



**Canadian Stewardship
Services Alliance**

CSSA

CSSA Annual Stewards Meeting – October 15, 2014

Gemma Zecchini



Information for webcast participants

- In person attendees – 150
- Webcast audience – 400+
- Speaker advances slides
- Sound slider ①
- Questions/comments at ‘Ask a Question’ ②
 - Click ‘submit’
- If you have technical issues also let us know via the “Ask A Question” box





**Canadian Stewardship
Services Alliance**

Questions?

stewards@cssalliance.ca



Agenda

- **CSSA:** A Year of Accomplishments and Look Ahead
- **MMBC:** Review of Successful Launch, Look Ahead and 2015 Steward Obligation
- **MMSW:** Preparations for Program Launch, :Look Ahead and 2015 Steward obligation
- **MMSM:** A Year in Review, Look Ahead and 2015 Steward Obligation
- **Stewardship Ontario:** A Year in Review, Look Ahead and Steward Obligation
- **Q&A**



**Canadian Stewardship
Services Alliance**

Thank you!

www.cssalliance.ca



**Canadian Stewardship
Services Alliance**

CSSA

CSSA Annual Stewards Meeting – October 15, 2014

John Coyne, Executive Chair

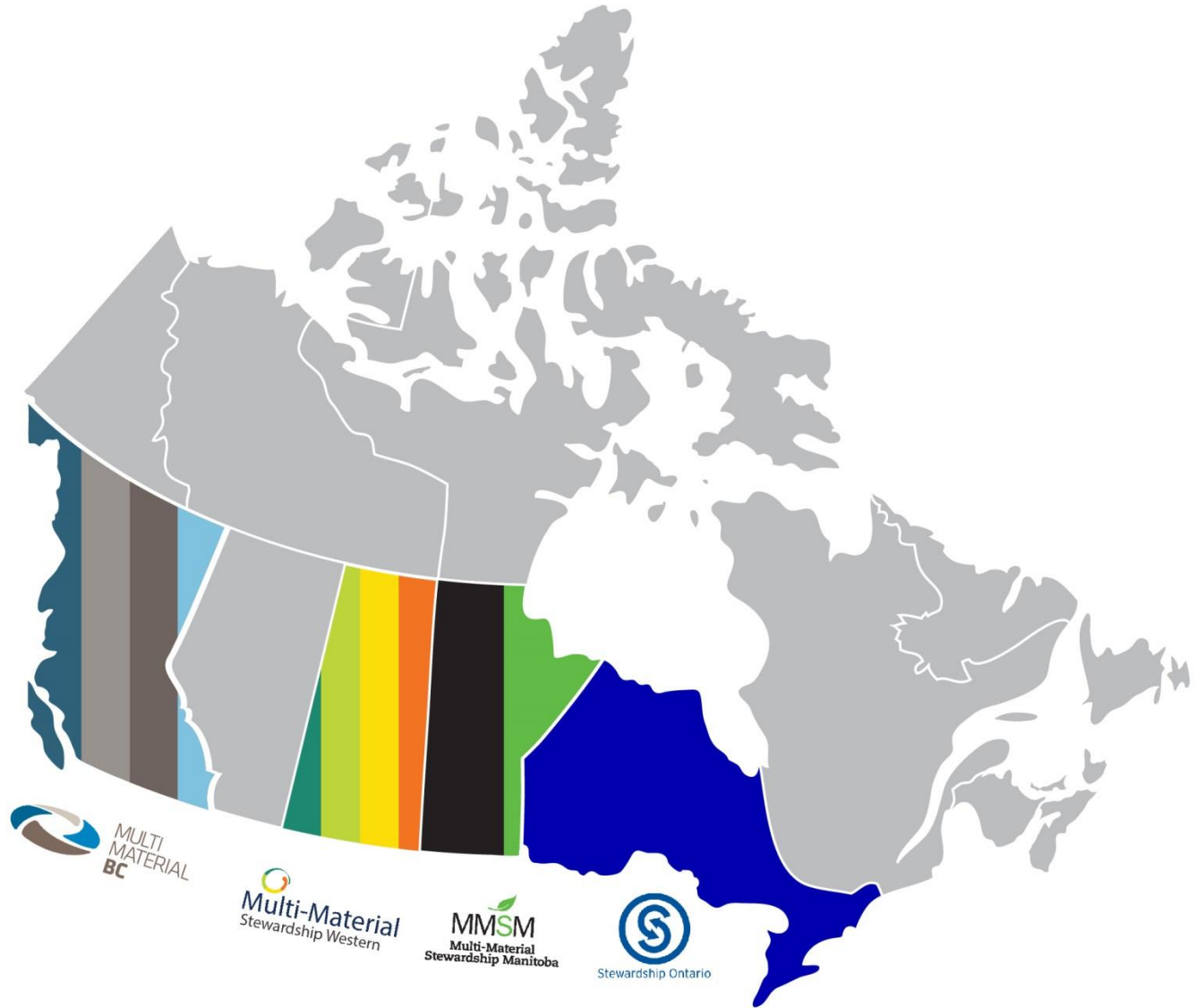


**Canadian Stewardship
Services Alliance**





Canadian Stewardship Services Alliance





CSSA Board

- **Founding Board Members:**
 - John Coyne, Unilever
 - Denis Brisebois, Metro Inc.
 - Christine Bome, Walmart Canada
 - Scott Bonikowsky, Tim Horton's
 - Bob Chant, Loblaw Companies Limited
 - Gord Meyer, Procter & Gamble
 - Dave Moran, Coca-Cola Canada
- **New Board Members:**
 - Paul Hazra, Overwaitea Food Group
 - Krista Scaldwell, Coca-Cola Canada
 - Trevor Carlson, Federated Co-operatives Limited



