



**MMSM DRAFT
TRANSITION PLAN
June 3, 2022 (Revised)**

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1. GLOSSARY OF KEY TERMS AND ACRONYMS

AMM means the Association of Manitoba Municipalities.

Brand holder means a person who owns or licenses a brand or who otherwise has rights to market a product under the brand.

Catchment means a logical cluster of communities that will constitute the geographic service boundaries for post-collection.

Circular Economy means an economy where waste is eliminated, resources are circulated, and nature is regenerated

Collection is the means by which PPP is gathered from Manitoba households.

Collector means either a community providing collection services directly or managing one or more collection service providers under contract to MMSM, or a private service provider providing collection services directly to MMSM.

Community or **communities** means municipalities and Indigenous communities in Manitoba.

Consumer means an individual acting for personal, family or household purposes and does not include a person who is acting for business purposes.

Convenience packaging means material used in addition to primary packaging to facilitate residential consumers' handling or transportation of one or more products, such as boxes and bags filled at point of sale.

Cost monitoring survey (CMS) means the detailed survey issued annually by MMSM to participating non-transitioned communities that operate PPP recycling programs for the purpose of gathering program cost data.

Data year means the year for which the steward is reporting, which could be:

- (a) Calendar year in which the steward supplied designated blue box material.
- (b) The steward's fiscal year in which the steward supplied designated blue box material.
- (c) For new stewards only, an estimate of the steward's supplied quantity of designated blue box material for the calendar year or fiscal year.

Designated blue box material is packaging or printed paper that is supplied to a consumer.

Diversion end-market means a location at which the material or part of the material is:

- Reused.
- Used in the making of new products, packaging, or other activities in end-markets.

Eligible communities are communities that can receive funding from MMSM.

Excluded paper products means bound hard and soft cover books, such as reference books, literary books and textbooks and paper products intended for human hygiene such as paper towels, toilet paper, facial tissue, wipes, and sanitary products.

First importer is a person resident in Manitoba who imports printed paper or packaging into Manitoba or is the first to take possession or control of the printed paper or packaging in Manitoba for which a resident-in-Canada brand holder does not exist.

Franchise, franchisor, and franchisee have the meanings ascribed to those words in the *Manitoba Franchise Act* and includes franchisors who conduct business in Manitoba through their Manitoba franchise system, regardless of whether the franchisor has a franchisor-owned fixed place of business in Manitoba.

Full extended producer responsibility (full EPR) means industry has operational and financial responsibility and accountability for PPP collection and management in Manitoba.

Marketplace facilitator should the Packaging and Printed Paper Stewardship Regulation be so amended, means a person who:

(a) Contracts with a marketplace seller to facilitate the supply of the marketplace seller's products by:

- (i) Owning or operating an online consumer-facing marketplace or forum in which the marketplace seller's products are listed or advertised for supply, and
- (ii) transmitting or otherwise communicating the offer or acceptance between the marketplace seller and a buyer

and

(b) provides for the physical distribution of a marketplace seller's products to the consumer, such as by the storage, preparation, or shipping of products.

Marketplace seller should the Packaging and Printed Paper Stewardship Regulation be so amended, means a person who contracts with a marketplace facilitator to supply its products.

Master service agreement (MSA) means a contract that contains all standard terms and conditions that are common to all collectors or post-collectors.

Material Recovery Facility (MRF) means a facility where recyclable materials are sorted, processed, and stored in order to be marketed to recyclers or processors.

Minister means the Manitoba Minister of Conservation & Climate.

Minister's request letter means the letter from the Minister to MMSM dated July 26, 2018, and the letter from the Minister to MMSM dated November 18, 2020.

NMC Members means members of the News Media Canada or the Manitoba Community Newspaper Association or members of any such successor organization.

Multi-family dwelling means a residential building which has more than eight (8) residential units.

Non-PPP means any collected material that is not PPP.

Non-targeted PPP means PPP that is not accepted for collection.

Non-transitioned communities mean those communities that are delivering collection and material management services under the current shared responsibility model.

Opt-out communities are eligible transitioned communities that have chosen not to participate in the delivery of residential recycling services. In these communities, MMSM will contract with collection and

post-collection service providers directly and will oversee their delivery of services in accordance with MMSM service standards.

PPP means packaging and printed paper supplied to consumers.

Packaging means:

- a. Primary packaging
- b. Convenience packaging
- c. Transport packaging
- d. Ancillary packaging elements
- e. Packaging-like products

that is made of glass, metal, plastic and paper or a combination thereof.

Packaging excludes:

- a. Packaging accessories
- b. Storage containers
- c. Packaging manufactured in whole from wood¹, ceramic, crystal, rubber, leather, or textile

Packaging accessories include items associated with packaging that do not provide a packaging function including but not limited to plastic cutlery, serviettes, and straws.

