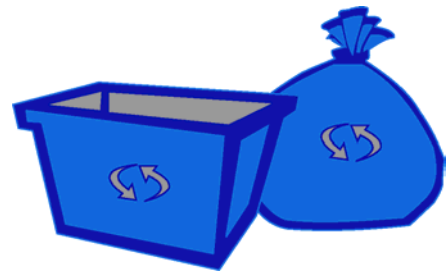

Guidebook 1:

The Waste Diversion Act – Are You Obligated?



One of four guidebooks from Stewardship Ontario to assist companies to come into compliance with Ontario's *Waste Diversion Act*

Please be sure to pre-register with Stewardship Ontario, and read all four guidebooks and "Rules" before registering your company and submitting packaging and printed paper materials data.

For a copy of the Stewardship Ontario *Rules*, and more information on Ontario's *Waste Diversion Act* and your new obligations, please visit:

**www.stewardshipontario.ca
1-888-288-3360**

Guidebook 1 Summary

Ontario's *Waste Diversion Act, 2002* designates consumer product **brand owners**, **importers** and **franchisors** of materials that become residential "Blue Box Wastes" as "Obligated Stewards" who must register with and pay fees to Stewardship Ontario or face penalties.

All companies with a place of business in Ontario that introduce packaging and printed paper into the Ontario consumer marketplace are now required by law to share in 50% of the funding of the province's municipal Blue Box waste diversion programs.

Are you obligated?

Please use this Guidebook to determine if you are required to register, and **please pre-register with Stewardship Ontario** to receive further Guidebooks to help you meet your obligations. Obligated companies, or Stewards, have a maximum of 90 days from the date they are officially notified to register, calculate their fees, and submit payment to Stewardship Ontario. Please determine as quickly as possible if your company is now obligated under Ontario's *Waste Diversion Act*.

Where will the money go?

Collected fees will be used to help fund Blue Box recycling programs operated by Ontario municipalities; provide financial incentives to improve the effectiveness and efficiency of these programs; support the creation of new markets for recovered materials; promote recycling among Ontario consumers; and, share in the administration costs of Stewardship Ontario and Waste Diversion Ontario.

What are the penalties?

Please see Guidebook # 3: Terms of Membership with Stewardship Ontario

For More Information

All stewards are encouraged to read Guidebooks 1 through 4, and the Stewardship Ontario "Rules", and to **visit our website** for updates. If you have questions regarding registration, please call **1-888-288-3360**, or email **registration@stewardshipontario.ca**.

Stewardship Ontario
26 Wellington Street East, Suite 601, Toronto, Ontario M5E 1S2
Tel.: 416-594-3456 / 1-888-288-3360; Fax: 416-594-3463
Email: info@stewardshipontario.ca
www.stewardshipontario.ca

Table of Contents

Introduction.....	2
Is Your Company a “Steward”?	3
- Stewards are Defined by Business Type	3
- Stewards Introduce Blue Box Wastes into the Ontario Marketplace	4
<i>Blue Box Wastes: “Packaging”</i>	4
<i>Blue Box Wastes: “Printed Papers”</i>	5
What Companies are Exempt from Obligation?	5
- The “ <i>de minimis</i> ” Threshold	5
Flowchart: Is Your Company Obligated?	6

Pre-register to receive Guidebooks 2, 3 & 4

Three other guidebooks are available to potential stewards following **pre-registration** with Stewardship Ontario:

- *Guidebook #2: Collecting & Reporting Your Blue Box Waste Materials Data*
- *Guidebook #3: Terms of Membership with Stewardship Ontario*
- *Guidebook #4: How to Register, Report & Manage Your Materials Data*

Before **registering** your company - and formally reporting your materials data - please be sure to read Guidebooks 1, 2, 3 & 4, and the **Rules available at the Stewardship Ontario website** or after pre-registration.

For more detailed information, please refer to the complete **Blue Box Program Plan** also available at www.stewardshipontario.ca.

Introduction

Ontario's *Waste Diversion Act, 2002* designates many consumer product companies and individuals that operate in Ontario as "Stewards". These new stewards now have legal obligations to help fund waste diversion and recycling in the province. Any obligated company that does not comply with these requirements faces strict penalties under the *Act*.

The first step for all consumer products businesses in Ontario is to determine if they are obligated under the *Waste Diversion Act*.

If you or your company produces, imports or distributes consumer products - including publications - in Ontario, that include packaging or printed papers, you may be a "Steward". Use this Guidebook #1 to determine if your company is obligated or exempt from the Blue Box Program¹.

PRELIMINARY ASSESSMENT

If you check at least one box in each section below, your company is probably obligated under the *Waste Diversion Act*. Take a moment to work through the checklist before you continue.