Canadian Stewardship
Services Alliance

Managing Directors of Provincial Programs



MULTI
MATERIAL
BC

Allen Langdon,
Managing Director



Multi-Material
Stewardship Western

Gemma Zecchini,
On behalf of MMSW



MMSM
Multi-Material
Stewardship Manitoba

Karen Melnychuk,
Executive Director



Stewardship Ontario

David Pearce,
Managing Director



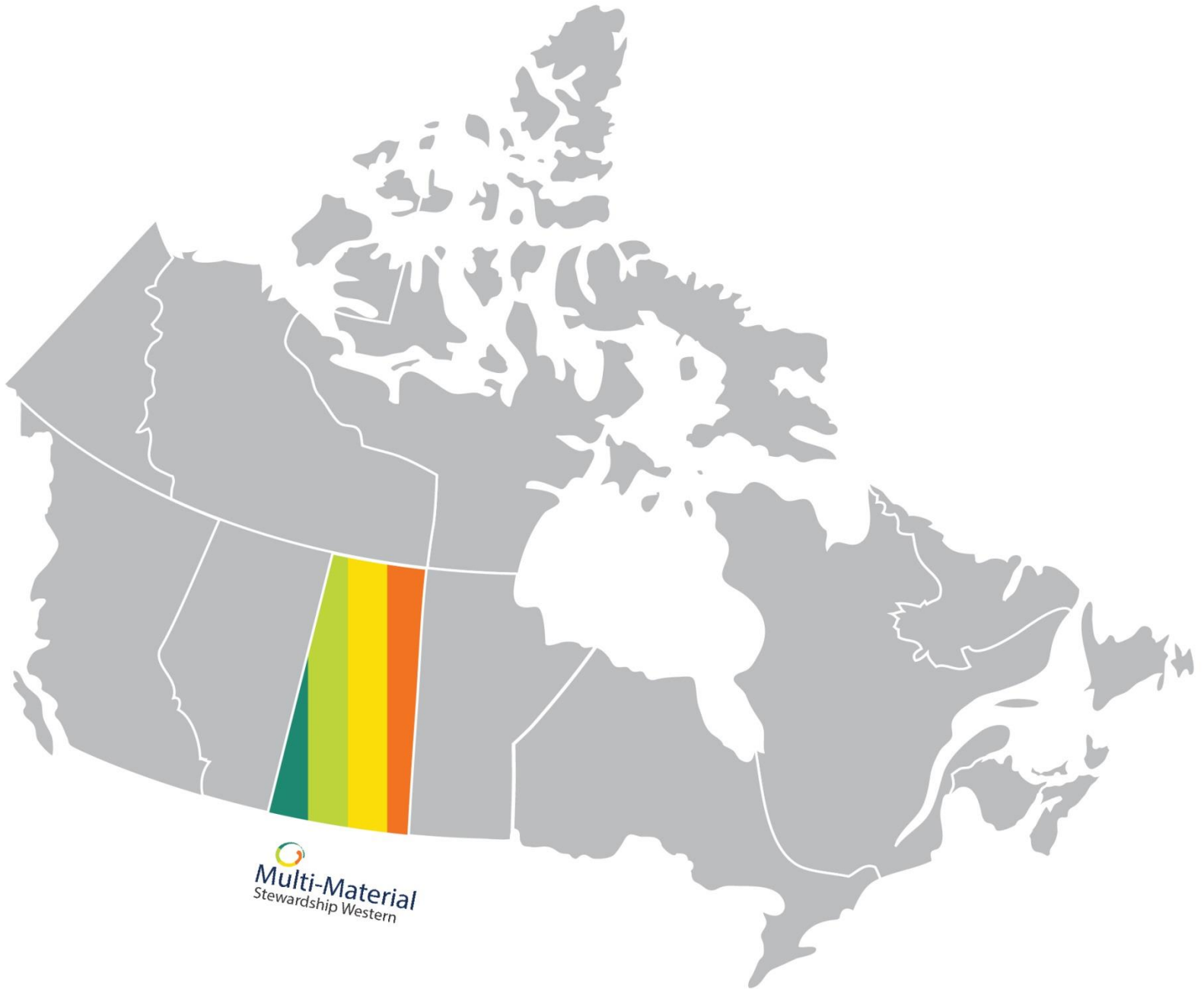
**Canadian Stewardship
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- 1.2 million tonnes of packaging and printed paper
- 17.5 million people, or 50% of Canada's population, benefiting from recycling services
- Average recycling rate of 67% across all programs
- Average of 59kgs recycled per person





 **Multi-Material**
Stewardship Western



Ongoing steward training
and information sessions

National Steward Services
call centre

One-stop-shop reporting
and payment portal

CSSA Accomplishments

National standards and
benchmarks

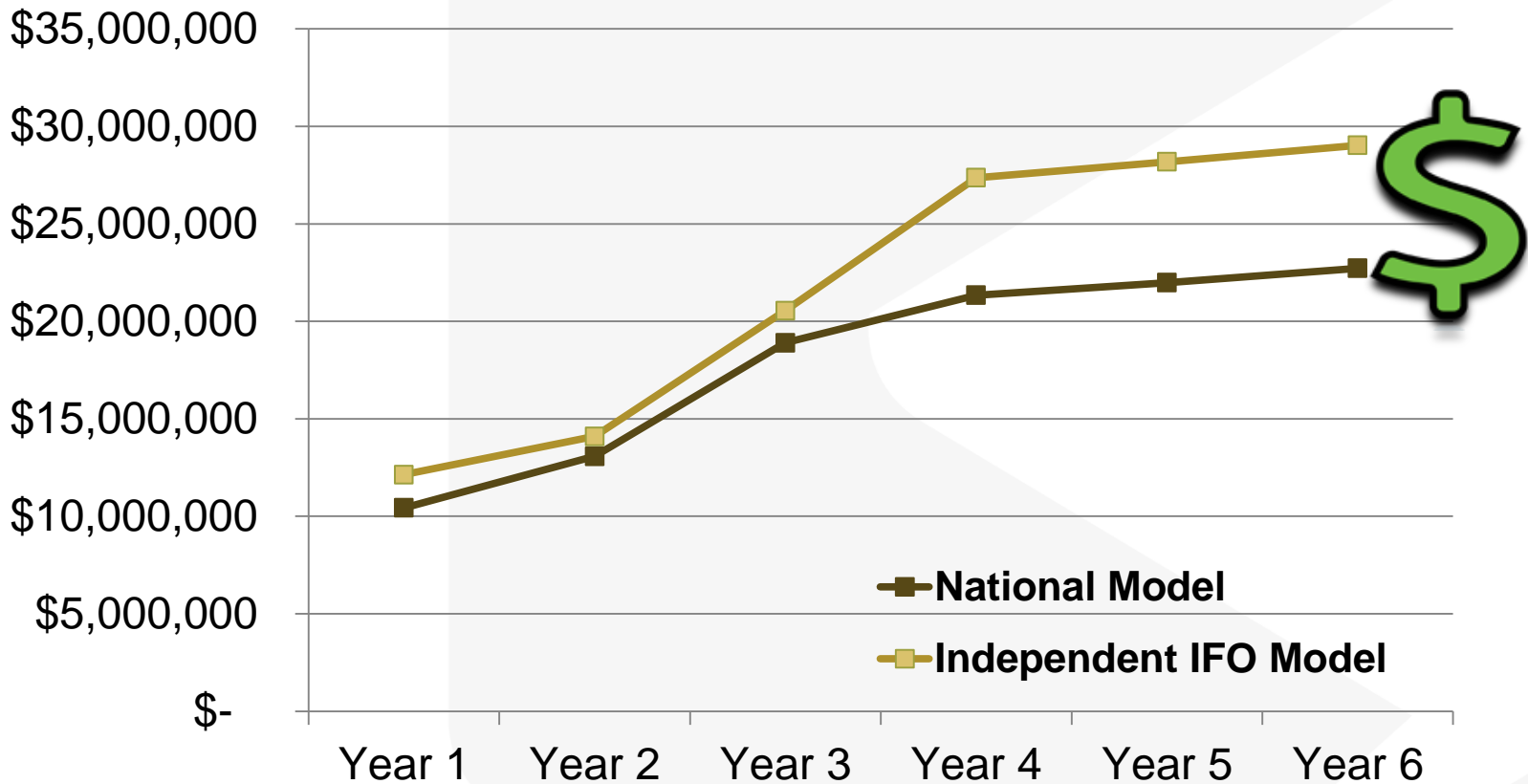
National material list

Canadian voice on EPR

Shared administrative back
office for service providers



Efficiencies and Cost Savings





**Canadian Stewardship
Services Alliance**





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Program Performance and 2015 Budget and Fees



MULTI
MATERIAL
BC

Annual Steward Meeting

Allen Langdon, Managing Director

Overview

1. Program Status and Performance to Date
2. 2015 Look Ahead
3. 2015 Budget
4. Review of Material Fee Schedule
5. Q&A

1. Program Status and Performance to Date (2014)

MMBC successfully launched!

