



# Report to Producers

Annual Producer Meeting  
October 24, 2023



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# Contents

<b>Managing Packaging EPR Momentum in Canada .....</b>	<b>2</b>
<b>Budget and Fee Overview .....</b>	<b>4</b>
<b>Circular Materials New Brunswick .....</b>	<b>7</b>
2023 Update * 2024 Budget and Fee Schedule	
<b>Stewardship Ontario .....</b>	<b>10</b>
2023 Review * 2024 Budget * Estimated Budgets and Costs Through Transition	
<b>Multi-Material Stewardship Manitoba (MMSM) .....</b>	<b>16</b>
2022 Review * 2023 Update * 2024 Budget and Fee Schedule	
<b>Multi-Material Stewardship Western (MMSW) .....</b>	<b>20</b>
2022 Review * 2023 Update * 2024 Budget and Fee Schedule	
<b>Recycle BC .....</b>	<b>25</b>
2022 Review * 2023 Update * 2024 Budget and Fee Schedule	

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## 2023 Annual Producer Meeting

The Annual Producer Meeting (APM) will be held on Tuesday, October 24, via Zoom webcast. The APM will review 2024 budgets and fees for Recycle BC, MMSW, MMSM, Stewardship Ontario and Circular Materials New Brunswick.

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](#).

Local times for the APM:

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

New Brunswick: 2:00 – 3:30 p.m. ADT



# Managing Packaging EPR Momentum in Canada

**Allen Langdon**  
Chief Executive Officer  
Circular Materials



Extended Producer Responsibility (EPR) for packaging and paper is rapidly gaining momentum across Canada with seven provinces and one territory introducing or transitioning to full EPR.

As a national not-for-profit organization created and governed by producers, our focus is on building efficient and effective recycling systems that advance innovation, increase performance and deliver improved environmental outcomes.

Since the acquisition of the former CSSA just over a year ago, Circular Materials has worked closely with the recycling programs in British Columbia, Saskatchewan and Manitoba as a service provider.

In Ontario, we have begun the transition to full EPR as the administrator of the common collection system and a producer responsibility organization (PRO) for our producers. We are committed to providing a seamless blue box transition to Ontario residents.

In the Atlantic provinces, our New Brunswick program plan was approved in May 2023 and we are ready to begin the first phase of the province's transition on November 1. Nova Scotia has released its draft regulation with EPR implementation scheduled for December 2025. In June, Newfoundland and Labrador released a draft framework for packaging EPR and Circular Materials provided feedback during consultations.

In the West, the Alberta Recycling Management Authority recently passed bylaws to govern single-use products, packaging and paper products, with the first phase of implementation to begin in April 2025. New Saskatchewan regulations came into effect in March, kickstarting the transition to full EPR beginning in 2024. Manitoba is working to finalize its transition plan for full EPR. The Yukon government completed consultations on EPR and a new regulation is expected to be in place by the end of the year.

In Quebec, Circular Materials signed a Memorandum of Understanding (MOU) with ÉÉQ in April focused on evolving and sharing best practices to enhance performance, optimize operations, drive technological innovation and investments in recycling infrastructure in Ontario and Québec. Over the past few months, we have worked together on a number of workstreams, collaborated on a federal budget submission and jointly hosted a webinar on plastic design guidelines.

The MOU, along with strategic collaborations with industry leaders, support our efforts to advance the circular economy and facilitate returning materials back to producers for use as recycled content for products and packaging. We are committed to increase the long-term supply of recycled material at the least cost.

**Producers in Alberta and Nova Scotia should prepare to submit the first material supply reports for these provinces in 2024 to inform fees payable in 2025**

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We are also committed to implementing initiatives and tools that support the producer experience. Through our WeRecycle Portal, we enable efficient and secure reporting of supply data for multiple programs across the country, supported by a dedicated customer relations team available through various channels. Ongoing refinements and updates to our fee methodology will help ensure that the process of allocating program budgets remains transparent, fair and equitable.

As packaging EPR expands, Circular Materials is working from coast to coast to coast with our partners to maximize positive outcomes for producers, the recycling value chain and stakeholders.

## National Integration

The transition to EPR in Canada is occurring separately but concurrently across provinces between 2023-2025, with producers experiencing significant financial and operational considerations as the transition commences.

To support this change and manage its impact, Circular Materials, Recycle BC, Multi-Material Stewardship Western and Multi-Material Stewardship Manitoba are working together to review an optimal business model for delivering EPR across Canada.

This includes developing a nationally integrated approach and roadmap that identifies activities the respective organizations will collaborate on to achieve common goals and efficiencies together. The purpose of the work is to mitigate cost increases and achieve productivity gains that can come from national integration alongside a local/regional presence, looking at:

- maximizing efficiency of current and future reserves,
- improving environmental outcomes while driving economies of scale and cost savings,
- providing producers with a unified national voice in support of existing and future regulations,

- capitalizing on the efficiencies of a common, harmonized approach (processes and technology),
- delivering a model that is reflective of regional needs and priorities,
- meeting the needs of all producers, regardless of size or industry,
- developing national standardization of both material inputs and outputs to enable efficiencies within the system,

all while appropriately managing and mitigating risks.

Meetings have been occurring weekly and our joint efforts have significantly advanced key workstreams related to governance, organization design and risk management.

We look forward to sharing more as we evolve this nationally integrated approach to support producers and improve environmental outcomes.

Thank you to all producers for your ongoing engagement.



# Budget and Fee Overview

To determine the material fee rates to be paid by producers, the first step is to prepare the program's budget. 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, Saskatchewan and New Brunswick are determined by referencing their commercial contracts with collection and post-collection service providers. The Manitoba recycling system budget is based on submitted municipal costs once they have undergone a verification process.

The goal of the fee setting process is to fairly allocate a program's budget to all designated materials based on defined principles. This requires a determination of each material's impact on the cost of recycling system activities through a material cost input. The Material Cost Index (MCI) is calculated using the [Material Cost Differentiation \(MCD\) methodology](#).

The [Four-Step Fee Methodology](#) is then used to calculate total fees for each material category. Fee rates are calculated by dividing the total fees for each material category by the total quantity of the material supplied by all producers. Invoices delivered in January apply the fee rates to each producer's reported quantity of materials.



## 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 commodity revenue must be estimated for each program. Some programs are able to develop the estimate using forecasting models which consider the commercial terms of their contracts. Other programs use a historical three-year rolling average method.