1) You/Your company has financial responsibility for one or more consumer products in Ontario, as a:

- Brand Owner;**
- First Importer;**
- Franchisor that supplies virtually all goods to franchisee;**

2) You/your company offers goods that consist of or include:

- Packaging**
- Printed papers**

3) with one or any combination of:

- Glass**
- Metal**
- Paper**
- Plastic**
- Textile**

Please keep this preliminary assessment in mind as you review the remainder of this Guidebook.

¹ Guidebooks 1 through 4, Stewardship Ontario *Rules*, the *Waste Diversion Act* and the Blue Box Wastes Regulation and other information are available from Stewardship Ontario – www.stewardshipontario.ca.

Is Your Company a “Steward”?

“Stewards” are companies that have responsibilities under the *Waste Diversion Act* and are regulated by Ontario’s *Blue Box Wastes Regulation*. * Companies that produce or use **packaging** materials and/or **printed papers** that are commonly used by residential consumers are obligated as “Stewards”.

Stewards are Defined by Business Type

A “Steward” is described as a company or individual that is the “**brand owner**”, “**first importer**”, or “**franchisor**”, of one or more consumer products sold in Ontario, with products or packaging that contribute to “Blue Box” wastes.

Specifically:

- **Brand Owners** are Ontario resident companies or individuals that operate in the Ontario marketplace. This includes people and companies that are the registered holders of a trademark, or the licensees of a trademark. It includes companies or individuals that own or are the licensee(s) of intellectual property rights of a brand of printed material or product;
- **First Importers** are Ontario-resident companies or individuals that import products into the province where the Brand Owner(s) are not in Ontario; and,
- **Franchisors** are obligated if they supply all, or substantially all of the goods to one or several Franchisees in Ontario, with packaging or printed paper that could result in “Blue Box” wastes. Where franchisees or sub-franchisees have this responsibility, they are designated as the Steward.

The *Act* is designed to make sure that the companies and individuals that have the greatest responsibility for creating “Blue Box” wastes provide a fair share of the costs to manage them. With this in mind, the program also permits a company or person to register as a **Voluntary Steward**. Please see Guidebook #3: Terms of Membership for more information.

A voluntary steward would generally not be resident in Ontario, but may export goods for sale in the province. A Voluntary Steward must contract with Stewardship Ontario to submit fees for Blue Box wastes that would otherwise become the responsibility of another steward.

*Ontario Regulation 273/02

Stewards Introduce “Blue Box Wastes” into the Ontario Marketplace

A company that qualifies as a “brand owner”, “first importer” or “franchisor” must determine if its product(s), with related packaging or printed materials result in “Blue Box” wastes as designated under the *Act*.

“Blue Box” wastes include five broad categories of materials: **glass, metal, paper, plastic** and **textile** or any combination of one or more of these materials, regardless of whether it / they are currently included in municipal recycling programs. In practical terms, this covers most materials that consumers use.

Blue Box Wastes: “Packaging”

The *Blue Box Wastes Regulation* considers “Blue Box” packaging according to its primary function:

- **Sales or primary packaging** – in which the product is purchased by the consumer (e.g. cereal liners, a water bottle with lid, plastic wrapping around a clock-radio in its box);
- **Secondary packaging** – that goes home with the end-user - often used to group units or provide a second level of packaging (cereal boxes, shrink wrap around a six-pack of water bottles; a carton around a clock-radio);
- **Service packaging** – usually applied or filled at the point of sale and for the end-user (grocery bags, bulk goods bags, fast food containers);
- **Transportation, distribution packaging or tertiary packaging** – larger, more durable materials that may have been used for transportation but are designed to be delivered to consumers (a ‘club-pack’ box of cereal; a corrugated flat holding four six-packs of water bottles that are sold as a unit; computer boxes).

- **“Blue Box” Wastes**
- **“Blue Box” wastes are materials that consist of any one or a combination of the following: glass, metal, paper, plastic, and textiles.**

Blue Box Wastes: “Printed Papers”

Under the *Blue Box Wastes Regulation*, all printed papers are “Blue Box” wastes. These include but are not limited to:

- Newspapers
- Magazines
- Catalogues / Directories
- Lottery tickets
- Product inserts, statements, instructions, annual reports, promotions, direct mail, greeting cards, flyers and coupons.

What Companies Are Exempt from Obligation?

One of the criteria established by the Ontario Minister of the Environment is that the program be fair and equitable for Ontario's new stewards of Blue Box wastes, providing consideration of the administrative burden that it may place on small businesses. Some 'Stewards' will therefore be exempt from obligation. A flow diagram shown on the next page will assist you to determine if your company is exempt or obligated under the Program.

