org/stewards/fees-payments/setting-fees/</a>          (please click on MMSM Four-Step Fee Model).</p>
<p><b>16</b></p>	<p>I have a question relating to the revenue portion of the new fee calculation, which plays an important role in the new process. I am wondering if you can explain a little bit about how you derive the revenue numbers and assign those given that municipalities report net costs and presumably net revenues. To what level of detail do you have the cost, and how do you go about assigning that revenue to specific categories of material?</p>	<p>Each of the four programs has a different level of granularity with respect to the information available to it. In the Ontario and British Columbia programs, the total commodity revenue available is known. Whereas, the Manitoba and Saskatchewan programs are both net cost programs. So, for these programs, the gross costs and revenue are calculated using both the ABC (cost per tonne) information and the commodity price by material.</p>
<p><b>17</b></p>	<p>Presumably where you have private operators marketing their own materials, there’s some limitation as to what degree of reporting they’re prepared to make or what degree of accuracy. Are you confident that the revenue is being assigned on an adequate basis?</p>	<p>Where programs require their municipal partners to report revenues, it is the municipality that is responsible for gathering that information from their contractors. In Ontario, for example, Stewardship Ontario does not have the contract with the municipality – it is the municipality who contracts with the private operator. As the municipality has a responsibility to report that information to WDO it must make provisions to gather the information from the private operator.</p>
<p><b>18</b></p>	<p>For low volume producers, why do we not have a flat</p>	<p>There is an assumption that this question is in relation to the BC and/ or the</p>

	<p>fee? Or, to restate, will there be a flat fee for low volume producers?</p>	<p>SK programs which both have flat fees for low volume producers. Currently, in British Columbia, there is a flat fee for both the steward supplying between one and 2.5 tonnes of packaging and printed paper and those that supply between 2.5 and 5 tonnes of packaging and printed paper. Flat fees for use in 2017 will be presented to the MMBC Board for approval in December and communicated to stewards. In SK, during the transition period, newspapers and businesses with revenue between \$2M and \$5M were required to register with MMSW and pay a \$500 flat fee. When the transition period expires, MMSW will notify stewards of any changes to the flat fee for low volume stewards.</p>
<p>19</p>	<p>As we encourage reduction in the amount of packaging used in the market, making food at home from fresh fruits and vegetables is a key part of that process. What consideration will be given to reduce fees for farms supplying "whole foods"?</p>	<p>Legislation in each of the four provinces requires that stewards report and pay fees on all their obligated packaging regardless of the type of packaging or the type of product contained within that packaging. However, fees are dependent on the amount of packaging each obligated steward produces – therefore business that produce less packaging will pay less fees.</p>
<p><b>Material cost differentiation project</b></p>		
<p>20</p>	<p>Can you provide a timeline for the Material Cost Differentiation project?</p>	<p>The project does not yet have a time line. We are just in the early stages of initiating the project and beginning the planning process but we will communicate the time and objectives of the project as soon as that work is complete.</p>
<p>21</p>	<p>I wanted to know a little bit more about the lack of access that you have to MRFs because some of them are private based companies. I was under the impression that all of the costs come from municipalities. So, is it the case that some municipalities have contracted out the processing work to private based companies, and what's that percentage?</p>	<p>There are two issues here:</p> <ol style="list-style-type: none"> <li>1) how access to private MRFs has impacted the ability for some stewardship programs to conduct activity based cost studies and</li> <li>2) how costs are reported to the stewardship programs</li> </ol> <p>On the first issue, it is the access to the MRFs that allows stewardship organizations to conduct studies (today's ABC) that enable them to calculate each material's cost to manage. The Material Cost Differentiation project</p>



