



# A New Funding Model for the Waste Electrical and Electronic Equipment Program

*An education session for OES Stewards/  
Remitters/Sub-Remitters and industry  
stakeholders*

*March 21, March 27 and April 3*



# Welcome!

- Introductions
  - Today's webcast attendees
  - Today's education session
- Instructions for Web Attendees
  - How to ask questions



# Webcast Tips

- 1 Adjust sound
- 2 Questions for speakers – “ask a question”
- 3 Technical support– click below “ask a question” or email [support@thestreamingnetwork.com](mailto:support@thestreamingnetwork.com)



ask a question:

SUBMIT

2

3

technical support



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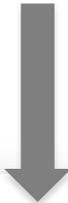
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## To Ask a Question via webcast

*Type in box and Submit:*



ask a question:





# Overview

- 2012 Program Highlights
- Cost Recovery Actions to Date
- Cost Recovery Fee Principles
- Cost Recovery Fee-Setting Methodology
- New Steward Fees May 1, 2013
- Questions



# 2012 Achievements and Milestones



- Program began operations April 2009
- 100,000 tonnes of WEEE recycled by January 2012
- On track to collect 200,000 tonnes in 2013
- 75,702 tonnes collected in 2012; exceeding collection results over last year by 45%
- Recycled 5.61 kg/capita: highest of any province
  - This means that Ontario, with about half the number of people, was able to collect almost four times more e-waste in 2012 than Texas!
- All 14 OES recyclers meet high environmental standards through Recycler Qualification Program
- 444 collection sites, 228 collection events
- 85% of Ontario population within 25 kms of a site, 80% within 10 kms



# Background

- February 9, 2012 Minister's directive to WDO
- WDO to develop a plan to implement a cost recovery and accumulated surplus/deficit approach for Ontario Electronic Stewardship's Waste Electrical and Electronic Equipment Program
- *Guiding Principle: Stewards pay actual costs based on actual sales*



# The objectives

- Ensure that the:
  - WEEE Program is put on a sustainable funding path going forward
  - debt that has accumulated in this program is repaid



# Cost Recovery Fees

- On May 1, 2013, new steward fees will take effect
- The new fees are based on the Minister's February 9, 2012 directive to Waste Diversion Ontario (WDO) for full cost recovery
- The fees are calculated under a new methodology to provide sustainable program funding and were approved by WDO



## On the road to cost recovery: actions to date

- Minister's request letter February 9, 2012
- Initial proposal submitted to Minister April 30, 2012
- Dialogue with Ministry, WDO and key stakeholders in summer 2012
- Backgrounder and consultation with stewards October 16, 2012 outlining issues and options
- Consultation on options with OES Industry Stakeholder Advisory Committee October 30
- Proposal developed in consultation with Electronics Product Stewardship Canada, Retail Council of Canada, approved by WDO Board November 7, 2012, submitted by WDO to the Minister for approval on December 17, 2012



## On the road to cost recovery: actions to date (cont'd)

- January 17, 2013 letter from Minister of the Environment
  - Regulation not required
  - Implementation through Program Plan amendment
- January 16-24: steward consultation on fee-setting principles, feedback incorporated into methodology
- January 28: OES requests amendment to Ch 8 of WEEE Program Plan:
  - January 30 - approved by WDO, recommended to Minister
  - February 19 – approved by Minister
- March 8: Revised Rules for Stewards, with fee-setting methodology, approved by WDO
- March 15: new fees released, following WDO review



# Key principles

- Charge to stewards based on actual costs
- Costs allocated on the basis of each steward's market share
- Recovery of all costs annually
- Operating reserve requirements
- Ensure accumulated debt is recovered equitably
- Ensure financial sustainability
- Minimize adverse market impact



# The OES cost recovery model: a per unit charge with reconciliation fee

Effective May 1, 2013:

- Per unit charge (“fees”) comprised of 3 elements:
  1. Actual costs
  2. Operating reserve
  3. Deficit recovery
- Billed monthly to stewards, remitters or sub-remitters based on current units supplied;
- Reconciliation fee if actual costs exceed revenue in a category in the year:
  - Any reconciliation required will be reflected as per unit fee for the subsequent fee period beginning May 1st



# What is different?

## Current

- Fees calculated based on estimated sales in the market and estimated costs (material management and program costs)
- No adjustment if revenue shortfall and deficits accumulate