Packaging-like products should the Packaging and Printed Paper Stewardship Regulation be so amended, means products that are indistinguishable from packaging when discarded by residential consumers and includes but is not limited to aluminum pie plates, aluminum foil, plastic or paper-based beverage cups, kraft paper bags, re-sealable plastic bags, and all other packaging-like products that are indistinguishable from packaging when discarded by consumers.

Participating communities are eligible transitioned communities that are service providers to MMSM in the full EPR model and are delivering or managing collection and other residential recycling system services.

Person means an individual, partnership, joint venture, sole proprietorship, corporation, government, trust, trustee, executor, administrator or any other kind of legal personal representative, unincorporated organization, association, institution, or entity.

Post-collection means activities required to prepare collected materials for diversion end-markets, including but not limited to, consolidation, transfer, processing, and marketing of materials.

Primary packaging means material that is used for the containment, protection, handling, delivery, and presentation of a product that is provided to a consumer at the point of sale, and includes packaging designed to group one or more products for the purposes of sale but does not include convenience packaging or transport packaging.

Printed paper means paper made from any cellulosic fibre and includes but is not limited to paper that is either blank or contains text or other markings for copying, printing, writing and other general use, bills, booklets, brochures, calendars, catalogues, customer statements, directories, envelopes, flyers, greeting cards, wrapping paper, magazines, newspapers, receipts, corrugated cardboard boxes for moving or mailing items, tissue paper, and all other paper that is not packaging, except for excluded paper products.

Processing means manual or mechanical sorting and quality control of PPP for the purpose of preparing materials for shipment to recycling and disposal end markets.

Producer should the Packaging and Printed Paper Stewardship Regulation be so amended, means the person who is the obligated party with respect to designated blue box material.

Producer Responsibility Organization (PRO) means a not-for-profit organization or industry association without conflict in the procurement of compliance services that is designated by a producer or producers to act on their behalf to fulfil their obligations under an extended producer responsibility or product stewardship program.

Program Plan or **Plan** means the MMSM Packaging and Printed Paper (PPP) Program Plan approved by the Minister on July 26, 2018.

Promotion and education means initiatives and activities designed to engage and encourage consumers to make informed and proper decisions concerning the preparation and management of PPP for collection and recycling.

Recovery rate is the amount of PPP collected, divided by the amount of PPP supplied to consumers, expressed as a percentage.

Resident in Canada means having a permanent establishment in Canada.

Resident in Manitoba means, with respect to a person, a person that has a permanent establishment in Manitoba. In the case of franchisors, it includes franchisors who conduct business in Manitoba through their Manitoba franchise system, regardless of whether the franchisor has a franchisor-owned fixed place of business in Manitoba.

Retailer means a business that supplies products to consumers, whether online or at a physical location.

Service Provider means an organization that provides collection and/or post-collection services.

Shared responsibility model means the operational responsibility for the residential recycling system rests with municipal and Indigenous communities and the cost of the program is shared between communities and obligated stewards and industry.

Statement of work (SoW) means a contract supplemental to the master services agreement that outlines the specific terms for the collection or post-collection partners such as count of households served, authorized depot materials, payment rates, etc.

Steward² means the person who is obligated with respect to designated blue box material under Manitoba's current Packaging and Printed Paper Stewardship Regulation and as it pertains to MMSM's current program for residential packaging and printed paper.

Storage containers means primary packaging intended as long-term storage for the product, including but not limited to CD or DVD cases, power tool cases, and for storage of all or portions of the product.

Supplied means sold, leased, donated, disposed of, used, transferred the possession of or title of, or otherwise made available to a consumer in Manitoba or distributed for use by a consumer in Manitoba.

² MMSM recommends the government consider changing the term 'steward' referring to the obligated party under the current Regulation, to 'Producer' when the Packaging and Printed Paper Stewardship Regulation is eventually amended.

Targeted PPP means PPP that is accepted for collection and is referenced in Appendix B under the column labelled “Included” as amended from time to time.

Transitioned communities are eligible communities that have moved from the current transfer responsibility model to the fully managed and financed EPR model.

Transport packaging means material used in addition to primary packaging to facilitate the handling or transportation of one or more products by persons other than consumers and which are discarded by consumers, such as delivery envelopes or boxes or other such packaging, but does not include shipping containers designed for transporting things by road, ship, rail or air or any packaging used for the business to business (B2B) delivery of goods and not supplied to consumers.

Verified eligible net cost means the net cost for each non-transitioned community as determined by MMSM.

Waitlist communities are communities that are eligible for MMSM financing but have either chosen not to receive funding at this time or the registration for eligibility was received after the December 31, 2021, deadline.

2. INTRODUCTION

2.1 Minister’s Request Letter

This Transition Plan responds to the July 26, 2018, Minister’s request letter and the Minister’s extension letter of November 18, 2020, to MMSM to develop a plan to transition to full EPR.