		<p>will look at the methodology used and determine how / if it can be changed to ensure it reflects all material characteristics supplied into the market today and to address the issue of limited access.</p> <p>On the issue of cost reporting, municipalities in Ontario and Manitoba are responsible to report their total costs. In the case of Ontario, WDO oversees this process, in Manitoba, MMSM oversees the process.</p>
22	<p>Are you aware of how much transparency you have in terms of the amount of municipalities that contract out private companies versus ones that are purely managing their systems</p>	<p>That information is known, but whether or not it is a municipally run or privately run MRF, the issue with access is really about whether or not the facility considers that their operation is private and confidential. So, the access issue is really one about whether or not the programs can gain access and conduct studies in operating MRFs. The intent is to get enough representation that each program has a reasonable representation of cost per tonne for each material.</p> <p>For this reason the Material Cost Differentiation Project is about how to get a representative cost per tonne which is unique to each material recognizing that respect for the privacy of MRF operations is required. We know that there are aspects of the process that can be modelled and the question is what other approaches can be taken? For example, can one representative facility be a good proxy for others? Could we model the process? All of these options will be on the table when the project kicks off and the stewards get involved in the discussion.</p>
23	<p>Is it not part of the contract by Stewardship Ontario or MMSM to say, "I have the ability to come in and audit your facility, whether that is its financials or the material that it has processed"?</p>	<p>No, Stewardship Ontario and MMSM do not have contracts with the MRFs which would allow them the ability to require access. These contracts are between the municipalities and the MRFs. That said, there are governance processes over the costs assumed by the programs. In the case of Ontario, WDO has the responsibility to receive and review all of those reports to make sure that only eligible costs are being reported – so the responsibility for overseeing these reports from Ontario municipalities lies with the WDO. In Manitoba, there's a different governance approach around collecting the</p>



		<p>municipal data and it is overseen by MMSM. In BC and Saskatchewan, there are contracts that govern the payments made by the programs. So, in the context of the total program costs, the overall cost governance is there. What the Material Cost Differentiation Project aims to do is measure and understand how individual materials that flow through the system impact the cost of the system.</p>
<p><b>Stewardship Ontario</b></p>		
24	<p>Why has the Regulatory cost increased so significantly?</p>	<p>The regulatory costs increased in 2016 over previous years and are based on the conversations we have had with the WDO. We have increased the amount that has been budgeted for next year in order to pay those charges. This budget item is always based on the information shared with us by WDO and this was the best estimate based on what WDO will need in 2017.</p>
25	<p>The new fee setting formula in Ontario is still waiting for approval from the Minister and for this reason SO has used the three-factor formula to set the 2017 fees. Should the Minister approve the new methodology, are the fees set in stone or can they be changed depending upon when the Minister approves the new methodology?</p>	<p>The Stewardship Ontario Board will give consideration to that once they understand both the direction that the Minister provides and the timing of that approval but the board is ready to give consideration to those questions.</p>
26	<p>In the consultation process for the proposed new fee setting formula, Stewardship Ontario produced a calculator that provided a proxy of costs under the new four-step fee formula compared to the existing formula. This allowed stewards to plug in their specific volumes and assess what their fees would be under the current formula and what they would be under the new formula. My question is have you run the 2017 numbers under the new methodology and compared that to what the proxy numbers were? And the follow up to that is did they bear any resemblance to the numbers that were put out for the</p>	<p>Yes, we have run the fee calculation using the four-step fee methodology in the event that the Minister had provided his approval to use the new methodology. The results indicate that the broad trends that were visible using the calculator (which were based on 2016 data) hold true. And just as a reminder, the calculator provided to stewards in April was for the purpose of giving stewards an order of magnitude of what the effect the new methodology might have on their fee rates.</p>

	consultation?	
<b>MMBC</b>		
27	<p>It is not uncommon to hear casual comments that recycling picked up curbside just goes to landfill - has MMBC (or others) considered "reassurance" messaging on websites, etc. that addresses this misconception?</p>	<p>Yes we do provide information on how the material is managed once it is collected from the curb or depot. Our <a href="#">YouTube</a> site has an informative video that walks through the entire recycling process - from the time a resident puts something into the bin for collection to delivery to the MRF and then it's eventual sale to end markets.</p> <p>We believe these videos do a lot to reassure people that the material we collect is indeed being recycled and not going to landfill. We have great confidence in the information we provide due to the significant controls we have in place in managing all our material throughout the province which is then audited by an external third party. But perhaps there is an opportunity to ensure that these messages are getting out more broadly so that all BC residents have confidence in the MMBC recycling program.</p>
28	<p>I found the information you provided about the rebranding of MMBC to be consumer friendly, very insightful. As we move in Ontario, to a full producer responsibility model, what would be some of your learnings in BC that we should have as watch outs over the coming years?</p>	<p>We have done much of this work with the support of the CSSA communications staff and so CSSA will be able to provide learnings and insights from the MMBC rebranding work when that time comes. The big learning for MMBC was the consumer research and what we learned through that process particularly hearing from BC residents directly on what they think MMBC is and does and what they think of the logo. This was an important step in the process of understanding how to reach residents with a consumer-friendly brand.</p> <p>When we launched Multi-Material BC we did not think that we would be providing direct service to over 400,000 residents, but since we are, we need to ensure that we are able to engage with those residents in a meaningful way.</p> <p>It is our goal to come up with something that's intuitive and something that makes people understand what we're doing and to act as a platform so that it's easier to explain to residents the role that industry is playing in financing the recycling system and playing a proactive role in addressing the issues around recycling.</p>

