Consultation on Steward Fees & Reporting Requirements

February 23, 2010

Multi-Material Stewardship Manitoba

Welcome
Justin Sherwood, Chairman
MMSM Webcast

• 100+ webcast participants
  – speaker moves slides
  – HELP” box for questions/comments at left
  • technical issues:
    webcast@newswire.ca
  – enlarge slide for larger view
  – use sound slider for volume

MMSM Background –
Ken Friesen, Executive Director

• Packaging & Printed Paper Regulation 105/2008
• MMSM responded with Program Plan
  – June 22, 2009
• Minister approved with conditions
  – September 28, 2010
• Program Commencement Date
  – April 1, 2010
Presentation Objectives

• Understand registration & reporting process
• Understand 2010 fee-setting process & fees
• Highlight key elements
• Answer your questions
• Next steps

Presentation Overview

• MMSM Registration & Reporting: Paul Gill
• Questions
• 2010 Fee-setting: Mustan Lalani
• Questions
• Next Steps
To Discuss…

• Packaging & Printed Paper Stewardship Regulation & Rules
• How is Designated Packaging & Printed Paper defined?
• Who is an ‘obligated Steward?’
• Steps for determining if you are obligated
• What data has to be reported & how
• Key dates & payment schedule
Packaging & Printed Paper Stewardship Regulation

Under Regulation 195/2008 Stewards are obligated to:

- Provide a waste reduction & prevention program to manage designated materials
  - province-wide convenient collection
  - provide for 80% of the net cost of collection, processing, marketing the material
  - establish P&E
  - cover the cost of government to oversee this program

Date of Industry Obligation

- April 1, 2010 commencement date
- Stewards can now report 2009 data using the on-line data reporting & management system
Program Rules

• To conform with provisions of The Waste Reduction & Prevention Act, Stewards of Designated Packaging & Printed Paper (DPPP) required to:
  – register with MMSM (approved SRO)
  – file annual Steward’s Report on DPPP generation
  – pay applicable fees associated with filed Steward’s Report

• Harmonized as much as possible with ON & QC stewardship programs

What The Program Covers

• Packaging & Printed Paper that are:
  – consumed in the household; and/or
  – managed through municipal waste management systems

• Packaging & Printed Paper managed within an IC&I system is not obligated
Designated Packaging and Printed Paper

• DPPP for purposes of MMSM Program Plan includes:
  – Printed Paper (e.g. Newspapers, flyers, magazines, catalogues, directories, direct mailings, bills, unsolicited mail, product inserts, instruction guides, etc).
  – Packaging (e.g. Product & Service Packaging made of paper, plastic, metal, glass & combinations of these materials)

Designated Packaging and Printed Paper (2)

• DPPP for purposes of MMSM Program Plan does not include:
  – Transportation packaging
    • where final consumers are non-residential
  – Industrial or bulk packaging
    • not intended for sale or use by consumers in the home
  – Durable packaging
    • e.g., storage boxes with useful life of at least 5 years & which remain with product throughout useful life
Designated Packaging and Printed Paper (3)

- Other items that are not generally considered packaging:
  - do not serve packaging function (e.g. napkins)
  - empty products (e.g. garbage bags)
  - integral part of the product (e.g. toner cartridge)

- Packaging & Printed Paper materials that are not covered under Regulation:
  - wood, ceramics, crystal, rubber, leather, bound text books, literary books & other reference books

Who Is An Obligated Steward?

- A Stewards obligation follows a hierarchy:
  1. Brand Owner
  2. First Importer

- Option for Voluntary Steward to report on behalf of the first importer
Brand Owner

- A Resident in Manitoba company is:
  - a company that is a registered trademark holder or licensee of a trademark (brand); or
  - a company that owns or is the licensee of intellectual property rights of a brand of Printed Paper, product or good
  - a company that has a commercial connection with DPPP

First Importer

- Resident in Manitoba company that is the first to take ownership (title) of products into the province where the Brand Owner is not resident in Manitoba.
Voluntary Stewards

• Company outside Manitoba that voluntarily assumes obligations for their products which it supplies into Manitoba
• No requirement for non-Resident in Manitoba companies to volunteer
• Reduces administrative burden on Obligated Steward (i.e. First Importer)
• Must enter into a contract with MMSM
• Not applicable to companies outside Manitoba exempted under section 6 of the program Rules

Compliance & Enforcement

Compliance

• MMSM not legally required to notify Stewards of their obligation
• MMSM will identify Stewards that are not in compliance
Compliance & Enforcement (2)

Enforcement

- Manitoba government will enforce against Brand Owner, Franchisor or First Importer in Manitoba
- Companies in Manitoba are prohibited from selling or supplying a product unless material is part of approved stewardship program

Who Is Exempt?

