



Thinking  
beyond  
the box

Stewardship Ontario

# Stewardship Ontario: Celebrating the Blue Box Program

David Pearce, Managing Director

1. Program Performance 2013 and Year to Date Status
2. 2015 Look Ahead
3. 2015 Steward obligation
4. Review of Material Fee Scenarios
5. Q&A



Thinking  
beyond  
the box

Stewardship Ontario

# Program Performance 2013 and Year to Date Status

# Recycling and Accessibility Highlights (2013)



- Increase in recycling rate from 62.8% to 65.8%, continuing to exceed government mandated 60% recycling rate
- 5.2 million households with access to Blue Box recycling, representing 97% of all households
- 13.1 million people recycling through Blue Box program
- 97% awareness of recycling services

# Financial Program Performance (2013)



| Province                | Ontario 2013  | Ontario 2012  | YoY Variance % |
|-------------------------|---------------|---------------|----------------|
| <b>Cost Performance</b> |               |               |                |
| Recycled Tonnes         | 900,135       | 892,924       | 0.8%           |
| Net Cost*               | \$246,718,476 | \$243,149,785 | 1.5%           |
| Net Cost per Tonne      | \$274.1       | \$272.3       | 0.7%           |
| Net Cost per Capita     | \$18.7        | \$18.7        | 0.0%           |
|                         |               |               |                |
| Recycled kg per capita  | 68.3          | 68.6          | -0.4%          |

*\*Net cost includes supply chain costs, commodity revenues, P&E, regulatory, market development and program management costs.*

# Financial Program Performance (2013) cont.

- The overall net cost of the Blue Box recycling system increased by 1.5% or \$3.6M from 2012 to 2013; however, the net cost per capita remained flat. The primary reasons for this slight increase are:
  - Municipal costs increased driven by higher processing rates and more quantities of higher cost materials being processed.
  - At the same time, material revenues received by municipalities decreased by 1.4% or \$1.25M because:
    - Unfavourable commodity markets
    - Varying commodity revenue sharing arrangements between municipalities and processors
    - Lack of consistency across municipalities for quality standard of baled materials and revenue received

## Plastics Campaign

- Campaign runs September – October
- Partnered with GTA and Southern Ontario municipalities
- Print, GO Transit, radio and online
- Encourages consumers to recycle more plastic containers such as margarine tubs, laundry detergent bottles and plastic egg cartons



**MORE  
PLASTIC  
CONTAINERS  
PLEASE**

For information on what containers you can recycle, visit your local municipal website.

 Thinking beyond the box  
Stewardship Ontario

Recycling in Ontario:  
Brought to you by industry  
and your local municipality.



## Paper Campaign

- Campaign runs August - October
- Partnered with Central Ontario municipalities (who are funding newspaper ads in our communities)
- SO funded radio ads
- Campaign encourages consumers to recycle more paper recyclables typically ignored in the bathroom, such as toothpaste tube boxes or toilet paper rolls







Thinking  
beyond  
the box

Stewardship Ontario

# 2015 Look Ahead

# 2015 Look Ahead

- Continued development of a standardized box (basket of goods) across Ontario
- Resident / Stakeholder education
- Steward compliance with program requirements (ensure a level playing field)
- Field studies to inform 2016 fee setting process



Thinking  
beyond  
the box

Stewardship Ontario

## 2015 Steward Obligation

# Steward Obligation Scenarios

- No definitive fee schedule due to arbitration
  - Ruling expected Q4 2014, after which a final fee schedule will be published
- Two scenarios for fees:
  1. **Best Practice Cost** - calculated using a Best Practice Cost Model developed to implement cost bands by a KPMG-led consortium at the request of MIPC (Municipal Industry Programs Committee) in 2007, and subsequently updated by MIPC.
  2. **Reported Net Cost** – 50% of municipalities' reported costs
- Gap between scenarios for 2015 = \$13.9 million
- Gap between scenarios for 2014 = \$18.4 million

# Why Arbitration Matters



Stewardship Ontario

- SO committed to managing costs – two ways we've done this to date include:
  - Investing in the arbitration process so stewards only pay the costs they are required to pay under the terms of the program plan
  - Using CSSA's shared administrative services results in over \$1M per year saving
- Arbitration matters because while the difference in fee rates may represent a couple of cents, it could actually cost individual stewards tens of thousands of dollars more each year:
  - PET – 13.46c/kg best practice costs vs. 15.19c/kg reported net costs = 1.73c/kg difference
  - Corrugated Cardboard – 7.56c/kg best practice costs vs. 8.46c/kg net costs = 0.90c/kg difference