- May 19, 2014 marked the launch of MMBC operations in BC
- Four months into the program we are proud that:
 - We are servicing 1.25 million curbside and multi-family households (80% of BC households)
 - More items are being recycled than ever before
 - 20 BC communities are receiving curbside recycling for the very first time

Prospective Program Performance

Metric	British Columbia 2015 (Estimated)	British Columbia 2014 (Estimated)
Recycling Performance		
Recycled Tonnes	185,491*	185,491*
Supplied Tonnes	230,713	247,321
Recycling Rate	80.4%	75.0%
Population Serviced by PPP Program	3,106,765**	3,760,000***
Recycled kg per capita	59.7	49.3
Accessibility Performance		
# Households Serviced	1,242,706**	1,400,000***
% Households with Access to PPP Program	>80%	78%
P&E Cost per capita	\$0.79	\$0.55
% of residents aware and using recycling services	97%	97%

Please note that the population and per capita values for 2014 and 2015 reflect recently updated census data

*Targeted tonnes – 12 months operation

**Curbside, Multi-Family only. Depots not yet fully activated.

***Assumed all BC households (curbside, multi-family and depots).

2015 Reports Show a Decline in Steward Supplied Tonnes

- The number of 2014 steward-reported tonnes dropped from the 247,321 tonnes reported by stewards in 2013 to 230,713 in 2014
- This is largely due to incorrect reporting by stewards in 2013, and consequent adjustments (common during the first year of a program)
- The YoY reduction in steward-reported tonnes could have the effect of increasing the recycling rate from 75% (projected last year) to 80 for 2015 (smaller denominator of supplied tonnes against which to calculate recovered tonnes) but final rate will be based on the actual amount of collected tonnes
- Also, as more businesses join MMBC, the recycling rate will drop accordingly
- The BC MOE has commenced sending warning letters out to BC-based businesses that are out of compliance with the Regulation



Why do Costs Remain the Same if Supplied Tonnes have Decreased?

- Although we have fewer reported tonnes this year, we have contracts with collectors in place that we will honour, and we anticipate that more businesses will join as MOE compliance work continues



The Facts

about MMBC's Packaging and Printed Paper Program

MMBC's Program
officially launched on
May 19, 2014

20

Number of communities, regions, and First Nations receiving curbside recycling collection for the very first time

166

Number of collectors working with MMBC

67 local governments

13 first nations

86 private collectors for multi-family, depot and other residential channels

Residents can recycle more materials for the first time thanks to the **MMBC program:**



50-53%

Current overall recycling rate in BC

75%

Target recycling rate for MMBC members



MMBC's program is the first of its kind in Canada where responsibility for managing the residential recycling of packaging and printed paper has been fully shifted by provincial regulation from local government and their taxpayers to business

87

Number of communities recycling in MMBC's program

80% of BC households

have access to residential recycling from MMBC's program

MMBC
is among more than



20



beverage containers, paint, tires, electronics and batteries

177
depots

currently accept MMBC materials across the province

Nearly

1,000

businesses are meeting their obligations set out in Recycling Regulation

For more information visit:

www.recyclinginbc.ca

Launch P&E Activity



Promotion & Education

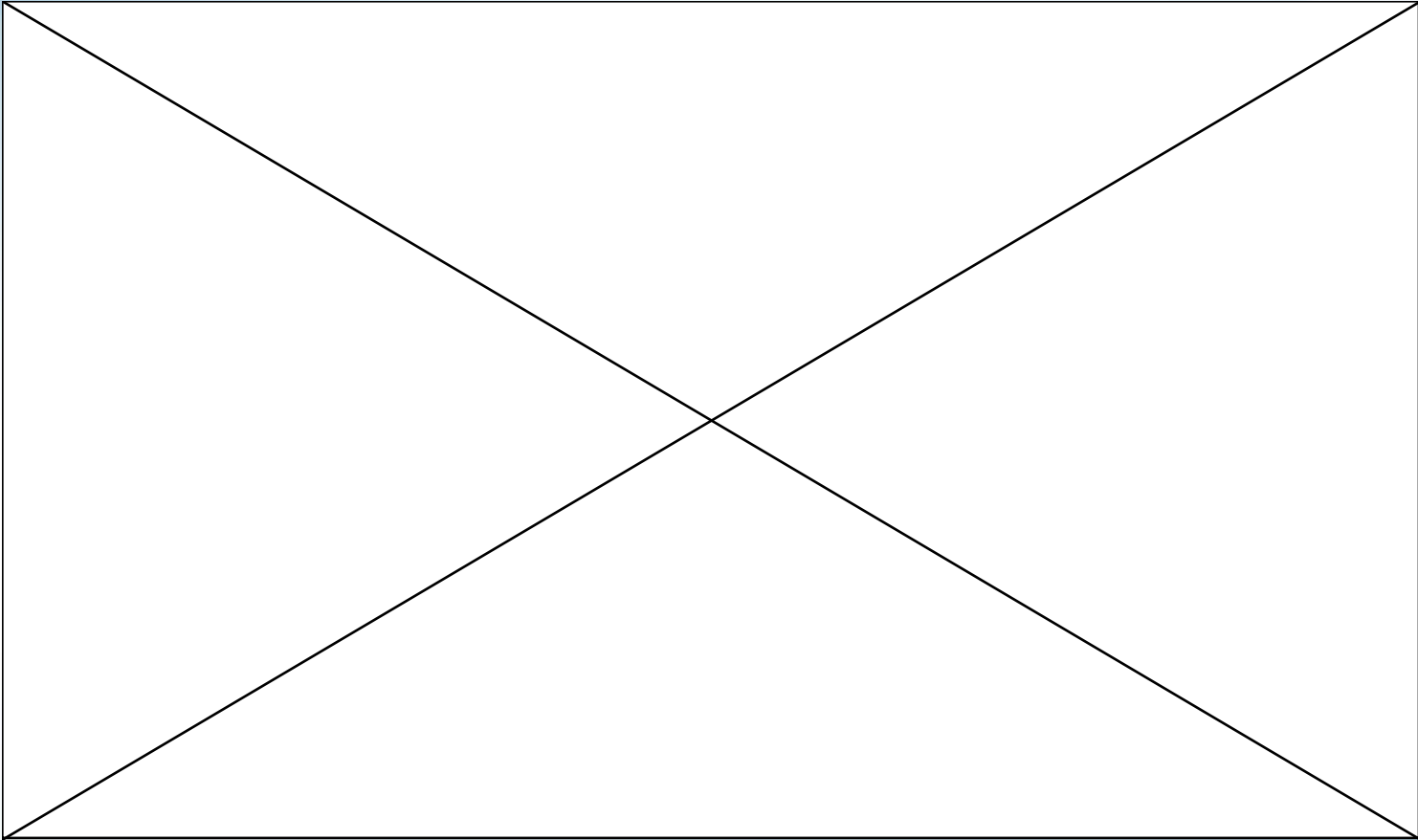
Launch Campaign

- Campaign ran from April - September
- TV, radio, newspapers, online, Google Ad Words and social media
- Eye-catching creative and engaging tagline helped to communicate upcoming changes to recycling in BC and worked to reinforce messaging after the program launch on May 19



