



Canadian Stewardship
Services Alliance

CSSA ANNUAL STEWARD MEETING

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CSSA – Year in Review and Look Ahead

2014 – A Year in Review

The third annual steward meeting marks the continued development of CSSA as a national service provider to packaging and printed paper stewardship programs across the country. We have made further progress over the year on our harmonization mandate:

National Support – CSSA provides a single-window support service for stewards through our National Steward Services team. Our knowledgeable steward service representatives have an in-depth understanding of the provincial programs and work to provide stewards with the support and information they need to fulfil their obligations. We are pleased that the convenience of the single-window support is delivering value to the stewards.

National Materials List and Guidebook – With many differences in obligated materials throughout the different stewardship programs, there was a need for a national materials list and instructional guidebook to help stewards prepare their reports. In response, a National Guidebook was developed, providing an online tool and a downloadable PDF booklet that details what materials are obligated in each program, as well as residency descriptions, definitions and more. [The National Guidebook can be found here.](#)

In 2015, CSSA launched an undertaking to review and adjust the guidebook to include clearer language to further help the steward community with its 2016 reporting. Stewards will learn more about the revised Guidebook early in 2016.

Steward Training – CSSA understands that reporting can be a complex activity that requires training and support. Moreover, stewards need to stay informed of changes and updates to the different programs. In 2014, (and also in leading up to the 2015 report deadline), we held several webinars that kept stewards informed and provided them with tips and tricks for better and more streamlined reporting.

One Stop Shop – Stewards with obligations in multiple jurisdictions have been able to report through one central portal since 2013. In 2014, the WeRecycle Reporting portal was further enhanced to enable stewards to choose to report using the national, harmonized material list to simplify their reporting preparation and reporting. In addition, stewards are now able to tailor other aspects of their reporting and payment experience. These newest tools were developed with input from our Customer User Group (aka the CUG), a group of committed stewards willing to provide their time and expertise when called upon. We also developed a portal user guide to help stewards understand the new features and assist with preparation of reports.

Avoided Costs – CSSA is realizing efficiencies and cost savings by delivering service through a national, harmonized approach to the management of stewardship programs in Canada. With four steward agencies sharing the costs of administration, stewards benefit from annual cost savings in the neighbourhood of \$3.6M. In addition to the administrative and overhead savings, costs are avoided because CSSA is able to exploit existing technology (e.g., when we began to process the thousands of monthly service provider claims for MMBC), its business process infrastructure, legal frameworks and human resources across all the provincial programs, all of which can also be applied to new program start-ups.

National Steward List – CSSA published a steward list detailing all resident and voluntary stewards for CSSA's four packaging and printed paper stewardship programs in early 2015. Offered in Excel file format for easy navigation and sorting, the list was designed to serve as a useful resource for preparing steward reports. The list identifies stewards that have registered with each provincial packaging and printed paper program and indicates whether they are a resident steward or a voluntary steward.

What the EU Has Taught Us

To keep ahead of EPR best practices and trends, CSSA hosted a one-day summit on November 25, 2014 with representatives from some of Europe's most mature stewardship organizations. Canadian provincial policy makers and regulators were invited, along with key trade associations, to hear the insights of speakers who have experienced an evolution of EPR programs in the UK (ValPak and the UK Environment Agency), Belgium (Inter-Regional Packaging Commission), Austria (Alstoff Recycling and European Institute of Environmental Economics) and Germany (Der Grune Punkt - Duales System Deutschland GmbH). Perspectives included competitive and non-competitive programs, as well as for-profit and non-profit operations.

Many of the presentations cited a level playing field as an essential component of a successful program. Free riders, and those that defraud the system, must be subject to sanctions that cost more than compliance. And, such enforcement activities need to be properly funded in order to be effective. Participants felt that this concept of fairness needs to be at play both before the program begins and throughout its lifecycle.

The importance of common definitions for materials was also highlighted. Clear and consistent descriptions help avoid confusion amongst stewards, collectors, processors and consumers.

CSSA will continue to stay ahead of the curve and employ best practices from other jurisdictions and countries to ensure we operate harmonized, effective, efficient, and cost-sensitive programs for the steward community at large.

2015 Status Report

Fee Setting Methodology Review

In May, CSSA embarked on an ambitious project to review the current fee setting methodology and examine new options that makes the methodology simpler to apply and easier to understand while ensuring that program costs are fairly shared amongst participating stewards.

Over 85% of the material fees for all four programs are paid by stewards who contribute to more than one program. Both national and local stewards will benefit from a fee methodology that makes their fees easier to understand and explain. This project aims to find approaches that enable fee methodology harmonization, while respecting the unique characteristics of the provincial regulations and waste management supply chain designs.

This review has had significant input from the steward community with the creation of the Steward Consultation Committee (SCC), a group of seasoned stewards who have been instrumental in the forward movement of this project. These members represent a broad spectrum of industries and associations. Together, the SCC members provide strong representation in every material category. The SCC is co-chaired by Neil Antymis of PepsiCo, both a brand owner and the Chair of the MMSM Board of Directors, and Scott Tudor of Sobeys, a retailer, and a member of the Board of Directors of Stewardship Ontario. As part of the project, CSSA has provided regular updates to the IAC, and also provides regular email updates on the progress of the project to all stewards. Once the SCC has fully examined possible new approaches to the fee methodology, and business cases are developed for favoured options, these will be presented to the wider steward community in early 2016 for consultation.

Looking Ahead to Harmonized Performance Metrics

Our stewards tell us that they want to be able to compare recycling and financial performance across the different packaging and printed paper programs. But making those comparisons can be frustrating and confusing because today the published metrics are those that align to the regulatory reporting standards for each program. What stewards have said they want is a common set of metrics that meet their need to understand recycling and financial performance in a consistent way so they can properly report on their participation in these programs.

That is why CSSA will launch a new project in 2016 to develop a common suite of packaging and printed paper program metrics that will enable stewards to make meaningful comparisons across all programs. Stay tuned for more details in the coming months.



Multi-Material BC (MMBC)

2014 - A Year in Review

Program Launch

May 19, 2014, marked the launch of MMBC program operations and the conclusion of work that started back in 2011 when the BC government added packaging and printed paper to its Recycling Regulation and MMBC developed its stewardship plan. MMBC's stewardship plan was approved by the Ministry of Environment in April 2013, leaving just over one year to implement a province-wide curbside, multi-family, and depot collection recycling program. The MMBC program is unique because it is the first fully steward financed and managed EPR program for packaging and printed paper in North America. MMBC's program now serves over 1.2 million households through curbside and multi-family collection, with 96% of BC households having access to depots. In addition, twenty BC communities are receiving curbside collections for the first time. These are substantial achievements for a program just one year old.

MMBC's program also standardized the list of packaging and printed paper accepted for recycling in BC province-wide, with the result that many communities now accept more items for recycling than they previously did. This harmonized system delivers convenient and consistent recycling services to BC residents.

Promotion & Education

To support the launch of MMBC, the organization developed a campaign that incorporated TV, digital, online, social media, radio and print advertising. The ad tagline—Same Bin, New Tricks—was designed to communicate that the curbside and multi-family recycling systems were changing in BC, but the familiar recycling bin would continue to be central to the program. The province-wide television, digital, online and social media components of the campaign ran from mid-April to September 2014, and radio and print ads ran in each community where MMBC assumed direct responsibility for curbside recycling collection as the program was rolled out to those communities.

