



Report to Stewards

2022 Annual Steward Meeting
October 26, 2022



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2022 Annual Steward Meeting

The Annual Steward Meeting (ASM) will be held on Wednesday, October 26, via Zoom webcast. The ASM will review 2023 budgets and fees for Recycle BC, MMSW, MMSM and Stewardship Ontario.

Registration for the webcast can be done [online](#). After the meeting, the presentation slides, an archived replay of the webcast and other resources will be available under Information Sessions on the Circular Materials website. An FAQ document with answers to submitted questions will be posted in the following days.

Local times for the ASM:

British Columbia: 10:00 – 11:30 a.m. PDT

Saskatchewan: 11:00 – 12:30 p.m. CST

Manitoba: 12:00 – 1:30 p.m. CDT

Ontario: 1:00 – 2:30 p.m. EDT



This year's ASM will be presented via Zoom

2023 Budget and Fee Overview

The most significant component of all program budgets is the cost to manage the recycling systems, or supply chains. Budgets also include the costs to manage the programs and to deliver on promotion and education objectives.

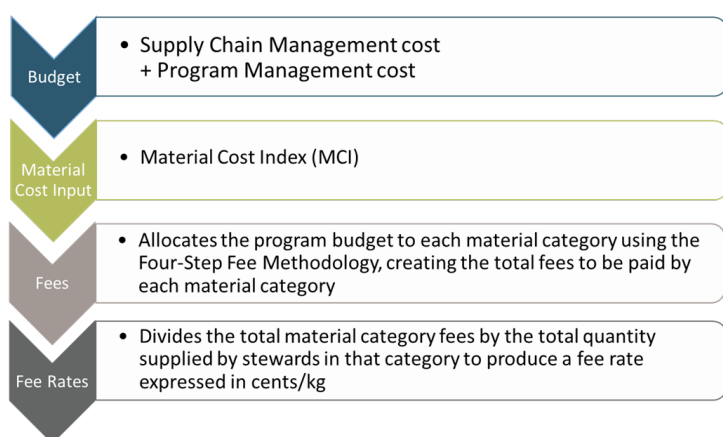
Recycling system budgets for British Columbia and Saskatchewan are determined by referencing their commercial collection and post-collection contracts. For Ontario and Manitoba, recycling system budgets are based on submitted municipal costs once they have undergone a verification process.

Approved program budgets provide an important input to the fee setting process. Fee setting also requires a

determination of each material's impact on the cost of recycling system activities through a material cost input.

Fees for 2023 rely upon the Material Cost Index (MCI) to provide the material specific input to Step 1 of the fee setting methodology where gross costs are allocated. The MCI is calculated using the Material Cost Differentiation (MCD) methodology.

Fee rates for each material are calculated by dividing the total fee for each material category by the total quantity of the material supplied by stewards. The Four-Step Fee Methodology is used to calculate these material fees.



Stewardship Ontario – Simplified Fee Setting

With the approval of simplified fee setting, almost all Stewardship Ontario stewards did not need to submit detailed material reports in 2022, with 2023 invoices to be based on a calculated share of the current fee budget. More information is available at page 27 and on the [Stewardship Ontario website](#).

Commodities and Budgets

Commodity markets are a factor in recycling system budgets because commodity revenues offset collection and post-collection costs. When commodity revenues fall, overall program costs increase.

The timing of commodity revenue impacts the annual budget differently by program. Recycle BC and MMSW calculate commodity revenue annually, while Stewardship Ontario and MMSM use a rolling three-year average of commodity revenue.

In addition to the total commodity revenue budget, the Four-Step fee model requires a commodity price be available for each material category to calculate its relative share of the program commodity revenue. For 2023 fees, the three-year rolling average for commodity price includes 2019, 2020 and 2021.

2023 Fee Rates

2023 fee rates (with the exception of Stewardship Ontario) are based on the Material Cost Index (MCI), where each material has a value on this index representing its impacts on the cost of recycling system activities in relation to all other materials. The MCI values used in 2023 fees have been updated based on the results of two additional studies completed in Q4 of 2021 and Q1 2022. The impact of the MCI is one of the drivers to fee rate changes. All drivers are outlined in the Cause of Change charts which are introduced below.

The MCI value for each material is a key output of the Material Cost Differentiation (MCD) methodology and a key input to setting fees in Step One of the Four-Step Fee Methodology. The MCI does not change the program budget and does not affect the total fees paid by stewards.

Another common feature of the 2023 fee setting process for Recycle BC, MMSW and MMSM is that there are no longer any materials whose fee rates are 'aggregated', or 'averaged' with other materials. This practice is now fully retired given that the MCI is calculated at a material specific level and each material's impact on the cost of

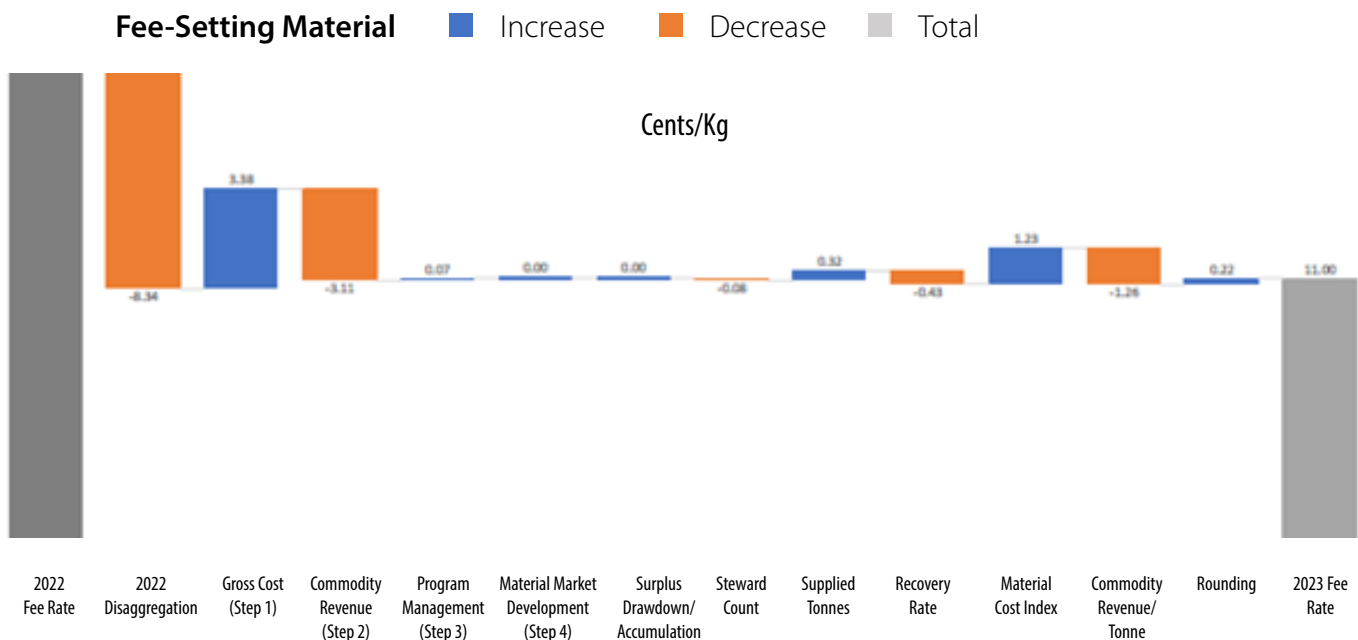
recycling system activities measured separately. (Aggregation was a historic practice used when programs relied upon the Activity Based Costing methodology which did not enable the degree of material category differentiation offered by the MCD methodology.)