Promotion & Education

TV Ad



Promotion & Education

New Website

- Launched new consumer-friendly website
- Consumers can easily find nearby depots, collection calendars, recycling guides and find a full list of MMBC accepted materials
- Consumers can also learn more about the MMBC program



Promotion & Education

Recycling Guides

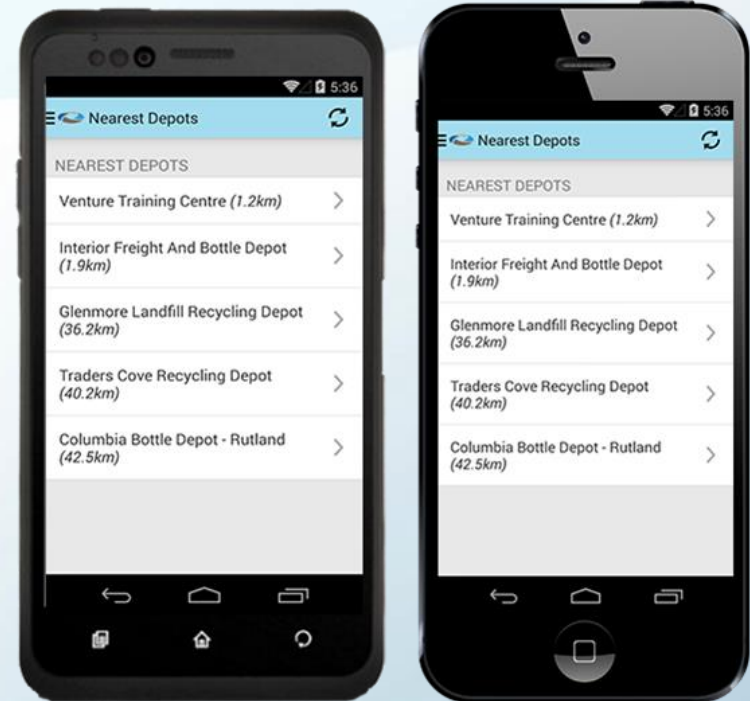
- Distributed informational recycling guides with the delivery of new recycling containers for areas MMBC delivering services
- Provides information on how to sort recycling, full list of accepted materials (as well as most common not accepted materials)
- Collection calendars
- Contact information for their recycling collector



Promotion & Education

Smartphone App

- The MMBC Smartphone app provides residents with collection calendars, reminders and nearby depots at their fingertips



Promotion & Education

Fall Advertising

- MMBC will run a short advertising campaign (three weeks) focused on specific materials in some areas where service is directly delivered (Prince George, Quesnel, Trail, Castlegar, Vernon)
- Radio, digital and online



2015 Look Ahead



What's next for stewards?

- On-going efforts to recruit new members
 - BC MOE has started sending warning letters to BC-based businesses that are out of compliance with the regulation
- As more businesses join MMBC, we will be able to expand services to those communities currently on waiting list
- New 2015 P&E campaign will ensure residents know what and where to recycle, which improves the quality of the material, which impacts revenue stewards will earn from the sale of that material.

2015 Financial Performance

Financial Program Performance

Cost Performance	British Columbia 2015 (estimated)	British Columbia 2014 (estimated)
Cost Performance		
Recycled Tonnes	185,491	185,491
Net Cost*	\$83,891,590	\$84,387,500
Net Cost per Tonne	\$452.3	\$452.3
Net Cost per Capita	\$27.0	\$22.4
Recycled kg per capita	27**	22.4

**Net cost includes supply chain costs, commodity revenues, P&E, regulatory and program management costs.*

***Cost per capita will decrease once the depots are fully activated.*

Financial Performance Highlights

- Key cost drivers in BC:
 - **BC is 100% EPR program** – stewards are assuming full financial and management responsibilities for recycling system
 - **BC's regulation** mandates a higher recycling target than other provinces – 75%
 - **Higher supply chain costs:**
 - **Regulatory** – requirement to include multi-family buildings and depots, increasing number of collection sites compared to other provincial programs
 - **Geography** – mountains, islands and bridges make transportation more complicated and costly
 - **Population density** – regulation requires MMBC to make services assessable to as many residents as possible, many in remote and rural areas, leading to transportation challenges and increased costs
 - **BC Carbon tax** – adds a 10-20 % premium on fuel prices
 - **Beverage containers on deposit** – program loses economies of scale and commodity revenues, especially for aluminum and PET

Financial Performance Highlights cont.

- Direct steward control over supply chain leads to long term environmental and financial benefits:
 - Material collection is standardized
 - Recycled material quality can be continuously improved
 - Transparency drives performance
 - Managing BC's collection and post collection as a single systems will realize valuable efficiencies
 - MMBC provides stewards with full control over their tonnes and the revenues they garner

2015 Budget

2015 Budget

	BC 2015 Obligation (12 months)	BC 2014 Obligation (7.5 months)
Steward obligation	100% industry managed	100% industry managed
Share of supply chain costs	\$74,779,210	\$55,512,500
Promotion & education	\$1,250,000	\$1,000,000
Program management	\$7,862,380	\$4,375,000
Program Management as % of total fee obligation less one time expenses	9.4%	7.2%
Program start-up		\$7,500,000
Working Capital Accumulation		\$16,000,000
Total fee obligation	\$83,891,590	\$84,387,500
YoY fee change %	none	

Budget Highlights

- 2015 budget in line with 2014 budget
 - First year one time expenses (start-up costs and working capital accumulation) equal to approx. 4.5 months of operations, allowing MMBC to carry its first year fee schedule into the second year unchanged
- Program management costs increase by \$3.5M YoY (from \$4.4M to \$7.9M) as 2015 budget reflects full 12 months of operation as opposed to 7.5 months in 2014 budget
- P&E budget increases from \$1M to \$1.25M to reflect full year of operation and the onboarding of five municipalities in late 2014. New communities will also join in early 2015

Review of Material Fee Schedule



2015 Fee Schedule (unchanged from 2014)

Category	Material	Fee rates 2015	Fee rates 2014	Variance vs. 2014 fee rates
PRINTED PAPER				
Printed Paper	Newsprint	20.00 ¢/kg	20.00 ¢/kg	0.0%
	Magazines and Catalogues	24.00 ¢/kg	24.00 ¢/kg	0.0%
	Telephone books			
	Other Printed Paper			
PACKAGING				
Paper Based Packaging	Corrugated Cardboard	29.00 ¢/kg	29.00 ¢/kg	0.0%
	Boxboard			
Composite Paper Packaging	Gable Top Cartons	52.00 ¢/kg	52.00 ¢/kg	0.0%
	Paper Laminates			
	Aseptic Containers			
High Grade Plastics Packaging	PET Bottles	31.00 ¢/kg	31.00 ¢/kg	0.0%
	HDPE Bottles			
Low Grade Plastics Packaging	Plastic Film	54.00 ¢/kg	54.00 ¢/kg	0.0%
	Polystyrene			
	Other Plastics			
Plastic Laminates	Plastic Laminates	70.00 ¢/kg	70.00 ¢/kg	0.0%
Steel Packaging	Steel	52.00 ¢/kg	52.00 ¢/kg	0.0%
Aluminum Packaging	Aluminum Food & Milk Containers	45.00 ¢/kg	45.00 ¢/kg	0.0%
	Other Aluminum Packaging			
Glass Packaging	Clear Glass	25.00 ¢/kg	25.00 ¢/kg	0.0%
	Coloured Glass			

Questions?



