



Canadian Stewardship
Services Alliance

REPORT TO STEWARDS

2018 Annual Steward Meeting
October 24, 2018





Table of Contents

CSSA Review and Outlook.....3

Recycle BC.....6
2017 Review * 2018 Update * 2019 Budget and Fee Schedule

Multi-Material Stewardship Western (MMSW)..... 11
2017 Review * 2018 Update * 2019 Budget and Fee Schedule

Multi-Material Stewardship Manitoba (MMSM) 16
2017 Review * 2018 Update * 2019 Budget and Fee Schedule

Stewardship Ontario 21
2017 Review * 2018 Update * 2019 Budget and Fee Schedule

2018 Annual Steward Meeting

The Annual Steward Meeting (ASM) is supported, hosted, and organized by CSSA on behalf of the stewardship programs, and will be held on Wednesday, October 24, via webcast.

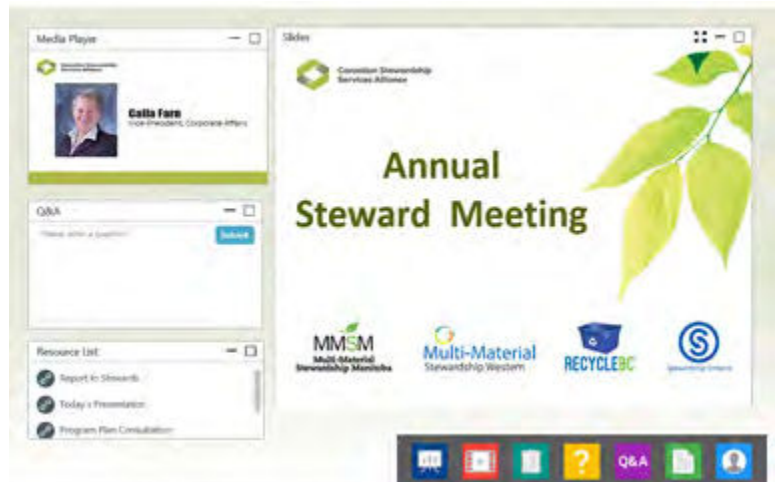
Registration for the webcast can be done at <http://www.cssalliance.ca/steward-meetings/>. In the days after the meeting an archived version of the webcast will be available along with presentation slides and submitted questions and answers.

Local Times for ASM:

British Columbia: 10 a.m. - Noon PDT
 Saskatchewan: 11 a.m. - 1 p.m. CST
 Manitoba: Noon - 2 p.m. CDT
 Ontario: 1 p.m. - 3 p.m. EDT

This year's agenda includes...

- *Review and outlook:* Executive Chair John Coyne will summarize recent achievements and look at what's ahead for CSSA.
- *Program reviews and fee previews:* Detailed program and financial performance reviews for Stewardship Ontario, MMSM, MMSW and Recycle BC will include information on 2019 budgets and fees.
- *Have your say:* All attendees are invited to submit questions and respond to poll questions during the ASM webcast.



In addition to slides and videos in the main window and the ability to submit questions, the new webcast console identifies the speaker and provides direct links to various resources referenced during the ASM

CSSA Review and Outlook

The 2018 Annual Steward Meeting is the sixth year of bringing together stewards to consider the progress of Packaging and Paper Product (PPP) stewardship programs across the country, while providing a preview of 2019 material fee rates.

Making stewardship easier

CSSA is committed to making stewardship as easy as possible for Canadian businesses. In the past year, initiatives were introduced to assist stewards with annual reporting and clarify payment information.

The annual Ready to Report webinar in March was expanded to include a session dedicated to new stewards. More than 230 participants reviewed issues and questions commonly raised by new stewards and individuals new to the reporting role.

An online learning module was launched on the CSSA

website at the beginning of the year to provide a convenient overview of the reporting process, from determining if you are a steward to entering data in the WeRecycle Portal. Two additional online resources are planned for the beginning of 2019:

- A learning module will provide detailed, step-by-step information for calculating material weights using the Average Bill of Materials (ABOM) method.
- A fully interactive Materials Tool will help users to correctly identify their designated packaging and paper to accurately report supplied materials.

Continues...

CSSA Executive Chair: Trends driving future steward fees

At least two significant trends are expected to put upward pressure on material fee rates in the years ahead, says CSSA Executive Chair John Coyne.

At the beginning of 2018, China implemented an import ban on most waste plastic and paper. The ban is affecting recycling programs around the globe, with many jurisdictions being forced to deal with significant stockpiles. The reduced demand for commodity materials has also significantly reduced prices and affects program revenues. The real-time nature of the Recycle BC program means the impact is being felt there first, despite its comparatively low contamination rates and other markets for its materials. The China ban represents a structural and likely permanent shift in global markets for collected materials. Stewards should expect to deal with decreasing revenue in other programs going forward.



“As end markets tighten, we need to make sure we are involved in and investing in the solutions needed to manage our materials,” Mr. Coyne advises.

Largely driven by concerns about plastic pollution, a growing number of people are demanding action. Many organizations, including governments, are beginning to explore circular economy approaches (both regulatory and non-regulatory) to prevent plastics from leaking into the environment.