Fee Rate Cause of Change

In response to steward requests for details about annual changes to material fee rates, graphs have been developed to illustrate the factors driving changes from 2022 to 2023. An example graph is provided below.

The 2022 rate is the first bar on the left and the 2023 rate is the last bar on the right. The bars in between indicate if a rate increases or decreases due to that factor and notes the change in cents/kg. Descriptions of factors are detailed in the below table – not all factors apply to each program.

Each program section in this report includes a sample graph for a selected material. Files with graphs for all materials are available on each program's website.



Factor	Description/Impact
2022 Fee Rate	Chart begins with the published fee rate for the current year.
2022 Disaggregation	Change to fee rate when aggregation is removed. Aggregation is the historic practice of averaging the fees for some materials together. This practice is being phased out. All subsequent impacts are illustrated on the disaggregated fee rate.
Gross Cost (Step 1)	Changes in the program's cost to collect, manage, market and oversee these recycling system activities, maintaining the current year's relative share of supply and collected quantities. Only the gross cost value is updated.
Commodity Revenue (Step 2)	Changes in the program's revenue earned from the sale of materials to recycling end markets, maintaining the current year's relative share of managed quantities. Only the total program commodity revenue is updated.
Program Management (Step 3)	Changes to the program management budget (staff, CM services, office lease, etc.), maintaining the current year's relative share of PM cost and by updating the PM cost budget only.
Material Market Development (Step 4)	Investments needed to improve the materials' recovery performance (not utilized in 2023).
Material Specific Reserve Mgmt (Step 4)	Generates surplus for those materials that need to increase their contribution to the program's reserves. (MMSM Only)
Surplus Drawdown/ Accumulation	Reduction in the fee rate caused by utilization of reserves to finance a portion of the program budget.
Steward Count	Relative share of program management costs for this material based on the change to the count of stewards supplying material in this category.
Supplied Tonnes	The impact on fees caused by an increase or decrease in material's relative share of supply quantities when considering both the change in this material's supply quantity and all other materials.
Recovery Rate	The impact on fees caused by an increase or decrease in material's relative share of managed/collected quantities.
Material Cost Index	Update to the Material Cost Index (MCI) value for calculating each material's relative share of supply and collected/managed quantities.
Commodity Revenue/Tonne	Update to the material's commodity price per tonne and the resultant impact on each material's relative share of the program's total commodity revenue.
Rounding	Rounding of fee rates to zero decimal places. MMSM Only: Rounding of fee rates to two decimal places
NP Remaining	Allocation of the shortfall in Newspaper fee revenue to all other materials.(MMSM Only)
2023 Fee Rate	This is the final fee rate for the upcoming year considering all causes of change.

2021 Review

Recycle BC delivered continuous performance improvement in 2021, demonstrating resilience in response to unprecedented challenges from forest fires, floods, heat domes and snow events in the province, along with an ever-evolving pandemic.

Collected tonnes increased significantly from the previous year and during the two years comprising the pandemic, net collected tonnes increased by 17% or 30,000 tonnes. The program's 2021 recovery rate of 94.1% (up from 85.8%), was driven by the COVID-19 pandemic plus other factors, such as the addition of more than 31,000 curbside households. Now, 2.03 million – or 99.3% – of BC households have access to recycling services.

In 2021, Recycle BC captured 55% of the plastic packaging

supplied to market, comprised of 67% of rigid plastics and 28% of flexible plastics. 97% of Recycle BC's collected plastics were sent to end markets in BC. To further support local North American end markets, Recycle BC shipped the highest volumes locally since the inception of the program, primarily targeting markets in the Pacific Northwest for paper. This had a positive effect on greenhouse gas (GHG) emissions, which declined by 20.7% from the previous year primarily due to reduction in marine shipments to overseas end markets and increased efficiencies of internal material movements.

Overall program costs dropped dramatically due to increased commodity values. Program operating expense was reduced by \$24.6 million from 2020. Cost per tonne recovered dropped by over 23% to \$476, and the cost per household dropped to \$50, down from \$68 in 2020.

RECYCLE BC PERFORMANCE			
METRIC	2021	2020	YOY VARIANCE
RECYCLING PERFORMANCE			
Gross Tonnes Collected	229,922	221,870	3.6%
Net Tonnes Collected*	214,273	203,213	5.4%
Supplied Tonnes	227,603	236,884	-3.9%
Recovery Rate*	94.1%	85.8%	8.4%
Provincial Recovery Target	77.0%	77.0%	0.0%
Population Served by PPP Program**	4,969,000	4,614,000	7.7%
Recovered kg per capita	43.1	44.0	-2.1%
ACCESSIBILITY PERFORMANCE			
# Households Served*	2,027,709	1,867,262	8.6%
% Households with Access to PPP Program**	99.3%	99.2%	0.1%
P & E Cost per capita	\$ 0.45	\$ 0.40	13.5%
% of residents aware and using recycling services	96%	96%	0.0%
COST PERFORMANCE			
Net Tonnes Collected	214,273	203,213	5.4%
Net Cost	\$101,997,267	\$126,617,362	-19.4%
Net Cost per Tonne	\$ 476	\$ 623	-23.6%
Net Cost per Capita	\$ 21	\$ 27	-25.2%

* Net tonnes collected and recovery rate reflect the exclusion of tonnes collected by Recycle BC on behalf of other stewardship programs for reporting in their annual reports

** Represents access to curbside, multifamily and/or depot service

2022 Update

Recycle BC's increased commodity revenue in 2021 allowed for a significant cost reduction in 2022's budget and offset operating expenses. Program reserves of \$15 million were applied to provide steward members with a 19.5% decrease in the fee budget for 2022 from the previous year. This relief supported steward members during the pandemic hardship and reduced Recycle BC's retained earnings to an appropriate level.

To increase the recovery of materials, particularly plastics, in 2022 the program continued to pilot various methods including mobile depots, third-party community collection events, pop-up collection events and a recently concluded curbside pilot for depot-only materials.

Containers of milk and milk substitutes were removed from the Recycle BC program in February 2022 and transferred to the province's beverage deposit system. With the addition of single-use products and packaging-like products to the program in 2023, producers included 2021 sales data for these materials in the 2022 reporting cycle to inform 2023 fee rates and invoices.

Recycle BC has initiated the consultation process to finalize its next five-year Program Plan, to be submitted to the Ministry of Environment and Climate Change Strategy in April 2023. The draft Program Plan was released at the end of September for a 90-day consultation period and Recycle BC is holding consultation events in October and November.

2023 Budget and Fee Schedule

Five-Year History

As demonstrated in 2021–2022 budget cycle, the volatility in commodity markets can have a significant impact on the program fee budget. To put the effect of this and other relief mechanisms into context for this year's fee budget, the table below summarizes the impact on the total fee budget of commodity revenues and the application of surplus drawdowns during the past five years.

2019-2023 RECYCLE BC FEE BUDGET (\$ MILLIONS)					
PROGRAM YEAR	2023	2022	2021	2020	2019
Gross Costs	\$164.0	\$147.3	\$144.5	\$142.3	\$116.8
Commodity Revenue	(\$18.9)	(\$24.2)	(\$10.1)	(\$11.2)	(\$15.2)
Total Costs	\$145.2	\$123.2	\$134.4	\$131.1	\$101.6
Surplus Drawdown/ Accumulation	\$0.0	(\$15.0)	\$0.0	(\$10.0)	(\$5.0)
Total Fee Budget	\$145.2	\$108.2	\$134.4	\$121.1	\$96.6

8%

2023 Budget

Gross costs of \$164.0 million for the 2023 budget represent an 11.3% increase from 2022. Gross cost is the cost to collect, transport, sort and market materials and does not take into account commodity revenues which are challenging to predict and are forecasted each year with best information available at the time.