2.2 About MMSM

Founded in 2010, MMSM is the not-for-profit, industry funded and governed organization that funds and provides support for the province’s residential recycling programs for packaging and printed paper.

Governed by a board of directors of seven industry and two independent directors, the board provides valuable input and governance to the organization, and consists of representatives from the following sectors:

- Grocers
- Consumer products
- Beverages
- Alcohol beverages
- Retailers
- Printed paper
- Restaurants

The board membership is available on MMSM’s website.

For more about MMSM, please visit <https://stewardshipmanitoba.org/>

The Transition Plan has been developed on the premise that MMSM will continue to serve as the only producer responsibility organization (PRO) for residential packaging and printed paper in Manitoba both during and following the

transition to full EPR³. MMSM meets the recommended criteria for a PRO for packaging and printed paper as set out in section 4.

2.3 Objectives of the Transition Plan

MMSM's objectives for the Transition Plan include:

- Preserve the integrity of residential recycling while ensuring uninterrupted collection service to residents
- Seek to minimize disruption of existing municipal contracts with third parties
- Ensure an open and competitive market for future collection and processing of materials, including the ability for municipalities to bid on services
- Define standards, definitions, and service responsibilities to promote efficiency, transparency, and accountability
- Minimize disruption to municipalities' capital assets where possible
- Provide for continuous improvement of environmental outcomes
- Foster the development of a circular economy and support stewards in meeting their sustainability commitments when designing post-collection contracts

This Plan outlines the transition for the management of PPP from shared responsibility to full extended producer responsibility. Specifically, this plan sets out the process by which MMSM will assume both operational and financial responsibility, as well as accountability, for PPP collection and management in Manitoba, or full extended producer responsibility, as it is known.

This Plan outlines an approach to smoothly transfer the responsibility for the collection and management of PPP from communities to MMSM, including the consolidation, transfer, processing, and marketing of collected materials to diversion end-markets.

Given that this transition is essentially about the transfer of operational and financial responsibility for the delivery of recycling services, this Plan is drafted as a business plan – focused on the means by which MMSM will establish new commercial relationships. Implementing the draft Transition Plan will be dependent upon the government eventually making amendments to the Packaging and Printed Paper Stewardship Regulation, and potentially to the Guidelines for Packaging and Printed Paper Stewardship. Given that exact timing of these amendments is not yet known, MMSM provides them here, represented as “Phase 1” of the Transition Plan, with the acknowledgement that the Transition Plan can, and likely will proceed before such amendments are completed, as follows:

Regulatory Amendments MMSM recommends be considered by the Manitoba government:

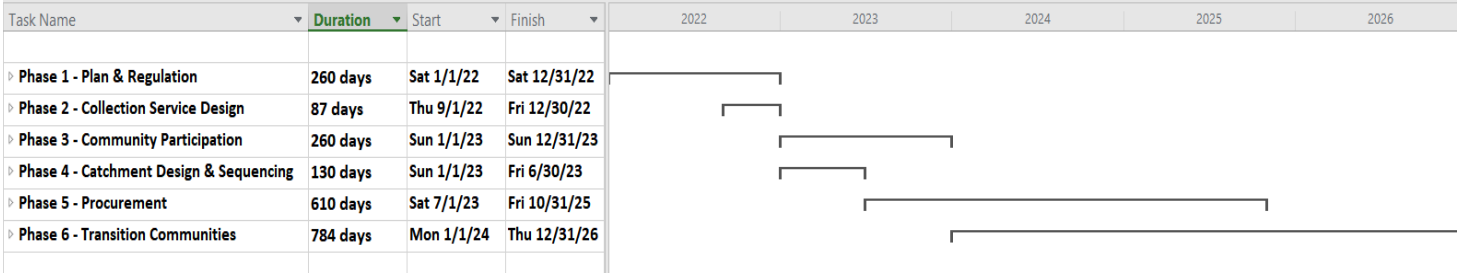
- Amendment to update obligated party from ‘designated steward’ to ‘producer’.
- Amendment to the definition and interpretation of designated materials to include packaging-like products.
- Amendment to the definition of steward of designated materials to include brand owners resident in Canada and e-commerce marketplace facilitators.

MMSM recommends that the Manitoba government also consider making the following Guideline amendments:

- Remove the reference to 80% funding.
- The Required Program Plan Components would need to be updated to allow for a residential recycling system fully operated and financed by producers.

³ While MMSM acknowledges that there are a number of other producer responsibility organizations that operate programs in accordance with Manitoba's Packaging and Printed Paper Stewardship Regulation, (such as Cleanfarms, CBCRA and MARCC), MMSM has developed this Transition Plan on the premise that it will continue to serve as the only organization meeting producers' obligations under the Regulation for *residential* packaging and printed paper and as such will be the sole organization to provide collection services to, and to take custody and control over material from, single and multi-family residences.