One of the policy tools available to regulators is full Extended Producer Responsibility (EPR), whereby the financial and operational responsibility for material recovery resides with the businesses that sell products to consumers. In addition to the natural incentive to design products and packaging that have less environmental impact, full EPR can create the necessary efficiencies and economies of scale to help achieve circular economy outcomes. A national EPR framework would further reduce fragmentation and enable a more harmonized approach.

“We need to be thinking five to 10 years out, toward a closed-loop system that allows us to maximize the value from the materials put into the marketplace. A more circular economy will encourage innovation within our businesses, reduce our reliance on finite natural resources, lower greenhouse gas emissions, and enhance the prosperity and livability of our communities,” says Mr. Coyne.

Redesigned invoices were distributed at the beginning of 2018 to simplify billing information. The overwhelming majority of surveyed stewards indicated the updated billing documents were easier to understand. Stewards can select their billing options and appoint a billing contact on the WeRecycle Portal.

What is PPP?

Recognizing the slight variations in the description and definition of designated materials across provinces, for the purposes of harmonization, CSSA will use Packaging and Paper Product or PPP as an umbrella term to cover the specific terms used by programs. The [Guidebook for Stewards](#) provides detailed material definitions for all programs.

Policy updates

A number of mostly minor changes are being made to some of the policies that were introduced at the beginning of 2018 following steward consultation. The policies and changes below will improve administrative efficiency and/or promote a more level playing field for stewards. They have been approved by program boards for 2019 and are available on the [CSSA website](#).

Penalty and Interest: revisions that advance a more consistent approach to charges for non-compliance include non-registration and non-reporting being subject to 5% and 10% penalties rather than interest charges, which will now only apply to late payments.

Deductions: there will be continued deferral of a proposed policy to eliminate reporting deductions (except for restaurants); the steward form introduced for 2018 reports to gather more information on deductions will be enhanced for 2019 to enable improved data analysis on the use deductions; stewards will be provided with further guidance on supporting documentation standards for reporting deductions.

Parallel Importation: policy for reporting of branded goods entering a province from outside the brand owner's Canadian distribution network has been approved after being deferred in fall of 2017; the new policy seeks to reduce the amount of unreported obligated material supplied to the market and it addresses steward concerns about inter-provincial

tracking and updating of internal systems, coming into effect at the [beginning of 2020](#) and applying only to parallel imports from outside the brand owner's Canadian supply chain.

Onboarding: revisions to the existing policy that applies consistent principles to new stewards will provide greater clarity in their initial year of supplying PPP, including the need to file two reports in year one and confirming that fees should be paid for all periods in which PPP is supplied to consumers.

Responding to e-commerce growth

As the volume of PPP material from "non-resident" e-commerce retailers continues to grow, CSSA has initiated a broad effort to research potential regulatory/compliance solutions. While programs everywhere struggle with this issue, it is important to explore viable options for reducing the financial burden on resident companies.

The first two research phases seek to understand and measure the scope and impact of the problem. Phase one, which has recently been completed, includes a review of strategies used by Extended Producer Responsibility (EPR) programs around the world and their success to date, along with reporting and compliance challenges. The second phase will develop Canadian data on e-commerce packaging materials, gather perspectives from a broad range of stakeholders and consider potential enforcement strategies.

Phase three is expected to produce preliminary recommendations for achieving greater compliance in Canada and identify economic and legal experts who could develop and assess potential options.

Material Cost Differentiation update

The Material Cost Differentiation (MCD) project continues its work to develop a methodology to consistently measure the impacts that material characteristics have on the cost of recycling system activities. The MCD methodology will produce the material-specific cost inputs required to calculate the material fee rates by approved fee methodologies.

Supported by a Steward Consultation Committee (SCC) and external consultants, the project has identified the relevant characteristics and in its current phase will design, test and evaluate measurement procedures to determine how these characteristics can impact costs. Project details and updates are [available on the CSSA website](#).

Canada's plastic strategy

The growing plastics pollution crisis is prompting policy discussions as well as corporate and consumer actions across the globe. As president of the G7, Canada tabled the Oceans Plastics Charter this past June. Ratified by all but Japan and the United States, the Charter contains a number of objectives and aspirations for improving the collection and management of plastics and the development of plastic secondary markets. Tabling of the Charter sent a clear signal that governments are preparing to act to keep plastics from choking the world's oceans and waterways.

While plastics are an important and versatile material, an estimated 95% of the value of global plastic packaging is lost. The G7 met again in Halifax on September 20, 2018, when the Canadian government committed to implementing public procurement policies designed to

support the development of markets for "[sustainable plastics products](#)". The federal Plastics Strategy is expected to be released in spring 2019.

Stewards may also be aware that Canada's environment ministers, through the Canadian Council of Ministers of the Environment, are currently considering a Draft Framework for Zero Plastic Waste. The framework identifies three essential systems that need to be addressed in an effective plastic waste strategy: prevention; collection and clean up; and value recovery. It also proposes a number of priority action areas that include:

- designing durable and non-durable products for greater longevity, reuse and recycling;
- addressing unnecessary use and disposal of single-use products;
- expanding collection systems and recycling capacity to process and recover value from all types of plastic waste; and
- strengthening domestic markets and end uses for recycled plastics.