Total costs of \$145.2 million for the 2023 budget represent a 17.8% increase from the 2022 budget's total cost of \$123.2 million. The change is driven by an expected decrease in commodity revenues for the upcoming year plus additional costs to implement

program plan commitments, including expanded accessibility, using a CPI rate of 7% based on the June BC Statistics Canada report (where contractually applicable).

The 2023 total fee budget of \$145.2 million represents a 34.2% increase from the comparable figure for the previous year – the 2022 fee budget included a \$15 million drawdown of accumulated surplus – and an 8.0% increase from 2021's total fee budget.

RECYCLE BC BUDGET			
	2023	2022	YOY VARIANCE
OBLIGATION SHARE	100%	100%	
Supply Chain Costs	\$135,175,719	\$113,512,679	19.1%
Promotion & Education	\$2,060,000	\$2,068,000	-0.4%
Program Management	\$7,935,244	\$7,607,634	4.3%
Program Management as % of total fees	5.5%	7.0%	-1.6%
Total Costs (before surplus)	\$145,170,963	\$123,188,313	17.8%
Surplus Accumulation / (Drawdown)	\$ -	\$(15,000,000)	-100.0%
TOTAL FEE BUDGET	\$145,170,963	\$108,188,313	34.2%

2023 Fee Schedule

Following last year's 19.5% decrease in the fee budget due to high commodity values and surplus, the average 2023 fee rates increase by 26%, with increased supplied tonnes partially offsetting the total fee budget increase.

Fee rates for 2023 use the Material Cost Index (MCI) for allocating the budget to material fee categories as an input to the Four-Step Fee Methodology. MCI does not affect costs. The Disaggregation & Material Category Review project has retired the practice of aggregating, or averaging, some fee rates as this practice is no longer required with MCI. 2022 fees for impacted material categories were calculated by applying 50% aggregation and 50% disaggregation.

Generally, materials fee rate changes are most significant for those categories with the highest commodity values. Fee rate changes for materials notably above the average increase include: Other Aluminum Packaging; Aluminum Food & Other Containers; PET Bottles; and HDPE Bottles. Categories with below average increases include Magazines and Catalogues, and Telephone Books.

Separate fee rates for Expanded Polystyrene and Rigid Polystyrene have been introduced, recognizing the different impact that the material characteristics have on the cost of recycling system activities and as part of the program's commitment to the Canada Plastic Pact's Golden Design Rules. The change is aligned with existing Recycle BC material categories and does not require any reporting changes.

RECYCLE BC FEE SCHEDULE (CENTS/KG)

Category	Material	2023 Fee Rates (cents/ kg)	2022 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	48.00	36.00	33.3%
	Magazines and Catalogues	19.00	26.00	-26.9%
	Telephone Books	19.00	26.00	-26.9%
	Other Printed Paper	58.00	44.00	31.8%
PAPER PACKAGING	Corrugated Cardboard	46.00	38.00	21.1%
	Boxboard	29.00	32.00	-9.4%
	Gable Top Cartons	70.00	47.00	48.9%
	Paper Laminates	55.00	44.00	25.0%
	Aseptic Containers	76.00	52.00	46.2%
PLASTICS	PET Bottles	90.00	40.00	125.0%
	HDPE Bottles	0.00	-4.00	100.0%
	Plastic Film	122.00	94.00	29.8%
	Plastic Laminates	122.00	96.00	27.1%
	Expanded Polystyrene	278.00	137.00	102.9%
	Rigid Polystyrene	117.00	137.00	-14.6%
	Other Plastics	81.00	82.00	-1.2%
STEEL	Other Steel Packaging	51.00	39.00	30.8%
	Steel Aerosols	35.00	33.00	6.1%
	Steel Paint Cans	47.00	31.00	51.6%
ALUMINUM	Aluminum Food & Other Containers	35.00	-23.00	252.2%
	Other Aluminum Packaging	45.00	-10.00	550.0%
GLASS	Clear Glass	41.00	33.00	24.2%
	Coloured Glass	41.00	35.00	17.1%

2023 Low-Volume and Flat Fees

Low volume and flat fee rates for stewards supplying between 1,000 and 15,000 kg annually increase by 32% to 38% from 2022, consistent with the budget increase.

RECYCLE BC LOW-VOLUME AND FLAT FEES			
TOTAL SUPPLIED (KG)	2023	2022	YOY VARIANCE
1,000 - 2,499	\$1,100	\$800	\$300 or 38%
2,500 - 5,000	\$2,500	\$1,900	\$600 or 32%
5,000 - 10,000	\$6,000	\$4,500	\$1,500 or 33%
10,000 - 15,000	\$10,200	\$7,600	\$2,600 or 34%

Fee Rate Change Example

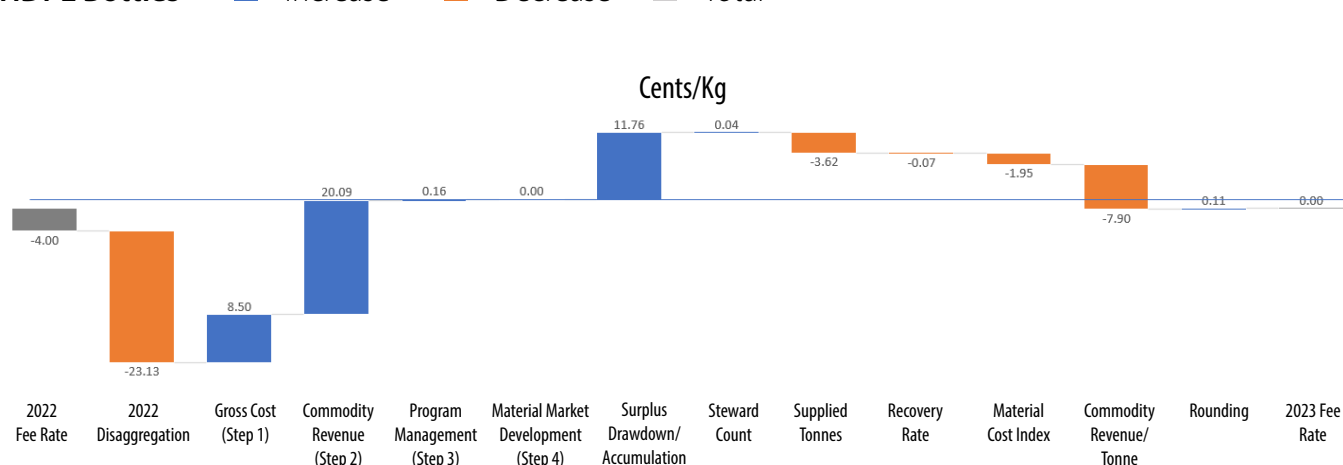
As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2022 to 2023. The graph below provides details for HDPE Bottles. Graphs for all other materials are available on the Recycle BC website.

The 2023 fee rate (the final bar on right) for HDPE Bottles is 0 cents/kg and the 2022 rate (first bar on left) is a credit of 4 cents/kg, an increase of 4 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for HDPE Bottles include:

- Increase: Gross Cost, Commodity Revenue, Surplus Drawdown/Accumulation
- Decrease: Disaggregation, Commodity Revenue/Tonne

HDPE Bottles



2021 Review

In its sixth full year of operation, MMSW continued to support Saskatchewan recycling through service agreements with more than 500 municipalities, regional waste authorities and Indigenous communities that provide collection, processing and marketing services for Waste Paper and Packaging (WPP).