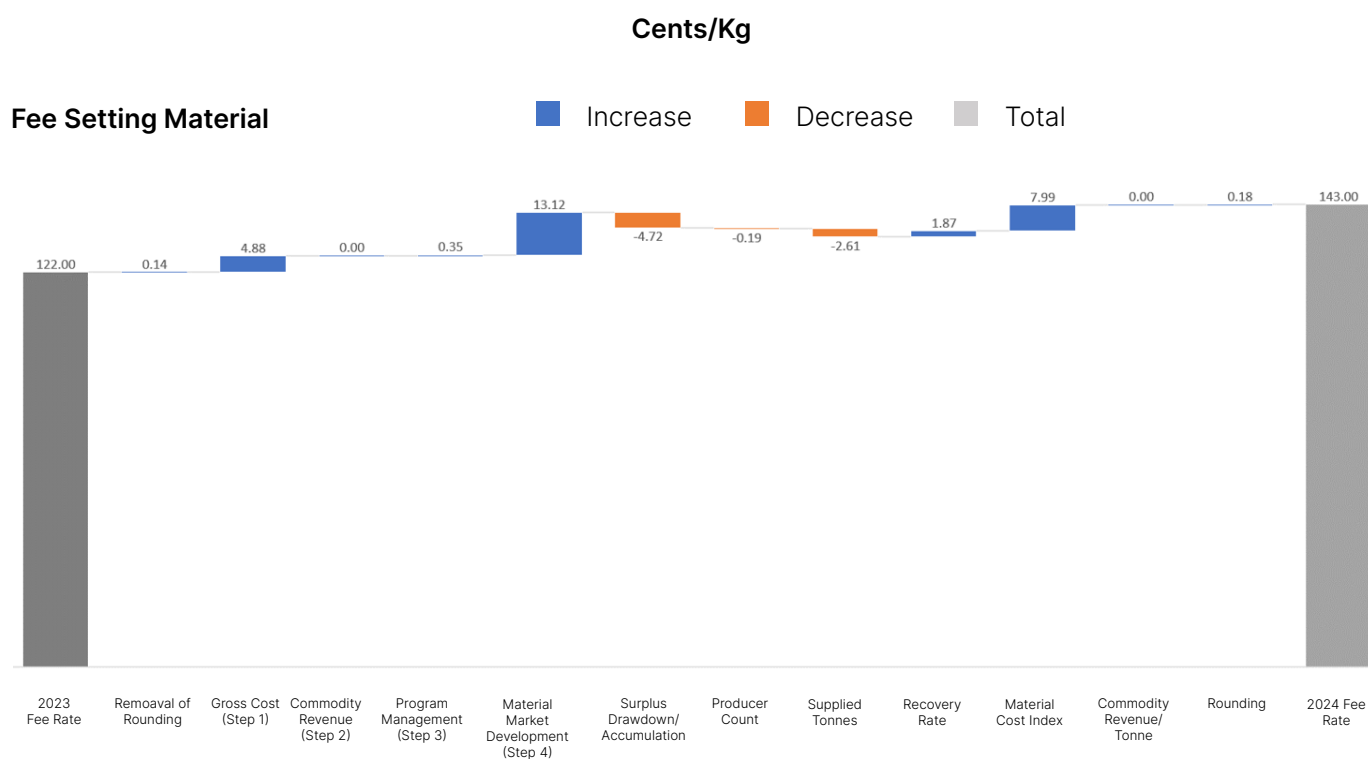
In addition to the total commodity revenue budget, the Four-Step fee model requires a commodity price be available for each material category to calculate its relative share of the program commodity revenue. Generally, fee rates for high-value materials are affected more by commodity price changes.

## Fee Rate Cause of Change

In response to producer requests for details about annual changes to material fee rates, graphs have been developed to illustrate the factors driving changes from 2023 to 2024. An example graph is provided below.

The 2023 rate is the first bar on the left and the 2024 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
2023 Fee Rate	Chart begins with the published fee rate for the current year.
Removal of Rounding, and 2023 NP (MMSM only)	Change to fee rate when both the current year rounding, and current Newspaper remaining amount are removed (MMSM only).
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, systems and technology, 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.
Surplus Drawdown/ Accumulation	Reduction in the fee rate caused by utilization of reserves to finance a portion of the program budget. Or increase in the fee rate caused by accumulation of reserves for the program.
Producer/Steward Count	Relative share of program management costs for this material based on the change to the count of producers/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 (Recycle BC, MMSW, and Circular Materials New Brunswick, and two decimal places (MMSM).
2024 Newspaper (NP) Remaining (MMSM only)	Allocation of the shortfall in Newspaper fee revenue to all other materials (MMSM only).
2024 Fee Rate	This is the final fee rate for the upcoming year considering all causes of change.

## 2023 Updates

Circular Materials submitted its New Brunswick Stewardship Plan for Packaging and Paper which was approved by Recycle NB on May 5, 2023. New Brunswick program implementation and onboarding of entities that include Regional Service Commissions, municipalities and First Nations will be rolled out in two phases:

- **Phase 1:** November 1st, 2023: Regional Service Commissions (RSCs) 1, 2, 9, 10, 11 and 12.
- **Phase 2:** May 1st, 2024: Regional Service Commissions (RSCs) 3, 4, 5, 6, 7 and 8.

Entities were given the option of opting-in or opting-out of a contract with Circular Materials during the program transition. Those that have opted-out will have the option of having Circular Materials provide

collection services and in these cases, Circular Materials will establish collection/post-collection contracts with independent service providers. Collection and post-collection services for entities opting-out of Phase 1 of the program will have their start date pushed back by six months with services beginning on May 1, 2024. Of the 48 entities in Phase 1, six entities (inclusive of one First Nation community) have opted-in, and 42 entities have opted-out of the program. Post-collection contracts to service the six communities opting-in are being finalized with specific operators.

A budget and fee rates schedule were developed by Circular Materials for the two months (November and December) of operational costs in 2023. Producer fees for 2023 were released and approved in May 2023 and are available on the [Circular Materials website](#).



## 2024 Budget and Fee Schedule

### 2024 Budget

The 2024 budget captures costs for the full year for Phases 1 and 2, with Phase 1 opt-out entities and Phase 2 opt-in entities scheduled to join the program in May 2024. In addition to supply chain costs, other material management costs (representing audit, consulting fees etc.), program management, P&E and regulatory costs, the 2024 fee budget of \$23.4 million also includes \$2.5 million to build operating reserves.

CIRCULAR MATERIALS NEW BRUNSWICK BUDGET	
	2024
<b>Obligation Share</b>	<b>100%</b>
<b>Supply Chain Cost</b>	<b>\$15,949,100</b>
Phase 1	\$10,012,000
Phase 2	\$5,937,100
Other Material Management Cost	\$637,000
Promotion & Education Cost	\$1,530,000
Program Management Cost	\$2,190,000
Program Management as % of Total Fees	10.4%
Regulatory Cost	\$660,000
Start-up Cost	\$-
<b>Total Fee Obligation (before reserves)</b>	<b>\$20,966,100</b>
Reserves	\$2,450,800
<b>TOTAL FEE BUDGET</b>	<b>\$23,416,900</b>

### 2024 Fee Schedule

2024 fee rates use the Material Cost Index (MCI) values as an input under Step 1 of the Four-Step Fee Methodology, which are used alongside other factors (supplied tonnes, recovery rates and commodity prices under steps 2-4) to allocate the program budget to the various material categories.

CIRCULAR MATERIALS NEW BRUNSWICK FEE SCHEDULE (CENTS/KG)		
Category	Material	2024 Fee Rates (cents/ kg)
PAPER	Newspapers	50.00
	Newsprint (inserts and circulars)	50.00
	Magazines and Catalogues	50.00
	Directories	50.00
	Other Printed Materials	50.00
	Purchased Posters, Calendars, Greeting Cards and Envelopes	50.00
	Paper for General Use	50.00
	Kraft Paper Carry-Out Bags	39.00
	Kraft Paper - Non-Laminated	39.00
	Corrugated Cardboard	39.00
	Boxboard and Other Paper Packaging	39.00
	Gable Top Containers	39.00
	Paper Laminates	39.00
	Aseptic Containers	39.00
RIGID PLASTIC	PET Containers, Jars and Jugs < 5 Litres	73.00
	PET Containers, Jars and Jugs >= 5 Litres	73.00
	PET Thermoform Containers < 5 Litres	73.00
	HDPE Containers, Jars and Jugs < 5 Litres	20.00
	HDPE Containers, Jars and Jugs >= 5 Litres	20.00
	Expanded Polystyrene	225.00
	Non-Expanded Polystyrene	103.00
	Other Plastic Packaging (not listed Above) < 5 Litres	65.00
	Other Plastic Packaging (not listed Above) >= 5 Litres	65.00
	PLA, PHA, PHB	65.00
FLEXIBLE PLASTIC	LDPE/HDPE Film	102.00
	LDPE/HDPE Film Carry-Out Bags	102.00
	PLA, PHA, PHB - Plastic Film	102.00
	PLA, PHA, PHB Carry-Out bags	102.00
	Plastic Laminates	102.00
METAL	Other Steel Containers and Packaging	59.00
	Steel Aerosol Containers	59.00
	Aluminum Food Containers	64.00
	Aluminum Aerosol Containers	64.00
	Other Aluminum Packaging	64.00
GLASS	Clear Glass	41.00
	Coloured Glass	41.00

## 2023 Review

With the Blue Box Transition beginning in July 2023, Stewardship Ontario continues to prepare to be wound up as an organization in 2026, after the municipal transition is completed in December 2025.