It is anticipated that the framework will also play a role in helping the federal government develop its Plastics Strategy.



Recycle BC

2017 Review

In its third full year of operation, Recycle BC introduced new branding to help strengthen its connections with residents and stewards. The program continued to welcome new communities, adding more than 102,000 households that receive curbside and multi-family service growing the number of BC households with access to Recycle BC curbside or multi-family service to 1.4 million. In total more than 1.8 million BC households had access to curbside, multi-family or depot services, with 98.2% of households having depot access. The network of collection and post-collection partners increased to more than 160 organizations. On July 1, 2017, Recycle BC added the Boundary Region of the Regional District of Kootenay Boundary (RDKB) to its direct service operations.

Recycling and Accessibility Performance

For 2017, the 174,942 tonnes collected and 75% recovery rate reflect the exclusion of tonnes collected by Recycle BC on behalf of other stewardship programs and reported in their annual reports. The 2017 quantity of recovered tonnes decreased by 5.7% from the previous year due primarily to the exclusion of newspapers, partially offset by tonnes from added communities. The reduction in tonnes also drove decreases to the recovery rate and per capita metrics.

RECYCLING AND ACCESSIBILITY PERFORMANCE			
METRIC	BC 2017	BC 2016	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	174,942	185,477	-5.7%
Supplied Tonnes	234,847	238,062	-1.4%
Recovery Rate	74.5%	77.9%	-4.4%
Provincial Recovery Target	75.0%	75.0%	--
Population Serviced by PPP Program*	4,566,371	4,560,457	0.1%
Recovered kg per capita	38.3	40.7	-5.8%
ACCESSIBILITY PERFORMANCE			
# Households Serviced*	1,846,097	1,843,709	0.1%
% Households with Access to PPP Program*	98.2%	98.1%	0.1%
P & E Cost per capita	\$0.54	\$0.47	13.4%
% of residents aware and using recycling services	99.0%	99.0%	0.0%

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



Financial Program Performance

Total steward cost for managing the Recycle BC program in 2017 was \$72.5 million, down slightly from the previous year.

FINANCIAL PROGRAM PERFORMANCE			
COST PERFORMANCE	BC 2017	BC 2016	YOY VARIANCE
Recovered Tonnes	174,942	185,477	-5.7%
Net Cost	\$72,513,159	\$73,831,727	-1.8%
Net Cost per Tonne	\$414	\$398	4.1%
Net Cost per capita	\$16	\$16	-1.9%
Recovered kg per capita	38.3	40.7	-5.8%

2018 Update

As required by the Province's Recycling Regulation, Recycle BC initiated a review of its program plan near the end of 2017 that included consultations with a range of stakeholders. Following a review period for a draft plan, the plan was further updated and a second phase of consultation meetings was held in July 2018 with participation by more than 150 organizations and communities. As a result of stakeholder feedback, a number of revisions were made to the draft plan, including removal of the expanded list of designated materials and making adjustments to the eligibility requirements for communities seeking to join the program. The Recycle BC Board of Directors approved the plan at its September meeting. The plan, together with a stakeholder consultation report, has been submitted to the BC Ministry of Environment and Climate Change Strategy, which may request changes prior to its required approval. More information is available on the [Recycle BC website](#).

The program moved to address the growing issue of plastic waste. A new research and development initiative

for Other Flexible Plastic Packaging has depot operators voluntarily collecting flexible plastic packaging separately from other plastic or overwrap in 2018, with the program moving to all depots at the start of 2019. The initiative will allow Recycle BC to explore ways to overcome current barriers to recycling Other Flexible Plastic Packaging. Recycle BC also undertook a 2018 pilot on behalf of a group of packaging stewards to understand how residents prepare flexible plastic tubes for recycling and what types of tubes they include for recycling in Coquitlam.

Five new curbside communities will have been added by year end as required by the program plan and agreement with the BC government.

2019 Budget and Fee Schedule

The 2019 steward fee budget is \$98.1 million, a 7.4% increase from the previous year. The budget includes a \$5 million drawdown of accumulated reserves approved by the Recycle BC board to mitigate the impact on fee rates, that were not increased between 2017 and 2018.



Recycle BC

2019 Budget

A 14.4% increase in supply chain costs compared with 2018 reflects the impact of China's ban on the value of recycled materials and the onboarding of new communities.

The China ban depressed commodity prices in 2018, resulting in a projected deficit and a reduced revenue outlook for 2019. While alternate end-markets have been secured, global prices are significantly lower, particularly for fibres. Forecasts suggest a structural and likely permanent shift in commodity markets worldwide.

Along with the impact of new communities, supply chain costs include the first per household payment increase since the program was initiated in 2014 and an allowance for increased household counts in existing communities. The 2019 budget reflects a substantially completed program rollout.