Based on collector report data, MMSW collected more than 40,100 tonnes and achieved a recovery rate of 77.4% for 2021, up slightly from the previous year, however, the rate was driven by reduced collected and supplied tonnes. Approximately 6,000 additional households were serviced by the program in 2021. Residential recycling of WPP was provided to 83.9% of Saskatchewan households, which was down from the

previous year's high of 85.8% due to the refresh of Census data in 2021. The Promotion and Education cost per capita reflects the resumption of activity following the pause in 2020 due to the COVID pandemic.

For the second year, MMSW fulfilled its stewardship plan requirement to report on greenhouse gas (GHG) emissions associated with its collection and recycling activities. Collectors were provided with training and resources to submit their operational data related to GHG emissions and data was presented in the 2021 annual report.

The second phase of payment increases to collectors was implemented in 2021 for the 2022 budget, based on the results of the 2019 cost study of Saskatchewan data.

MMSW PERFORMANCE			
METRIC	2021	2020	YOY VARIANCE
RECYCLING PERFORMANCE			
Collected Tonnes	40,146	40,827	-1.7%
Supplied Tonnes	51,857	53,350	-2.8%
Recovery Rate	77.4%	76.5%	0.9%
Population Serviced by PPP Program*	923,650	916,370	0.8%
Recovered kg per capita	43.5	44.6	-2.4%
ACCESSIBILITY PERFORMANCE			
# Households Serviced*	376,552	371,492	1.4%
% Households with Access to PPP Program*	83.8%	85.9%	-2.1%
P & E Cost per capita	0.07	0.01	1202.1%
COST PERFORMANCE			
Collected Tonnes	40,146	40,827	-1.7%
Net Cost	\$13,119,626	\$10,877,920	20.6%
Net Cost per Tonne	\$327	\$266	22.7%
Net Cost per Capita	\$14	\$12	19.7%

2022 Update

To meet the regulatory requirement to pay collectors based on Saskatchewan data, MMSW is obligated to compile municipal cost data every two to three years so that tonnes, costs and revenues used as the basis for the payment are updated. The MMSW Stewardship Plan includes a requirement for the program to fund up to 75% of net program costs. The cost study completed in 2022 informed the 2023 budget. MMSW's Advisory Committee, which is composed of a representative group of stakeholders from local governments, regional waste authorities, stewards, and a Saskatchewan NGO, oversaw this activity and recommended the resulting payment change to the MMSW Board of Directors for approval.

As well, in 2022 MMSW concluded its pilot study of seasonal households to better understand the role they play in the collection of designated materials.

The provincial government continued consultations on the plan to transition Saskatchewan's Household Packaging and Paper Stewardship Program Regulations and the Multi-Material Recycling Program to full EPR. Announcements are expected in spring 2023.

2023 Budget and Fee Schedule

The 2023 budget reflects the program's obligation to increase collector payments to reflect Saskatchewan costs. A cost study conducted in 2022 fulfilled the requirement to regularly update municipal data and fund up to 75% of the net cost to operate the system, driving a 14.8% budget increase for 2023.

2023 Budget

MMSW BUDGET			
	2023	2022	YOY VARIANCE
OBLIGATION SHARE	75%	75%	
Supply Chain Costs	\$17,994,355	\$15,535,719	15.8%
Promotion & Education	\$50,000	\$50,000	0.0%
Program Management	\$1,746,243	\$1,650,660	5.8%
Program Management as % of total fees	8.8%	9.6%	-0.8%
Total Costs (before surplus)	\$19,790,597	\$17,236,379	14.8%
Surplus Accumulation / (Drawdown)	\$ -	\$-	
TOTAL FEE BUDGET	\$19,790,597	\$17,236,379	14.8%

2023 Fee Schedule

The average 2023 fee rate increase of 14.1% from 2022 reflects the budget increase. 2023 fee rates use the Material Cost Index (MCI) for allocating the program budget to material fee categories as an input the Four-Step Fee Methodology. The implementation of MCI has retired the practice of aggregating, or averaging, some fee rates.

Fee rates for PET Bottles, Plastic Laminates, Polystyrene and Steel Paint Cans increase above the average, while rates for Magazines and Catalogues, Telephone Books and HDPE Bottles decrease from the previous year.

MMSW FEE SCHEDULE (CENTS/KG)				
Category	Material	2023 Fee Rates (cents/ kg)	2022 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	36.00	28.00	28.6%
	Magazines and Catalogues	11.00	19.00	-42.1%
	Telephone Books	11.00	19.00	-42.1%
	Other Printed Paper	34.00	26.00	30.8%
PAPER PACKAGING	Corrugated Cardboard	30.00	27.00	11.1%
	Boxboard	20.00	22.00	-9.1%
	Gable Top Cartons	53.00	42.00	26.2%
	Paper Laminates	47.00	38.00	23.7%
	Aseptic Containers	42.00	38.00	10.5%
PLASTICS	PET Bottles	50.00	32.00	56.3%
	HDPE Bottles	-31.00	13.00	-338.5%
	Plastic Film	72.00	57.00	26.3%
	Plastic Laminates	84.00	60.00	40.0%
	Polystyrene	179.00	85.00	110.6%
	Other Plastics	49.00	52.00	-5.8%
STEEL	Other Steel Packaging	32.00	25.00	28.0%
	Steel Aerosols	27.00	23.00	17.4%
	Steel Paint Cans	33.00	23.00	43.5%
ALUMINUM	Aluminum Food & Other Containers	18.00	21.00	-14.3%
	Other Aluminum Packaging	20.00	27.00	-25.9%
GLASS	Clear Glass	21.00	16.00	31.3%
	Coloured Glass	21.00	16.00	31.3%

2023 Low-Volume Fees

Low-volume fees for stewards supplying up to 5,000 kg annually increase 14-15% from 2022, consistent with the budget increase.

MMSW LOW-VOLUME FEES			
TOTAL SUPPLIED	2023	2022	YOY VARIANCE
1,000 - 2,499	\$640	\$560	\$80 or 14%
2,500 - 5,000	\$1,340	\$1,170	\$170 or 15%