MMSW Projected Program Performance and 2015 Budget and Fees

Gemma Zecchini, CSSA



Overview

1. Program Implementation Status
2. 2015 Look Ahead
3. 2015 Program Obligation and Budget
4. 2015 Material Fee Schedule
5. Q&A

Program Implementation Status



Overview and Program Update

- Launch of program three months away – January 1, 2015
- 370 member stewards
 - Supplying 50,000 tonnes
- 310 municipalities have signed funding agreements with MMSW
 - Estimated collection of 40,000 tonnes

Projected Recycling and Accessibility Performance

Metric	MMSW 2015 (estimated)
Recycling Performance	
Recycled Tonnes	30,000
Supplied Tonnes	50,489
Recycling Rate	60%*
Population Serviced by PPP Program	748,982
Recycled kg per capita	40.1
Accessibility Performance	
# Households Serviced	TBD
% Households with Access to PPP Program	TBD
P&E Cost per capita	\$0.07
% Consumer awareness	97%

- *Note that MMSW has set a 60% voluntary recycling rate.

Calculating the Non-Member Adjustment

- In the absence of a fully compliant steward community, but with 310 municipalities signed up for industry funding, MMSW will apply a voluntary recycling rate of 60% to ensure members only pay for their tonnes, and not free riders
- This will ensure that all 310 municipalities are provided with funding, discounted by 25% of their reported tonnes, until significantly more businesses join the program
- This factor will be reviewed quarterly and may be adjusted as more businesses join MMSW's program
- SK MOE is responsible for compliance – MMSW will work to provide any assistance needed to help MOE bring non-compliant businesses into the program

Low Volume Stewards

- Low volume stewards – those that supply between one and five tonnes of packaging and paper – can choose to register with MMSW and pay flat fees. These flat fees cover estimated costs of managing the waste packaging and paper generated by low volume stewards, while relieving the administrative burden of providing detailed tonnage reporting.
- MMSW has identified two categories of flat fees for low-volume stewards:
 - A fee of \$350/year for those who produce between 1.0 and 2.5 tonnes of waste packaging and paper; and
 - A fee of \$750/year for those who produce between 2.5 and 5.0 tonnes of waste packaging and paper.

MMSW's Proposed Small Business Policy

Proposed small business policy:

- MMSW's proposed Small Business policy includes a reporting exemption for organizations or companies that meet ANY of the following exemption criteria:
 - Less than 1 tonne of waste packaging and paper produced; OR
 - Less than \$750,000 in revenues; OR
 - Business operates as a single point of retail sale and are not supplied or operated as part of a franchise, a chain or under a banner.
- Businesses that meet any of these criteria will be required to register with MMSW, sign an annual declaration indicating they fall within the above thresholds, and pay a \$150 membership fee
- It is important to note that the reporting exemption would not apply to businesses that are supplied by or operated as a part of a franchise, a chain or under a banner.

Small Business Policy – Consultation

- MOE conducting a consultation on MMSW's small business policy with Saskatchewan businesses
- Once process complete (expected to be mid-November) and a small business policy is set, the government is expected to begin enforcement activities against non-compliant businesses

MMSW Projected Financial Performance

Assuming a 60% recycling rate:

	MMSW 2015
Cost Performance	
Recycled Tonnes	30,000
Net Cost*	\$7,824,311
Net Cost per Tonne	\$260.8
Net Cost per Capita	\$10.4
Recycled kg per capita	40.1

- *Net cost includes estimated funding to participating municipalities, P&E and program management costs.

2015 Look Ahead



Multi-Material
Stewardship Western



2015 Look Ahead

- Program launch January 1, 2015
- Supporting municipalities with P&E to educate residents about services, and raise awareness of business involvement in financing recycling services
- On-going assistance to MOE to bring more businesses into compliance
- Working with municipalities to prepare to provide services in 2015 (to those not yet signed up with MMSW)

2015 Budget



Multi-Material
Stewardship Western



2015 Budget

	MMSW 2015 Obligation
<i>Steward obligation</i>	75.0%
Share of supply chain costs	\$4,869,652
Promotion & education	\$50,000
Program management	\$1,487,608
Program management (as % of total fee obligation less one-time start-up costs)	23.2%
Program start up	\$600,000
Working capital accumulation	\$721,875
Total fee obligation	\$7,729,135

Budget Highlights

- Obligation reflects decision to apply a 60% voluntary recycling rate by applying a 25% discount to those municipalities that have signed-up with MMSW
- Budget include small amount of P&E to reach out to residents around launch time – municipalities are responsible for ongoing P&E
- \$600,000 program start-up costs reflect first of a two-year recovery of the estimated \$1.2 million start-up costs
- A one-time amount of \$721.875 to build up a reserve to allow for sufficient working capital

2015 Fee Schedule



Multi-Material
Stewardship Western



Category	Material	2015 Fee Rates
PRINTED PAPER		
Printed Paper	Newsprint	7.15 ¢/kg
	Magazines and Catalogues	7.15 ¢/kg
	Telephone books	
	Other Printed Paper	
PACKAGING		
Paper Based Packaging	Corrugated Cardboard	12.92 ¢/kg
	Boxboard	
Composite Paper Packaging	Gable Top Cartons	22.47 ¢/kg
	Paper Laminates	
	Aseptic Containers	
High Grade Plastics Packaging	PET Bottles	17.54 ¢/kg
	HDPE Bottles	
Low Grade Plastics Packaging	Plastic Film	24.62 ¢/kg
	Polystyrene	
	Other Plastics	
Plastic Laminates	Plastic Laminates	33.76 ¢/kg
Steel Packaging	Steel	15.76 ¢/kg
Aluminum Packaging	Aluminum Food & Milk Containers	24.32 ¢/kg
	Other Aluminum Packaging	
Glass Packaging	Clear Glass	13.80 ¢/kg
	<u>Coloured Glass</u>	

Calculating 2015 Fees

- Used Manitoba and Ontario data and adjusted for regional and program differences (beverage deposit system etc.)
- Material categories – three plastic packaging and two paper packaging – each priced in accordance with anticipated recyclability

Questions





Program Performance and Look Ahead

Karen Melnychuk, Executive Director



Overview

1. Program Performance (2013) and Year to Date Status
2. 2015 Look Ahead
3. 2015 Steward Obligation
4. Review of Material Fee Schedule
5. Q&A

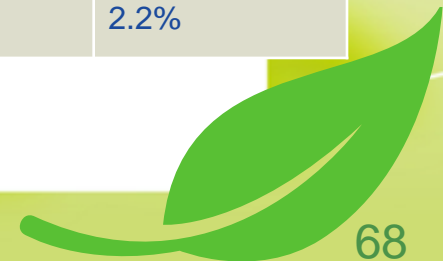


Program Performance and Year to Date Status



Recycling and Accessibility Performance

Metric	Manitoba 2013	Manitoba 2012	YOY Variance
Recycling Performance			
Recycled Tonnes	81,122	71,197	13.9%
Generated/Supplied Tonnes	128,864	131,672	-2.1%
Recycling Rate	63.0%	54.1%	16.4%
Population Served by PPP Program*	1,180,091	1,162,500	1.5%
Recycled kg per capita	68.7	61.2	12.2%
Accessibility Performance			
# Households Served	498,007	497,559	0.1%
% Households with Access to PPP Program	93%		
P&E Cost per capita	\$0.44	\$0.61	-27.4%
Consumer Awareness	93%	91%	2.2%