RECYCLE BC BUDGET			
	2019	2018	YOY VARIANCE
OBLIGATION SHARE	100% industry managed	100% industry managed	
Share of Supply Chain Costs	\$94,158,890	\$82,309,027	14.4%
Promotion & Education	\$2,101,000	\$1,900,000	10.6%
Program Management	\$6,890,015	\$7,172,177	-3.9%
Program Management as % of total fees	7.0%	7.8%	-10.6%
Total Fee Obligation (before surplus/drawdown)	\$103,149,905	\$91,381,204	12.9%
Surplus Accumulation/(Drawdown)	\$(5,000,000)	--	--
TOTAL FEE BUDGET	\$98,149,905	\$91,381,204	7.4%



2019 Fee Schedule

Recycle BC fee rates for 2019 increase an average of 12% from the previous year (2018 fee rates were unchanged from 2017). Low volume and flat fee rates for stewards supplying between 1,000 and 15,000 kg increase between 13% and 17% from 2018.

RECYCLE BC FEE SCHEDULE (CENTS/KG)				
Category	Material	2019 Fee Rates (cents/ kg)	2018 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	11.00	11.00	0%
	Magazines and Catalogues	14.00	11.00	27%
	Telephone Books	14.00	11.00	27%
	Other Printed Paper	14.00	11.00	27%
PAPER PACKAGING	Corrugated Cardboard	25.00	24.00	4%
	Boxboard	25.00	24.00	4%
	Gable Top Cartons	55.00	52.00	6%
	Paper Laminates	55.00	52.00	6%
	Aseptic Containers	55.00	52.00	6%
PLASTICS	PET Containers	63.00	53.00	19%
	HDPE Containers	63.00	53.00	19%
	Plastic Film	100.00	91.00	10%
	Plastic Laminates	128.00	102.00	25%
	Polystyrene	100.00	91.00	10%
	Other Plastics	100.00	91.00	10%
STEEL	Other Steel Packaging	27.00	20.00	35%
	Steel Aerosols	27.00	20.00	35%
	Steel Paint Cans	27.00	20.00	35%
ALUMINUM	Aluminum Food & Milk Containers	42.00	26.00	62%
	Other Aluminum Packaging	42.00	26.00	62%
GLASS	Clear Glass	16.00	15.00	7%
	Coloured Glass	16.00	15.00	7%

Materials with notable changes include:

Magazines & Catalogues, Telephone Books, and Other Printed Paper: Higher recovery rates in these categories are the main contributor to the fee rate increase.

Plastic Laminates: Increase reflects higher costs and this category not having commodity revenue to offset costs.

Steel Packaging Category: Three-year rolling average commodity revenue decrease was primary factor in fee rate increase.

Aluminum Packaging Category: Decreased recovery rates and commodity prices were main contributors to increase.



Recycle BC

2019 Low-Volume and Flat Fees

RECYCLE BC LOW-VOLUME AND FLAT FEES			
TOTAL SUPPLIED	2019	2018	YOY VARIANCE
1,000 to 2,499 kg	\$700	\$600	\$100 or 17%
2,500 to 4,999 kg	\$1,700	\$1,500	\$200 or 13%
5,000 to 9,999 kg	\$4,000	\$3,500	\$500 or 14%
10,000 to 15,000 kg	\$6,800	\$6,000	\$800 or 13%

2017 Review

MMSW launched its program on January 1, 2016. In its second full year of operation, MMSW continued its work through service agreements with 481 municipalities, regional waste authorities and First Nations communities who provide collection, processing and marketing services for Waste Paper and Packaging (WPP). During the year, the provincial government extended

the beverage deposit program to include milk beverages, removing these containers from the residential recycling system.

Recycling and Accessibility Performance

MMSW achieved a recovery rate of 72.8% for 2017, with 82.7% of households in the province having access to the program. Both metrics increased compared with the previous year.

RECYCLING AND ACCESSIBILITY PERFORMANCE			
METRIC	MMSW 2017	MMSW 2016*	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	41,254	41,220	0.1%
Supplied Tonnes	56,629	58,876	-3.8%
Recovery Rate	72.8%	70.0%	4.1%
Population Served by PPP Program	846,804	835,996	1.3%
Recovered kg per capita	48.7	49.3	-1.2%
ACCESSIBILITY PERFORMANCE			
# Households Served	357,976	352,426	1.6%
% Households with Access to PPP Program	82.7%	81.5%	1.6%
P & E Cost per capita	\$0.03	\$0.06	-54.7%

* 2016 performance metrics have been restated due to an additional 4,400 tonnes being reported after close of year in 2016. Also due to this, the 2016 recovery rate and kilograms collected per capita metrics have been restated.

Financial Program Performance

MMSW delivered stable financial performance in its second full year of operation. The program established an operating reserve that provides an appropriate level of working capital to satisfy cash-flow obligations and support budget stability.