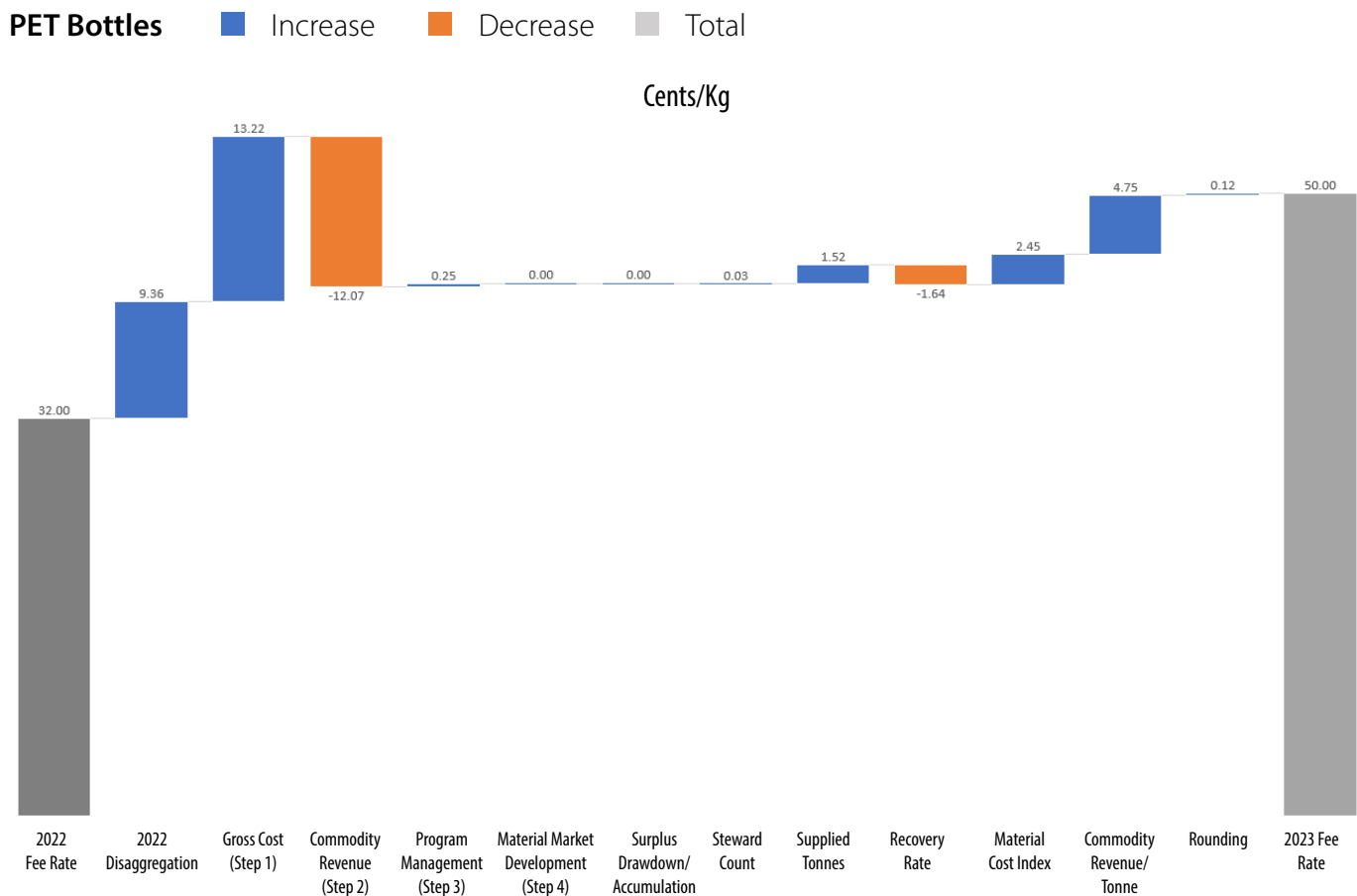
Fee Rate Change Example

As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2022 to 2023. The graph below provides details for PET Bottles. Graphs for all other materials are available on the MMSW website.

The 2023 fee rate (the final bar on right) for PET Bottles is 50 cents/kg and the 2022 rate (first bar on left) is 32 cents/kg, an increase of 56.3% or 18 cents/kg.

The impact for each factor listed along the bottom of the graph is provided in cents/kg. Notable change factors for PET Bottles include:

- Increase: Disaggregation, Gross Cost, Commodity Revenue/Tonne
- Decrease: Commodity Revenue, Recovery Rate



Multi-Material Stewardship Manitoba



2021 Review

MMSM's recovery rate of 72.0% for 2021 was down slightly from the previous year, due to supplied tonnes increasing more than recovered tonnes. A slight decrease in recovered kg per capita reflects an increase in serviced population.

Accessibility has been maintained at a high level, with improved resident awareness of recycling. Promotion and education efforts were supported by more than 120,000 website visits and 46,000 Recyclepedia user sessions.

MMSM submitted its draft Transition Plan to full EPR to the provincial government in November, outlining how it proposes to transition the current shared responsibility model for the delivery of residential recycling of packaging and printed paper to one that is fully managed and financed by industry.

An agreement between News Media Canada, the City of Winnipeg, and the Association of Manitoba Municipalities on an In-Kind Advertising Program launched on January 1, 2022.

MMSM PERFORMANCE			
METRIC	2021	2020	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	66,362	64,933	2.2%
Supplied Tonnes	92,187	88,701	3.9%
Recovery Rate	72.0%	73.2%	-1.2%
Population Serviced by PPP Program	1,275,203	1,208,276	5.5%
Recovered kg per capita	52.0	53.7	-3.2%
ACCESSIBILITY PERFORMANCE			
# Households Serviced	550,197	531,441	3.5%
% Households with Access to PPP Program	95%	95%	0.5%
P & E Cost per capita*	\$ 0.69	\$0.75	-8.1%
% of residents aware and using recycling services	93%	87%	6.5%
COST PERFORMANCE			
Recovered Tonnes	66,362	64,933	2.2%
Net Cost**	\$ 27,549,002	\$ 33,892,798	-18.7%
Net Cost per Tonne	\$ 415	\$522	-20.5%
Net Cost per Capita	\$22	\$ 28	-23.0%

* Total Municipal and MMSM P&E

** Net costs include 100% of municipal costs and 100% of commodity revenues. Also included are MMSM's Promotion & Education, regulatory, market development and all other program management costs.

2022 Update

MMSM received initial feedback from the Department of Environment, Climate and Parks (DECP) on its draft Transition Plan in early spring. The plan was revised based on that feedback and resubmitted to the Minister on June 3, 2022. The DECP held a public consultation from July 11 to August 15. MMSM will keep stewards informed on Transition Plan developments as they arise.

The MMSM Board of Directors appointed John Graham from Retail Council of Canada as Board Chair, as well as Ian Urquhart from Manitoba Liquor and Lotteries as a new director and Treasurer. The board extended thanks to both Neil Antymis and Heather Mitchell for their leadership over the years.

With the recent acquisition of Resource Recycling Alliance by Circular Materials, MMSM's planned move to Circular Materials as a service provider will not create any changes to steward support, reporting, and invoicing in 2023.

2023 Budget and Fee Schedule

The 2023 total fee budget of \$25 million represents a 4.7% decrease from the 2022 budget, driven by an expected increase in commodity revenues, particularly for the City of Winnipeg. The three-year average of commodity revenue used in the budget process has dropped data from 2018, the first year reflective of the China ban.

Program management expenses increased from the previous year due to increased costs associated with preparing MMSM for transition to full EPR. There are no general reserves accumulated in the 2023 fee budget, however, material-specific reserves are planned for two materials currently in deficit.

2023 Budget

MMSM BUDGET			
	2023	2022	YOY VARIANCE
OBLIGATION SHARE	80%	80%	
Supply Chain Costs	\$20,578,199	\$21,536,170	-4.4%
Promotion & Education	\$740,000	\$740,000	0.0%
Program Management	\$3,575,575	\$3,020,284	18.4%
Program Management as % of Total Fees	14.4%	11.9%	2.4%
Total Fee Obligation (before surplus)	\$24,893,774	\$25,296,454	-1.6%
Surplus Accumulation / (Drawdown)	\$79,879	\$907,644	-91.2%
TOTAL FEE BUDGET	\$24,973,652	\$26,204,098	-4.7%

Multi-Material Stewardship Manitoba



2023 Draft Fee Schedule

MMSM's 2023 fee rates were calculated using the Four-Step Fee Methodology and the Material Cost Index.

The average fee rate decreases 8.3% from the previous year, reflecting the budget decrease and an increase in quantity of supplied tonnes.

Fee rates for Polystyrene and Steel Food & Beverage Cans increased from the previous year primarily due to disaggregation and decreased quantities/increased gross cost, respectively. Fee rates for HDPE Containers and Bottles and Aluminum Food & Beverage Cans decreased by more than the average due to increased commodity revenues.