During the fall of 2014, a shorter, three-week campaign focused on two materials added to the collection system: coffee cups and aerosol containers, with ads appearing on digital and online networks across the province and radio and print in the MMBC direct-service communities. As part of their MMBC collection agreements, local government collectors retain responsibility for promotion and education and receive some funding from MMBC for this purpose. Accordingly, MMBC shares advertising creative with collectors who wish to use it in their own communities.

Canada Winter Games

In December 2014, it was announced that MMBC was an official sponsor of the 2015 Canada Winter Games held in Prince George, BC. MMBC sponsorship entailed it providing 550 receptacles that were used to collect recycling during the Canada Winter Games. These receptacles have now been provided to Emterra Environmental and will be used to collect recycling from 4,300 multi-family units in Prince George. Emterra is the service provider that collects recycling at curbside from Prince George households as part of the MMBC packaging and printed paper recycling program.

Providing multi-family recycling collection in Prince George has always been part of MMBC's plan and partnering with the Games allowed MMBC to support recycling at an important community event while leaving a legacy for Prince George residents.

2015 Status Report

MMBC Celebrates One-Year Anniversary

On May 19, 2015, MMBC celebrated its one-year anniversary of program operations. MMBC has enabled BC residents to recycle more by providing greater access to recycling services and by standardizing and expanding the list of accepted materials. Residents can now recycle items that were previously not accepted, such as aluminium take-out containers, coffee cups, milk cartons and much more. As reported in MMBC's Annual Report, for the 7.5 months of operations in 2014, MMBC achieved an 80.1% recovery rate, collecting more than 116,000 tonnes of material.

On June 30, 2015, MMBC released its first-ever Annual Report. Please visit: <http://www.multimaterialbc.ca/annual-report/> to read the report.

Promotion & Education

Based on consumer research, which indicated that residents do not understand what happens to their recycling once it's collected, in 2015 MMBC launched an advertising campaign that specifically dealt with this misconception. The "Second Life" campaign showed consumers what happens to common materials after they are collected from curbside, multi-family or depot locations. The campaign led

consumers online to watch an interactive video that depicted the entire recycling process. See the [video here](#).

This campaign achieved 28 million total impressions in TV, radio, online and print media. MMBC will continue to build brand awareness in future campaigns and provide residents with more information about accepted materials to help increase diversion and reduce contamination.

Streetscape Pilot Program

As stipulated in MMBC's Program Plan, in 2014, MMBC completed a baseline study in preparation for a streetscape pilot program in 2015. Utilizing the research findings from this study, MMBC began piloting various collection containers and signage to determine what effects they might have on the success of a streetscape recycling program. This pilot program began on July 19, 2015 and ran for two weeks in three different municipalities (Penticton, Richmond, North Vancouver). Some collection containers remained the same, but others utilized an award-winning design developed by a University of British Columbia (UBC) / Emily Carr Institute student. This pilot program was conducted in conjunction with Encorp Pacific.

MMBC will review data from the pilot projects with stakeholders and will consult with stakeholders on its preferred approach to streetscape collection services when available.

Look Ahead

Expanding Communities

MMBC strives to provide producer-funded recycling services to all BC residents, but until more stewards join the program, MMBC is unable to expand services to additional communities. The BC MOE is responsible for compliance activities, as per the Recycling Regulation, and MMBC is actively working with the ministry to help bring more businesses into the program. As more stewards join the program, MMBC will aim to service more communities.

Recycling and Accessibility Performance for 2014

Table 1: MMBC Recycling and Accessibility Program Performance (representative of 7.5 months of operation)

Metric	British Columbia 2014
Recycling Performance	
Recovered Tonnes	116,457
Supplied Tonnes	145,351
Recovery Rate	80.1%
Population Served by PPP Program*	4,232,061
Recovered kg per capita**	27.5
Accessibility Performance	
# Households Served	1,694,258*
% Households with Access to PPP Program	96%*
P&E Cost per capita	\$0.36
% of residents aware and using recycling services	98%

* Represents access to curbside, multi-family, and/or depot services

** Based on 7.5 months of recovery for entire BC population

In the 7.5 months MMBC was operational in 2014, 116,457 tonnes of packaging and printed paper was collected, reflecting an 80% recovery rate. MMBC has a collector network that consists of 162 collectors. In total, residents in 152 incorporated municipalities, electoral areas, and First Nations communities had access to curbside and/or multi-family collection services. In addition, 180 depots throughout BC accept MMBC materials for recycling.

Financial Program Performance for 2014

Table 2: MMBC Financial Performance

Cost Performance	British Columbia 2014 (representative of 7.5 months)
Cost Performance	
Recovered Tonnes	116,457
Net Cost*	\$45,939,463
Net Cost per Tonne	\$394
Net Cost per Capita	\$11
Recovered kg per capita**	27.5

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

**Based on 7.5 months of recovery for entire BC population

The total steward cost of managing the MMBC program in 2014 was \$45,939,463.

MMBC finished 2014 in a strong financial position with all expenses covered, debt extinguished and significant progress made towards building the operating reserves needed to provide financial stability for the program's commitments.

MMBC received a clean audit opinion, despite it being a new program and subject to the many unknowns that often characterize a program in start-up phase.

In its first year, MMBC had three financial goals:

1. Meet all current commitments for the year without incurring any losses or adding to debt

MMBC has contractual commitments with hundreds of local governments, depots, First Nations collectors as well as with its material processor partner Green by Nature, a new organization founded by Cascades Recovery, Emterra Environmental, and Merlin Plastics. MMBC successfully financed all of its 2014 obligations totalling \$41.2M¹ which include the costs of collection, transportation and processing of 116,457 tonnes of packaging and printed paper as well as related program management and promotion and education costs incurred over the 7.5 month period from program launch on May 19, 2014 until the end of December 2014.

¹ Please note that the \$45,939,463 in net costs shown in Table 4 reflects 2014 operating costs of \$41.2M plus \$4.8M in start-up costs incurred prior to program launch in May, 2014.

2. Pay down existing debt

MMBC had accumulated over \$7M in debt for program development and start-up. Funds were advanced for this purpose by CSSA in 2013 and 2014 through bank loans. This debt was fully extinguished in 2014.

3. Accumulate a prudent financial reserve in accordance with the needs of its business

MMBC was estimated in 2014 to be a \$84M business on an annualized basis. MMBC's goal is to maintain the equivalent of 50% of annual operating expenses in reserve, or a reserve goal of \$40M. The reserve currently stands at \$30M or 75% of the goal and was achieved through a combination of \$16M in stewardship fees with the remaining \$14M from revenues earned from the sale of commodity material. The remainder of the reserve will be accumulated from commodity revenues in future years. Operating reserves are designed to meet MMBC's cash flow requirements and ensure that there is always sufficient funds to pay the hundreds of local governments, small businesses and other private operators who rely on us to pay promptly and regularly for their services. Payables occur much more frequently in MMBC's business than revenues, which are paid quarterly by stewards and subject to lag and volatility.

MMBC successfully met all three financial objectives while addressing some of the challenges caused by key cost drivers to the system such as:

- MMBC is the only 100% packaging and printed paper EPR program in Canada
- The regulatory requirement mandates the highest recovery target in the country for packaging and printed paper at 75%
- MMBC has higher supply chain costs due to a number of factors including:
 - o Geography
 - o Population density
 - o BC carbon tax
 - o Beverage containers being on deposit, which removes a valuable commodity from the recycling mix.