FINANCIAL PROGRAM PERFORMANCE			
COST PERFORMANCE	MMSW 2017	MMSW 2016	YOY VARIANCE
Recovered Tonnes	41,254	41,220	0.1%
Net Cost	\$5,770,209	\$5,561,039	3.8%
Net Cost per Tonne	\$140	\$135	3.7%
Net Cost per capita	\$7	\$7	2.4%
Recovered kg per capita	48.7	49.3	-1.2%

2018 Update

As required by Section 4.4.2 of the WPP Stewardship Plan, MMSW initiated the work necessary to determine Saskatchewan-specific supply-chain costs. Payments for recycling services to local governments have not increased since the program’s inception and had been based on the Manitoba experience as no Saskatchewan data was available.

In early 2018, the MMSW Advisory Committee guided development of a payment model based on a PwC survey of reported Saskatchewan costs and supply-chain expenses. The new payment model was approved by the MMSW Board of Directors at its June meeting and is effective January 1, 2019.

Under the new model, per household (HH) payments to municipalities increase from \$11.75/HH to \$15.00/HH for collectors who provide depot services and to \$25.00/HH for those that provide curbside services (with or without depots). Service Agreements with municipal partners have been updated.

2019 Budget and Fee Schedule

The increased payments to municipalities described above increase the direct material management costs in the 2019 budget by about \$4.5 million compared with 2018.

The MMSW board approved the use of \$1 million of the program’s accumulated reserves to mitigate the impact of increased payments to municipalities on fee rates.

2019 Budget

MMSW BUDGET			
	2019	2018	YOY VARIANCE
OBLIGATION	75%	75%	
Share of Supply Chain Costs	\$9,618,504	\$5,596,921	71.9%
Promotion & Education	\$75,000	\$75,000	0.0%
Program Management	\$1,444,800	\$1,421,949	1.6%
Program Management as % of total fees	14.3%	20.0%	-28.9%
Total Fee Obligation before surplus/ drawdown	\$11,138,304	\$ 7,093,870	57.0%
SURPLUS ACCUMULATION (DRAWDOWN)	(\$1,000,000)	--	--
TOTAL FEE BUDGET	\$10,138,304	\$ 7,093,870	42.9%

2019 Fee Schedule

Average MMSW 2019 fee rates increase by 55% from 11.9 cents/kg to 18.5 cents/kg compared with the previous year (2018 fee rates were unchanged from 2017). The increase is driven by increased payments to local governments, mitigated by the drawdown of accumulated reserves. Low-volume fees for stewards supplying between 1,000 and 5,000 kg increase by 41% (\$90 and \$190 for the two categories) from 2018.

MMSW FEE SCHEDULE (CENTS/KG)				
Category	Material	2019 Fee Rates (cents/ kg)	2018 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	5.00	4.00	25%
	Magazines and Catalogues	5.00	4.00	25%
	Telephone Books	5.00	4.00	25%
	Other Printed Paper	5.00	4.00	25%
PAPER PACKAGING	Corrugated Cardboard	11.00	9.00	22%
	Boxboard	11.00	9.00	22%
	Gable Top Cartons	27.00	20.00	35%
	Paper Laminates	27.00	20.00	35%
	Aseptic Containers	27.00	20.00	35%
PLASTICS	PET Bottles	26.00	17.00	53%
	HDPE Bottles	26.00	17.00	53%
	Plastic Film	45.00	27.00	67%
	Plastic Laminates	61.00	31.00	97%
	Polystyrene	45.00	27.00	67%
	Other Plastics	45.00	27.00	67%
STEEL	Other Steel Packaging	15.00	8.00	88%
	Steel Aerosols	15.00	8.00	88%
	Steel Paint Cans	15.00	8.00	88%
ALUMINUM	Aluminum Food & Other Containers	15.00	19.00	-21%
	Other Aluminum Packaging	15.00	19.00	-21%
GLASS	Clear Glass	5.00	4.00	25%
	Coloured Glass	5.00	4.00	25%

Materials with notable changes include:

Plastics – General: This category has a relatively higher cost per tonne to manage, with fee rates affected by increased costs and a decline in the three-year rolling average commodity revenue (plastic laminates do not attract any commodity revenue).

Steel Packaging Category: Fee rates reflect increased category costs that were only partially offset by commodity revenue.

Aluminum Packaging Category: Fee rates decreased as gross costs were lower due to decrease in supplied quantities.

2019 Low-Volume Fees

MMSW LOW-VOLUME FEES			
TOTAL SUPPLIED	2019	2018	YOY VARIANCE
1,000 to 2,500 kg	\$310	\$220	\$90 or 41%
2,500 to 5,000 kg	\$650	\$460	\$190 or 41%

2017 Review

MMSM marked its eighth year of operation in 2017. A consumer awareness and ad recall study conducted in late 2017 found that awareness of the program has increased 29% in the last five years, with 95% of respondents indicating weekly participation in household recycling.

In 2017, the Manitoba Government advised MMSM that it was terminating its agreement with the newspaper group. The agreement with the newspaper group had been in place since 1993, and provided payment for the recycling of newspaper newsprint fees from the provincial sales tax collected from newspaper purchases. Newspaper publishers are the obligated steward under the MMSM Program. MMSM continues to work with the Manitoba Government and newspaper stewards to fulfill their obligations under the MMSM Program.

