

2015 MMSM Fees: Year over Year Change in Net Costs

There have been some major shifts in the 2015 MMSM fee rates between material categories and a large part of this is a result of changes to input data, used to calculate material-specific net costs for the purpose of setting fees. The material-specific net costs from the 2014 and 2015 Pay-In-Model (PIM) fee tables are presented in Table 1 below, along with their year over year variances. The PIM tables are also available at <http://stewardshipmanitoba.org/stewards/fees-payments/setting-fees/>

and <http://stewardshipmanitoba.org/stewards/archives-steward/> on the MMSM website.

Table 1: Comparison of material-specific net costs used to calculate 2014 and 2015 fees (year 5 and year 6).

Material	Year 6 Cost Data	Year 5 Cost Data	Change	
	Net Cost (\$/tonne)	Net Cost (\$/tonne)	\$	%
Newsprint	\$51.49	\$11.95	\$39.54	331%
Magazines and Catalogues	\$51.49	\$11.95	\$39.54	331%
Telephone Books	\$59.54	\$29.72	\$29.82	100%
Other Printed Paper	\$85.50	\$75.87	\$9.63	13%
Old Corrugated Containers	\$332.24	\$307.22	\$25.02	8%
Polycoat & Laminates	\$1,186.55	\$1,019.78	\$166.77	16%
Old Boxboard	\$341.63	\$314.98	\$26.65	8%
PET bottles	\$421.77	\$646.03	-\$224.26	-35%
HDPE bottles	\$380.41	\$460.21	-\$79.80	-17%
Plastic Film	\$2,103.98	\$3,500.70	-\$1,396.72	-40%
Other Plastics	\$722.98	\$1,182.34	-\$459.36	-39%
Steel Food & Beverage Cans	\$250.12	\$44.70	\$205.42	460%
Steel Aerosols	\$250.12	\$44.70	\$205.42	460%
Other Steel Containers	\$250.12	\$44.70	\$205.42	460%
Aluminum Food & Beverage Cans	-\$911.87	-\$620.49	-\$291.38	-47%
Other Aluminum Packaging	-\$911.87	-\$620.49	-\$291.38	-47%
Glass	\$116.70	\$123.90	-\$7.20	-6%

The primary contributors to these shifts are associated with the introduction of new data. These are:

- 1) Manitoba-based cost allocation data.

In 2013, MMSM commissioned a material-specific cost allocation study representing the first time Manitoba had generated its own cost data. MMSM commissioned the study which was conducted by

Genivar, managed by ReclayStewardEdge and reviewed by MMSM and CSSA. The cost study results provided information on how MMSM should allocate system fixed costs across individual materials based on a set of cost allocation principles. The amount of individual materials observed in the study, their densities and their requirements for handling, are all factors that contribute to the cost allocation methodology. After careful consideration and deliberation, MMSM chose to transition to using Manitoba-specific data by calculating the 2015 fees based on using 50% Manitoba cost allocation data and 50% historical Ontario data to help smooth any transitional issues. Nevertheless, the results of this study (even blended with Ontario data) had a significant impact on the fee rates, e.g., printed paper. MMSM has committed to conduct another study in 2015 to further confirm and refine its cost allocations.

2) Recycling Markets (Midwest region) as a source of commodity revenue data.

A new third party paid commodity markets subscription, known as Recycling Markets price sheets was used to calculate material revenue, which in turn is used to offset the gross costs provided in the cost allocation study data. The Recycling Markets price sheet provides regional pricing (i.e. Midwest Chicago) and is used by some other stewardship programs. It is considered to be a fair indicator of real prices.

In past years, MMSM allocated costs among materials based on historic Ontario data, and used a blend of adjusted Winnipeg revenue data and ReclayStewardEdge Ontario price sheets to calculate commodity revenues.