Stewardship Ontario's primary objective is to complete its transition as smoothly and efficiently as possible, minimizing the impact of the legacy Blue Box Program, and enabling stewards to focus on their new responsibilities (as producers) under the Resource Recovery and Circular Economy Act.

The introduction of [Simplified Fee Setting](#) in 2022 significantly advanced this objective, eliminating the need for most stewards to report annual supply-to-market data during the transition period while also reducing the administrative burden and program management costs.

Only three percent of stewards that would normally have reported material supply data were required to do so. Reporters included newspapers and stewards that did not have the historic data required for simplified fees. Stewards not eligible for simplified fees should contact Stewardship Ontario for assistance and information on filing a detailed material report and the applicable fee rates: [werecycle@stewardshipontario.ca](mailto:werecycle@stewardshipontario.ca).

In early 2023, Stewardship Ontario obtained final approval from RPRA for its proposed approach to address each of the [conditions it set for the Transition Plan](#).

To support municipalities not transitioning in 2023, Stewardship Ontario coordinated with a municipal working group to develop promotion and education (P&E) materials, including a series of brief animated "Blue Boxer" videos, posters and social media ads in various formats. The materials available on the Stewardship Ontario website encourage residents to adopt good recycling habits and are also being created in French. They have been downloaded by more than 41 Ontario communities.

Stewardship Ontario does an annual update to its Rules and Policies. The draft 2024 Rules propose updates including date changes and other minor clarifications. The Rules PDF with changes tracked is available on the [Stewardship Ontario website](#). Consultations on the proposed changes are until November 25, 2023. Questions or comments can be sent to: [consultation@stewardshipontario.ca](mailto:consultation@stewardshipontario.ca).

## 2024 Budget

The 2024 net fee budget to be paid by stewards is \$83.8 million. The obligation to municipalities is 44.5% less than the previous year and program management expenses are down 2.8%.

STEWARDSHIP ONTARIO BUDGET (\$THOUSANDS)						
	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 FORECAST	2024 BUDGET	VARIANCE \$ 2024 vs 2023
Steward Obligation to Municipalities	\$126,226.4	\$149,246.5	\$169,143.2	\$149,229.1	\$82,748.5	(\$66,480.6)
Program Operations	\$7,966.6	\$7,316.4	\$8,363.1	\$6,228.8	\$6,056.2	(\$172.6)
Transition	\$1,371.8	\$898.6	\$641.7	\$1,024.8	\$776.5	(\$248.3)
<b>Total Fee Budget</b>	<b>\$135,564.8</b>	<b>\$157,461.5</b>	<b>\$178,148.0</b>	<b>\$156,482.7</b>	<b>\$89,581.2</b>	<b>(\$66,901.5)</b>
Less: Glass Market Development Fund		\$666.0				\$0.0
Plastic Market Development Fund		\$4,964.4				\$0.0
General Reserve	\$1,371.8	\$898.6	\$10,641.7	\$1,024.8	\$5,776.5	\$4,751.7
<b>Net Fee Budget After Reserves</b>	<b>\$134,193.0</b>	<b>\$150,932.5</b>	<b>\$167,506.3</b>	<b>\$155,457.9</b>	<b>\$83,804.7</b>	<b>(\$71,653.2)</b>

## Use of Reserves Through Transition

The below table shows the use of reserves compared with projections in the Transition Plan.

USE OF RESERVES THROUGH TRANSITION 2020-2026 (\$000 INCLUDES HST)								
	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 FORECAST	2024 BUDGET	2025 FORECAST	2026 FORECAST	TOTAL
<b>Transition Plan</b>								
Transition Costs	\$2,381.5	\$1,118.5	\$1,491.2	\$1,644.8	\$1,475.1	\$1,850.2	\$1,325.9	\$11,287.2
Fee Reductions						\$12,000.0		\$12,000.0
Total	\$2,381.5	\$1,118.5	\$1,491.2	\$1,644.8	\$1,475.1	\$13,850.2	\$1,325.9	\$23,287.2
<b>Revised</b>								
Transition Costs	\$1,371.8	\$898.6	\$641.7	\$1,024.8	\$776.5	\$742.1	\$850.8	\$6,306.3
Fee Reductions			\$10,000.0		\$5,000.0	\$8,411.1		\$23,411.1
Total	\$1,371.8	\$898.6	\$10,641.7	\$1,024.8	\$5,776.5	\$9,153.2	\$850.8	\$29,717.4

As noted in the Transition Plan, Stewardship Ontario had an accumulated reserve of funds, consistent with its annual turnover, to ensure that it would have sufficient funds to meet its obligations. The Transition Plan indicated that Stewardship Ontario would use the reserves to fund the cost of the transition process and hold the rest to reduce steward fees in 2025. The fee reduction for 2025 was estimated to be \$12 million.

Stewardship Ontario's intent was always to review the reserves during the budgeting process each year, and where possible use the reserve to reduce the amount of funds needed from stewards. For the 2022 invoice year, \$10 million of the reserve fund was used to reduce the steward costs in the peak year.

Stewardship Ontario has determined that it is possible and prudent to use \$5.0 million of the reserve to reduce steward invoices for 2024, in addition to the \$776,500 used for transition costs. This use of reserves, combined with lower than expected costs for the steward obligation to municipalities, and operational and transition cost reductions achieved by management, mean that total steward costs for 2024 will be \$3.6 million or 3.8% lower in 2024 than was projected in the Transition Plan. The estimated fee reduction from reserves for 2025 is now about \$8.4 million.

## 2024 Invoices

Simplified fees for 2024 invoices will again be determined based on each steward's share of the Stewardship Ontario budget for invoice years 2021 and 2022 (which were based on reports submitted in 2020 and 2021, respectively). Stewardship Ontario has calculated the average of the two shares and will

apply it to the 2024 budget amount. Note that the budget amount that will be included in invoices distributed in January may differ slightly from the budget amount presented here due to adjustments.

## Estimated Budgets and Costs Through Transition

The Blue Box Transition Plan included annual estimates for the:

- steward obligation
- program expenses
- transition expense to wind up Stewardship Ontario.

The sections below review these estimates and their revisions as updated data became available.

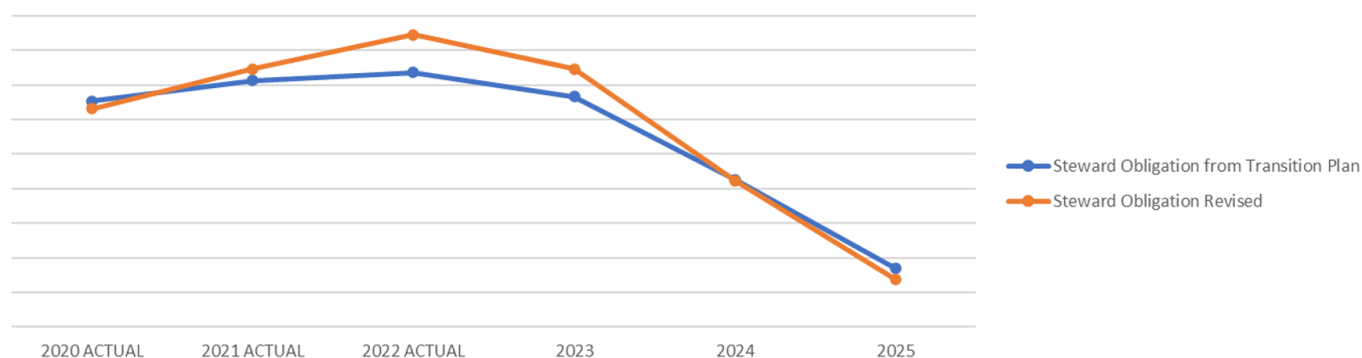
### Steward Obligation

The annual Steward Obligation was higher than forecast in the Transition Plan for 2021-23 but is projected to decline from Plan estimates for 2024-25. The total obligation amount over the full course of the Plan (2020-2025) is \$30.5 million or 4.5% higher than the initial projection.

## CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$000 INCLUDES HST)

	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 FORECAST	2024 BUDGET	2025 FORECAST	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	\$169,143.2	\$149,229.1	\$82,748.5	\$26,838.6	\$703,433.2
Difference	(\$4,512.3)	\$6,613.7	\$21,784.5	\$16,032.0	(\$2,421.2)	(\$6,994.0)	\$30,503.6
Difference for 2024-2025					(\$2,421.2)	(\$6,994.0)	(\$9,415.2)

## Steward Obligation 2020-2025



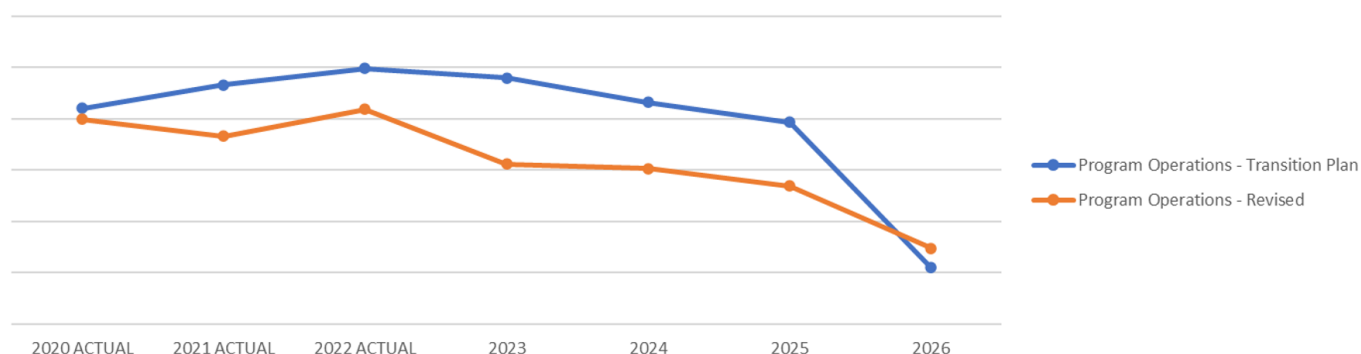


## Operating Costs

Actual and projected costs for operating the program are lower than initial estimates in the Plan for almost every year. The total savings are \$11.7 million or 20.9% less than estimated in the Plan.

CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$000 INCLUDES HST)								
	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 FORECAST	2024 BUDGET	2025 FORECAST	2026 FORECAST	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	\$8,363.1	\$6,228.8	\$6,056.2	\$5,377.2	\$2,944.3	\$44,252.7
Difference	(\$427.7)	(\$1,991.4)	(\$1,594.5)	(\$3,348.9)	(\$2,580.1)	(\$2,486.6)	\$755.1	(\$11,674.0)

### Program Operations Costs 2020-2026

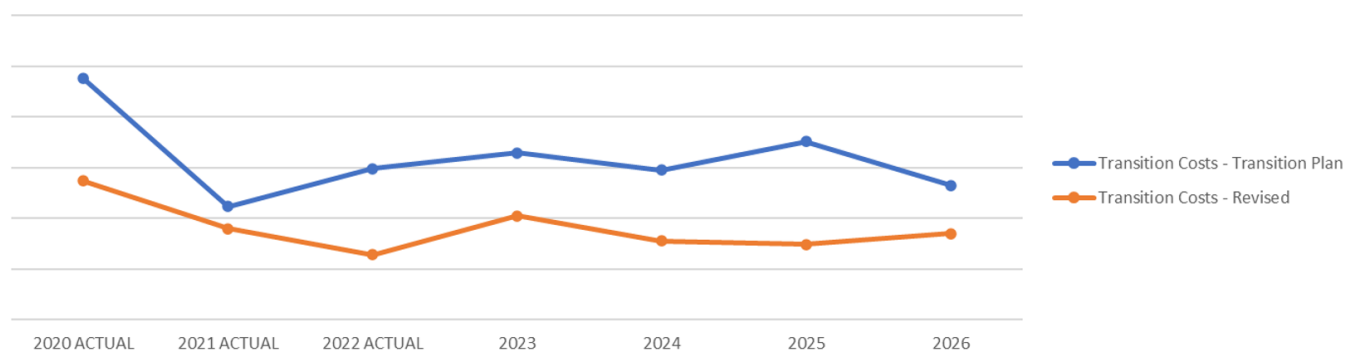


## Transition Costs

Actual and projected transition costs are lower in every year of transition compared with the Plan estimates, for total savings of \$4.9 million or 43.7% less than estimated.

CONSOLIDATION/SUMMARY OF PROJECTED COSTS 2020-2026 (\$000 INCLUDES HST)								
	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 FORECAST	2024 BUDGET	2025 FORECAST	2026 FORECAST	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	\$641.7	\$1,024.8	\$776.5	\$742.1	\$850.8	\$6,306.3
Difference	(\$1,009.7)	(\$219.9)	(\$849.5)	(\$620.0)	(\$698.6)	(\$1,017.1)	(\$475.1)	(\$4,889.9)

## Transition Costs - 2020-2026



# Multi-Material Stewardship Manitoba



## 2022 Review

MMSM's recovery rate of 71.8% for 2022 was stable with the previous year, with decreases to both supplied tonnes and recovered tonnes.

Accessibility has been maintained at a high level, with improved resident awareness of recycling. The online Recyclepedia provides residents with guidance on what can and cannot be recycled, which helps reduce contamination and confusion. The Recyclepedia has

quickly become the go-to source for recycling information in Manitoba. In 2022, Recyclepedia had more than 170,000 material views, 77,000 user sessions, and 6,500 app downloads. MMSM received initial feedback from the Department of Environment, Climate and Parks (DECP) on its draft Transition Plan in early spring 2022. 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 15 to August 15.

MMSM PERFORMANCE			
	2022	2021	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	64,206	66,362	-3.2%
Supplied Tonnes	89,471	92,187	-2.9%
Recovery Rate	71.8%	72.0%	-0.2%
Population Serviced by PPP Program	1,275,689	1,275,203	0.0%
Recovered kg per capita	50.3	52.0	-3.3%
ACCESSIBILITY PERFORMANCE			
# Households Serviced	549,426	550,197	-0.1%
% Households with Access to PPP Program	95%	95%	0.0%
P & E Cost per capita*	\$0.81	\$0.69	18.1%
% of residents aware and using recycling services	94%	93%	1.0%
COST PERFORMANCE			
Recovered Tonnes	64,206	66,362	-3.2%
Net Cost**	\$28,096,520	\$27,633,405	1.7%
Net Cost per Tonne	\$438	\$416	5.1%
Net Cost per Capita	\$ 22	\$22	1.6%

\* 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.

## 2023 Update

The Government of Manitoba recently advised that an advisory committee will be established for the transition to full EPR to discuss feedback, suggestions and key elements of the Transition Plan. The advisory committee will include MMSM and other key stakeholders. In May 2023, MMSM received an extension letter for the current program plan to allow for more time to finalize the Transition Plan.

In 2023, MMSM has continued to develop the technical resources needed to capture data required for full EPR. Marketing is focused on promoting the Recyclepedia, supported by outdoor advertising and social media channels. The toolkit used by municipalities has been updated.

## 2024 Budget and Fee Schedule

The 2024 total fee budget of \$23.5 million represents a 5.9% decrease from the 2023 budget, mainly 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 recent low-price years.