MMSM is pleased to advise that the Minister of Sustainable Development has approved the MMSM Packaging and Printed Paper Program Plan that was submitted on March 20, 2017. The Approval is effective July 1, 2018 and will expire on June 30, 2023.

Recycling and Accessibility Performance

MMSM is transitioning to the material recovery performance calculation method used by other programs in Manitoba and across Canada. The supply-based recovery rate method uses the amount of material that MMSM stewards reported to us, known as steward-supplied tonnes. As is the accepted practice, methodology changes are introduced over a three year period to ensure a smooth transition.

RECYCLING AND ACCESSIBILITY PERFORMANCE			
METRIC	MANITOBA 2017	MANITOBA 2016	YOY VARIANCE
RECYCLING PERFORMANCE			
Recovered Tonnes	77,675	82,146	-5.4%
Supplied/Generated Tonnes*	91,988	132,682	n/a
Recovery Rate**	70.6%	61.9%	n/a
Population Serviced by PPP Program	1,206,492	1,206,492	0.0%
Recovered kg per capita	64.4	68.1	-5.4%
ACCESSIBILITY PERFORMANCE			
# Households Serviced	517,701	517,387	0.1%
% Households with Access to PPP Program	94.0%	94.4%	0.0%
P & E Cost per capita***	\$0.77	\$0.70	10.8%
% of residents aware and using recycling services	95.0%	96.0%	-1.0%

*For 2017, supplied tonnes replace generated tonnes per the Approved Program Plan.

**Recovery Rate is the 3-year average of the generation based recovery rates presented in the 2017 and 2018 fee model and the supply based recovery rate presented in the 2019 fee model.

***Total municipal and MMSM P&E.

Financial Program Performance

Recovered tonnes were down from 2016, driven by decreases in plastics, newsprint and flyers and increased residue. The net cost reported by municipalities for 2017 increased based on higher collection and processing costs associated with the contract renewals.

FINANCIAL PROGRAM PERFORMANCE			
COST PERFORMANCE	MANITOBA 2017	MANITOBA 2016	YOY VARIANCE
Recovered Tonnes	77,675	82,146	-5.4%
Net Cost*	\$26,508,659	\$24,360,073	8.8%
Net Cost per Tonne	\$341	\$297	15.1%
Net Cost per capita	\$22	\$20	8.8%
Recovered kg per capita	64.4	68.1	-5.4%

*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.

2018 Update

The Minister of Sustainable Development has approved the MMSM Packaging and Printed Paper Program Plan that was submitted on March 20, 2017. The Approval is effective July 1, 2018 and will expire on June 30, 2023.

The Minister's Approval is subject to MMSM meeting conditions as described in the Approval letter. Some of these conditions were placed in all of the Producer Responsibility Organizations (PROs) program Approval letters, while some are specific to only MMSM. Those conditions are the following:

- Achieve a 70% recovery rate for packaging and printed paper over the term of the Approval.
- Develop a plan for a 100% industry funded model to be shared with the department by 2020.
- MMSM is to work with officials from Manitoba Sustainable Development (MSD) and the other PROs to establish guidelines for third party assurance of non-financial information.
- Continue to work with other PROs to deliver

convenient province-wide accessibility to northern, remote and First Nations communities.

- Work collaboratively with municipalities and other stakeholders to resolve any outstanding issues with the recycling of packaging and printed paper.
- MMSM continue to work with the newspaper stewards and municipalities to find a satisfactory resolution.
- MMSM to participate and assist the Minister to implement recommendations put forward by the Recycling Task Force regarding plastic waste and single-use plastic bags.

MMSM is committed to working collaboratively with stakeholders to ensure continued success of the Packaging and Printed Paper Program in Manitoba, while delivering efficient and effective residential recycling programs to residents. Over the course of the Approval term, MMSM will be consulting with stewards and municipalities to gather information in order to meet the conditions placed in the Approval letter.

A copy of the MMSM's Approval letter can be found [here](#).

Promotion & Education during the year has again focused on community outreach, particularly to schools and First Nations. The program's successful plastic bag reduction effort, Bag It Forward, continues to grow through promotional sponsorships and events. The "Be a Recycling Superhero" campaign was launched in April and received positive feedback. The tone of the advertisements are positive and informative, educating Manitobans with recycling statistics and tips to be better recyclers. Mediums were selected for reach and to specifically hit MMSM's target demographic, homeowners.

2019 Budget and Fee Schedule

The 2019 MMSM steward fee budget of \$20.8 million is down slightly compared with the previous year. The share of supply chain costs is steady and the program will not see the impact of reduced commodity revenue from the China ban until 2020 fees, when 2018 reductions will be included in the three-year rolling average that is used to moderate volatility. The MMSM board approved a smaller accumulation to surplus reserves, following drawdowns in 2016 and 2017. Of the \$361,000 approved, \$195,000 is allocated to all material categories and \$166,000 is specific to the materials in the printed paper and glass categories to improve their surplus status given that all categories must contribute to the program's reserves.