- Program includes Steward exemptions
- Balance between level playing field & limiting impact on small business
- 2 levels of exemption:
  - Level 1 – 2009 gross revenues in MB below $750,000
  - Level 2 – 2009 gross revenues in MB above $750,000, but generated less than $250 annualized fees upon filing Steward’s Report
2010 Steward’s Reports

- Reports to be filed using on-line data reporting & management system
- Based on calendar 2009 DPPP generation data
- Stewards report weight of all packaging material & units for beverage containers & carry-out bags

Deadline for registering & submitting Steward’s Report is March 31st, 2010

Reporting Options

- Two options for submitting data:
  1. report actual/measured DPPP supplied or distributed in Manitoba in 2009
     - preferred reporting option
  2. report using approved Calculator Tool
Reporting Actual Data

- Report according to 42 DPPP material categories
- Report kilograms supplied or distributed in MB in 2009
- Describe methodology used to calculate these quantities
- Describe & present estimates of any deductions made for non-obligated materials & sales

Where Material Data Resides

- Material data to develop reports available from various sources:
  - suppliers - packaging specs
  - bill of materials - packaging design staff
  - third party databases - consultants
- Plan for the longer term
Reporting Calculator Tools

- Intended primarily for First Importers
- Use granted by application only
- Represents “reasonable estimate” by sector
- Data input is unit driven
- Use of the tool is voluntary
- Cannot be used to quantify Printed Paper or Service Packaging

On-line Data Reporting & Management System
Submit Steward’s Report

Obligation Year: 2010

REPORT HAS NOT BEEN SUBMITTED

Declaration

Company: Stewardship
Name: Gerd Dav
Title: Manager

Current Date: January 02, 2010 10:29
Last Submission Date: Not Submitted

Obligation for the period of Jan 1 to Dec 31.

<table>
<thead>
<tr>
<th>Item</th>
<th>$19,038,036.30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Schedule</td>
<td></td>
</tr>
<tr>
<td>May 31, 2010</td>
<td>$4,795,368.40</td>
</tr>
<tr>
<td>September 30, 2010</td>
<td>$4,795,368.40</td>
</tr>
</tbody>
</table>

If you have roll down, please submit two payments of $4,795,368.40 each by May 31, 2010 and $4,795,368.40 by September 30, 2010. If applicable, FMBRSA will issue both bills.

Contact if you have a new 2010 invoice that is posted and is ready to be downloaded.

Please remit payment for FMBRSA.
Payment Schedule

• Two payments in calendar 2010:
  
  | Payment #1 | Due May 30, 2010 |
  | Payment #2 | Due September 30, 2010 |

• Invoices generated within the on-line data reporting & management system

Useful Reporting Information

• Rules for Stewards, Program Summary, Guidebooks & FAQs
  – posted at www.stewardshipmanitoba.org

  **Guidebook #1: Are You Obligated?**
  basic program features plus registration requirements

  **Guidebook #2: Get Ready to File a Steward’s Report**
  process for collecting data and description of DPPP materials
  applicable reporting exemptions & deductions

  **Guidebook #3: How to File a Steward’s Report**
  step-by-step guide to submitting the Steward’s Report using on-line data reporting & management system
Next Steps

• Review Rules for Stewards, Program Summary, Guidebooks & FAQ’s
• By March 31, 2010:
  – obligated Stewards must register & file Steward’s Report based on 2009 data year
  – MMSM recommends all non-obligated companies register & declare non-obligation status
    • reduce future contact with you

Additional Support

www.stewardshipmanitoba.org
1-877-883-5828
customerservice@stewardshipmanitoba.org
Questions?

Revised Year 1 MMSM Program Costs

Mustan Lalani
MMSM
To discuss…

• Why revise fees?
• Program cost components
• Methodology & MMSM municipal transfer payments
• Year 1 MMSM stewards’ fees

Why revise the fees?

• Updated municipal costs & revenue from FY09 Datacall
• Increased expectations on government mandated program components – e.g., public space, litter reduction
• Mitigate potential cash flow issues
Program Cost Components

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

Methodology for Setting Municipal Payments

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>Annual municipal datacall</td>
</tr>
<tr>
<td>Step 2</td>
<td>Categorize municipalities by population size</td>
</tr>
<tr>
<td>Step 3</td>
<td>Verify program operating costs</td>
</tr>
<tr>
<td>Step 4</td>
<td>Calculate admin costs</td>
</tr>
<tr>
<td></td>
<td>-3% of contracted operating costs</td>
</tr>
<tr>
<td></td>
<td>-5% of municipal operating costs</td>
</tr>
<tr>
<td>Step 5</td>
<td>Calculate median net cost per tonne for each municipal grouping</td>
</tr>
<tr>
<td>Step 6</td>
<td>Set municipal payments at 80% of 3-yr median net cost per grouping</td>
</tr>
</tbody>
</table>
Methodology Promotes Program Efficiency

- 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

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Year 1 MMSM Payments to Municipalities