Recycling and Accessibility Performance-Highlights

- 10,000 more tonnes recycled in 2013 vs. 2012
- Recycling rate increased to 63% from 54%
- 498,007 households with access to MMSM program
- 93% of residents aware and using recycling services
- Plastic Bag reduction 46.7%



Total System Costs (2013)

	Manitoba 2013	Manitoba 2012	YOY Variance
Cost Performance			
Recycled Tonnes	81,122	71,197	13.9%
Net Cost*	\$22,293,812	\$17,567,419	26.9%
Net Cost per Tonne	\$274.8	\$246.7	11.4%
Net Cost per Capita	\$18.9	\$15.1	25.0%
Recycled kg per capita	68.7	61.2	12.2%

- Overall 27% increase in total net system cost, including amortization of new Winnipeg collection carts (\$8.5 Million over 10 years)
- Decline of 4 % in 2013 revenues, mainly due to a drop in fibre prices, which represents approximately 70% of system's total tonnes

**Net cost includes 100% of the supply chain costs, commodity revenues, P&E, regulatory, market development and program management costs.*



Review of 2014 P&E Activity

- Launched new campaign April 2014
- Runs April-June and September-October
- Television, radio, print, billboards, online and social media channels utilized
- Ads have clear message and provide recycling reminders for residents

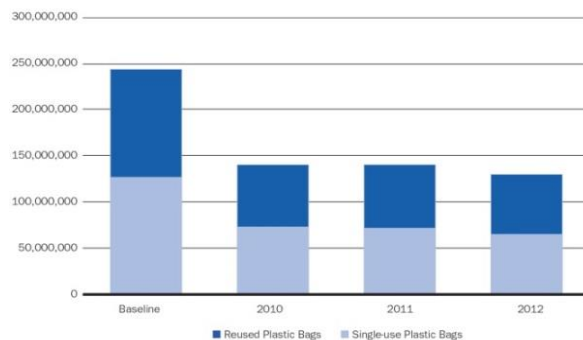


Promotion and Education

Plastic Bag Reduction

- The plastic bag reduction program managed by MMSM is effective.
 - To date these efforts have resulted in a 46.7% reduction in the amount of single-use bags distributed in the province.
 - Consumer behaviour is also changing. In 2007, the average Manitoban brought home 209 single-use plastic bags. In 2012, that number dropped to 108, a reduction of 48.3%.
 - When market growth is considered, plastic bag usage has been reduced by over 60% since 2007. Retail sales in Manitoba have grown by 23% since 2007. Had plastic bag use grown at the same rate as the market in general, over 300,000,000 bags would be used annually.
- Manitobans re-use their plastic bags on average 50% of the time.

PLASTIC BAG REDUCTION AND RE-USE



Promotion and Education

Plastic Bag Campaign

- Runs throughout the year with a heavy focus October-December
- Print, billboard, radio and retailer advertising
- Encourages consumers to reduce their use of plastic bags, reuse the ones already in their home and recycle plastic bags back to retailers



Promotion and Education



- Program runs September 30 - November 1
- Students in Manitoba collect as many plastic bags as possible for recycling
- In 2013, 1,347,000 bags were collected by 168 schools



Promotion and Education

School Programs

MMSM sponsors various school programs. These include:

- Target Zero Eco Tour at The Forks
- Brandon Waste Reduction School Challenge
- Take Pride Winnipeg's Team Up to Clean Up
- Manitoba School Science Symposium



Promotion and Education

We Day Sponsorship

- MMSM is a bronze level sponsor of the event
- Logo was included on marketing material and event signage
- Included a mini blue box pencil holder in the gift bags



Promotion and Education

Northern Community Clean-up

- Initiative to increase recycling awareness and combat litter in northern communities
- Clean-up kits provided to participating communities to assist them with their spring clean-up
- Winning community received recycling bins and a celebratory barbeque



2015 Look Ahead



MMSM 2015 Priorities

- Continue to work with MB municipalities to ensure recycling programs are efficient and effective
- Participate in the consultation on the MB Government Waste Reduction and Recycling Strategy
- Program plan renewal in 2015
- 2015 cost allocation study
- Explore alternative approaches for fee setting



2015 Steward Obligation



Obligation is 80% of municipal costs

	MB 2015 Obligation	MB 2014 Obligation	YOY Variance
Steward obligation	80.0%	80.0%	
Share of supply chain costs	\$12,075,900	\$10,187,800	18.5%
Promotion & education	\$650,000	\$720,000	-9.7%
Research & market development		\$25,000	-100%
Program management	\$1,652,152	\$1,593,842	3.7%
Regulatory	\$50,000	\$50,000	0%
Total fee obligation before surplus adjustment	\$14,428,052	\$12,576,642	14.7%
Program Management as % of total fee obligation (before surplus adjustment)	11.5%	12.7%	-9.6%
Surplus to return		\$ (1,500,000)	
Total fee obligation	\$14,428,052	\$11,076,642	30.3%
YoY fee change %	14.7% before surplus draw down and 30.3% after surplus draw down		



Drivers of System Costs

- MMSM stewards will see a 30% (\$1.9M) YOY increase in their obligation this year. The primary contributors to this increase are:
 - Additional 10,000 tonnes of recycled material collected in 2013
 - Last year, draw down of \$1.5M in surplus funds, resulted in decline in fee rates for all materials except glass. No excess funds to draw down on in 2015



Review of Material Fee Schedule



2015 Fee Schedule

Category	Material	2015 fee rates	2014 fee rates before surplus draw down	2014 fee rates after surplus draw down	Variance % 2014 fees before surplus	Variance ¢/ kg 2014 fees before surplus
PRINTED PAPER						
Printed Paper	Newsprint	5.66 ¢/kg	2.40 ¢/kg	1.96 ¢/kg	136%	3.26 ¢/kg
	Magazines and Catalogues	14.11 ¢/kg	7.02 ¢/kg	5.65 ¢/kg	101%	7.09 ¢/kg
	Telephone Books	14.11 ¢/kg	7.02 ¢/kg	5.65 ¢/kg	101%	7.09 ¢/kg
	Other Printed Paper	14.11 ¢/kg	7.02 ¢/kg	5.65 ¢/kg	101%	7.09 ¢/kg
PACKAGING						
Paper Based Packaging	Old Corrugated Containers	12.97 ¢/kg	11.43 ¢/kg	10.12 ¢/kg	13%	1.54 ¢/kg
	Polycoat & Laminates	39.09 ¢/kg	27.60 ¢/kg	25.22 ¢/kg	42%	11.49 ¢/kg
	Old Boxboard	12.97 ¢/kg	11.43 ¢/kg	10.12 ¢/kg	13%	1.54 ¢/kg
Plastic Packaging	PET bottles	14.46 ¢/kg	19.82 ¢/kg	17.13 ¢/kg	-27%	-5.36 ¢/kg
	HDPE bottles	17.09 ¢/kg	18.69 ¢/kg	15.93 ¢/kg	-9%	-1.60 ¢/kg
	Plastic Film	34.77 ¢/kg	34.08 ¢/kg	30.93 ¢/kg	2%	0.69 ¢/kg
	Other Plastics	34.77 ¢/kg	34.08 ¢/kg	30.93 ¢/kg	2%	0.69 ¢/kg
Steel Packaging	Steel Food & Beverage Cans	13.66 ¢/kg	9.55 ¢/kg	7.57 ¢/kg	43%	4.11 ¢/kg
	Steel Aerosols	13.66 ¢/kg	9.55 ¢/kg	7.57 ¢/kg	43%	4.11 ¢/kg
	Other Steel Containers	13.66 ¢/kg	9.55 ¢/kg	7.57 ¢/kg	43%	4.11 ¢/kg
Aluminum Packaging	Aluminum Food & Beverage Cans	-7.13 ¢/kg	-0.83 ¢/kg	-2.63 ¢/kg	-759%	-6.30 ¢/kg
	Other Aluminum Packaging	10.14 ¢/kg	13.67 ¢/kg	9.99 ¢/kg	-26%	-3.53 ¢/kg
Glass Packaging	Glass	6.65 ¢/kg	6.57 ¢/kg	5.91 ¢/kg	1%	0.08 ¢/kg