2016 Budget

Table 3: MMBC Obligation

	BC 2016 Obligation (forecast)	BC 2015 Obligation
<i>Obligation Share</i>	<i>100% industry managed</i>	<i>100% industry managed</i>
Share of supply chain costs	\$70,189,611	\$74,779,210
Promotion & education	\$1,350,000	\$1,250,000
Program management	\$7,584,646	\$7,862,379
<i>Program Management as % of total fee</i>	<i>9.6%</i>	<i>9.4%</i>
Program start-up		
Working Capital Accumulation		
Total fee obligation	\$79,124,257	\$83,891,589
<i>YoY fee change %</i>	<i>-5.7%</i>	

The financial objective to be achieved in the 2016 budget is to meet financial obligations in-year without unduly compromising the working capital reserves beyond the budgeted amount.

The total operating costs for MMBC in 2016 are \$79,124,257, which is less than the 2015 budgeted amount of \$83,891,589.

MMBC's supply chain is a real-time managed supply chain with staff overseeing the daily activities of the collectors and post-collection partner. Claims for service delivery are received on a daily basis from service providers, affording an ongoing and timely assessment of cost and performance. Budgets presented incorporate this information. To date, cost models and projections have proven themselves to be sound.

Projected net cost is lower than the 2015 budget by \$4.5M because an increase in household counts in existing service areas that will increase costs for collection and processing have been more than offset by the amount of commodity revenue applied to reduce gross costs.

Promotion & Education (P&E)

MMBC is projecting a \$100K increase in P&E over the 2015 budget to support program plan commitments related to streetscape and research and development and for consumer awareness campaigns in communities where MMBC is providing curbside service directly to residents.

Program Management Costs

MMBC's program management budget has decreased by 3.5% (\$0.3M) compared to 2015.

2016 Fee Schedule

MMBC's fee schedule for 2016 will remain the same as for 2014 and 2015.

Category	Material	Fee rates 2016	Fee rates 2015	Variance
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			



Multi-Material Stewardship Western (MMSW)

Program Update

MMSW submitted its revised Stewardship Plan to the Saskatchewan government for approval on September 25, 2015.

Revisions to the Waste Packaging and Paper Stewardship Plan (WPP Stewardship Plan) were made as a result of additional requirements by the Saskatchewan Ministry of Environment (MOE) announced on December 18, 2014. These requirements included a permanent exemption for any business that generates less than \$2 million in gross annual revenue, or generates less than one tonne of household packaging and paper annually or operates a single retail store. A two-year transition exemption from reporting and paying fees, with the exception of payment of an annual \$500 flat fee, for all newspaper publishers with annual revenue over \$2 million, and all other businesses with annual revenue of between \$2-5 million, and approval of stewardship fees by the Minister during the two-year transition exemption period. Due to the implications of this announcement, MMSW notified the MOE that the WPP Stewardship Plan would not launch on January 1, 2015 as planned because revisions to the Plan were necessary to accommodate the announcement.

Revisions to the Program Plan reflect the permanent and transition exemptions while maintaining the principle of fair allocation of costs set out in the MMSW Membership Agreement.

To accommodate the transition exemption for all newspapers and all businesses with annual revenue of between \$2-5 million, MMSW's Program Plan, if approved, will be implemented in the following stages:

Transition Period: The Transition Period started on January 1, 2015 and would end on December 31, 2016. The WPP Stewardship Plan will operate under the Transition Period from the program launch date (planned for January 2016 pending stewardship plan approval). This period is marked by:

- Exemptions from reporting and paying fees for newspapers with annual revenue over \$2 million and other businesses with annual revenue between \$2 million and \$5 million. A flat fee of \$500 for registration with MMSW is all that is required from these parties.

Post-Transition Phase 1 begins on January 1, 2017 on condition that the above Transition Period requirements expire: Should either of these requirements extend past January 1, 2017, the Transition Period will continue until both of these requirements expire.

Certain activities must be completed during Post-Transition Phase 1 to trigger the start of Post-Transition Phase 2 including field work to compile data from representative municipalities, development of a methodology to measure the efficiency and effectiveness of municipal residential WPP collection and recycling programs (a key recommendation from the Advisory Committee) and revisions to the payment formula to be utilized in Post-Transition Phase 2. MMSW anticipates that these activities will be completed in two years.

Post-Transition Phase 2 begins when payments to municipalities are based on costs for Saskatchewan municipalities to operate an efficient and effective WPP program. It is anticipated that this Phase will begin on January 1, 2019 assuming the conditions above are met.

Program Costs and Fees in Transition Period and Post-Transition Phase 1

To minimize risk to MMSW and disruption to stewards in the Transition Period, the revised WPP Stewardship Plan includes a fee schedule for the Transition Period (see below). These fees will be applied in 2016. The fees for each category of packaging and paper in the revised Plan remain unchanged from those presented at the 2015 Annual Steward Meeting.

Under the revised WPP Stewardship Plan, payments to municipalities are calculated on the basis of capturing 60% of the packaging and paper reported by MMSW members only. MMSW will not pay for WPP from free riders or exempt businesses. Based on the 57,000 tonnes reported by MMSW members in 2015, MMSW will base its budget on payments to manage 34,200 tonnes of WPP (60% of 57,000), yielding a \$5.6M fund for payments to Saskatchewan municipalities.

If the Transition Period requirements (exemptions and flat fees) expire on December 31, 2016, MMSW can choose to use the same fee schedule in 2017 or MMSW can consider fee adjustments if required. If the Minister extends either of the Transition Period requirements beyond December 31, 2016, the fee schedule in the revised Plan will continue to apply in 2017 and beyond until the Transition requirements expire.

Key differences for stewards in the revised 2015 WPP Stewardship Plan include:

- Exemptions create a smaller base of obligated stewards.
- MMSW is operating its stewardship plan only on behalf of its Members:
 - Unlike the original approved MMSW stewardship plan which assumed universal membership (i.e. all obligated stewards would join), under the revised plan municipalities are paid by MMSW only to collect and recycle 60% of the packaging and paper supplied by MMSW Members (i.e. those that have signed membership agreements with MMSW).
 - Fee rates for stewards are included in the Program Plan for Ministerial approval and will remain fixed during the Transition Period.

2016 Budget

Table 4: MMSW Obligation

	MMSW 2016 Obligation	Budget Developed for Original 2015 Stewardship Plan
<i>Obligation Share</i>	75.0%	75.0%
Share of supply chain costs	\$5,668,202	\$4,869,652
Promotion & education	\$50,000	\$50,000
Program management	\$1,516,356	\$1,487,608
Program management (as % of total fee obligation less one-time start-up costs)	21%	23.2%
Program start up	—	\$600,000
Working capital accumulation	\$1,417,051	\$721,875
Total fee obligation	\$8,651,609	\$7,729,135

MMSW's budget for 2016 is similar to the original budget presented last year, adjusted to reflect, as stated above, \$5.6M in payments to municipalities for 34,500 tonnes (60% of 57,000 steward-reported tonnes). In addition, the 2016 budget does not include funds for program start-up because the full \$1.2M in start-up costs was recovered in 2015 through the Cost Recovery Invoice, rather than recovering \$600,000 in each of the first two years of operation, as originally planned before the program was suspended as a result of the Minister's announcement.