2019 Budget

MMSM BUDGET			
	2019	2018	YOY VARIANCE
OBLIGATION SHARE	80%	80%	
Share of Supply Chain Costs	\$17,425,991	\$17,381,389	0.3%
Promotion & Education	\$645,000	\$610,000	5.7%
Research & Market Development	\$5,000	\$5,000	0.0%
Program Management*	\$2,408,378	\$2,176,695	10.6%
TOTAL FEE OBLIGATION (BEFORE SURPLUS)	\$20,484,369	\$20,173,084	1.5%
Program Management as % of Total Fees	11.8%	10.3%	9.0%
Surplus Accumulation/Drawdown	\$360,779	\$900,000	-59.9%
TOTAL FEE BUDGET	\$20,845,148	\$21,073,084	-1.1%

*Program Management includes Other Material Management cost (e.g. field studies, staffing) and material research budget.

2019 Fee Schedule

This is the third year that fees have been calculated using the four-step fee methodology following Board approval in 2016. The average change in the fee rates from 2018 to 2019 is a 2% increase.

MMSM FEE SCHEDULE (CENTS/KG)				
Category	Material	2019 Fee Rates (cents/ kg)	2018 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint	7.16	7.31	-2.1%
	Magazines and Catalogues	10.84	7.64	41.9%
	Telephone Books	11.25	7.64	47.3%
	Other Printed Paper	8.46	7.64	10.7%
PAPER PACKAGING	Corrugated Cardboard	26.33	28.48	-7.5%
	Boxboard	26.33	28.48	-7.5%
	Gable Top Cartons	64.28	63.19	1.7%
	Paper Laminates	64.28	63.19	1.7%
	Aseptic Containers	64.28	63.19	1.7%
PLASTICS	PET Bottles	36.87	36.05	2.3%
	HDPE Bottles	32.00	26.08	22.7%
	Plastic Film	48.38	49.89	-3.0%
	Other Plastics	48.38	49.89	-3.0%
STEEL	Steel Food & Beverage Cans	16.16	14.87	8.7%
	Steel Aerosols	16.16	14.87	8.7%
	Other Steel Containers	16.16	14.87	8.7%
ALUMINUM	Aluminum Food & Beverage Cans	-38.07	-42.86	-11.2%
	Other Aluminum Packaging	9.10	14.81	-38.6%
GLASS	Glass	6.35	6.10	4.1%
ENHANCED BAG FEE	Plastic bags per unit	0.06	0.06	0.0%

Notable changes include:

Magazines & Catalogues and Telephone Books:

Increased rate for combined category is primarily due to deficit recovery.

Corrugated Cardboard and Boxboard: Lower fee rate reflects the reduction in gross cost attributed to this category as lower quantities were managed.

HDPE Bottles: Increased rate is mostly driven by lower

average commodity revenues and higher net costs.

Aluminum Food & Beverage Cans: Fee rate continues to be in a credit position (though smaller than previous year) as materials retain more of their commodity revenue under the four-step methodology.

Other Aluminum Packaging: Decreased rate is largely driven by a small increase in the recovery rate that for this category means more commodity revenue available to offset the incremental expense.



2017 Review

Stewardship Ontario achieved a recycling rate of 61.3% in 2017, exceeding the government mandated target of 60%. The recycling rate and recycled tonnes of material were down slightly from the previous year largely due, as in past years, to a reduction in printed paper as news media continues its shift to digital platforms.

Recycling and Accessibility Performance

Recycled tonnes managed through the Blue Box in 2017 declined from the previous year due to less paper and newsprint being collected and marketed. Generated tonnes -- an estimate of the total quantity of residential PPP created by households — increased slightly. Recycled kilograms per capita decreased in 2017 reflecting reduced tonnes and an increase in the population. Access to recycling programs is being maintained at very high levels.

RECYCLING AND ACCESSIBILITY PERFORMANCE			
METRIC	ONTARIO 2017	ONTARIO 2016	YOY VARIANCE
RECYCLING PERFORMANCE			
Recycled Tonnes	822,979	836,227	-1.6%
Generated Tonnes	1,342,017	1,340,947	0.1%
Recycling Rate	61.3%	62.4%	-1.7%
Provincial Recycling Target	60.0%	60.0%	--
Population Served by PPP Program	12,962,740	12,814,578	1.2%
Recycled kg per capita	59.9	65.3	-8.1%
ACCESSIBILITY PERFORMANCE			
# Households Served	5,237,905	5,174,930	1.2%
% Households with Access to PPP Program	94.4%	94.6%	-0.2%
P & E Cost per capita*	\$0.56	\$0.64	-12.4%

*Total municipal and SO P&E



Financial Program Performance

Total reported net cost of the Blue Box system by municipalities for 2017 was \$249.8 million, a decrease of 3.4% from 2016, with commodity revenue more than offsetting a modest increase in gross system costs. Net cost per tonne and per capita were down slightly from 2016 figures.