New Cost Allocation Study

- MMSM's intention has always been to move to Manitoba-specific costs as specified in Program Plan
- 2013 is the first time Manitoba has generated its own cost data
- Previously, MMSM relied on historical Ontario studies to inform cost allocation
- Study provided information on how MMSM should allocate system costs across individual materials
- Material revenues were derived from the Recycling Market price sheet
- After careful consideration and deliberation, MMSM is planning to transition to Manitoba-specific data to calculate 2015 fees based on 50% Manitoba cost allocation data and 50% historical Ontario data to help smooth any transitional issues
- The results of this study (even blended with Ontario data) had a significant impact on fees rates
- No changes were made to the fee setting methodology, only data.



Notable Fee Changes in 2015

- The primary reasons for shifts in the 2015 fees are the increase in recycled tonnes and the use of new cost allocation data



Notable Fee Changes in 2015: Printed Paper

- Fees increased as a result of:
 - New cost allocation data indicated printed paper should share more of system cost compared to historical data
 - Higher recovery rates:
 - Use of Winnipeg carts increased the recovery rates of printed paper, which in turn also increased the cost for all printed paper categories
 - Recovery rates for newsprint, magazines and catalogues, and telephone books increased YoY from 90.4% to 97.5%
 - Other printed paper increased from 52.1% to 75.3%. This recovery rate compromised the application of the equalization factor (factor 3) of the three factor formula



Equalization Factor and Printed Paper

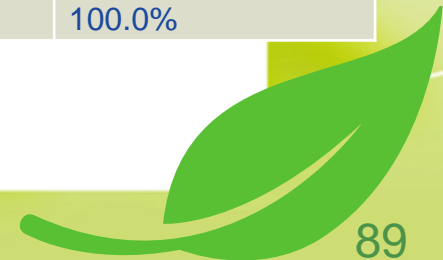
- Equalization factor applies 25% of the net cost to each material based on how much it would cost to manage the material if it were recovered at 60% recycling rate. This factor is not assigned to materials that exceed the 60% rate
- All paper categories performed above 60%, meaning there was no underperforming material to assign costs to
 - Cost transfer barrier between printed paper and packaging prohibits transferring the cost to underperforming packaging categories



MMSM Solution

- To address the issue, MMSM distributed 25% allocation of costs for factor 3 (\$460,350) amongst all printed paper categories based on the proportionate share of fees calculated from the combined total of factors 1 and 2

Category	Material	Equalization Factor - Allocated Fee	Share by Material
PRINTED PAPER			
Printed Paper	Newsprint	\$187,111	40.6%
	Magazines and Catalogues	\$36,002	7.8%
	Telephone Books	\$11,377	2.5%
	Other Printed Paper	\$225,861	49.1%
Printed Paper		\$460,350	100.0%



Notable Fee Changes in 2015 cont.

- Steel packaging fees up 43% (4.11c/kg) due to cost allocation study –cost to manage material has increased
- Polycoat fees increased 42% (11.49 c/kg) due to new cost allocation study - cost to manage has increased and revenue decreased
- PET fees decreased 27% (5.36 c/kg) due to lower material management costs and an increase in revenue
- Aluminum fees decreased by 759% (6.3c/kg) due to new cost allocation study and higher commodity revenue



Questions



Please send questions or provide feedback before November 14th to KMelnychuk@stewardshipmanitoba.org





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Stewardship Ontario: Celebrating the Blue Box Program

David Pearce, Managing Director

1. Program Performance 2013 and Year to Date Status
2. 2015 Look Ahead
3. 2015 Steward obligation
4. Review of Material Fee Scenarios
5. Q&A



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Program Performance 2013 and Year to Date Status

Recycling and Accessibility Highlights (2013)



- Increase in recycling rate from 62.8% to 65.8%, continuing to exceed government mandated 60% recycling rate
- 5.2 million households with access to Blue Box recycling, representing 97% of all households
- 13.1 million people recycling through Blue Box program
- 97% awareness of recycling services

Financial Program Performance (2013)



Stewardship Ontario

Province	Ontario 2013	Ontario 2012	<u>YoY Variance %</u>
Cost Performance			
Recycled Tonnes	900,135	892,924	0.8%
Net Cost*	\$246,718,476	\$243,149,785	1.5%
Net Cost per Tonne	\$274.1	\$272.3	0.7%
Net Cost per Capita	\$18.7	\$18.7	0.0%
Recycled kg per capita	68.3	68.6	-0.4%

**Net cost includes supply chain costs, commodity revenues, P&E, regulatory, market development and program management costs.*

Financial Program Performance (2013) cont.

- The overall net cost of the Blue Box recycling system increased by 1.5% or \$3.6M from 2012 to 2013; however, the net cost per capita remained flat. The primary reasons for this slight increase are:
 - Municipal costs increased driven by higher processing rates and more quantities of higher cost materials being processed.
 - At the same time, material revenues received by municipalities decreased by 1.4% or \$1.25M because:
 - Unfavourable commodity markets
 - Varying commodity revenue sharing arrangements between municipalities and processors
 - Lack of consistency across municipalities for quality standard of baled materials and revenue received

Plastics Campaign

- Campaign runs September – October
- Partnered with GTA and Southern Ontario municipalities
- Print, GO Transit, radio and online
- Encourages consumers to recycle more plastic containers such as margarine tubs, laundry detergent bottles and plastic egg cartons



**MORE
PLASTIC
CONTAINERS
PLEASE**

For information on what containers you can recycle, visit your local municipal website.

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Recycling in Ontario:
Brought to you by industry
and your local municipality.