The 2016 budget also includes \$1.4m for working capital accumulation because the 2015 suspension of the program means that MMSW has not yet collected any funds for working capital accumulation. The assumption made in the 2015 budget was to accumulate the first \$700K year 1 and the remainder in year 2. MMSW's ultimate aim is to accumulate the equivalent of up to three to six months' supply chain costs. This is a prudent approach given that MMSW is not a transfer payment program similar to Stewardship Ontario or MMSM but, similar to MMBC is required to pay municipalities as services are delivered.

At 21%, the program management cost is comparatively higher than other programs because while the same amount of program management work is required for MMSW as for other CSSA programs, the scale of the program is significantly smaller, as is the budget, resulting in a higher percentage figure for program management.

2016 Fee Schedule

Category	Material	2016 Fee Rates	2015 Fee Rates
PRINTED PAPER			
Printed Paper	Newsprint	7.15 ¢/kg	7.15 ¢/kg
	Magazines and Catalogues	7.15 ¢/kg	7.15 ¢/kg
	Telephone books		
	Other Printed Paper		
PACKAGING			
Paper Based Packaging	Corrugated Cardboard	12.92 ¢/kg	12.92 ¢/kg
	Boxboard		
Composite Paper Packaging	Gable Top Cartons	22.47 ¢/kg	22.47 ¢/kg
	Paper Laminates		
	Aseptic Containers		
High Grade Plastics	PET Bottles	17.54 ¢/kg	17.54 ¢/kg
	HDPE Bottles		
Low Grade Plastics	Plastic Film	24.62 ¢/kg	24.62 ¢/kg
	Polystyrene		
	Other Plastics		
Plastic Laminates	Plastic Laminates	33.76 ¢/kg	33.76 ¢/kg
Steel Packaging	Steel	15.76 ¢/kg	15.76 ¢/kg
Aluminum Packaging	Aluminum Food & Milk Containers	24.32 ¢/kg	24.32 ¢/kg
	Other Aluminum Packaging		
Glass Packaging	Clear Glass	13.80 ¢/kg	13.80 ¢/kg
	Coloured Glass		

The fee rates for 2015 were used to calculate the Cost Recovery invoice that was issued to stewards in January 2015. The invoice equalled around one third of stewards' planned annual obligation and covered costs associated with program plan development, meetings with provincial and municipal governments, steward recruitment activities, execution of contracts with municipalities, execution of membership agreements with stewards, and support for steward reporting, among others. The invoice not only recouped costs associated with the above, but also ensured MMSW maintained a cash flow that allowed the office and staff to remain available for on-going discussions with the provincial and municipal government during the program plan revision stage.

In setting the MMSW fees, MMSW relied on data from Manitoba and Ontario and adjusted it for regional and program differences (e.g., beverage deposit system in Saskatchewan but not in Manitoba). The fee schedule has also been designed to align with other stewardship programs.



Multi-Material Stewardship Manitoba (MMSM)

2014 – A Year in Review

2014 marks the fifth year of operations for MMSM. In 2014, each Manitoban recycled an average of 72kg of eligible packaging and printed paper, an increase of 9.5% since program launch in 2010. During the same time, the amount of packaging and printed paper sold or distributed by MMSM stewards decreased by 5% to 97,147 tonnes. Last year, MMSM's recovery rate was 64.9% compared to 52% when the program launched.

In late 2014, the Government of Manitoba issued a Recycling and Waste Reduction discussion paper to gather ideas and recommendations to improve overall recycling and waste management (more information below in 2015 Status Report). As a result of this process, MMSM applied for and received a one-year extension of the current five-year MMSM Program Plan, originally approved by the government in 2010. MMSM will be consulting with stewards and other stakeholders prior to submitting its renewal plan in 2016.

Promotion and Educations Initiatives

MMSM has worked diligently over the last year to engage with Manitobans. Recent research shows that MMSM had its strongest year yet in brand awareness and advertising recall.

Work continued in 2014 to encourage a reduction in the "single-use" plastic bags to meet the government's 50% reduction target on plastic bags. Return to retail plastic bag bins provide added convenience to consumers to return their bags for recycling. Recent waste audits show that close to 60% of Manitobans are reusing the plastic bags they bring home. When reuse data is included as part of the reduction reporting, Manitoba would be at a 72.5% reduction, exceeding the reduction target.

In 2014, a new advertising campaign was launched called the 'relationship campaign'. Images of a recyclable item breaking up with a garbage can provided a humorous way to encourage increased recycling participation from Manitoba residents. Advertising ran in Winnipeg and rural communities on radio, TV, print, billboards and online, both in the spring and fall.

Other promotion and education activities consisted of: school programs; attendance at environmental expos; MMSM sponsorship of We Day; and the provision of funding and support to post-secondary education institutes.

2015 Status Report

The Manitoba government introduced its Recycling and Waste Reduction discussion paper in late 2014. The discussion document presents proposals for input on the following topics: Organic Waste, Construction, Renovation and Demolition (CRD) Waste, Extended Producer Responsibility, IC&I Waste, Hard to Recycle Products, Servicing Northern and Remote Areas, and Landfill Transformation. Options for action are outlined under each of these areas designed to contribute to reaching Manitoba's goal of reducing per capita waste by half by 2020 and ultimately becoming a zero waste society.

Of most interest to MMSM stewards are the following proposals included in the government's discussion document:

- Intention to “Improve recycling services” and establish a 75% recovery rate for packaging and printed paper;
- An interest in working with industry to encourage innovation and the optimization of consumer packaging;
- Intention to establish a new 2020 goal for the reduction in use of retail carry out plastic bags;
- An interest in funding research or pilot projects aimed at improving recyclability of some of the harder to recycle materials including aluminum pie plates and foil, polystyrene trays, boxes and plastic film;
- Intent to work with industry to establish Phase II recycling targets for beverage containers;
- Intent to develop a new approach to the management of liquor beverage containers;
- An interest in addressing quick service restaurant take-out food containers with a particular focus on reducing disposable coffee cups from the waste stream.

MMSM has submitted comments and will work with the government over the coming years to ensure a solid strategy that benefits all Manitobans and the environment is arrived at.

Validation of MMSM's ABC Study

MMSM undertook an Activity Based Costing (ABC) study in Winnipeg with the objective of validating the results of the 2013 ABC study conducted in Manitoba. The results of the 2013 ABC study were used in conjunction with previous Ontario ABC data to calculate the 2015 fee rates. The study results had significant impact to some material fee rates so the MMSM Board felt it important to ensure the study methodology used in fee setting be validated by a second study.

To achieve that objective, MMSM staff selected the same consultant to conduct the study to ensure consistency in the data capture and study methodology. The consultant was also asked to produce an analysis report providing its opinion on the level of consistency between each study. The consultant concluded that the 2015 results were consistent with the results of the 2013 study and recommended that MMSM continue to use this methodology for the purpose of allocating costs in the future.

MMSM is participating in the national fee methodology review with the goal to implement a new methodology for the 2017 fees. MMSM has not made any changes to its current fee methodology, pending the outcome of the review.

Bag it Forward Program

MMSM partnered with Winnipeg Harvest and launched the Bag It Forward Program, where plastic bags are reused by local food banks for food hampers. This innovative program gives Manitobans yet another option to reduce, reuse and recycle the plastic bags already in their homes. It encourages consumers all over Manitoba to drop off their gently used bags so they can be reused in the community. It fits into both MMSM's and Winnipeg Harvest's long terms goals of sustainability.