MMSM FEE SCHEDULE (CENTS/KG)				
Category	Material	2023 Fee Rates (cents/ kg)	2022 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint - Publishers	24.38	23.44	4.0%
	Newsprint - Other	27.93	26.51	5.4%
	Magazines and Catalogues	20.37	31.57	-35.5%
	Telephone Books	22.07	27.30	-19.2%
	Other Printed Paper	26.50	26.86	-1.3%
PAPER PACKAGING	Corrugated Cardboard	22.61	26.91	-16.0%
	Boxboard	15.97	21.66	-26.3%
	Gable Top Cartons	39.46	37.08	6.4%
	Paper Laminates	30.34	31.82	-4.7%
	Aseptic Containers	31.66	31.97	-1.0%
PLASTICS	PET Containers and Bottles	36.86	44.00	-16.2%
	HDPE Containers and Bottles	0.46	27.19	-98.3%
	Plastic Film	58.92	52.13	13.0%
	Plastic Laminates	61.20	54.35	12.6%
	Polystyrene	106.52	75.42	41.2%
	Other Plastics	42.39	46.65	-9.1%
STEEL	Steel Food & Beverage Cans	28.25	23.16	22.0%
	Steel Aerosols	22.93	25.39	-9.7%
	Other Steel Containers	24.94	24.06	3.7%
ALUMINUM	Aluminum Food & Beverage Cans	14.96	36.46	-59.0%
	Other Aluminum Packaging	19.13	28.02	-31.7%
GLASS	Clear Glass	16.23	14.98	8.3%
	Coloured Glass	17.41	15.66	11.2%

Flat Fees

MMSM introduced a flat-fee billing option for low-volume stewards for 2022. With flat fees, eligible stewards (supplying less than 5,000 kg annually) can continue filing their detailed reports and paying material fee rates or they can choose to pay the flat fee instead. The below table provides flat fees for 2023, which decreased between 5% and 9%, consistent with the decrease in average fee rates.

TOTAL SUPPLIED (KG)	2023 FLAT FEE	2022 FLAT FEE	VARIANCE
1,000 - 2,499	\$1,000	\$1,100	-9% or -\$100
2,500 - 4,999	\$2,000	\$2,100	-5% or -\$100

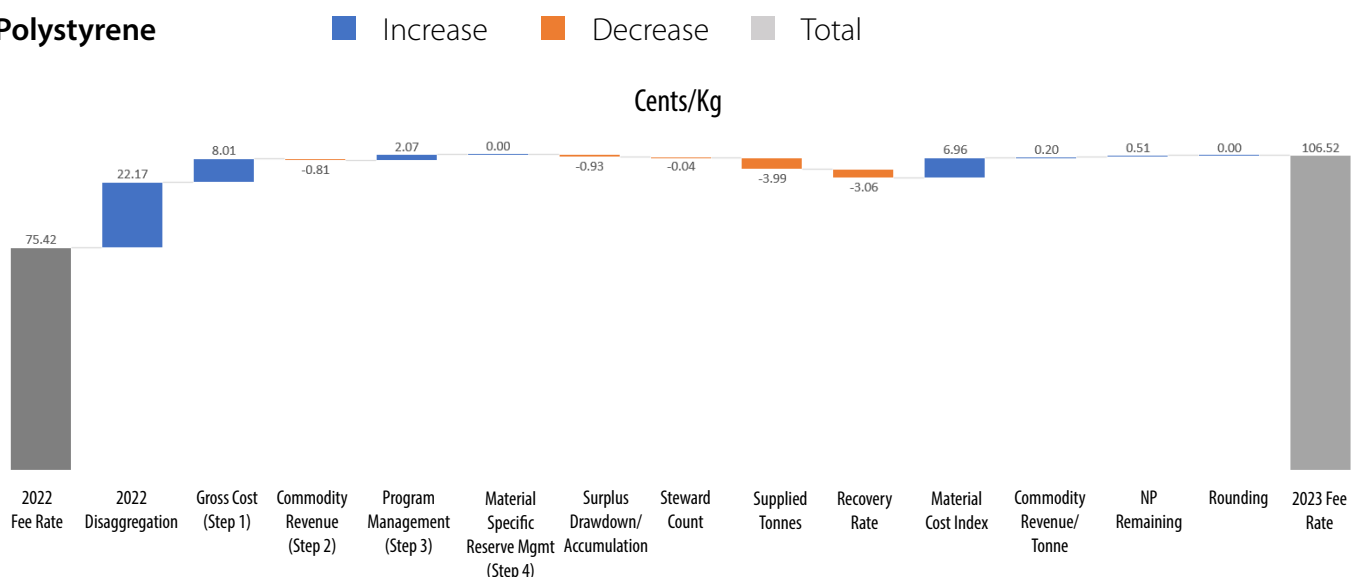
Fee Rate Change Examples

As detailed in the overview section at the beginning of this report, graphs have been developed to illustrate the factors driving fee rate changes from 2022 to 2023. The graphs below provide details for Polystyrene and Aluminum Food & Beverage Cans. Graphs for all other materials are available on the MMSM website. The impact for each factor listed along the bottom of the graph is provided in cents/kg.

The 2023 fee rate (the final bar on right) for Polystyrene is 106.52 cents/kg and the 2022 rate (first bar on left) is 75.42, an increase of 41.2% or 31.1 cents/kg. Notable change factors for Polystyrene include:

- Increase: 2022 Disaggregation, Gross Cost, and Material Cost Index
- Decrease: Supplied Tonnes, Recovery Rate