Paper Campaign

- Campaign runs August - October
- Partnered with Central Ontario municipalities (who are funding newspaper ads in our communities)
- SO funded radio ads
- Campaign encourages consumers to recycle more paper recyclables typically ignored in the bathroom, such as toothpaste tube boxes or toilet paper rolls





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2015 Look Ahead

2015 Look Ahead

- Continued development of a standardized box (basket of goods) across Ontario
- Resident / Stakeholder education
- Steward compliance with program requirements (ensure a level playing field)
- Field studies to inform 2016 fee setting process



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2015 Steward Obligation

Steward Obligation Scenarios

- No definitive fee schedule due to arbitration
 - Ruling expected Q4 2014, after which a final fee schedule will be published
- Two scenarios for fees:
 1. **Best Practice Cost** - calculated using a Best Practice Cost Model developed to implement cost bands by a KPMG-led consortium at the request of MIPC (Municipal Industry Programs Committee) in 2007, and subsequently updated by MIPC.
 2. **Reported Net Cost** – 50% of municipalities' reported costs
- Gap between scenarios for 2015 = \$13.9 million
- Gap between scenarios for 2014 = \$18.4 million

Why Arbitration Matters

- SO committed to managing costs – two ways we've done this to date include:
 - Investing in the arbitration process so stewards only pay the costs they are required to pay under the terms of the program plan
 - Using CSSA's shared administrative services results in over \$1M per year saving
- Arbitration matters because while the difference in fee rates may represent a couple of cents, it could actually cost individual stewards tens of thousands of dollars more each year:
 - PET – 13.46c/kg best practice costs vs. 15.19c/kg reported net costs = 1.73c/kg difference
 - Corrugated Cardboard – 7.56c/kg best practice costs vs. 8.46c/kg net costs = 0.90c/kg difference

Steward Obligation



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	Scenario 1 SO 2015 Obligation (Best Practice Cost)	Scenario 2 SO 2015 Obligation (Reported net Cost)	Scenario 1* SO 2014 Obligation (Best Practice Cost)	Scenario 2 ON 2014 Obligation (Reported Net Cost)
<i>Steward obligation</i>	50.0%	50.0%	50.0%	50.0%
Share of supply chain costs	\$99,539,022	\$113,517,621	\$95,679,612	\$114,072,322
Waste Audits	\$600,000	600,000	\$692,000	692,000
Promotion & education	\$200,000	\$200,000	\$ -	\$ -
Research & market development	\$275,000	\$275,000	\$ -	
Program management	\$4,182,897	\$4,182,897	\$3,247,415	\$3,247,415
Regulatory	\$978,000	\$978,000	\$1,050,000	\$1,050,000
Total fee obligation	\$105,774,919	\$119,753,518	\$100,669,027	\$119,061,737
<i>PM as % of total fee obligation</i>	4.0%	3.5%	3.2%	2.7%

**Note that at the 2013 Annual Steward meeting we presented Stewardship Ontario's last best offer, which is different from the two 2014 scenarios above which are provided here to allow for comparison with the 2015 scenarios.*



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2015 Fee Schedule

2015 Fee Scenarios – Printed Paper and Packaging



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ONTARIO

		<i>Scenario 1 Best Practice Cost</i>	<i>Scenario 2 Reported Net Cost</i>		<i>Scenario 1 Best Practice Cost</i>	<i>Scenario 2 Reported Net Cost</i>
Category	Material	Fee rates 2015	Fee rates 2015	Fee rates 2013	Variance vs 2013 fee rates	Variance vs 2013 fee rates

PRINTED PAPER

Printed Paper	Newsprint - CNA/OCNA	0.38 C/kg	0.38 C/kg	0.42	-9.5%	-9.5%
	Newsprint - Non-	4.06 C/kg	4.72 C/kg	3.62	12.2%	30.4%
	Magazines and	6.65 C/kg	7.74 C/kg	6.47	2.8%	19.6%
	Telephone Books	6.48 C/kg	7.54 C/kg	6.64	-2.4%	13.6%
	Other Printed Paper	13.71 C/kg	16.00 C/kg	9.99	37.2%	60.2%

PACKAGING

Paper Based Packaging	Corrugated Cardboard	7.56 C/kg	8.46 C/kg	8.39 C/kg	-9.9%	0.8%
	Boxboard	7.56 C/kg	8.46 C/kg	8.39	-9.9%	0.8%
	Gable Top Cartons	19.06 C/kg	21.29 C/kg	18.22	4.6%	16.8%
	Paper Laminates	19.06 C/kg	21.29 C/kg	18.22	4.6%	16.8%
	Aseptic Containers	19.06 C/kg	21.29 C/kg	18.22	4.6%	16.8%

2015 Fee Scenarios – Packaging

		<i>Scenario 1 Best Practice Cost</i>	<i>Scenario 2 Reported Net Cost</i>		<i>Scenario 1 Best Practice Cost</i>	<i>Scenario 2 Reported Net Cost</i>
Category	Material	Fee rates 2015	Fee rates 2015	Fee rates 2013	Variance vs 2013 fee rates	Variance vs 2013 fee rates
Plastic Packaging	PET Bottles	13.46 ¢/kg	15.19 ¢/kg	14.70 ¢/kg	-8.4%	3.3%
	HDPE Bottles	11.43 ¢/kg	13.12 ¢/kg	13.52	-15.5%	-3.0%
	Plastic Film	25.13 ¢/kg	28.10 ¢/kg	23.27	8.0%	20.8%
	Plastic Laminates	25.13 ¢/kg	28.10 ¢/kg	23.27	8.0%	20.8%
	Polystyrene	25.13 ¢/kg	28.10 ¢/kg	23.27	8.0%	20.8%
	Other Plastics	25.13 ¢/kg	28.10 ¢/kg	23.27	8.0%	20.8%
Steel Packaging	Steel Food & Beverage Cans	4.92 ¢/kg	5.77 ¢/kg	5.51 ¢/kg	-10.7%	4.7%
	Steel Aerosols	4.92 ¢/kg	5.77 ¢/kg	5.51	-10.7%	4.7%
	Steel Paint Cans	4.92 ¢/kg	5.77 ¢/kg	5.51	-10.7%	4.7%
Aluminum Packaging	Aluminum Food & Beverage Cans	2.44 ¢/kg	3.98 ¢/kg	2.56 ¢/kg	-4.7%	55.5%
	Other Aluminum Packaging	7.55 ¢/kg	8.55 ¢/kg	6.97 ¢/kg	8.3%	22.7%
Glass Packaging	Clear Glass	3.06 ¢/kg	3.37 ¢/kg	2.84	7.7%	18.7%
	Coloured Glass	3.32 ¢/kg	3.65 ¢/kg	4.84 ¢/kg	-31.4%	-24.6%

² The 2015 draft fee scenarios presents a comparison to the 2013 fee rates (which stewards are currently paying) instead of to the proposed 2014 fee schedule that was not approved by the WDO. The 2013 fee rates were calculated based on a \$107M total fee obligation.

How 2015 (best practice cost) Fees Compare to 2013 Fees

- Using scenario 1 (best practice cost) as the point of comparison to the 2013 fee rate, there is a decline in fee rates for 11 materials, while 12 materials saw increases
- Primary reasons for increase in fees include:
 - Fewer steward-reported tonnes
 - Decrease in some material recovery rates

Notable changes in fee rates

- Non-CNA/OCNA newsprint increased by 12.2% because:
 - Decrease in steward-reported tonnes (fewer tonnes against which to spread the cost)
- Other printed paper increased by 37.2% because:
 - 28% decrease in steward-supplied tonnes
- Fee rates for low grade plastics (plastic laminates, film, other plastics) increased by 8% because:
 - 67% increase in recovered tonnes – many new municipalities are accepting mixed plastic

Changes in fee rates (con 't)

- Other aluminum packaging fees increased by 8.3% because:
 - 3% decrease in supplied tonnes and 10% decrease in recovery rate
- Clear glass fees increased by 7.7% because:
 - Increase in proportion of clear glass vs. coloured glass – more cost shifting from coloured to clear glass



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Questions



Questions





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