MMSM and Partners Win Award

MMSM was recognized as part of a larger stewardship group for their work in St. Theresa Point, a remote First Nations community. The winter road pilot project partners developed innovative approaches to address the difficulties of storage, collection and transportation, increase the amount of materials recycled, during the limited winter road season. The team was awarded the Aboriginal Affairs and Northern Development Canada (AANDC) Deputy Minister Recognition Award and was nominated for the Manitoba Service Excellence Award.

Look Ahead

Voluntary Steward Policy

In its efforts to bring further harmonization to packaging and printed paper stewardship programs, CSSA recently developed a single Voluntary Steward Policy and approval process for its family of packaging and printed paper programs. The MMSM Board approved the National Voluntary Steward Policy which will come into effect for 2016 reporting. The policy can be found here: <http://www.cssalliance.ca/wp-content/uploads/2014/12/Voluntary-Steward-Policy-December-20141.pdf>.

New Report Adjustment Policy

The MMSM Board approved a policy regarding steward initiated adjustments to impose a time limit on report adjustments. Stewards may adjust a report for up to two years from the due date associated with the report. For example, adjustments to the report that was due on May 31, 2015 may be submitted until May 31, 2017. The two year time limit on adjustment requests provides stewards with

ample time to identify and correct reporting errors. Also, the policy limits the negative impact that credit adjustments impose on the MMSM steward community by capping the allowable retroactive adjustment period.

Program Plan Renewal

MMSM will be consulting with stewards and stakeholders on its program plan renewal in early 2016.

Ongoing Work with Manitoba Municipalities

The 2017 MMSM budget is projected to increase due to the City of Winnipeg MRF upgrade. MMSM will be working closely with The City of Winnipeg as its processing and collection contracts expire in 2017. MMSM will continue to work directly with municipalities on optimizing efficiencies in the residential recycling programs, standardizing the number of mandatory materials required for funding, grassroots educational programs and revisions to the municipal funding agreement to better define and clarify criteria.

Recycling and Accessibility Performance for 2014

Table 5: MMSM Recycling and Accessibility Program Performance

Metric	Manitoba 2014	Manitoba 2013	YOY Variance
Recycling Performance			
Eligible Recycled Tonnes	81,141	81,122	0.0%
Generated Tonnes	125,110	128,864	-2.9%
Recycling Rate	64.9%	63.0%	3.0%*
Population Served by PPP Program	1,129,772	1,119,436	0.9%
Recycled kg per capita	71.8	72.5	-0.9%
Accessibility Performance			
# Households Served	498,146	498,007	0.0%
% Households with Access to PPP Program	94%	93%	0.5%
P&E Cost per capita**	\$0.69	\$0.47	46.4%
Consumer Awareness	93%	93%	-

*The 3.0% variance represents a 1.9 point increase YOY.

**Total municipal and MMSM P&E costs.

Financial Program Performance for 2014

Table 6: MMSM Financial Performance

	Manitoba 2014	Manitoba 2013	YOY Variance
Cost Performance			
Eligible Recycled Tonnes	81,141	81,122	0.0%
Net Cost*	\$22,528,271	\$22,293,812	1.1%
Net Cost per Tonne	\$278	\$275	1.0%
Net Cost per Capita	\$20	\$20	0.1%
Recycled kg per capita	71.8	72.5	-0.9%

*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.

2016 Budget

Table 7: MMSM Obligation

The following table represents MMSM's 80% share of municipal supply chain costs (as distinct from total system net costs shown above in Table 8) as well as other program related costs including program management and promotion and education.

	MB 2016 Obligation	MB 2015 Obligation	YOY Variance
Obligation Share	80.0%	80.0%	
Share of supply chain costs	\$13,996,700	\$12,075,900	15.9%
Promotion & education	\$650,000	\$650,000	0%
Program management	\$1,797,363	\$1,652,152	8.8%
Regulatory	\$100,000	\$50,000	100%
Total fee obligation	\$16,544,063	\$14,428,052	14.7%
Program Management as % of total fee obligation	10.9%	11.5%	-5.1%
Surplus drawdown	-\$1,000,000		
Total fee obligation	\$15,544,063	\$14,428,052	7.7%
YoY fee change % before surplus draw down		14.7%	

The 2016 MMSM steward obligation was expected to increase \$2.1M or 14.7% year over year. The increase in costs was associated with upgrades to the Winnipeg MRF and processing changes in other municipalities. However, given the increase to the 2016 steward obligation, and a forecasted surplus for 2015 as a result of greater than budgeted steward revenue, the MMSM Board directed the drawdown of \$1M from program reserves to offset the 2016 fees. After the drawdown, the 2016 steward obligation will increase 7.7% or \$1.1M over the 2015 obligation.

Supplied tonnes reported in 2015 decreased 5% year over year while the tonnes reported in Municipal Online Reporting System (MORS) that were managed remained flat. Common costs which include program management costs increased \$196k or 8% year over year. The increase in program management cost is associated with an increase in fees payable to Green Manitoba Eco Solutions (GMES) under the PRO cost recovery agreement and includes program plan renewal consultation.

The Plastic Bag enhanced fee charged to stewards who supply plastic bags into Manitoba for 2016 is 0.059 c/unit, which is unchanged from 2015. These fees are strictly used to promote plastic bag reduction, reuse and recycling initiatives.

2016 Fee Schedule

Category	Material	2016 fee rates before surplus drawdown	2016 fee rates after surplus drawdown	2015 fee rates	YOY Change against 2015 fees, % (before drawdown)	YOY Change against 2015 fees, % (after drawdown)	YOY Change against 2015 fees, ¢/kg (after drawdown)
PRINTED PAPER							
Printed Paper	Newsprint	7.82 ¢/kg	7.36 ¢/kg	5.66 ¢/kg	38%	30%	1.70 ¢/kg
	Magazines and Catalogues	17.85 ¢/kg	16.73 ¢/kg	14.11 ¢/kg	27%	19%	2.62 ¢/kg
	Telephone Books	17.85 ¢/kg	16.73 ¢/kg	14.11 ¢/kg	27%	19%	2.62 ¢/kg
	Other Printed Paper	17.85 ¢/kg	16.73 ¢/kg	14.11 ¢/kg	27%	19%	2.62 ¢/kg
PACKAGING							
Paper Based Packaging	Old Corrugated Containers	14.98 ¢/kg	14.10 ¢/kg	12.97 ¢/kg	15%	9%	1.13 ¢/kg
	Polycoat & Laminates	40.39 ¢/kg	37.86 ¢/kg	39.09 ¢/kg	3%	-3%	-1.23 ¢/kg
	Old Boxboard	14.98 ¢/kg	14.10 ¢/kg	12.97 ¢/kg	15%	9%	1.13 ¢/kg
Plastic Packaging	PET bottles	17.78 ¢/kg	16.80 ¢/kg	14.46 ¢/kg	23%	16%	2.34 ¢/kg
	HDPE bottles	20.29 ¢/kg	19.21 ¢/kg	17.09 ¢/kg	19%	12%	2.12 ¢/kg
	Plastic Film	43.73 ¢/kg	41.18 ¢/kg	34.77 ¢/kg	26%	18%	6.41 ¢/kg
	Other Plastics	43.73 ¢/kg	41.18 ¢/kg	34.77 ¢/kg	26%	18%	6.41 ¢/kg
Steel Packaging	Steel Food & Beverage Cans	14.58 ¢/kg	13.85 ¢/kg	13.66 ¢/kg	7%	1%	0.19 ¢/kg
	Steel Aerosols	14.58 ¢/kg	13.85 ¢/kg	13.66 ¢/kg	7%	1%	0.19 ¢/kg
	Other Steel Containers	14.58 ¢/kg	13.85 ¢/kg	13.66 ¢/kg	7%	1%	0.19 ¢/kg
Aluminum Packaging	Aluminum Food & Beverage Cans	-8.00 ¢/kg	-8.98 ¢/kg	-7.13 ¢/kg	-12%	-26%	-1.85 ¢/kg
	Other Aluminum Packaging	27.04 ¢/kg	26.09 ¢/kg	10.14 ¢/kg	167%	157%	15.95 ¢/kg
Glass Packaging	Glass	7.58 ¢/kg	7.14 ¢/kg	6.65 ¢/kg	14%	7%	0.49 ¢/kg