Polystyrene



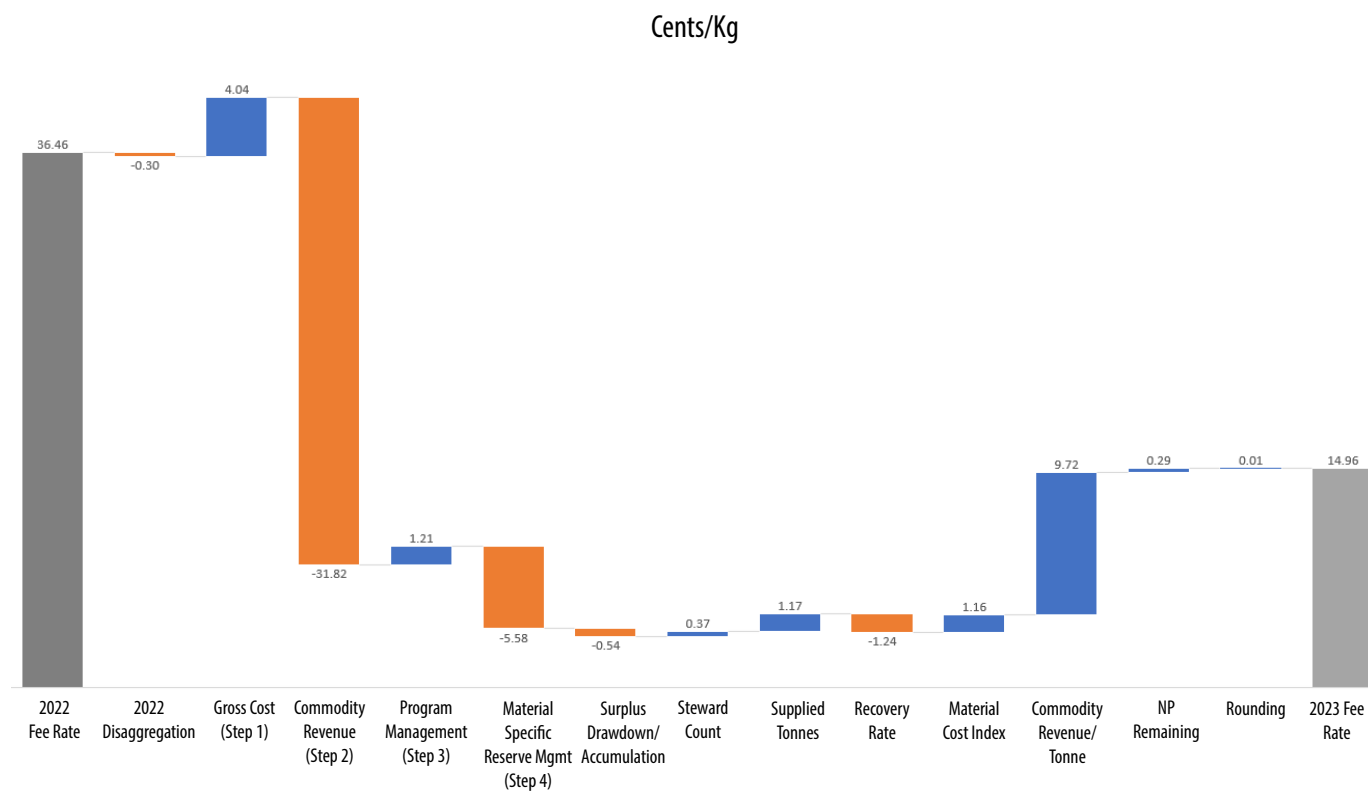
Multi-Material Stewardship Manitoba

The 2023 fee rate (the final bar on right) for Aluminum Food & Beverage Cans is 14.96 cents/kg and the 2022 rate (first bar on left) is 36.46, a decrease of 59% or 21.5 cents/kg. Notable change factors for Aluminum Food & Beverage Cans include:

- Increase: Gross Cost, Commodity Revenue per Tonne
- Decrease: Commodity Revenue, Material Specific Reserve Mgmt

Aluminum Food & Beverage Cans

■ Increase ■ Decrease ■ Total



2022 Update

Stewardship Ontario made significant progress in the past year to advance its preparations for the Blue Box transition that begins in July 2023. After the transition is completed in December 2025, Stewardship Ontario will be wound up as an organization.

Engagement with the Resource Productivity & Recovery Authority (RPRA) and Ontario municipalities enabled various improvements for stewards to reduce costs and improve efficiencies.

Following its October 2021 proposal for simplified fee setting to end data reporting for almost all stewards, stakeholders were surveyed and participated in webinars. The proposal was submitted to RPRA in January 2022 and approved with conditions in March 2022 as an addendum to the Blue Box Transition Plan. See more information on simplified fees below.

The data and process for determining the annual steward obligation has been confirmed, eliminating potential disputes and helping ensure budgets and fees will be more predictable during the transition.

With the assistance of the Continuous Improvement Fund, Stewardship Ontario has also obtained access to a wider and deeper dataset on program recovery. Making use of this dataset to determine the program recovery rate will take a little more time. As a result, the program recovery rate for 2021 is not included in this Report, but it will be published before the end of the year.

These changes and improvements, and a better understanding of requirements during transition have enabled Stewardship Ontario to significantly reduce program management expenses for the 2023 budget, and throughout the remainder of the transition period.

To maintain relevance of information during the transition, Stewardship Ontario redeveloped its website and streamlined its annual report. Promotion and

education efforts for residents have been refocused to make way for the Blue Box collection framework.

A new services agreement with Circular Materials (formerly Resource Recovery Alliance), along with a data confidentiality review and new policies, have confirmed Stewardship Ontario's independence.

2023 Budget

The 2023 budget to be paid by steward fees is \$155.9 million. The obligation to municipalities is 11.7% less than the previous year and program management expenses are down 16%. 2023 transition costs are not part of the fee budget calculation.

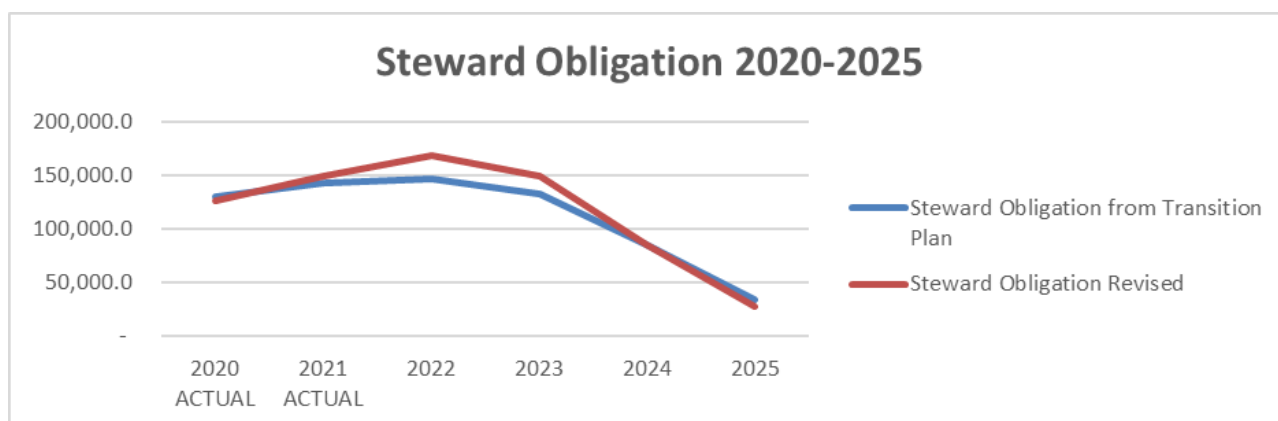
STEWARDSHIP ONTARIO BUDGET (\$ THOUSANDS)					
	2020 ACTUAL	2021 ACTUAL	2022 BUDGET	2023 BUDGET	VARIANCE \$
Steward Obligation to Municipalities	126,226.4	149,246.5	169,144.0	149,380.7	(19,763)
Program Operations	7,966.6	7,316.4	7,800.2	6,554.9	(1,245)
Transition	1,371.8	898.6	1,062.2	1,117.8	56
Total Budget	135,564.9	157,461.5	178,006.4	157,053.4	(20,953)
Less: Glass Market Development Fund		666.0			
Plastic Market Development Fund		4,964.4			
General Reserve	1,371.8	898.6	12,961.2	1,117.8	(11,843)
Net After Reserves	134,193.1	150,932.5	165,045.2	155,935.6	(9,110)

Estimated Budgets and Costs Through Transition

The Blue Box Transition Plan included annual estimates of the steward obligation, operating costs and transition costs to the wind up of Stewardship Ontario. These estimates have been revised as updated data became available.