Figure 1



As shown in Figure 1 below, following a two-year transition preparation phase, MMSM will enter into collection and post-collection management agreements with communities and service providers within a three-year period of the transition of the first community. In assuming this responsibility, MMSM will seek to enhance its current recovery performance by increasing the percentage of PPP supplied by stewards that is collected and managed.

3. CONSULTATION & ENGAGEMENT

MMSM developed a stakeholder and Indigenous communities’ engagement and communications plan, which laid out a roadmap to ensure meaningful consultation and communications with representatives of stewards, municipal and Indigenous communities, and other affected stakeholders. The following principles guided MMSM’s approach to stakeholder consultations in the development of the Transition Plan:

- Engage and consult with all stakeholders in a meaningful way
- Provide stakeholders with accurate, clear, and timely information
- Be open, transparent, and accountable in communications
- Actively engage in a manner that builds trust and fosters interactive communication

By following these guiding principles MMSM ensured that:

- Stakeholder input was carefully considered and incorporated into the Transition Plan
- The decision-making process met the needs of MMSM and its stakeholders
- Diversity and equity were key components of the engagement approach
- Clear deadlines were communicated for solicited feedback

A final consultation report documenting the feedback received by MMSM will be shared with all stakeholders along with the final Transition Plan when it is submitted to the Minister in November.

3.1 Addressing the Stakeholder Consultation

During June and July 2021, MMSM held eight consultation events which were a combination of webinars and workshops aimed at gaining feedback and input on concepts proposed for the Transition Plan. There were 125 individuals representing a broad cross-section of municipal and Indigenous communities, various government departmental staff, and 225 individuals representing over 150 steward organizations participated in these consultation sessions. A full list of participant organizations will be provided in the consultation report submitted to the Minister with the final Transition Plan in November. This Plan addresses issues and questions raised during the stakeholder engagement and consultation process and can be summarized as follows:

Municipal and Indigenous Communities:

- MMSM should strive to minimize disruption to services throughout the transition to full EPR and there is an expectation that the system fully operated and financed by industry will deliver the same recycling services residents currently enjoy.
- MMSM must provide adequate time for municipal and Indigenous community staff, Councils, and Chief and Councils to fully consider the option to participate in service delivery under contract to MMSM including the opportunity to review service standards and price being offered by MMSM for collection services.
- MMSM should review its proposed definition of multi-family buildings and eligibility for multi-family buildings to participate in the MMSM program as part of the transition to full EPR.
- The development of a phased, catchment area approach to transition be designed in a way that optimizes the consolidation, transfer, processing and marketing of PPP, while taking into consideration those communities ready to transition, consideration for natural termination and renewals of contracts for those communities that ‘opt-out’ of providing service, and the creation of scale to advance cost-efficiency and improve environmental performance.
- MMSM must adequately prepare for each occurrence of community transition and make suitable commercial arrangements for the collection and post-collection management of PPP which will include expanding and harmonizing the list of materials in the existing residential recycling program that are accepted from Manitoba consumers.

Steward Community:

- MMSM needs to provide an overview of the timing for transition to full EPR in Manitoba so that companies have adequate time to budget appropriately for the increased costs.
- MMSM should ensure no disruption to the current reporting protocol for steward annual reports.
- Agreement with MMSM’s proposed definitions of obligated producer, designated materials to include packaging like products and paper for general use, development of material-specific recovery targets and commitment to develop accessibility targets and report on GHG emissions following transition.

3.1.1 Supporting stakeholder engagement

To support meaningful stakeholder engagement and dialogue in the development of the Transition Plan, MMSM developed resources to facilitate a full understanding of how the transition to full EPR would take place. These communication materials were designed to clearly and concisely outline the process and timeline associated with the transition to full EPR, and the impact of this transition on communities’ current role in providing recycling services to their residents as well as ensure MMSM had an accurate understanding of input received. To support this effort, MMSM shared the following with stakeholders:

- A high level two-page document with the essential details of full EPR and what it means for Manitoba municipal and Indigenous communities. This was designed for widespread use as a communications tool to help explain full EPR to colleagues, council members, and other community representatives.
- MMSM captured the feedback received during the two-day workshop with municipal representatives and asked for their feedback to ensure that MMSM had accurately recorded their input and comments for input into the Transition Plan.

After each webinar, MMSM posted the recordings of the presentations and a full Q&A document on its website listing all questions asked along with MMSM’s responses. All these documents can be found [here](#).

Engaging with Northern and Indigenous Communities: MMSM worked closely with Indigenous Services Canada (ISC) and Indigenous Reconciliation and Northern Affairs (IRNR) on a focused outreach program to northern and Indigenous communities in Manitoba. The purpose of the outreach was to provide information about the MMSM program and the draft Transition Plan so

interested communities could advise MMSM if and when they were ready and interested in implementing a residential recycling program.