Fee Changes

The overall fee rate increased by 12.9%; this was caused by a combination of an increase to the steward obligation of 7.7% (representing total program budget), and a 5% decrease to the supplied tonnes. The materials with the most noticeable variances were:

Newsprint and printed paper: Fee rates for newsprint increased in excess of the average 13% largely because fibre commodity revenues decreased by 22%. This negatively impacted the net cost to manage newsprint. While newsprint's recovery rate remained constant year over year, its reported supplied tonnes by newsprint stewards decreased by 7%, driving up the fee rate.

Printed paper fee rates increased in excess of the average largely because of the decrease in fibre commodity revenues as well as slightly lower recovery performance compared to last year. This fee rate increase is not as high as newsprint because the reported supplied quantities of these materials increased by 8.5%, spreading the cost over more tonnes.

Plastics: The fee rate for PET bottles increased in excess of the average fee rate increase largely because of a drop in commodity revenues of 16%, and lower reported supplied quantities. This is in spite of PET showing an improvement in its recovery, surpassing the 60% threshold and eliminating any allocation of the third factor in the three-factor formula, the equalization factor.

The fee rates for Plastic Film & Other Plastics increased in excess of the average fee rate increase largely because the denominator, or steward reported supplied tonnes, decreased by over 10%. Recovery performance is similar to last year, and if all else remained the same, the fee rate would have increased less than the overall average.

Aluminum food and beverage: The recovery rate increased from 53% to 69%, thereby reducing the cost under factor one of the three-factor formula given better performance. Note that although this material's recovery performance surpassed the equalization threshold, given the way the model is set up and that this material is in a net credit position, it was allocated a small amount of costs from factor three of the three-factor formula.

Other Aluminum Packaging: This fee rate increased in excess of the average fee rate increase largely because of its drop in recovery performance and the fact it is a net credit material, i.e. it attracts more revenues than cost. Its recovery rate decreased significantly from last year, going from 24% to 11% based on the reported data, with 61% less tonnes being managed. This material attracted increased costs under factor one and three of the three-factor formula – recovery rate and equalization factor. Since it is a net credit material, the less tonnes managed meant that less revenue was credited, meaning more costs were borne.

Please send questions or provide feedback before November 20th to KMelnychuk@stewardshipmanitoba.org



Stewardship Ontario

2014 – A Year in Review

Stewardship Ontario achieved a recycling rate of 64.9% in 2014, exceeding the 60% government mandated recycling target.

2014 Arbitration and Steward Payments to Municipalities

On November 25, 2014, retired Justice Robert Armstrong rendered his decision in the arbitration between the Association of Municipalities (AMO)/ City of Toronto and Stewardship Ontario. While he validated all of Stewardship Ontario's key legal arguments that steward payments should be limited to reasonable costs, he found that in the absence of a negotiated agreement between AMO / City of Toronto and Stewardship Ontario, the 2014 obligation should be set at \$115M.

After careful consideration of the effects of using reserve funds to cover the funding gap, a decision was made by the Board of Directors to retain 10% of annual operating costs in reserve, in accordance with Stewardship Ontario's reserve policy and Waste Diversion Ontario's (WDO) reserve guidelines. This meant that Stewardship Ontario was able to draw on \$9.7M of reserves to address the shortfall and the remainder was raised via an additional \$7.7M levy for which Blue Box stewards were invoiced in January 2015.

Promotion and Education

Stewardship Ontario strives to increase public awareness of recycling programs and encourage residents to recycle correctly. The Promotion and Education (P&E) campaign that ran in 2014 focused on underperforming materials in the Blue Box program and was funded using market development funds raised from stewards of these materials.

Stewardship Ontario Encourages Residents to Recycle More Paper from Bathrooms

Curbside composition studies in 2012 and 2013 had revealed that recyclable materials, such as boxboard toothpaste packaging, toilet paper roll tubes, tissue boxes and toiletry packaging are commonly thrown out with the garbage, as residents tend to place these in the bathroom garbage instead of putting them in the Blue Box. In partnership with five Central Ontario municipalities, Stewardship Ontario created advertising to encourage residents to recycle more paper products. The 'Paper Is In' campaign ran from August to September and included newspaper and radio ads, as well as bus and billboard signage. With a humorous take on the classic National Geographic style of wildlife shows, a call to action reminded residents to recycle, encouraging them to, "Take your recycling on a journey from the bathroom to the Blue Box." This campaign resulted in over 39 million impressions.

2015 Status Report

Cost Containment Principles

No decision on the steward obligation for 2015 was reached by the Municipal Industry Program Committee (MIPC). MIPC advised WDO it was unable to reach an agreement on the amount of industry funding to be provided to Ontario municipalities for their 2015 Blue Box programs. In April 2015, WDO directed MIPC to select a mediator to help the MIPC parties reach an agreement. This did not result in an agreement being reached and in June, the WDO Board set the 2015 steward obligation at \$114.6 million based on 50% of reported net costs. The WDO also established a panel to develop recommendations on how the cost containment principles in the Blue Box Program could be used in the annual determination of industry funding to municipalities. The panel was established in response to a request from the Minister of Environment and Climate Change (MOECC) asking WDO to provide him with appropriate recommendations. The panel included Rick Findlay, Dave Gordon (Association of Municipalities of Ontario/City of Toronto nominee), Maria Kelleher, Keith West, and Gemma Zecchini (Stewardship Ontario nominee). The Panel submitted its report to WDO, which subsequently submitted a report to the Minister at the end of September. WDO has not yet provided an update on the 2015 or 2016 steward obligation.

In addition to working on the calculation of the annual Blue Box funding, the Cost Containment Panel will provide recommendations for the future of the In Kind Program, where newspapers fulfil their steward obligation to the Blue Box program through in kind advertising for municipalities. David Pearce represented Stewardship Ontario for this portion of the Panel's work.



Stewardship Ontario



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Look Ahead

New Legislation

New waste legislation is expected to be introduced this fall. Stewardship Ontario will work with stewards to help them understand the impact of new legislation on them, and to ensure their interests are represented in the development of a transition plan. As soon as more information on the new legislation is known, Stewardship Ontario will be in touch with stewards.