<table>
<thead>
<tr>
<th>Municipal Grouping</th>
<th>Municipal Transfer Payments ($/tonne)</th>
<th>Anticipated Tonnes Recycled in 2010</th>
<th>Net Municipal Cost by Grouping ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1,000</td>
<td>$213/t</td>
<td>2,353</td>
<td>$502,000</td>
</tr>
<tr>
<td>1,000 - 5,000</td>
<td>$162/t</td>
<td>8,920</td>
<td>$1,445,000</td>
</tr>
<tr>
<td>5,000 - 20,000</td>
<td>$138/t</td>
<td>13,146</td>
<td>$1,814,000</td>
</tr>
<tr>
<td>Brandon, City of</td>
<td>$132/t</td>
<td>3,175</td>
<td>$419,000</td>
</tr>
<tr>
<td>Winnipeg, City of</td>
<td>$108/t</td>
<td>45,992</td>
<td>$4,967,000</td>
</tr>
<tr>
<td>Total</td>
<td>--</td>
<td>73,586</td>
<td>$9,147,000</td>
</tr>
</tbody>
</table>
Methodology for Setting Steward Fees

• Principles from ON fee-setting methodology
• MMSM base cost is sum of:
  – 3 year rolling average of median municipal net costs
  – + litter reduction program
  – + MMSM management (including corporate &
    school P&E, datacall)
• 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:
  – Enhanced Beverage Program
  – Plastic Bag Program
  – Paid by beverage container stewards & plastic bag
    stewards
**Year 1 Steward Fees**

<table>
<thead>
<tr>
<th>Material</th>
<th>Year 1 Base Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(cents/kg)</td>
</tr>
<tr>
<td>Newspaper</td>
<td>2.07</td>
</tr>
<tr>
<td>Other Printed Paper</td>
<td>3.79</td>
</tr>
<tr>
<td>Corrugated Cardboard &amp; Boxboard</td>
<td>32.93</td>
</tr>
<tr>
<td>Other Paper Packaging</td>
<td>24.21</td>
</tr>
<tr>
<td>PET Beverage &amp; Non-Beverage Containers</td>
<td>19.51</td>
</tr>
<tr>
<td>HDPE Beverage &amp; Non-Beverage Containers</td>
<td>12.83</td>
</tr>
<tr>
<td>Other Plastics</td>
<td>31.60</td>
</tr>
<tr>
<td>Steel</td>
<td>9.89</td>
</tr>
<tr>
<td>Aluminum Food &amp; Beverage</td>
<td>-0.58</td>
</tr>
<tr>
<td>Other Aluminum Packaging</td>
<td>9.87</td>
</tr>
<tr>
<td>Glass Containers</td>
<td>6.28</td>
</tr>
<tr>
<td><strong>Total Base Fees</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Year 1 Enhanced Program Fees</strong></td>
<td></td>
</tr>
<tr>
<td>Beverage Containers</td>
<td>0.0036</td>
</tr>
<tr>
<td>Plastic Bags</td>
<td>0.0015</td>
</tr>
<tr>
<td><strong>Total Enhanced Fees</strong></td>
<td></td>
</tr>
<tr>
<td><strong>MMMS Year 1 Program Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Beverages**

<table>
<thead>
<tr>
<th>Material</th>
<th>Unit Fee (c/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Litre PET bottle</td>
<td>0.89</td>
</tr>
<tr>
<td>600 ml PET bottle</td>
<td>0.47</td>
</tr>
<tr>
<td>4 Litre HDPE Milk Jug</td>
<td>0.84</td>
</tr>
<tr>
<td>355 ml soft drink can</td>
<td>-0.01</td>
</tr>
<tr>
<td>473 ml juice bottle</td>
<td>1.69</td>
</tr>
<tr>
<td>250 ml drinking box</td>
<td>0.23</td>
</tr>
</tbody>
</table>
### Paper Products

<table>
<thead>
<tr>
<th>Material</th>
<th>Unit Fee (¢/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Newspaper</td>
<td>0.44</td>
</tr>
<tr>
<td>Magazine - large</td>
<td>3.11</td>
</tr>
<tr>
<td>Paperboard box - 525 gram cereal</td>
<td>0.88</td>
</tr>
<tr>
<td>Egg Carton</td>
<td>0.69</td>
</tr>
</tbody>
</table>

### Other Containers

<table>
<thead>
<tr>
<th>Material</th>
<th>Unit Fee (¢/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>soap</td>
<td>1.93</td>
</tr>
<tr>
<td>PP - yogurt cup (no lid)</td>
<td>1.15</td>
</tr>
<tr>
<td>LDPE - frozen peas</td>
<td>0.11</td>
</tr>
<tr>
<td>540 ml soup can</td>
<td>0.89</td>
</tr>
<tr>
<td>750 ml olive oil green bottle</td>
<td>2.19</td>
</tr>
</tbody>
</table>
Questions?

Next Steps

• Register
• Report by March 31, 2010
• Steward fees applicable for 2010
• Fees will be reset for 2011 calendar year
• Questions please contact us

customerservice@stewardshipmanitoba.org
Thank you!