ISC officers emailed their communities directly on behalf of MMSM to inform them that in the upcoming weeks they would be receiving an information bulletin in the mail regarding MMSM and the draft Transition Plan. MMSM mailed a 4-four-page document titled “What You Need to Know” to Chief and Council of 63 ISC communities. IRNR addressed MMSM and the draft Transition Plan during their Town Hall meeting on September 17, 2021, and forwarded the “What You Need to Know” document through a follow up email to 42 communities.

ISC will be sending out a second email as a reminder of the draft Transition Plan to all of their communities on behalf of MMSM. MMSM will continue to engage and provide outreach to ISC and IRNR communities in hopes of expanding the program to new communities throughout the transition

4. DEFINITION OF PRODUCER RESPONSIBILITY ORGANIZATION

Under Manitoba’s Packaging and Printed Paper Stewardship Regulation, one or more producer responsibility organizations (PROs) may form to provide producers **of packaging and printed paper** with services to meet their regulatory obligations.

MMSM recommends that PROs for packaging and printed paper meet the following the criteria:

- The PRO is registered as an incorporated not-for-profit entity with a purpose that is aligned to its services to producers.
- The PRO is governed by producers.
- The PRO is free of conflict of interest or perceived conflict of interest in procuring services on behalf of producers.

5. DEFINITION OF PACKAGING AND PRINTED PAPER

The Packaging and Printed Paper Stewardship Regulation defines packaging as:

"packaging" means any package or container, or any part of a package or container, that is comprised of glass, metal, paper or plastic, or any combination of any of those materials and includes, but is not limited to, service packaging.

This definition is broad in scope and encompasses packaging and printed paper materials as well as a wide range of consumer products. This Transition Plan applies only to packaging and printed paper materials supplied to consumers and does not include materials obligated under other programs.

Should the Manitoba government amend the Packaging and Printed Paper Stewardship Regulation to include packaging-like products and certain types of paper products, including for writing, copying, and general use, this Plan will then also include those products.

The definitions for packaging and printed paper are found in the Glossary in Section 1. These definitions provide general inclusions and exclusions and will eventually form part of the Rules for Stewards⁴. Changes to these definitions, which have been the subject of stakeholder consultation and review by the MMSM Board, will require consideration and approval by the Ministry.

Where necessary, to assist producers in assessing their obligations and completing their reports, MMSM will provide clarifications to the inclusions and exclusions using rules, policies, and reporting guidance.

⁴ Please note that it is intended that *Rules for Stewards* will be renamed *Rules for Producers* to reflect amendment of ‘obligated party’ from ‘designated steward’ to ‘producer’.

To continue to improve the allocation of costs to reflect the actual cost to manage a given material within the system, MMSM is proposing an expanded definition of designated blue box materials to include packaging-like products. These materials would be defined as “packaging” that is typically purchased as a product and is often indistinguishable from packaging when recycled. These materials are nearly identical and therefore indistinguishable from primary, convenience, and transport packaging, but they have not previously been subject to fees. As such, they are currently being managed by communities in their recycling programs and have a cost associated with their end-of-life management which is being borne by communities and other stewards. The proposed addition of these materials will address this issue and ensure that all producers whose materials are handled in the residential recycling system are paying their fair share of costs.

To determine which products should be added, three criteria were considered:

- How similar is the product to a currently obligated material? The more similar a product is to an obligated item, the more likely it is to be included.
- How did the producer intend the product to be used by consumers? If the product has a function similar to packaging and is intended to have a relatively short lifespan, it is more likely to be included.
- How can MMSM harmonize its definition of designated materials with other provincial stewardship programs to provide consistency of obligations for producers across programs?

The definition of packaging-like products provides examples of products that will be designated. However, it is not intended to be definitive or comprehensive. MMSM will make decisions regarding specific inclusions and exclusions that may arise in the context of operating the Plan and will provide direction to affected producers using the rules should the Manitoba government amend the Packaging and Printed Paper Stewardship Regulation to include these products.

6. DEFINITION OF PRODUCER

The following definitions provide general inclusions and exclusions and will form part of the initial rules. Should the Manitoba government amend the Packaging and Printed Paper Stewardship Regulation to reflect the recommended changes to these definitions, which have been developed through MMSM’s stakeholder consultation and reviewed by the MMSM Board. This Plan will then align with those definitions.

Where necessary to assist producers in assessing their obligations and completing their reports, MMSM intends to provide clarifications to the inclusions and exclusions using rules and reporting guidance, as and when appropriate.

For the purposes of this Transition Plan, MMSM proposes that, for Sections 6.1 and 6.2 below, the following definitions of “producer” shall apply, in the order in which they are set out. If two or more persons are obligated in Sections 6.1 or 6.2, the earlier provision shall apply. Producers of transport packaging and convenience packaging are addressed separately in Section 6.3. Franchisors are addressed separately in Section 6.4.