Recycling and Accessibility Performance in 2014

Table 8: SO Recycling and Accessibility Program Performance

Province	Ontario 2014	Ontario 2013	YoY Variance %
Recycling Performance			
Recycled Tonnes	884,504	900,135	-1.7%
Generated Tonnes	1,361,930	1,368,160	-0.5%
Recycling Rate	64.9%	65.8%	-1.3%
Provincial Recycling Target	60.0%	60.0%	-
Population Served by PPP Program	13,358,776	13,178,310	1.4%
Recycled kg per Capita	66.2	68.3	-3.1%
Accessibility Performance			
# Households Served	5,365,378	5,222,058	2.7%
% Households with Access to PPP Program	97%	97%	-
P&E Cost per Capita	\$0.52	\$0.59	-11.4%
Consumer awareness	97%	97%	-

**Please note that the population and per capita values for 2013 and 2014 have been updated to reflect the most recent Census data.*

Recycled tonnes showed a moderate drop versus 2013, and the recycled kilograms per capita also declined. This is the result of both population growth and the reduction of generated/supplied tonnes. The drop in generated/supplied tonnes is likely due to stewards either switching to lighter or less materials and/or to a decline in consumer purchasing.

Financial Program Performance in 2014

Table 9: SO Program Financial Performance

Province	Ontario 2014	Ontario 2013	YoY Variance %
Cost Performance			
Recycled Tonnes	884,504	900,135	-1.7%
Net Cost*	\$252,936,907	\$246,718,476	2.5%
Net Cost per Tonne	\$286	\$274	4.3%
Net Cost per Capita	\$19	\$19	1.3%
Recycled kg per capita	66.2	68.3	-3.1%

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

The overall net system cost reported by municipalities for 2014 was \$252.9 vs \$246.7M for 2013. The major contributors to the increase in cost were collection and processing operating costs, and depot/transfer station material handling costs. The primary reason for increased processing costs was new rates provided to municipalities by their contractors, and to a lesser degree, a rise in staffing costs. In addition, population growth for some of these municipalities added new collection stops. The most notable cost decreases were in processing capital costs and promotion and education costs.

2016 Budget

The 2016 steward obligation has not yet been determined pending a decision by the WDO Board based on the recommendations of the Cost Containment Panel. In the absence of an approved obligation, Stewardship Ontario has estimated the steward obligation based on 50% of municipal-reported net costs (using verified information from Datacall) in the same manner that the 2014 and 2015 steward obligations were calculated.

Table 10: Stewardship Ontario Obligation

	ON 2016 Obligation (Reported Net Cost)	ON 2015 Obligation (Reported Net Cost)	YOY Variance
<i>Obligation Share</i>	50.0%	50.0%	
Share of supply chain costs	\$128,083,573	\$114,117,621	12.2%
Promotion & education	\$200,000	\$200,000	0.0%
Research & market development	\$350,000	\$275,000	27.3%
Program management	\$4,214,003	\$4,182,897	0.7%
Regulatory	\$800,000	\$978,000	-18.9%
Total fee obligation	\$133,647,576	\$119,753,518	11.6%
PM as % of total fee obligation	3.2%	3.5%	-9.9%

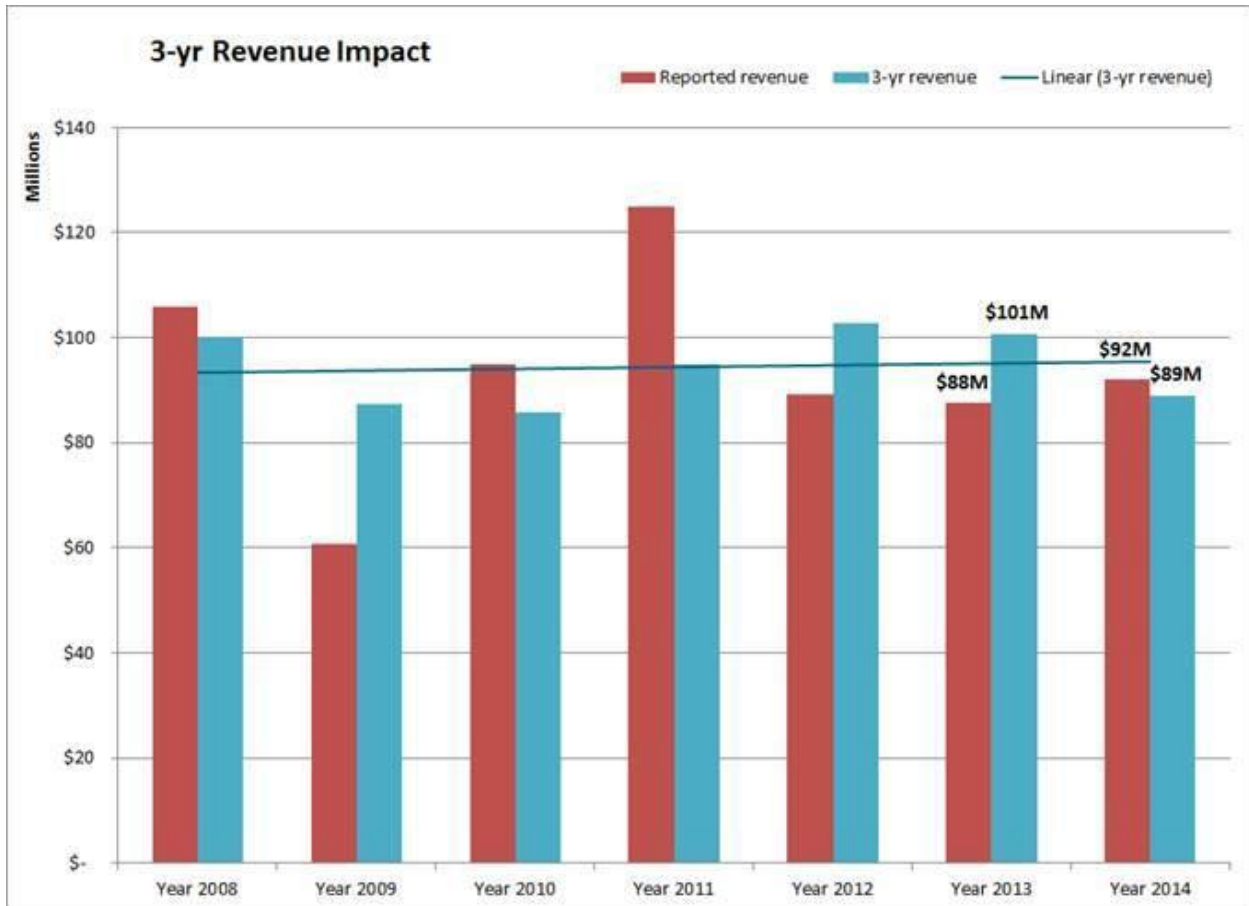
Stewardship Ontario has calculated the total fee obligation to be \$134M, an increase of \$14M over the 2015 steward obligation. This increase is the result of a 2.6% rise in municipal-reported gross costs and an 11.8% decline in the three-year rolling average revenue. The obligation to municipalities is the largest component of the Blue Box Program budget at over 95%.

Effect of Three-Year Revenues

For the purpose of setting the annual steward obligation, a three-year rolling average revenue is used with the aim of smoothing out the effects of volatile commodity markets.

The global commodity markets dictate the prices that can be obtained for the sale of materials and therefore dictate to a large degree the program revenue. For the purpose of setting the annual steward obligation, a three-year rolling average revenue is used with the goal of smoothing out the effects of volatile commodity markets. The table over the page shows the effect of smoothing, softening the effect of the low commodity revenue in 2009 and muting the effect of the high commodity revenue in 2011.