Program management expenses decreased from the previous year due to lower costs associated with preparing MMSM for transition to full EPR. There are no general reserves accumulated in the 2024 fee budget, however, material-specific reserves are planned for two materials currently in deficit.

## 2024 Budget

MMSM BUDGET			
	2024	2023	YOY VARIANCE
<b>OBLIGATION SHARE</b>	80%	80%	
Supply Chain Costs	\$19,803,854	\$20,578,199	-3.8%
Promotion & Education	\$730,000	\$740,000	-1.4%
Program Management	\$2,884,141	\$3,575,575	-19.3%
Program Management as % of Total Fees	12.3%	14.4%	-2.0%
<b>Total Fee Obligation (before surplus)</b>	<b>\$23,417,995</b>	<b>\$24,893,774</b>	<b>-5.9%</b>
Surplus Accumulation / (Drawdown)	\$74,748	\$79,879	-6.4%
<b>TOTAL FEE BUDGET</b>	<b>\$23,492,742</b>	<b>\$24,973,652</b>	<b>-5.9%</b>

## 2024 Draft Fee Schedule

MMSM's 2024 fee rates were calculated using the Four-Step Fee Methodology and the Material Cost Index (MCI).

The average fee rate decreases 3.1% from the previous year, reflecting the budget decrease and a decrease in the quantity of supplied tonnes.

Fee rates for HDPE Containers and Bottles and Aluminum Food & Beverage Cans decrease significantly more than the average due to increased commodity revenues. Fee rates for Clear Glass increased from the previous year due to an increase in recovered tonnes and the Plastic Film rate reflects higher gross costs, reduced supplied tonnes and an increase in its MCI value.

MMSM FEE SCHEDULE (CENTS/KG)				
Category	Material	2024 Fee Rates (cents/ kg)	2023 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint - Publishers	26.19	24.38	7.4%
	Newsprint - Other	29.33	27.93	5.0%
	Magazines and Catalogues	20.47	20.37	0.5%
	Telephone Books	21.38	22.07	-3.1%
	Other Printed Paper	25.33	26.50	-4.4%
PAPER PACKAGING	Corrugated Cardboard	19.89	22.61	-12.0%
	Boxboard	13.30	15.97	-16.7%
	Gable Top Cartons	42.32	39.46	7.2%
	Paper Laminates	33.64	30.34	10.9%
	Aseptic Containers	32.79	31.66	3.6%
PLASTICS	PET Containers and Bottles	31.52	36.86	-14.5%
	HDPE Containers and Bottles	-17.28	0.46	-3856.5%
	Plastic Film	69.48	58.92	17.9%
	Plastic Laminates	69.14	61.20	13.0%
	Polystyrene	121.63	106.52	14.2%
	Other Plastics	45.54	42.39	7.4%
STEEL	Steel Food & Beverage Cans	29.27	28.25	3.6%
	Steel Aerosols	23.61	22.93	3.0%
	Other Steel Containers	22.83	24.94	-8.5%
ALUMINUM	Aluminum Food & Beverage Cans	0.26	14.96	-98.3%
	Other Aluminum Packaging	9.38	19.13	-51.0%
GLASS	Clear Glass	20.45	16.23	26.0%
	Coloured Glass	20.30	17.41	16.6%

## 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 2024, which decreased between 5% and 10%, reflecting the budget decrease.

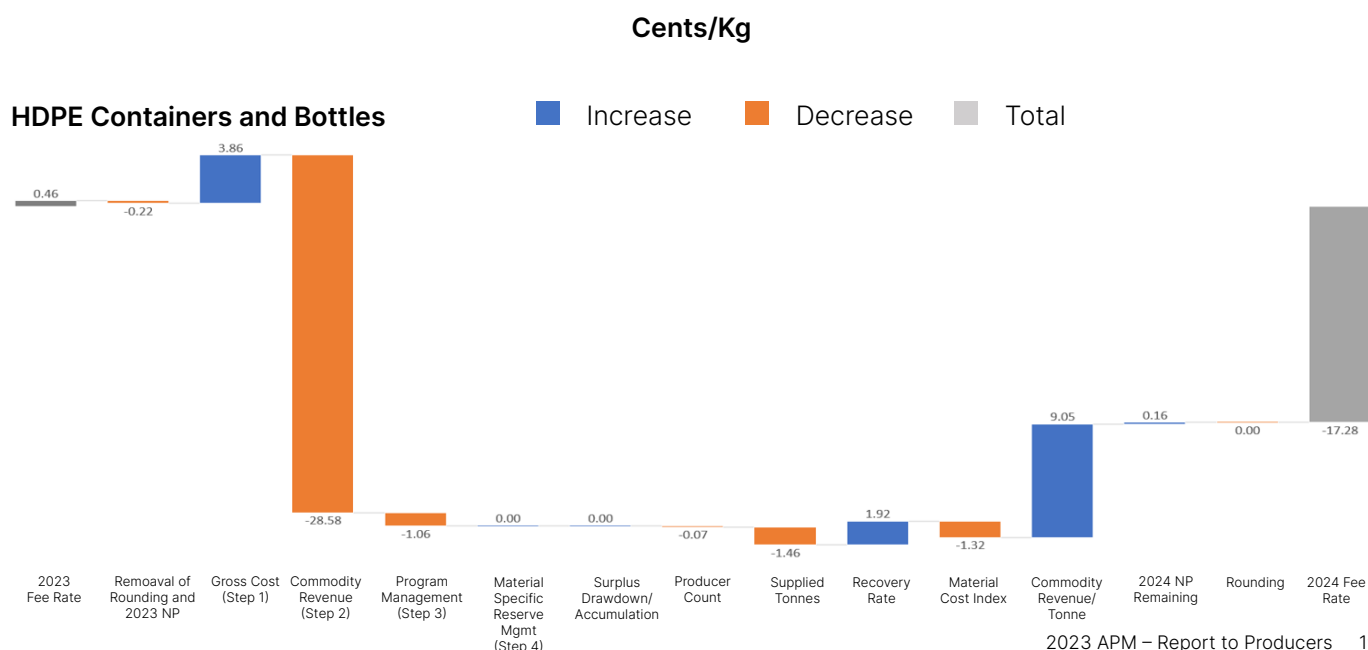
TOTAL SUPPLIED (KG)	2024 FLAT FEE	2023 FLAT FEE	VARIANCE
1,000 - 2,499	\$900	\$1,000	-10% or -\$100
2,500 - 4,999	\$1,900	\$2,000	-5% or -\$100

## 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 2023 to 2024. The graph below provides details for HDPE Containers and Bottles. 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 2024 fee rate (the final bar on right) for HDPE Containers and Bottles is a credit of 17.28 cents/kg and the 2023 rate (first bar on left) is 0.46 cents/kg, a decrease of 17.74 cents/kg. Notable change factors for HDPE Containers and Bottles include:

- Increase: Commodity Revenue/Tonne, Gross Cost and Recovery Rate
- Decrease: Commodity Revenue, Supplied Tonnes and MCI





## 2022 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 37,300 tonnes and achieved a recovery rate of 68.6% for 2022, a decrease from the previous year driven by reduced collected tonnes as residents returned to their pre-pandemic routines combined with increased supplied tonnes from 2020 sales data during the height of the pandemic. Residential recycling of WPP was provided to 84% of

Saskatchewan households, consistent with the previous year.

For the third 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 2022 annual report.

The provincial government continued consultations in 2022 on the plan to transition Saskatchewan's Household Packaging and Paper Stewardship Program Regulations and the Multi-Material Recycling Program to full extended producer responsibility (EPR).