6.1 Producers of Packaging and Printed Paper

For packaging and printed paper, where the packaging of a product and printed paper is supplied in Manitoba to a consumer, the producer:

- a. Is the brand holder of the product if the brand holder is resident in Canada, or,
- b. if there is no person described in paragraph (a) the importer of the product, if the importer is resident in Manitoba, or
- c. if there is no person described in paragraph (a) or (b), the retailer who supplied the product to the consumer.
- d. If the producer determined in paragraphs a, b, or c above is a retailer and that retailer is a marketplace seller, the marketplace facilitator that contracts with the marketplace seller shall be deemed the retailer.

6.2 Producers of Transport Packaging and Convenience Packaging at Point of Sale

Any person that supplies transport packaging or convenience packaging to a consumer in Manitoba at point-of-sale in accordance with the obligation hierarchy provided in Section 6.1 shall be the producer for such transport packaging or convenience packaging.

6.3 Franchisor is Obligated for Manitoba Franchisees

A franchisor is designated as a producer with respect to all packaging and printed paper which are supplied to consumers within the franchisor's Manitoba franchise system, if the franchisor has franchisees that are resident in Manitoba.

6.4 Exempt Producers

- a. A producer is exempt from filing and paying fees to MMSM if, during the data year, the producer's, its affiliates, and/or its franchisees combined gross revenues from all:
 - i. Products; and/or
 - ii. Services

Supplied in Manitoba was less than \$1 million

Or
- b. A producer is exempt from filing and paying fees to MMSM if during the data year, the producer's, its affiliates', and/or its franchisees' obligated material from all:
 - i. Products; and/or
 - ii. Services

Supplied in Manitoba was less than 1 tonne.

6.5 NMC Member Newspaper Fees and In-kind Contributions

An agreement has been finalized with NMC where the portion of fees owed by NMC Members that is attributable to payments to communities for supply chain and promotion and education costs, will be in the form of in-kind advertising. The remaining portion of fees owed by NMC Members will be paid to MMSM in cash and in-kind advertising. The portion of fees paid in the form of in-kind advertising and the portion paid in cash will be calculated using the approved fee setting methodology.

The allocation of the in-kind contribution to NMC Members, and the permitted use of the in-kind advertising is governed by an in-kind advertising program agreement. MMSM will review and update the agreement as required in consultation with representatives of NMC Members and communities.

6.6 Compliance and Enforcement

The success of the MMSM full EPR program in delivering uninterrupted recycling services to Manitoba residents and achieving program and material recovery targets is dependent upon full participation by all obligated producers as defined above. MMSM will rely upon the authority granted to the Ministry of Environment, Climate and Parks in the Waste Reduction and Prevention (WRAP) Act to ensure that obligated producers are fulfilling their responsibilities outlined under the Packaging and Printed Paper Stewardship Regulation.

7. STATUS AND FUNDING OF COMMUNITIES THROUGHOUT THE TRANSITION PLAN

MMSM is proposing a six phased approach to the transition to full EPR. The six phases, as described more fully in section 8 include the following:

- Phase 1: Plan approval
- Phase 2: Collection service design
- Phase 3: Communities determine participation
- Phase 4: Catchment design and sequencing
- Phase 5: Procurement
- Phase 6: Transition Communities

Throughout the timeline of the Transition Plan, the status of communities and the way recycling services are managed and financed will change. This section outlines the status of communities during Phase 6 where the term ‘community’ is meant to be an inclusive term referring to all types and sizes of populated areas with fixed boundaries and a local government such as cities, towns, villages, districts, Indigenous, colonies, etc.

Eligible – means that the community can receive funding from MMSM.

Waitlist Communities are communities that are eligible for MMSM financing but have either chosen not to receive funding at this time or the registration for eligibility was received after the December 31, 2021, deadline.

Non-Transitioned – means the eligible community continues to be funded under the current shared responsibility model.