Table 11: Three-Year Revenue Impact



The three years used to determine the revenue for the 2016 obligation are 2012, 2013 and 2014. The three-year average revenue dropped by \$11.8M versus the prior year, despite a year-over-year increase of reported revenue, due to the elimination of 2011 from the 3-year calculation.

**2016 Fee Schedule**

Category	Material	Fee rates 2016 (cents/ kg)	Fee rates 2015 (cents/ kg)	Variance
PRINTED PAPER				
Printed Paper	Newsprint - CNA/OCNA	0.44 ¢/kg	0.38 ¢/kg	15.8%
	Newsprint - Non-CNA/OCNA	5.24 ¢/kg	4.72 ¢/kg	11.0%
	Magazines and Catalogues	7.16 ¢/kg	7.74 ¢/kg	-7.5%
	Telephone Books	8.71 ¢/kg	7.54 ¢/kg	15.5%
	Other Printed Paper	17.68 ¢/kg	16.00 ¢/kg	10.5%
PACKAGING				
Paper Based Packaging	Corrugated Cardboard	9.28 ¢/kg	8.46 ¢/kg	9.7%
	Boxboard	9.28 ¢/kg	8.46 ¢/kg	9.7%
	Gable Top Cartons	24.93 ¢/kg	21.29 ¢/kg	17.1%
	Paper Laminates	24.93 ¢/kg	21.29 ¢/kg	17.1%
	Aseptic Containers	24.93 ¢/kg	21.29 ¢/kg	17.1%
Plastic Packaging	PET Bottles	17.50 ¢/kg	15.19 ¢/kg	15.2%
	HDPE Bottles	13.81 ¢/kg	13.12 ¢/kg	5.3%
	Plastic Film	33.32 ¢/kg	28.10 ¢/kg	18.6%
	Plastic Laminates	33.32 ¢/kg	28.10 ¢/kg	18.6%
	Polystyrene	33.32 ¢/kg	28.10 ¢/kg	18.6%
Steel Packaging	Other Plastics	33.32 ¢/kg	28.10 ¢/kg	18.6%
	Steel Food & Beverage Cans	6.21 ¢/kg	5.77 ¢/kg	7.6%
	Steel Aerosols	6.21 ¢/kg	5.77 ¢/kg	7.6%
Aluminum Packaging	Steel Paint Cans	6.21 ¢/kg	5.77 ¢/kg	7.6%
	Aluminum Food & Beverage Cans	4.11 ¢/kg	3.98 ¢/kg	3.3%
Glass Packaging	Other Aluminum Packaging	11.08 ¢/kg	8.55 ¢/kg	29.6%
	Clear Glass	3.78 ¢/kg	3.37 ¢/kg	12.2%
	Coloured Glass	5.63 ¢/kg	3.65 ¢/kg	54.2%
	Total (excl. in-kind)	11.98 ¢/kg	10.41 ¢/kg	15.1%
	<i>In-Kind</i>	\$ 6,857,061	\$ 6,879,384	-0.3%

2016 fee rates are calculated using stewards' 2014 reported tonnes supplied. The total material reported as supplied to the market has a significant impact on the fee rates, as the cost allocated to each material is then divided by the total kilograms supplied of each material. Of the 23 material fee categories, 16 had decreases in the reported supplied and seven had increases. The overall supplied quantities **by weight** decreased again this year by 2.5% year over year, but costs are increasing as more material **by volume** is being managed in the system. For example, less newsprint is being managed in the blue box (which attracts high commodity revenue), while the amount of plastics being managed is increasing. Plastic material is lighter in weight yet significantly larger in volume. On a relative basis, larger volume attracts more cost (collection trucks are filled quicker with bulky plastic that does not compact easily, meaning more trips to transport the growing amount of plastic packaging managed). Over the last five years, steward reported supplied quantities (by weight) have declined an average of 3.1% each year.

In summary, the primary reasons for increases in fee rates this year are a drop in the three-year rolling revenue; and a decrease in steward reported supplied tonnes.

Fewer steward reported tonnes results in higher fee rates because fee rates are calculated by dividing the total fees for a material by the kilograms of that material supplied by stewards. A decrease in supplied quantities means there are less tonnes across which to spread the costs. For individual stewards, this may mean that although the fee rate is higher, the overall fees paid to manage a material may be lower.

Some materials experienced an increase in recovered tonnes – the amount picked up from residential blue boxes – while experiencing a decrease in supplied tonnes. This results in higher costs to manage the increased amount of materials being collected and managed, while having fewer steward-reported (supplied) tonnes over which to spread the increased cost.

Of the 23 materials, 22 have fee rate increases. Overall, the average fee rate increased by 15% year over year. Additional explanation is provided below concerning some specific material fees.

Newsprint - CNA/OCNA, Telephone Books and Other Printed Paper:

Fees increased for newspapers by 15.8% due to a decrease in the amount of tonnes stewards reported as supplied. This results in fewer tonnes over which to spread the cost. This is the same for telephone directories: supplied tonnes decreased by 40%, while the amount collected increased, resulting in more costs to manage the increased amount of material put out by residents for recycling, while having fewer tonnes over which to spread the increased cost.

Magazines and Catalogues:

This fee rate decreased because recovered tonnes decreased by 12%, resulting in less cost. In addition, the amount of steward reported (supplied) tonnes increased by 16% thereby increasing the pool over which to spread the cost. However, the main driver of the decrease in fees was the change to the partial aggregation for magazines, phone books, and other printed paper from 25% to 5%. As with last year, the fee rates for magazines and catalogues, telephone books and other printed paper are partially



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aggregated to ensure that magazines and catalogues do not pay more than the cost to manage their material, which would be contrary to the principles of the fee setting methodology for materials that exceed the 60% recycling rate.

Polycoat (gable top cartons, paper laminates, and aseptic containers):

These fee rates are aggregated and increased by 17.1%. The main contributor to this is that supplied tonnes went down by 7%, meaning fewer tonnes over which to spread the cost.

HDPE Bottles:

This fee rate increased by 5.3%, much lower than the average fee rate increase of 15%. This was due to the recovery rate (the amount of material collected from residential blue boxes) decreasing by 8%. A material's drop in recovery rate can translate into more cost for that material when the three factor formula is applied. The recovery factor is the first factor and constitutes 35% of the total material management cost and is allocated based on recovery rates. Materials with lower recovery rates assume a larger share of the cost than materials with higher recovery rates. The result of a drop in recovery rate relative to other materials tends to attract more cost for that material. HDPE bottles also experienced an increase in supplied tonnes of 14%, which helped offset some of the increase caused by the drop in recovery rate.

Low-Grade Plastics (plastic film, plastic laminates, polystyrene, other plastics):

Fee rates for these plastics increased due primarily to fact that supplied tonnes decreased by 3%, lessening the amount of tonnes over which to spread the cost.

Other Aluminum Packaging:

The recovery rate decreased by 24% thereby increasing the cost under the recovery factor of the three-factor formula. Supplied tonnes also decreased by 7%.

Coloured Glass:

The recovery rate decreased by 15% thereby increasing the cost under the recovery factor. Supplied tonnes also decreased by 9%.



Questions or Feedback?

CSSA's National Steward Services team are always on hand to answer any questions or queries you may have. You can reach them on 1-888-980-9549 or stewards@cssalliance.ca.

If you have any general comments or questions, you can call 416-921-9661 or email info@cssalliance.ca.

The CSSA and program teams would like to thank you for your support and contribution to stewardship programs over the past year, and we all look forward to working with you over the coming year.