FINANCIAL PROGRAM PERFORMANCE			
COST PERFORMANCE	ONTARIO 2017	ONTARIO 2016	YOY VARIANCE
Recycled Tonnes	822,979	836,227	-1.6%
Net Cost*	\$249,809,925	\$258,540,366	-3.4%
Net Cost per Tonne	\$304	\$309	-1.8%
Net Cost per capita	\$19	\$20	-4.5%
Recycled kg per capita	59.9	65.3	-8.1%

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

2018 Update

Following months of extensive consultations with stewards, municipalities and other key stakeholders, plans to develop an amended Blue Box Program Plan were put on pause so stakeholders could assess the policy direction of the new provincial government. Stewardship Ontario continues to hold informal discussions with various stakeholders to ensure it is ready to proceed with the transition to full Extended Producer Responsibility in a manner that meets the needs of residents, stewards, municipalities and other affected parties.

2019 Budget and Fee Schedule

The 2019 Blue Box payment obligation to municipalities is set at \$126.4 million, as determined by the RPRA Board of Directors and announced in early September. The amount, which is the total stewards must pay municipalities, is up 1.3% from the 2018 obligation of \$124.8 million. The increase includes a \$7.2 million steward containment charge (compared with \$2.2 million in the 2018 obligation) that is partially offset by increased commodity revenues. Details of the payment obligation are available on the [RPRA website](#).

The calculation of the payment obligation uses a three-year rolling average for commodity revenue, which for the 2019 payment is based on the 2015-2017 operating years. As a result, the effects of commodity markets and resultant revenue decreases caused by the China ban in 2018 will first begin to be a factor in Stewardship Ontario's budget in 2020.

**2019 Budget**

The 2019 steward fee budget is \$129.3 million, a 2.6% increase from the previous year, largely driven by increased supply chain costs from the payment obligation and higher than anticipated regulatory charges from RPRA. .

STEWARDSHIP ONTARIO BUDGET			
	2019	2018	YOY VARIANCE
OBLIGATION SHARE	50%	50%	
Share of Supply Chain Costs *	\$122,059,642	\$119,521,542	2.1%
Promotion & Education and Market Development	\$510,000	\$575,000	-11.3%
Program Management	\$4,296,471	\$4,159,723	3.3%
Regulatory	\$2,400,000	\$1,700,000	41.2%
TOTAL FEE BUDGET (Steward Fees)	\$129,266,113	\$125,956,265	2.6%

* These costs include the municipal payment obligation and other material management costs such as waste studies, and excludes the value of newspaper in-kind contributions. The value of newspaper in-kind contributions is referenced at the bottom of the fee schedule in the next table.



2019 Fee Schedule

Stewardship Ontario's 2019 material fee rates have been calculated using the approved three-factor formula methodology. Overall, average fee rates for 2019 have increased 2.6% from 2018, consistent with the increased fee budget.

STEWARDSHIP ONTARIO FEE SCHEDULE (CENTS/KG)				
Category	Material	2019 Fee Rates (cents/ kg)	2018 Fee Rates (cents/ kg)	Variance %
PRINTED PAPER	Newsprint - CNA/OCNA	0.59	0.47	26%
	Newsprint - Non-CNA/OCNA	5.98	5.68	5%
	Magazines and Catalogues	9.04	8.47	7%
	Telephone Books	11.06	10.62	4%
	Other Printed Paper	18.45	16.93	9%
PAPER PACKAGING	Corrugated Cardboard	10.13	9.39	8%
	Boxboard	10.13	9.39	8%
	Gable Top Cartons	22.44	22.92	-2%
	Paper Laminates	22.44	22.92	-2%
	Aseptic Containers	22.44	22.92	-2%
PLASTICS	PET Bottles	19.65	15.97	23%
	HDPE Bottles	13.21	11.89	11%
	Plastic Film	33.07	33.01	0%
	Plastic Laminates	33.07	33.01	0%
	Polystyrene	33.07	33.01	0%
	Other Plastics	33.07	33.01	0%
STEEL	Steel Food & Beverage Cans	7.10	6.50	9%
	Steel Aerosols	7.10	6.50	9%
	Steel Paint Cans	7.10	6.50	9%
ALUMINUM	Aluminum Food & Beverage Cans	3.68	3.33	11%
	Other Aluminum Packaging	7.96	7.61	5%
GLASS	Clear Glass	3.80	3.77	1%
	Coloured Glass	6.76	6.16	10%
IN-KIND		\$5,112,007	\$5,932,643	-14%



Selected materials with notable rate changes include:

Newsprint-CNA/OCNA: The 26% increase in the fee rate reflects increased costs and a significant decrease in the steward supplied quantity (fee rates increase as fewer tonnes are available to share the costs of the material category). This increase pertains to the cash-portion of the program management costs. When the in-kind contribution is considered, the fee rate increase is 7%, which is generally consistent with increases for other printed paper materials.

PET Bottles: The gross cost to manage this material has increased as the system manages more volume of material. The continued light-weighting of this category means that fewer tonnes are reported by stewards leading to an increased fee rate.



**Canadian Stewardship
Services Alliance**

1 St. Clair Avenue West, 7th Floor
Toronto, Ontario M4V 1K6

Steward Services:

1-888-980-9549

stewards@cssalliance.ca

www.cssalliance.ca