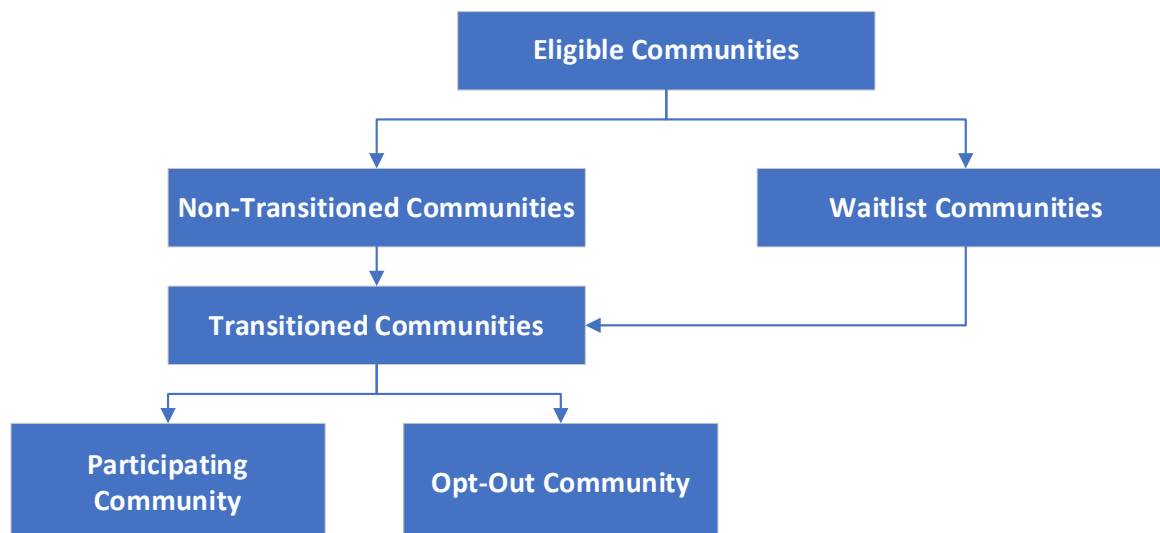
Transitioned – means that the eligible community has moved from today’s transfer payment model to the fully managed and financed EPR model.

Participating – means that the eligible transitioned community is a service provider to MMSM in the full EPR model and is delivering or managing collection and other residential recycling system services.

Opt-Out – means that the eligible transitioned community has chosen not to participate in the delivery of residential recycling collection services. In these communities, MMSM will contract with collection and post-collection service providers directly and will oversee their delivery of services in accordance with the standards set out in the contracts.

Throughout Phase 6 of the Transition Plan, the status of communities will change in accordance with their decisions related to their role in MMSM’s full EPR model as illustrated below:

Figure 2



7.1 Eligible Communities

Communities are eligible to receive funding from MMSM today when they have completed all registration materials that satisfy the conditions for eligibility, have executed and fulfilled all requirements of the funding agreement. All communities receiving funding from MMSM today are eligible to have their residential recycling services financed under the full EPR model. In addition, communities that are eligible today but not currently receiving funding from MMSM may register their interest in being included in the Transition Plan by December 31, 2021. To do so, a community can contact MMSM at municipalservices@stewardshipmanitoba.org.

7.1.1 Indigenous Community Outreach

In response to consultation feedback, MMSM will work closely with Indigenous Services Canada and Indigenous and Northern Relations to establish a focused outreach program to Indigenous communities to ensure they are informed about the opportunity to register their interest in becoming an eligible community for the purpose of being included in the Transition Plan. MMSM will continue its work alongside other stewardship organizations to support the expansion of residential recycling in Indigenous and northern remote communities through the Winter Roads Project. The goal of the project is to enhance the model by efficiently removing stewarded materials from remote communities during the winter road season. MMSM requires that any communities currently not part of the MMSM program provide an indication of their interest in participation by December 31, 2021, so that MMSM can evaluate the feasibility of expanding the program to these new communities following the transition of current MMSM communities.

7.2 Waitlist Communities

Where an eligible community has not registered with MMSM before December 31, 2021, MMSM cannot commit to including the community in the transition plan. MMSM will, however, maintain a waitlist of eligible communities for inclusion in its EPR program. While on the waitlist for the EPR program, communities may participate in the shared funding model or the Winter Road Project.

MMSM will consider the waitlist communities when refining the implementation plan for the transition. Where opportunities exist to advance the inclusion of a waitlist community, MMSM will do so. For

example, the waitlist community may be adjacent to a transitioning community, in which case there would be a logistical, economic, and environmental benefit for advancing their services. Otherwise, waitlist communities will be included in the MMSM EPR program as soon as practical but no later than December 2027.

MMSM is open to discussions with communities and commits to an annual review of the waitlist to identify communities who could be accommodated in the annual transition plan based on their proximity to planned community transitions. Prior to onboarding a new community, MMSM will work with the community to prepare for service delivery and educate its residents on how to effectively participate in the recycling program.

7.3 Non-Transitioned Communities

Eligible communities that have not yet transitioned to the full EPR model will continue to manage the residential recycling services in their community, submit reports to the MMSM Municipal Online Reporting Systems (MORS), complete the annual CMS, and receive payment based on their current funding agreement with MMSM.

MMSM will continue to provide payments to non-transitioned communities based on the verified eligible net costs as reported through CMS and outlined in Appendix A. This funding model will continue until they transition to full EPR. The MMSM shared responsibility model will end once all eligible communities have transitioned to full EPR.