## What changes

- Fees based on *actual* sales into the market and *actual* costs (material management and program costs)
- Specific provision for reserves and deficit recovery
- Year-end reconciliation fees



# What stays the same?

- Per unit fees
- Monthly reporting of units supplied in Ontario market in current period
- Remitters and sub-remitters



## Element 1 - actual costs

- Effective May 1, 2013, fees based on prior calendar year actual costs, and prior year units supplied to Ontario market
- Per unit fee calculated, applied to units supplied into market in current year



## Element 2 - operating reserve

- Operating reserves to provide working capital for program growth
- Per unit contribution by material category
- Amount based on percentage of prior year operating costs divided by the actual quantities of material supplied into the Ontario market in the prior year to generate a per unit operating reserve contribution



# Operating reserve policy

- Surplus funds first used to fulfil reserve requirements for relevant material category
- Any excess applied to reduce steward fees within following two subsequent years
- Objective is to build reserves to appropriate levels to sustain program



# Material category deficits

- Currently there are deficits in two material categories:
  - Floor-standing units (copiers, printers, etc.)
  - Other WEEE:
    - Computer peripherals
    - Telephones & telephone answering machines
    - Home theatre-in-a-box
    - Aftermarket vehicle audio and audio devices
    - Home/non-portable image, audio and video devices
    - Personal/portable image, audio and video devices
    - Desktop printers



## Element 3 - deficit recovery

- Based on debt at December 31, 2012
- Per unit debt retirement fee on all registered stewards in the relevant material category, based on reported market share
- The debt will be recovered over five (5) years commencing with implementation May 1, 2013



# Reconciliation fee

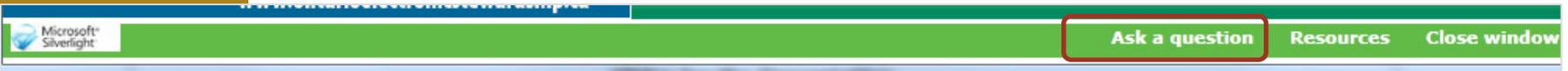
- Reconciliation fee to be expressed as per unit fee, payable at same time, and in same manner as current year steward fees
- Example: *calendar 2013 reviewed in spring 2014; any shortfall expressed as per unit fee applicable to units supplied during period after May 1, 2014*
- *No reconciliation fee for 2012*



# Reminder

Questions?  
Comments?

Click on “Ask a Question”  
to send us your question or comment





# Revised Steward Fees

Effective May 1, 2013:

- Recap
  - Per unit charge (“fees”) comprised of 3 elements:
    1. Actual costs
    - +
      2. Operating reserve
      - +
        3. Deficit recovery



# Steward Fee Schedule Effective May 1, 2013

Material Categories		Current Fees A	(Cost Recovery) 1 May 13 Fees B
Display Devices	Computer Monitors	\$12.25	\$12.25
	Displays <18"	\$12.25	\$12.25
	Displays >18-29"	\$12.25	\$12.25
	All in one	\$12.25	\$12.25
	Displays >29"-45"	\$27.60	\$39.50
	Displays >45"	\$27.60	\$39.50
Desktop Computers		\$3.40	\$3.00
Portable Computers		\$2.30	\$1.50
Computer Peripherals		\$0.30	\$0.75
Printing, Copying and Multi-Function Devices	Desktop Printing, Copying and Multi-Function Devices	\$11.45	\$10.35
	Floor-Standing Printing and Floor-Standing Copying and Multi-Function Devices	\$341.20	\$173.75
Telephones and Telephone Answering Machines		\$1.00	\$1.50
Cellular Devices and Pagers		\$0.10	\$0.05
Image, Audio and Video Devices	Personal/Portable	\$0.15	\$0.75
	Home/Non-Portable	\$5.15	\$7.10
	Home Theatre in a Box (HTB)	\$7.80	\$7.10
	Aftermarket Vehicle	\$3.00	\$4.00



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# Operationalizing cost recovery in your business

*We will support your efforts.*



# Stewards/Remitters/Sub-Remitters

- May 1<sup>st</sup> fee schedule posted on OES web site
- Adjust systems in preparation for May 1<sup>st</sup> launch
- Communicate changes to sales, administrative and staff (program contacts)
- Steward Fees / Environmental handling fees = EHF