Steward Obligation

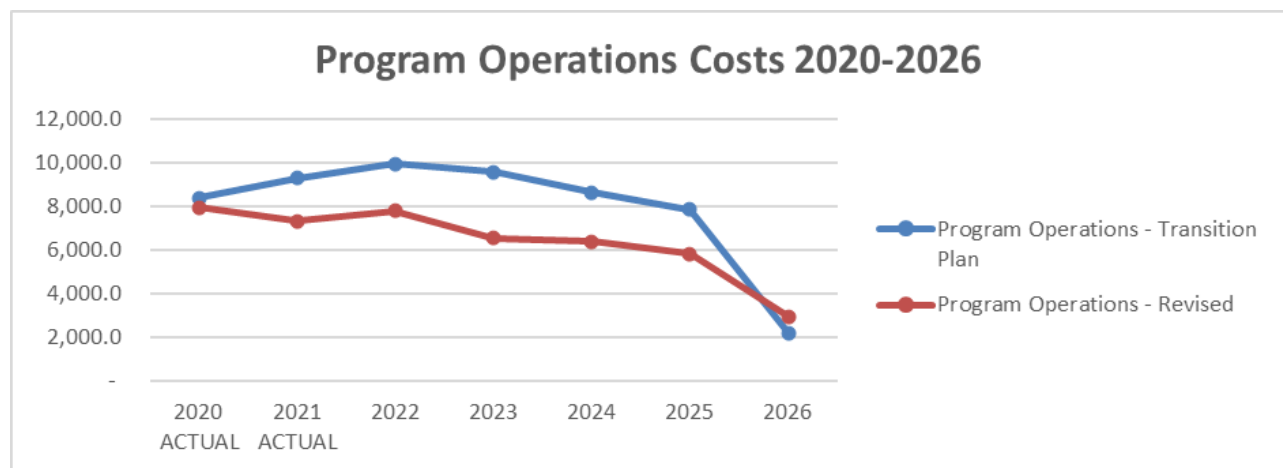
CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$000 INCLUDES HST)							
	2020 ACTUAL	2021 ACTUAL	2022	2023	2024	2025	TOTAL
Steward Obligation from Transition Plan	130,738.7	142,632.8	147,358.7	133,197.1	85,169.7	33,832.6	672,929.6
Steward Obligation Revised	126,226.4	149,246.5	169,144.0	149,380.7	85,514.1	27,484.3	706,996.0
Difference	(4,512.3)	6,613.7	21,785.3	16,183.6	344.4	(6,348.3)	34,066.4
Difference for 2023-2025				16,183.6	344.4	(6,348.3)	10,179.7



The annual Steward Obligation was higher than forecast in the Transition Plan for 2021-23. The total obligation amount over the full course of the Plan (2020-2025) is \$34.1 million or 5.1% higher than the initial projection.

Operating Costs

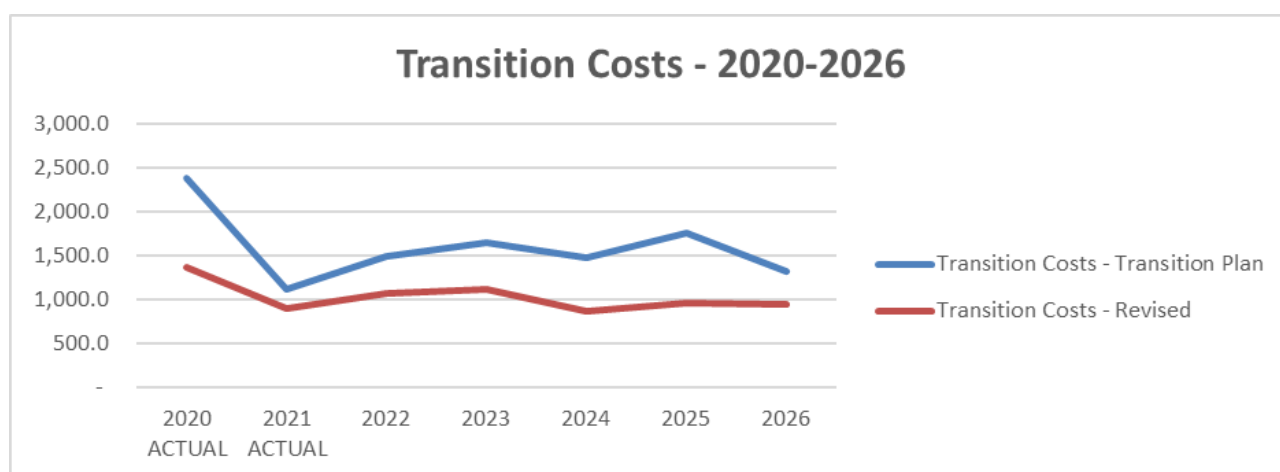
CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$'000 INCLUDES HST)								
	2020 ACTUAL	2021 ACTUAL	2022	2023	2024	2025	2026	TOTAL
Program Operations - Transition Plan	8,394.3	9,307.8	9,957.6	9,577.7	8,636.3	7,863.8	2,189.2	55,926.7
Program Operations - Revised	7,966.6	7,316.4	7,800.2	6,554.9	6,390.8	5,818.9	2,944.3	44,792.1
Difference	(427.7)	(1,991.4)	(2,157.4)	(3,022.8)	(2,245.5)	(2,044.9)	755.1	(11,134.6)



Actual and projected costs for operating the program are lower than initial estimates in the Plan for almost every year. The total savings are \$11.1 million or 19.9% less than estimated in the Plan.

Transition Costs

CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$000 INCLUDES HST)								
	2020 ACTUAL	2021 ACTUAL	2022	2023	2024	2025	2026	TOTAL
Transition Costs - Transition Plan	2,381.5	1,118.5	1,491.2	1,644.8	1,475.1	1,759.2	1,325.9	11,196.2
Transition Costs - Revised	1,371.8	898.6	1,062.2	1,117.8	872.1	964.9	942.1	7,229.6
Difference	(1,009.7)	(219.9)	(429.0)	(527.0)	(603.0)	(794.3)	(383.8)	(3,966.6)



Actual and projected transition costs are lower in every year of transition compared with the Plan estimates, for total savings of \$4 million or 35.4% less than estimated.

Simplified Fees

Simplified fee setting eliminates the need for almost all stewards to report annual supply-to-market data, reducing the administrative burden and program management costs during the Blue Box transition.

Simplified fee setting also avoids the potentially costly and confusing process of stewards reporting data to both Stewardship Ontario as well as to RPRA and a Producer Responsibility Organization under the new Blue Box Regulation.

The steward requirements for simplified fees include:

- Steward is in good-standing
- Steward filed accurate and complete reports for both the 2020 and 2021 reporting years – referred to as the baseline years; or
- Steward filed an accurate and complete report for one of the baseline years and was exempt from reporting in the other baseline year
- Any steward-initiated adjustments to the baseline years were filed by the deadline.

For stewards who do not need to report, annual fees will be based on individual steward fees for invoice years 2021 and 2022 (2019 and 2020 sales data years). The calculation and circumstances where the simplified fee setting model will not apply are detailed in the [Policy for Simplified Steward Fee Setting](#).

Stewards not eligible for simplified fees should contact Stewards Services for assistance and information on filing a detailed material report and the applicable fee rates: werecycle@stewardshipontario.ca.

2023 Invoices

Simplified fees for 2023 invoices will be determined based on each steward's share of the Stewardship Ontario budget for the two most recent years (Invoice years 2021 and 2022, which were based on reports submitted in 2020 and 2021, respectively). Stewardship Ontario will calculate the average of the two shares and apply it to the 2023 fee budget amount. Note that the budget amount that will be included in invoices distributed in January will differ slightly from the budget amount presented in this Report due to adjustments.

Precise percentage share allocations for each steward are currently being finalized and will be available on the WeRecycle Portal in late November. In the meantime, most stewards can estimate their 2023 invoice using their past invoices, using this example (see next page) for those that have filed the required reports:

EXAMPLE INVOICE ESTIMATE

INVOICE YEAR	TOTAL FEES	STEWARD INVOICE AMOUNT	FEE SHARE PERCENTAGE
2021	\$150,616,985	\$135,259	0.090%
2022	\$166,511,224	\$124,730	0.075%
2023	\$155,935,565	\$128,647 (estimate)	0.0825% (= (0.090+0.075)/2)

For stewards that did not report fees in one of the two years, the fee for 2023 will be calculated using the average of the percentage share of the reported year and 1.5 times that share.