<p>29</p>	<p>When will you move to wheelie bins instead of blue box and plastic bags we use now for cardboard tins and glass etc?</p>	<p>We are active in tracking the performance of the various collection containers from the ‘wheelie bins’ or carts to the bag and the box for multi-stream programs.</p> <p>We have been able to drop our contamination rate from 8 percent to 7 percent in the first half of this year. BC may be the only jurisdiction in North America to drop the contamination rate. Contamination rates have a significant impact on the cost of running multi-material recycling systems and in particular for full producer responsibility programs because producers must pay to manage every ton of material that is captured whether it goes for recycling or for disposal. For this reason, MMBC will continue to focus on systems that deliver a lower contamination rate, which ultimately is going to benefit producers by making sure that they are paying fees on the least amount of materials that go for disposal.</p>
<p>30</p>	<p>Why do we pay a recycling fee for plastic bags when they do not get put into the recycle program but go directly to the landfill. Do the fees we pay go to subsidize the landfill sites?</p>	<p>In the MMBC program, plastic bags are an obligated material under the Recycling Regulation and MMBC collects plastic bags at depots. The reason they are collected at depots is because when they are collected at curbside the value of the material is so insignificant that it is often difficult to market that material in North America. However, by collecting plastic bags in depots it allows us to market this material within North American and often to Canadian end markets. We believe that is important, particularly since we report on our end markets and this information is audited we believe that identifying end markets as close to home as possible is the right thing to do.</p>
<p>31</p>	<p>My question is with respect to the proxy numbers that were used in the consultation process on the new fee methodology. As part of that process, each of the jurisdictions put out a proxy worksheet so people like me could plug my clients’ numbers in and advise my clients on how they should respond during the consultation process.</p> <p>So, when we look at the result of that in Saskatchewan and Manitoba, if I take a composite of my clients, the proxy numbers and the actual numbers are reasonably</p>	<p>With respect to your comment on the Material Cost Differentiation project, we completely agree that this work is very important and there will be significant focus on this project in the coming year. The work of the Steward Consultation Committee (SCC) members confirmed that material cost differentiation will remain part of the fee setting process.</p> <p>We respect to the calculator tool provided to stewards in April of this year as part of the Fee Project consultation, it was meant to act as a comparator to the fees calculated in 2016 using all the same data. The publication of the assessment tool included communication on the limitation of using this tool</p>

	<p>the same if you count for the cost reduction in Saskatchewan and the cost increases in Manitoba. However, if I do the same thing in British Columbia the proxy calculations are off by two orders of magnitude. Under the proxy calculation my client was looking at a 1.2 percent increase with a methodology that I consider to be far superior to the prior one, but in actual fact, their fees are going to increase by up to 32 percent. With a 32 percent increase I might not have advised my client to support the new methodology. So, I have two questions: Does this compromise the consultation process? And secondly, a comment, this really highlights the need to get the material cost differentiation correct because that's a key factor into the fee calculations.</p>	<p>to project 2017 fees given that the input data was not yet available.</p> <p>We thought it was important to provide a tool to allow stewards the opportunity to understand directionally the impact on fees. We do not believe that the consultation process was compromised as there was very broad stakeholder support for the new methodology. Stewards were asked to review the proposed methodology on the basis of the guiding principles upon which it was developed and their responses indicate they did in fact take a principle-based approach to their reviews.</p>
<p><b>32</b></p>	<p>There is the situation in Ontario where we don't know when the Minister might approve the new fee methodology and if the fees that resulted from the calculator tool in April will be at all similar to the fees that are produced with the new methodology and what impact that might have on our budgets.</p>	<p>The Ontario program is much more mature and we do not anticipate the differential that you saw in BC between the fees produced as a result of the calculator and the fee schedule as a result of the four-step methodology. [Answer provided by Stewardship Ontario.]</p>
<p><b>33</b></p>	<p>Why has the HDPE fee jumped 71%?</p>	<p>The most significant impact on the plastic fees is the move to the four-step fee methodology. Through the SCC process and through the consultation on the new methodology we prepared stewards for the impact of the new methodology on fee rates – specifically that stewards would need to prepare for fees for paper and paper-based packaging to decline while fees for plastics would rise.</p>