# Retail Stewards/Remitters/Sub-Remitters

- Communicate changes to staff and supply chain

**Reminder:  
fee is not a tax**

- If you choose to charge an EHF at point of purchase; do not exceed steward fee rates to consumer
- Order EHF brochures on OES online order form on website  
– Mid April

## ELECTRONICS RECYCLING AND ENVIRONMENTAL HANDLING FEES (EHF)

### MORE QUESTIONS?

Call OES at 1-800-944-1020, email [info@ontarioelectronicstewardship.ca](mailto:info@ontarioelectronicstewardship.ca), or visit [www.ontarioelectronicstewardship.ca/faq](http://www.ontarioelectronicstewardship.ca/faq). To search for your nearest collection site for reuse or recycling of unwanted electronics, go to [www.recycleyourelectronics.ca](http://www.recycleyourelectronics.ca).

### 1 Why does Ontario need a diversion program for waste electronics?

An estimated 80,000 tonnes of waste electronics are generated each year in Ontario. This program, managed by Ontario Electronic Stewardship ("OES"), is intended to encourage diversion of these materials through reuse and refurbishment, as well as safe and environmentally sound recycling of the various components. We all have a role to play in ensuring that unwanted electronics like computers, printers and televisions, along with their toxic components, don't end up in landfill.

### 2 Who pays for this program?

The manufacturers (brand owners) and importers of designated electronic equipment cover 100% of the costs of the electronic waste program. These companies (also known as "Stewards") are required to register, report and pay fees to OES based on their share of the annual cost to operate the program.

### 3 Is the fee a tax?

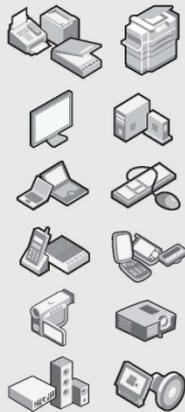
The fees are not a tax. OES sets the fees each year to cover the program's costs. Government does not set the fees and none of the fees collected from Stewards go to government. All fees collected by OES from Stewards go towards covering the program's costs to collect, transport, consolidate and process waste electronics. In addition, funds are used for public education and awareness, research and development, continuous improvements in technology and program operation.

### 4 Do all retailers charge "environmental handling fees" when consumers purchase designated electronic products?

OES does not tell the companies that are obligated to remit fees on the designated products how to manage these costs. It is up to the individual companies and their supply chain partners, including retailers, to make the best decisions for their businesses. Some companies will introduce the cost, while others may charge consumers an environmental handling fee at the point of purchase.

### 5 What products are designated under the program?

The program manages some 44 products including computers, televisions, desktop printers, fax machines and peripherals like keyboards, mice, telephones, answering machines, cellular





# Retailers: Managing Product Returns

*Scenarios of obligated products sold before May 1; returned after new fees take effect*

Consumer requests:

- 1.refund: refund EHF as paid on purchase
- 2.exchange: same product type (e.g. TV for TV): no change needed
- 3.exchange: different product type (e.g. TV for computer)
  - refund original EHF; if charging EHF, base fee on new product type

**Retailer education material and FAQ for staff on learning the program**





# Retailers: Ensuring Compliance

- Up to retailers to determine how to transition to new fee structure
- Any retailers applying EHF should abide by new steward fee schedule
- Any found in non-compliance by consumers and/or government inspectors may be reported to Ministry of Consumer Services



# Retailer and Consumer Communications

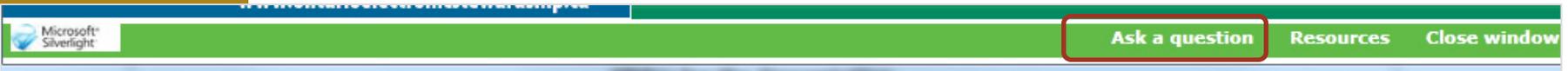
We're here to support you to deliver education and awareness efforts to the public





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## *For more information*

ontarioelectronicstewardship.ca

or

customerservice@ontarioelectronicstewardship.ca  
1-888-646-1820

For promotion and education support:

marketing@ontarioelectronicstewardship.ca

*Find out where and how to safely reuse and recycle:  
recycleyourelectronics.ca*

