

Presentation of Draft Steward Fees for 2011

November 15, 2010



Introduction

Karen Melnychuk
Executive Director

MMSM Webcast

- Welcome webcast participants
 - 250+ online
- Webcast tips
 - ① sound slider
 - ② technical help
 - ③ “Ask a Question”
- Slides available at ‘fees’ webpage
 - webcast archive available (use today’s link)



MMSM Update

- Program began April 1, 2010
- Year 1: April to December (9 months)
- Forecast to end of 2010 on budget
- Year to date increase in tonnage in 2010
- Memorandum of Understanding (MOU) signed with CBCRA (Canadian Beverage Container Recycling Association)

A successful first year!

2011 Fees

Mustan Lalani
Technical Advisor, MMSM



For Discussion

- Program cost components
- Methodology & MMSM municipal support payments
- Year 2 MMSM Stewards' fees
- Updated municipal costs & revenue from 2009 Datacall

Program Cost Components

- Payments to municipalities
- Continuous Improvement Process
- Market development
- Promotion & education
- Enhanced programs for:
 - litter reduction
 - plastic bags
 - public space recycling



Year 2 Budget

Costs	Budget Item	2011 Budget
	80% of Municipal Net Cost	\$8,925,000
Cost Allocated to Material Categories	Allocated Printed Paper Cost	\$696,800
	Allocated Packaging Cost	\$8,228,200
Other Program Costs	Northern and Remote Assistance Payments	\$50,000
	Compliance Cost	\$100,000
	Market Development and R&D	\$50,000
	MMSM Program Costs	\$1,530,620
	Cost Monitoring, Waste Audits, Technical Assistance	\$85,000
	P&E, Anti-litter Campaign, Public Space Recycling, School Education	\$660,000
	Restricted Reserve Allocation	\$851,732
	Continuous Improvement Process	\$100,000
	Plastic Bag Reduction Fund	\$107,511
	Total	\$12,459,863

Municipal Payments Methodology

Step 1	Annual municipal datacall
Step 2	Categorize municipalities by population size
Step 3	Verify program operating costs
Step 4	Calculate admin costs -3% of contracted operating costs -5% of municipal operating costs
Step 5	Calculate median net cost per tonne for each municipal grouping
Step 6	Set municipal payments at 80% of 3-yr median net cost per grouping

Cost Containment

- Programs with costs below median benefit through reduced municipal cost share
- Programs with net costs above median have incentive to reduce costs as they will recover less than 80% of their costs
- Administrative costs cap



Methodology for Setting Steward Fees (1)

- Principles for fee-setting methodology

3 year rolling average of median municipal net costs

+ litter reduction program

+ MMSM management (including corporate & school P&E, datacall)

= MMSM base cost

- Base costs applied against obligated materials using 3 factor formula

Methodology for Setting Steward Fees (2)

- Base fees assessed cents/kg sold into MB marketplace
- Aggregate fees where materials are typically managed together & have similar recovery costs
- Program enhancements paid on a per unit basis on top of base fee:
 - plastic bag program
 - paid by plastic bag stewards

Fee Table

	2010 Fee Rate	2011 Preliminary Fee Rate	% Change
Material	(cents/kg)	(cents/kg)	(%)
Newsprint	2.07	2.85	37.7%
Other Printed Paper	3.79	5.16	36.1%
OCC and OBB	12.93	11.72	-9.4%
Other Paper Packaging	24.21	25.09	3.6%
PET bottles	19.51	24.59	26.0%
HDPE bottles	12.83	26.45	106.2%
Other Plastics	31.60	30.88	-2.3%
Steel	9.89	9.82	-0.7%
Aluminum Food & Beverage	-0.58	1.08	286.2%
Other Aluminum Packaging	9.87	23.86	141.7%
Glass (Flint and Coloured)	6.28	6.06	-3.5%
Total Fees	\$12,557,346	\$12,352,352	-1.6%

Material Specific Changes to Fees

- Total fees (\$) down 1.5% from 2010

BUT...

- Some fee rates (c/kg) increased compared to 2010
 - aluminum, HDPE, Newsprint fee's up considerably due to depressed commodity values in 2009, and
 - Stewards sales estimates lower than anticipated

Beverages

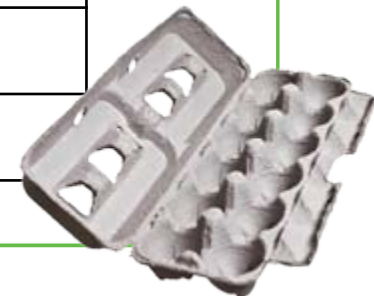


Example Beverage Product	(¢/unit)
600 ml PET water bottle	0.59
2 Litre PET bottle	1.12
2 litre milk carton	1.03
250 ml juice box	0.24
4 Litre HDPE Milk Jug	1.72
1.36 litre steel juice can	1.32
355 ml aluminum soft drink can	0.01
473 ml glass beverage bottle	1.63



Paper Products

Example Packaging Product	(¢/unit)
Daily Newspaper	0.60
Magazine - large	4.23
Paperboard box - 525 g cereal box	0.79
Egg Carton	0.62
Corrugated box	3.22
HDPE bottle - 2.6 L dishwashing soap	3.94
HDPE - carry out bag (large)	0.22
LDPE - frozen peas	0.11
12 ounce steel soup can	0.53
750 ml olive oil green bottle	2.11



Other Containers

Example Packaging Product	(¢/unit)
HDPE bottle - 2.6 L dishwashing soap	3.94
HDPE - carry out bag (large)	0.22
LDPE - frozen peas	0.11
12 ounce steel soup can	0.53
750 ml olive oil green bottle	2.11



Questions?



Next Steps

- Register if not yet registered
- Report by March 31, 2011
- Steward fees applicable for 2011
- Fees will be reset for 2012 calendar year
- Questions: please contact us

customerservice@stewardshipmanitoba.org

Thank you!