



Waste Electrical and Electronic Equipment Program Plan

A new funding model

Important Stakeholder Information

15 March 2013



Overview

- 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



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



On the road to cost recovery: steps and process 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: steps and process 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



Example: display devices < 29”

- Prior year actual costs \$10.55
- Operating reserve \$ 1.70
- Deficit recovery \$ 0.00
- Per unit steward fee \$12.25



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*



Cost Recovery Fee Methodology

Steward Fees effective May 1, 2013

Material Category		<u>Current</u>	<u>May 1 2013</u>
Display Devices	Displays <=29"	\$12.25	\$12.25
	Displays >29"	\$27.60	\$39.50
Computers	Desktop Computers	\$3.40	\$3.00
	Portable Computers	\$2.30	\$1.50
	Computer Peripherals	\$0.30	\$0.75
	Desktop Printing, Copying and	\$11.45	\$10.35
	Telephones and Telephone An	\$1.00	\$1.50
Other	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
Cellular Devices and Pagers		\$0.10	\$0.05
Floor-Standing Printing/Copying/ MF Devices		\$341.20	\$173.75



Next steps: Education outreach

For your convenience and understanding of these changes, OES will facilitate three opportunities for stakeholder education. Please save a date that works for you! Meeting notices and details will follow.

1. Thursday, March 21 a.m. – in person and webcast (live)
OR
2. Wednesday, March 27 p.m. – webcast
OR
3. Wednesday, April 3 a.m. - webcast

For questions or further information:
customerservice@ontarioelectronicstewardship.ca

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