MMSW PERFORMANCE			
	2022	2021	YOY VARIANCE
RECYCLING PERFORMANCE			
Collected Tonnes	37,371	40,146	-6.9%
Supplied Tonnes	54,477	51,857	5.1%
Recovery Rate	68.6%	77.4%	-8.8%
Population Serviced by PPP Program*	926,100	923,650	0.3%
Recovered kg per Capita	40.4	43.5	-7.2%
ACCESSIBILITY PERFORMANCE			
# Households Serviced*	377,740	376,552	0.3%
% Households with Access to PPP Program*	84.0%	83.8%	0.3%
P & E Cost per Capita	\$0.05	\$0.07	-30.6%
COST PERFORMANCE			
Collected Tonnes	37,371	40,146	-6.9%
Net Cost	\$16,616,071	\$13,119,626	26.7%
Net Cost per Tonne	\$445	\$327	36.1%
Net Cost per Capita	\$18	\$14	26.3%

\* Represents access to curbside, multifamily and/or depot services

## 2023 Update

On March 31, 2023, the Saskatchewan Ministry of Environment released updated [Household Packaging and Paper Stewardship Program Regulations, 2023](#), which call for a transition to a full extended producer responsibility (EPR) program for the management of household packaging and paper in Saskatchewan.

From June to August, MMSW and Circular Materials worked together on public consultations for a draft Program Plan for the transition to full EPR, per the new regulation. The What We Heard [consultation summary report](#) was posted to the MMSW website and the final Program Plan was submitted to the Ministry by September 27, 2023.

## Transition Outlook

To place the 2024 budget and fees within the context of the required transition from MMSW's current payment model to a full EPR program, forecasts for years 2024-2026 are shown in the table below and reflect the planned transition to full EPR. Based on the submitted program plan, Transition Phase 1 will begin in 2024 and will focus on approximately 60% of Saskatchewan households. Transition Phase 2 will commence in 2025 and will focus on the remaining communities with curbside and multi-family collection services. Transition Phase 3, with its focus on depots, will commence in 2026 and will complete the transition to a program funded and operated by producers. The 2023-2026 expense budgets are summarized in the table below for planning purposes.

	2023 BUDGET (\$000S)	2024 BUDGET (\$000S)	2025 DRAFT FORECAST BUDGET (\$000S)	2026 DRAFT FORECAST BUDGET (\$000S)	VARIANCE % 2024 VS. 2023	VARIANCE % 2025 VS. 2024	VARIANCE % 2026 VS. 2025
	(a)	(b)	(c)	(d)	(e) = (b-a)/a	(f) = (c-b)/b	(g) = (d-c)/c
Material Management Costs	\$17,994	\$22,851	\$28,807	\$31,329	27%	26%	9%
Promotion & Education	\$50	\$490	\$618	\$672	880%	26%	9%
Program Management	\$1,746	\$2,696	\$3,399	\$3,696	54%	26%	9%
<b>Total Expenses</b>	<b>\$19,791</b>	<b>\$26,037</b>	<b>\$32,824</b>	<b>\$35,697</b>	<b>32%</b>	<b>26%</b>	<b>9%</b>

## 2024 Budget and Fee Schedule

The 2024 budget reflects the initiation of Phase 1 of the EPR transition, in which MMSW will assume full financial and operational control of the collection, transportation, receiving, processing, and marketing of materials from transitioned communities. Eleven eligible communities are expected to participate in this phase, representing approximately 60% of Saskatchewan households. The 2024 budget also reflects household growth.

Promotion and education activities will be significantly expanded to support the transition to inform Saskatchewan residents about the MMSW program. Program management, both shared Western Canada resources and in-province field team, will also expand to support the increase in activity transitioning to full EPR.

With the above changes and the existing 75% payment model for the remainder of the province, the 2024 budget of \$26.0 million is a 31.6% increase from the previous year.

### 2024 Budget

MMSW BUDGET			
	2024	2023	YOY VARIANCE
<b>OBLIGATION SHARE</b>	<b>Phase 1</b>	<b>75%</b>	
Supply Chain Costs	\$22,851,286	\$17,994,355	27.0%
Promotion & Education	\$490,000	\$50,000	880.0%
Program Management	\$2,696,137	\$1,746,243	54.4%
Program Management as % of total fees	10.4%	8.8%	1.5%
<b>Total Costs (before surplus)</b>	<b>\$26,037,423</b>	<b>\$19,790,597</b>	<b>31.6%</b>
Surplus Accumulation / (Drawdown)	\$ -	\$ -	
<b>TOTAL FEE BUDGET</b>	<b>\$26,037,423</b>	<b>\$19,790,597</b>	<b>31.6%</b>

### 2024 Fee Schedule

The average 2024 fee rate increase of 24% from 2023 reflects the budget increase, partially offset by an increase in supplied tonnes.

HDPE Bottles move to a positive rate from a credit in 2023. Fee rates for Magazines and Catalogues, Telephone Books, Aluminum Food & Other Containers and Other Aluminum Packaging increase above the average. Rate increases for Aseptic Containers, Gable Top Cartons and Glass are below the average.

MMSW FEE SCHEDULE (CENTS/KG)				
Category	Material	2024 Fee Rates (cents/ kg)	2023 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	45.00	36.00	25.0%
	Magazines and Catalogues	17.00	11.00	54.5%
	Telephone Books	17.00	11.00	54.5%
	Other Printed Paper	39.00	34.00	14.7%
PAPER PACKAGING	Corrugated Cardboard	34.00	30.00	13.3%
	Boxboard	22.00	20.00	10.0%
	Gable Top Cartons	56.00	53.00	5.7%
	Paper Laminates	52.00	47.00	10.6%
	Aseptic Containers	42.00	42.00	0.0%
PLASTICS	PET Bottles	63.00	50.00	26.0%
	HDPE Bottles	25.00	-31.00	180.6%
	Plastic Film	84.00	72.00	16.7%
	Plastic Laminates	100.00	84.00	19.0%
	Polystyrene	200.00	179.00	11.7%
	Other Plastics	53.00	49.00	8.2%
STEEL	Other Steel Packaging	37.00	32.00	15.6%
	Steel Aerosols	31.00	27.00	14.8%
	Steel Paint Cans	44.00	33.00	33.3%
ALUMINUM	Aluminum Food & Other Containers	63.00	18.00	250.0%
	Other Aluminum Packaging	65.00	20.00	225.0%
GLASS	Clear Glass	23.00	21.00	9.5%
	Coloured Glass	23.00	21.00	9.5%

## 2024 Low-Volume Fees

Low-volume fees for stewards supplying up to 5,000 kg annually increase 31% from 2023, consistent with the budget increase.

MMSW LOW-VOLUME FEES			
TOTAL SUPPLIED	2024	2023	YOY VARIANCE
1,000 - 2,499	\$840	\$640	\$200 or 31%
2,500 - 5,000	\$1,760	\$1,340	\$420 or 31%