# Steward Obligation



Stewardship Ontario

|  | Scenario 1<br>SO<br>2015<br>Obligation<br>(Best Practice<br>Cost) | Scenario 2<br>SO<br>2015<br>Obligation<br>(Reported net<br>Cost) | Scenario 1*<br>SO<br>2014<br>Obligation<br>(Best Practice<br>Cost) | Scenario 2<br>ON<br>2014<br>Obligation<br>(Reported Net<br>Cost) |
|--|---|--|--|--|
| <i>Steward obligation</i>              | 50.0%   | 50.0%  | 50.0%  | 50.0%  |
| Share of supply chain costs            | \$99,539,022  | \$113,517,621  | \$95,679,612   | \$114,072,322  |
| Waste Audits                           | \$600,000   | 600,000  | \$692,000  | 692,000  |
| Promotion & education                  | \$200,000   | \$200,000  | \$ -   | \$ -   |
| Research & market development          | \$275,000   | \$275,000  | \$ -   |  |
| Program management                     | \$4,182,897   | \$4,182,897  | \$3,247,415  | \$3,247,415  |
| Regulatory                             | \$978,000   | \$978,000  | \$1,050,000  | \$1,050,000  |
| <b>Total fee obligation</b>            | <b>\$105,774,919</b>  | <b>\$119,753,518</b>   | <b>\$100,669,027</b>   | <b>\$119,061,737</b>   |
| <i>PM as % of total fee obligation</i> | 4.0%  | 3.5%   | 3.2%   | 2.7%   |

*\*Note that at the 2013 Annual Steward meeting we presented Stewardship Ontario's last best offer, which is different from the two 2014 scenarios above which are provided here to allow for comparison with the 2015 scenarios.*



Thinking  
beyond  
the box

Stewardship Ontario

# 2015 Fee Schedule

# 2015 Fee Scenarios – Printed Paper and Packaging



Stewardship Ontario

## ONTARIO

|                 |                 | <i>Scenario 1 Best Practice Cost</i> | <i>Scenario 2 Reported Net Cost</i> |                       | <i>Scenario 1 Best Practice Cost</i> | <i>Scenario 2 Reported Net Cost</i> |
|-----------------|-----------------|--------------------------------------|-------------------------------------|-----------------------|--------------------------------------|-------------------------------------|
| <b>Category</b> | <b>Material</b> | <b>Fee rates 2015</b>                | <b>Fee rates 2015</b>               | <b>Fee rates 2013</b> | <b>Variance vs 2013 fee rates</b>    | <b>Variance vs 2013 fee rates</b>   |

## PRINTED PAPER

|                      |                      |            |            |      |       |       |
|----------------------|----------------------|------------|------------|------|-------|-------|
| <b>Printed Paper</b> | Newsprint - CNA/OCNA | 0.38 C/kg  | 0.38 C/kg  | 0.42 | -9.5% | -9.5% |
|                      | Newsprint - Non-     | 4.06 C/kg  | 4.72 C/kg  | 3.62 | 12.2% | 30.4% |
|                      | Magazines and        | 6.65 C/kg  | 7.74 C/kg  | 6.47 | 2.8%  | 19.6% |
|                      | Telephone Books      | 6.48 C/kg  | 7.54 C/kg  | 6.64 | -2.4% | 13.6% |
|                      | Other Printed Paper  | 13.71 C/kg | 16.00 C/kg | 9.99 | 37.2% | 60.2% |

## PACKAGING

|                              |                      |            |            |           |       |       |
|------------------------------|----------------------|------------|------------|-----------|-------|-------|
| <b>Paper Based Packaging</b> | Corrugated Cardboard | 7.56 C/kg  | 8.46 C/kg  | 8.39 C/kg | -9.9% | 0.8%  |
|                              | Boxboard             | 7.56 C/kg  | 8.46 C/kg  | 8.39      | -9.9% | 0.8%  |
|                              | Gable Top Cartons    | 19.06 C/kg | 21.29 C/kg | 18.22     | 4.6%  | 16.8% |
|                              | Paper Laminates      | 19.06 C/kg | 21.29 C/kg | 18.22     | 4.6%  | 16.8% |
|                              | Aseptic Containers   | 19.06 C/kg | 21.29 C/kg | 18.22     | 4.6%  | 16.8% |