The "de minimis" Threshold

Stewardship Ontario has established a minimum, or 'de minimis' threshold to identify companies and individuals that are exempt from *Blue Box Program* obligations. Exempted companies are not obligated to pay fees.

There is a two-tiered exemption process - as described below:

- **Exemption Level 1 – Ontario Sales of less than \$2 million in 2002**

Stewards of Blue Box wastes with **Ontario gross revenues from sales of less than \$2 million in 2002** are exempt – *for retailers: the "cost of goods purchased" was less than \$2 million.*

Please Note: When a company that is currently exempt expands its Ontario sales beyond \$2 million in any future calendar year, these stewards will be required to register with Stewardship Ontario and to pay fees.

- **Exemption Level 2 – Ontario Sales greater than \$2 million, but with Blue Box wastes of less than 15 tonnes in 2002**

All Stewards with Ontario gross sales revenues that exceed \$2 million in 2002 must register with Stewardship Ontario. Following registration however, any Steward that generated **less than 15 tonnes of Blue Box packaging and printed paper materials in 2003** is exempt from the first year of the program.

When a steward that is currently exempt under Level 2 generates Blue Box wastes that exceed 15 tonnes in any future calendar year, these stewards will be required to pay fees to Stewardship Ontario.

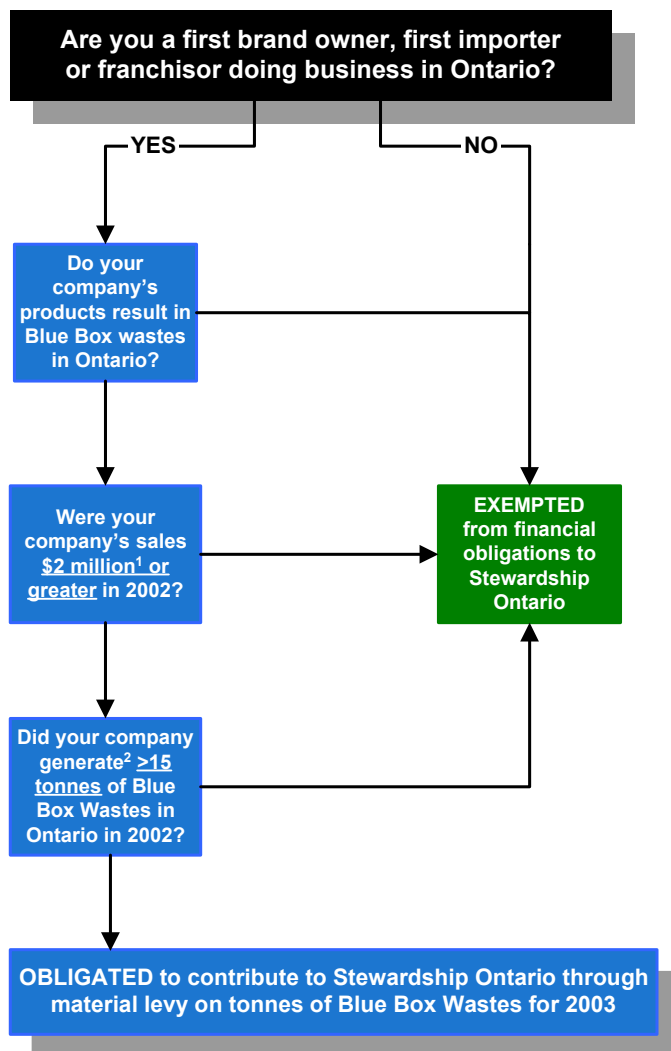
* **Small generators of newspaper waste** are exempt if they distribute **less than 75 tonnes** to residential consumers annually.

** Also, **non-commercial** entities that are designated as Stewards (municipal governments, provincial agencies and others) but that distribute **less than 15 tonnes** of such materials as printed papers are exempt.

Stewards that need further clarification about a possible exemption or other matters can contact Stewardship Ontario for details. Each possible exemption will be reviewed on a case-by-case basis relative to the *Waste Diversion Act* and directives of Ontario's Ministry of the Environment.

Flowchart: Is Your Company Obligated?

By working through the flowchart below you will be able to determine if your company is obligated to register with Stewardship Ontario under the *Blue Box Wastes Regulation (ON Reg. 273/02)* of Ontario's *Waste Diversion Act, 2002*.



NOTES:

¹ 15 tonnes is the *de minimis* for Stewards that do not have “sales” such as governments, free directories

² 75 tonnes is the *de minimis* for newspaper publishers.

For more detailed information, please refer to the complete **Blue Box Program Plan** available at www.stewardshipontario.ca