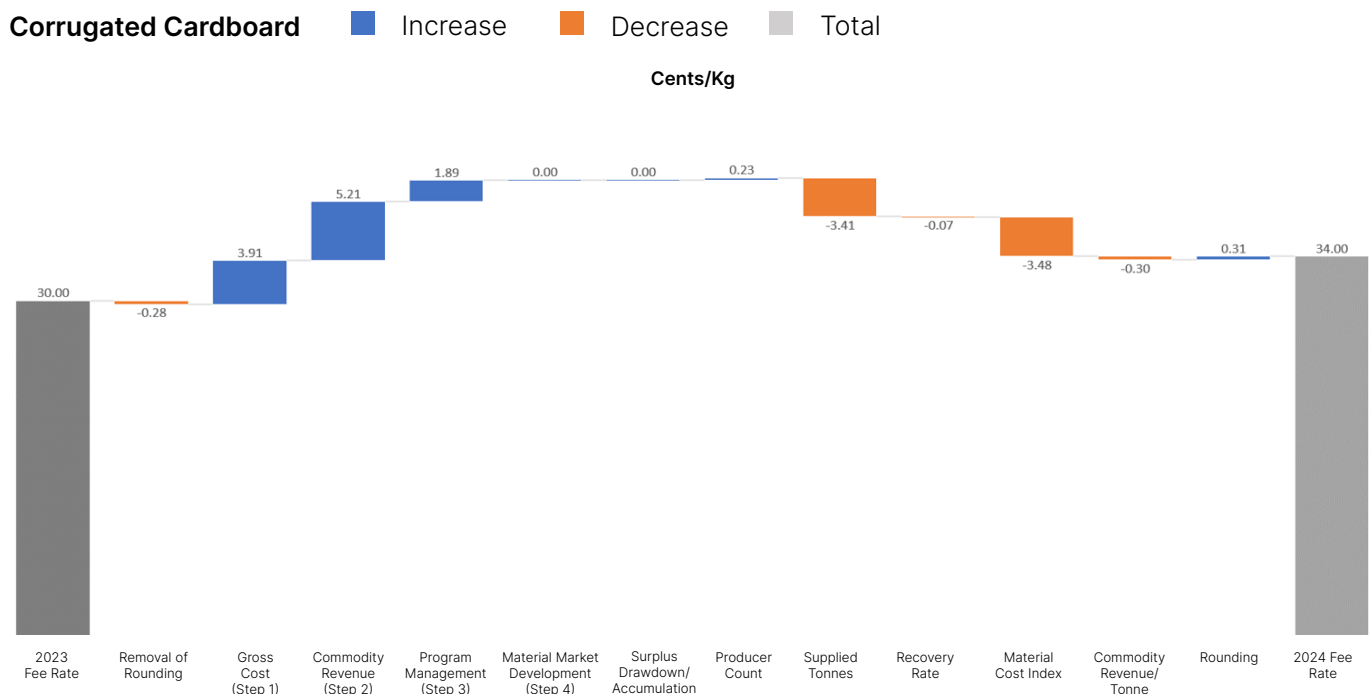
## Fee Rate Change Example

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 2023 to 2024. The graph below provides details for Corrugated Cardboard. Graphs for all other materials are available on the MMSW website.

The 2024 fee rate (the final bar on right) for Corrugated Cardboard is 34 cents/kg and the 2023 rate (first bar on left) is 30 cents/kg, an increase of 13.3% or 4 cents/kg.

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

- Increase: Commodity Revenue, Gross Cost and Program Management
- Decrease: Material Cost Index, Supplied Tonnes and Commodity Revenue/Tonne



## 2022 Review

Recycle BC initiated the consultation process in October 2022 to finalize its next Program Plan that sets out objectives, commitments, and performance targets for the next five years.

During 2022, Recycle BC sent more and the highest percentage of material to recycling end markets than ever before in the program's history. Most of this material, including 99% of recovered plastics, was sent to North American end markets, which substantially decreased the program's greenhouse gas emissions.

The program collected 201,169 net tonnes representing a recovery rate of 86.2%. This was a decrease from the previous year driven by reduced collected tonnes as

British Columbia residents returned to their pre-pandemic routines in 2022 and a supplied tonnes increase in 2020 sales data which was the height of the pandemic. To increase the recovery of materials, particularly plastics, the program continued to pilot various methods including mobile depots, third-party community collection events, pop-up collection events and a curbside pilot for depot-only materials.

Containers of milk and milk substitutes beverage containers were removed from the Recycle BC program in February 2022 and transferred to the province's beverage deposit system.

RECYCLE BC PERFORMANCE			
	2022	2021	YOY VARIANCE
<b>RECYCLING PERFORMANCE</b>			
Gross Tonnes Collected	216,794	229,922	-5.7%
Net Tonnes Collected*	201,169	214,273	-6.1%
Supplied Tonnes	233,399	227,603	2.5%
Recovery Rate*	86.2%	94.1%	-8.0%
Program Plan Recycling Target**	78.0%	77.0%	1.0%
Population Served by PPP Program***	4,969,000	4,969,000	0.0%
Recovered kg per Capita	40.5	43.1	-6.1%
<b>ACCESSIBILITY PERFORMANCE</b>			
# Households Served*	2,027,743	2,027,709	0.0%
% Households with Access to PPP Program***	99.3%	99.3%	0.0%
P & E Cost per Capita	\$0.57	\$0.45	27.7%
% of residents aware and using recycling services	95%	96%	-1.0%
<b>COST PERFORMANCE</b>			
Net Tonnes Collected	201,169	214,273	-6.1%
Net Cost	\$134,055,615	\$101,997,267	31.4%
Net Cost per Tonne	\$666	\$476	40.0%
Net Cost per Capita	\$27	\$21	31.4%

\* 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.

\*\* Updated label to reflect the nomenclature in the 2022 annual report. Formerly known as "Provincial Recovery Target".

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



## 2023 Update

Recycle BC's new five-year Program Plan, which acts as the operational roadmap to discharging its producer members' obligations under the Recycling Regulation, was submitted to the Ministry of Environment and Climate Change Strategy on April 14, 2023.

On January 1, 2023, designated single-use products and packaging-like products were added to the Recycle BC program per amendments to the province's Recycling Regulation. These changes were supported by a resident education campaign and collector resources. Producers included 2021 sales data for these materials in the 2022 reporting cycle to inform 2023 invoices.

Also, starting in January, we simplified recycling for residents by introducing a single collection category for Flexible Plastics (collected at depots only) replacing the two former categories of Plastic Bags and Overwrap and Other Flexible Plastic Packaging. This change was possible because, after considerable research and development work over the past five years, these two material categories are now processed and managed in the same way. The recycled commodity is a pellet made by combining higher and lower quality plastics that turn it into a usable feedstock for new product manufacturing. With this change, squishy cushion packaging (polyethylene foam) not formerly accepted, is now also included with this collection category as it is compatible with the same recycling process.

## 2024 Budget and Fee Schedule

### Impact of commodity revenue on budgets and fees

As demonstrated in historical budget cycles, volatility in commodity markets can have a significant impact on the program fee budget. The markets are challenging to predict and are forecasted each year with best information available at the time. To put the effect of this and other relief mechanisms into context for this year's fee budget, the table below reveals the impact of commodity revenues and the application of surplus drawdowns on the total fee budget over a four-year period.

2021-2024 RECYCLE BC FEE BUDGET (\$ MILLIONS)					
	2024	% VARIANCE 2024-2023	2023	2022	2021
<b>Gross Costs</b>	<b>\$174.1</b>	<b>6%</b>	<b>\$164.0</b>	<b>\$147.3</b>	<b>\$144.5</b>
Commodity Revenue	(\$8.1)	(57%)	(\$18.9)	(\$24.2)	(\$10.1)
<b>Total Costs</b>	<b>\$166.0</b>	<b>14%</b>	<b>\$145.2</b>	<b>\$123.2</b>	<b>\$134.4</b>
Surplus Drawdown/ Accumulation	(\$6.0)	-	\$0.0	(\$15.0)	\$0.0
<b>Total Fee Budget</b>	<b>\$160.0</b>	<b>10%</b>	<b>\$145.2</b>	<b>\$108.2</b>	<b>\$134.4</b>

## 2024 Budget

Gross costs of \$174 million for the 2024 budget represent a 6% increase from 2023. Total costs of \$166.0 million for the 2024 budget represent a 14.3% (\$20.8 million) increase from 2023, primarily driven by significant decreases in expected commodity revenue of \$10.8 million which is reflected in Supply Chain Costs below.

The budget includes a \$3.0 million material development investment to advance the recovery rate for flexible plastics using Step 4 in the four-step fee methodology. Further details on Step 4 are

provided below. The budget also includes the Recycle BC Board approved \$6.0 million drawdown of a projected 2023 accumulated surplus. Program reserves will sit at approximately five months of the 2024 operating budget.