## 2015 Fee Scenarios – Packaging

|                               |                                  | <i>Scenario 1<br/>Best Practice<br/>Cost</i> | <i>Scenario 2<br/>Reported<br/>Net Cost</i> |                               | <i>Scenario 1 Best<br/>Practice Cost</i> | <i>Scenario 2<br/>Reported<br/>Net Cost</i> |
|-------------------------------|----------------------------------|--|---|-------------------------------|--|---|
| <b>Category</b>               | <b>Material</b>                  | <b>Fee rates<br/>2015</b>                    | <b>Fee rates<br/>2015</b>                   | <b>Fee<br/>rates<br/>2013</b> | <b>Variance vs<br/>2013 fee rates</b>    | <b>Variance vs<br/>2013 fee rates</b>       |
| <b>Plastic<br/>Packaging</b>  | PET Bottles                      | 13.46 ¢/kg                                   | 15.19 ¢/kg                                  | 14.70<br>¢/kg                 | -8.4%                                    | 3.3%  |
|                               | HDPE Bottles                     | 11.43 ¢/kg                                   | 13.12 ¢/kg                                  | 13.52                         | -15.5%                                   | -3.0%                                       |
|                               | Plastic Film                     | 25.13 ¢/kg                                   | 28.10 ¢/kg                                  | 23.27                         | 8.0%                                     | 20.8%                                       |
|                               | Plastic Laminates                | 25.13 ¢/kg                                   | 28.10 ¢/kg                                  | 23.27                         | 8.0%                                     | 20.8%                                       |
|                               | Polystyrene                      | 25.13 ¢/kg                                   | 28.10 ¢/kg                                  | 23.27                         | 8.0%                                     | 20.8%                                       |
|                               | Other Plastics                   | 25.13 ¢/kg                                   | 28.10 ¢/kg                                  | 23.27                         | 8.0%                                     | 20.8%                                       |
| <b>Steel Packaging</b>        | Steel Food & Beverage<br>Cans    | 4.92 ¢/kg                                    | 5.77 ¢/kg                                   | 5.51<br>¢/kg                  | -10.7%                                   | 4.7%  |
|                               | Steel Aerosols                   | 4.92 ¢/kg                                    | 5.77 ¢/kg                                   | 5.51                          | -10.7%                                   | 4.7%  |
|                               | Steel Paint Cans                 | 4.92 ¢/kg                                    | 5.77 ¢/kg                                   | 5.51                          | -10.7%                                   | 4.7%  |
| <b>Aluminum<br/>Packaging</b> | Aluminum Food &<br>Beverage Cans | 2.44 ¢/kg                                    | 3.98 ¢/kg                                   | 2.56<br>¢/kg                  | -4.7%                                    | 55.5%                                       |
|                               | Other Aluminum<br>Packaging      | 7.55 ¢/kg                                    | 8.55 ¢/kg                                   | 6.97<br>¢/kg                  | 8.3%                                     | 22.7%                                       |
| <b>Glass Packaging</b>        | Clear Glass                      | 3.06 ¢/kg                                    | 3.37 ¢/kg                                   | 2.84                          | 7.7%                                     | 18.7%                                       |
|                               | Coloured Glass                   | 3.32 ¢/kg                                    | 3.65 ¢/kg                                   | 4.84<br>¢/kg                  | -31.4%                                   | -24.6%                                      |

<sup>2</sup> The 2015 draft fee scenarios presents a comparison to the 2013 fee rates (which stewards are currently paying) instead of to the proposed 2014 fee schedule that was not approved by the WDO. The 2013 fee rates were calculated based on a \$107M total fee obligation.

# How 2015 (best practice cost) Fees Compare to 2013 Fees

- Using scenario 1 (best practice cost) as the point of comparison to the 2013 fee rate, there is a decline in fee rates for 11 materials, while 12 materials saw increases
- Primary reasons for increase in fees include:
  - Fewer steward-reported tonnes
  - Decrease in some material recovery rates

# Notable changes in fee rates

- Non-CNA/OCNA newsprint increased by 12.2% because:
  - Decrease in steward-reported tonnes (fewer tonnes against which to spread the cost)
- Other printed paper increased by 37.2% because:
  - 28% decrease in steward-supplied tonnes
- Fee rates for low grade plastics (plastic laminates, film, other plastics) increased by 8% because:
  - 67% increase in recovered tonnes – many new municipalities are accepting mixed plastic

# Changes in fee rates (con 't)

- Other aluminum packaging fees increased by 8.3% because:
  - 3% decrease in supplied tonnes and 10% decrease in recovery rate
- Clear glass fees increased by 7.7% because:
  - Increase in proportion of clear glass vs. coloured glass – more cost shifting from coloured to clear glass



Thinking  
beyond  
the box

Stewardship Ontario

Questions