Overall, total fees of \$160.0 million represent a 10.2% increase from the 2023 budget's total cost of \$145.2 million.

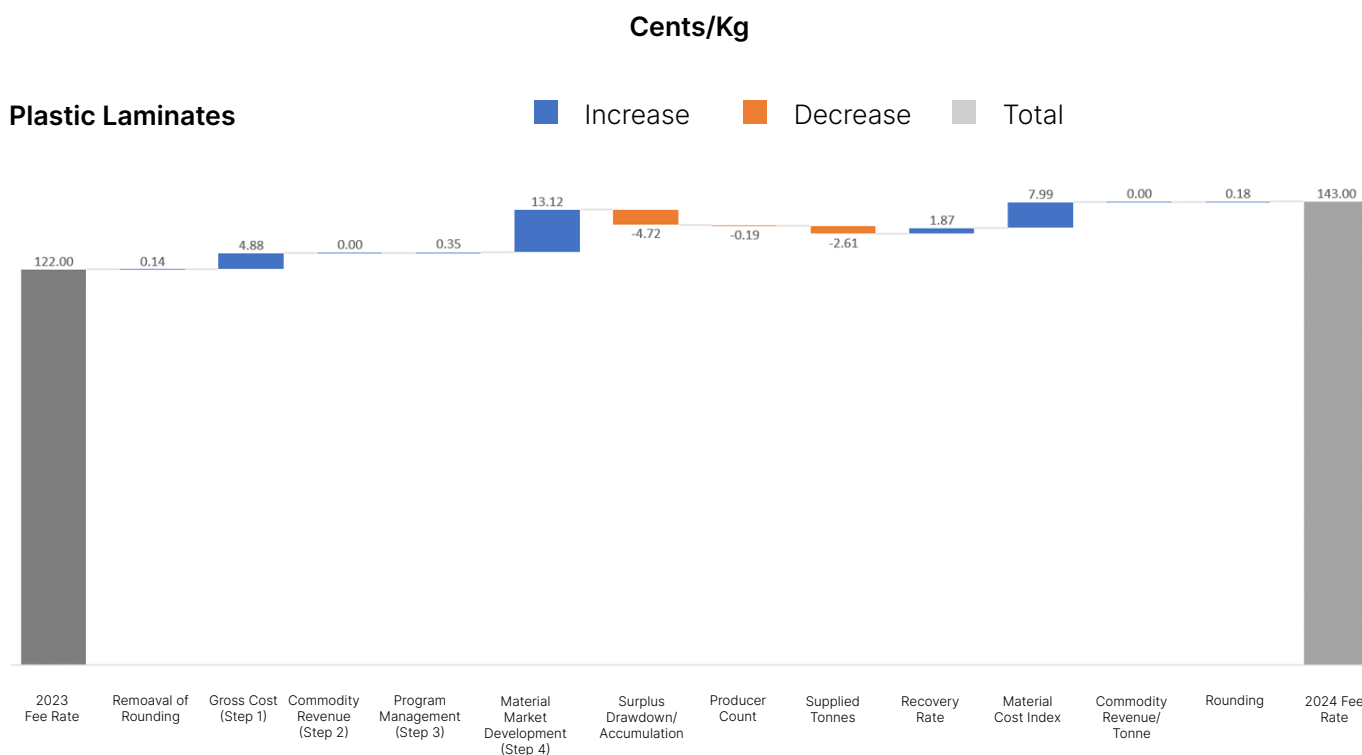
RECYCLE BC BUDGET			
	2024	2023	YOY VARIANCE
<b>OBLIGATION SHARE</b>	100%	100%	
Supply Chain Costs*	\$155,499,206	\$135,175,719	15.0%
Promotion & Education	\$2,114,000	\$2,060,000	2.6%
Program Management	\$8,373,315	\$7,935,244	5.5%
Program Management as % of total fees	5.2%	5.5%	-0.2%
<b>Total Costs</b>	<b>\$165,986,521</b>	<b>\$145,170,963</b>	<b>14.3%</b>
Surplus Accumulation / (Drawdown)	\$(6,000,000)	\$--	
<b>TOTAL FEE BUDGET</b>	<b>\$159,986,521</b>	<b>\$145,170,963</b>	<b>10.2%</b>

\* 2024 includes \$3M in Step 4 material development investment paid by Plastic Film and Plastic Laminates

## Step 4 - Material development investment

This step in the Four-Step Fee Methodology is designed to raise funds to advance a material's adoption in the recycling system. The investment funds are raised directly from the applicable materials; for the 2024 budget this includes the Plastic Film and Plastic Laminates categories. The funds will be used to improve the recovery rate of these materials that are currently underperforming to target.

To provide an example of the impact on fees for these materials, the cause of change graph on Plastic Laminates fees is below. See the sixth column 'Material Market Development' where fees increase specifically in Step 4 for this material by 13.12 cents/kg. Further information on fee rate changes can be found below.



## 2024 Fee Schedule

Average 2024 fee rates increase by 8.6%, with increased supplied tonnes partially offsetting the total fee budget increase.

Generally, material 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 Magazines and Catalogues, Telephone Books, Other Aluminum Packaging, Aluminum Food & Other Containers, and HDPE Bottles. Categories with below average rate changes include Rigid Polystyrene, Other Plastics, and Paper Laminates.

RECYCLE BC FEE SCHEDULE (CENTS/KG)				
Category	Material	2024 Fee Rates (cents/ kg)	2023 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	55.00	48.00	14.6%
	Magazines and Catalogues	25.00	19.00	31.6%
	Telephone Books	25.00	19.00	31.6%
	Other Printed Paper	61.00	58.00	5.2%
PAPER PACKAGING	Corrugated Cardboard	48.00	46.00	4.3%
	Boxboard	29.00	29.00	0.0%
	Gable Top Cartons	71.00	70.00	1.4%
	Paper Laminates	53.00	55.00	-3.6%
	Aseptic Containers	77.00	76.00	1.3%
PLASTICS	PET Bottles	98.00	90.00	8.9%
	HDPE Bottles	46.00	0.00	N/A
	Plastic Film	140.00	122.00	14.8%
	Plastic Laminates	143.00	122.00	17.2%
	Expanded Polystyrene	282.00	278.00	1.4%
	Rigid Polystyrene	106.00	117.00	-9.4%
	Other Plastics	77.00	81.00	-4.9%
STEEL	Other Steel Packaging	55.00	51.00	7.8%
	Steel Aerosols	36.00	35.00	2.9%
	Steel Paint Cans	47.00	47.00	0.0%
ALUMINUM	Aluminum Food & Other Containers	67.00	35.00	91.4%
	Other Aluminum Packaging	63.00	45.00	40.0%
GLASS	Clear Glass	42.00	41.00	2.4%
	Coloured Glass	42.00	41.00	2.4%

## 2024 Low-Volume and Flat Fees

Low volume and flat fee rates for stewards supplying between 1,000 and 15,000 kg annually increase by 9% to 12% from 2023, consistent with the budget increase.

RECYCLE BC LOW-VOLUME AND FLAT FEES			
TOTAL SUPPLIED (KG)	2024	2023	YOY VARIANCE
1,000 - 2,499	\$1,200	\$1,100	\$100 or 9%
2,500 - 5,000	\$2,800	\$2,500	\$300 or 12%
5,000 - 10,000	\$6,600	\$6,000	\$600 or 10%
10,000 - 15,000	\$11,200	\$10,200	\$1,000 or 10%

## 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 2023 to 2024. The graph below provides details for HDPE Bottles. Graphs for all other materials are available on the Recycle BC website.

The 2024 fee rate for HDPE Bottles is 46 cents/kg, while the 2023 rate was 0 cents/kg. Notable change factors for HDPE Bottles include:

- Increase: Commodity Revenue, Commodity Revenue/Tonne and Gross Cost
- Decrease: Material Cost Index, Surplus Drawdown and Recovery Rate