7.4 Transitioned Communities

A transitioned community is an eligible community that no longer receives funding under the shared responsibility model. MMSM has assumed full operational and financial responsibility for the management of the residential recycling system. Upon transition, a community will no longer need to report to MORS nor complete the annual CMS. Quarterly funding payments will cease on the effective date of the transition.

Example: Based on the CMS reports and funding band calculations, Community A is to be paid \$10,000 in 2023. Community A will receive four quarterly payments of \$2,500 where payment is made in April for recycling services delivered in January – March; payment is made in July for services delivered in April – June, etc.

If Community A's transition date is July 1, 2023, then the \$2,500 payment due in July 2023 for services delivered in the period April – June 2023 will be paid. No further \$2,500 quarterly transfer payments will be due to Community A.

7.5 Participating Communities

All eligible communities will be given the right of first refusal to participate in the delivery of collection services.

Participating communities are those that choose to enter into a contract with MMSM to directly deliver or manage collection and other residential recycling services. These communities will have reviewed the service standards required by MMSM outlined in the master services agreement and statement of work MMSM will develop in Phase 2 of the Transition Plan. Further, the community will have accepted the payment proposed by MMSM for these services.

Communities that participate in service delivery will receive payments from MMSM in accordance with the contract terms. MMSM plans to conduct research in Phase 2 of the plan to determine the fair

price to offer communities for the delivery of services to the defined standard. The working assumptions reviewed during the plan development consultation phase are that curbside and multi-family collection services will be paid on a 'per-household' basis and depot collection services on a 'per-tonne' basis.

Building upon the Community A example above, a participating community will receive payment for services on a quarterly basis in accordance with the prices defined in the contract. Community A would be paid for the services delivered between July and September 2023 in October of 2023.

7.6 Opt-Out Communities

Eligible communities that 'opt-out' of participating in service delivery will cease to deliver or manage residential recycling services on the effective date of their transition to full EPR. The recycling services required by these eligible transitioned communities would be financed by MMSM in accordance with the contracts established with the recycling services contractor who was the successful proponent of a competitive RFP process.

If, for example, Community A elected to opt-out of service delivery, their last quarterly payment would be made in July 2023 for the services they delivered during the period April – June 2023. MMSM would make no further payments to Community A as payments would now be directed to the recycling services contractor.

7.7 Process for Exiting the MMSM Program

A community exits the MMSM program when it advises MMSM that it will no longer deliver recycling services to its residents therefore it's no longer eligible for the current cost-sharing funding or it intends to continue to deliver recycling services without MMSM's funding support.

8. TRANSITIONING COMMUNITIES TO FULL EXTENDED PRODUCER RESPONSIBILITY

This section sets out the principles, timelines, costing, mechanisms, and means by which MMSM will transition communities to full EPR.

8.1 Program Delivery Principles

This Transition Plan is designed to achieve a smooth and orderly transition and to provide for continuous improvement of environmental outcomes in a manner that does not undermine existing packaging and printed paper (PPP) recovery efforts. To that end, the following program delivery principles will guide the Transition Plan delivery:

- Designed as a one PRO model: MMSM will be the only producer responsibility organization (PRO) for residential PPP in Manitoba and will receive steward input on the transition process through the establishment of a steward advisory committee.
- Focus on outcomes, not process, improve environmental outcomes through diversion, maximized efficiency, and minimized complexity.
- Preserve the integrity of residential recycling while ensuring uninterrupted collection service to residents.
- Ensure a fair and open market for future collection and processing of materials, including the ability for municipalities to bid on services.
- Define standards, definitions, and service responsibilities to promote efficiency, transparency, and accountability.
- Foster interaction and collaboration to drive innovation: Innovation results from the convergence of ideas and expertise found amongst all stakeholders – stewards, private, public, and not-for-profit

organizations – and shared in a manner that fosters collaboration and delivers mutual value.

- Provide for continuous improvement.
- Maintain and/or improve existing services with no disruption to residents in accordance with established service standards.

8.2 Transition Timeline and Delivery Approach

The transition to full EPR is comprised of six phases:

Phase 1: Plan approval

Phase 2: Collection service design

Phase 3: Communities determine participation

Phase 4: Catchment design and sequencing

Phase 5: Procurement

Phase 6: Transition Communities

The Transition Plan assumes that Phase 1 begins in January 2022 and Phase 6 ends by December 31, 2026.

Figure 3



Ongoing and collaborative engagement with stakeholders is essential throughout the phases of transition described below. The success of the transition to full EPR is dependent upon open dialogue with municipal and Indigenous communities to ensure a full understanding of their options for participation, their preferences for how and when they want to transition as well as the sharing of information with MMSM that will assist in planning for a smooth transition. MMSM looks forward to working closely with communities through each of the following phases as the province transitions to full EPR for packaging and printed paper.

8.2.1 Phase 1 – Plan Approval & Regulatory Amendments

In this phase, MMSM will:

- Support the Ministry in its review of the Transition Plan
- Support the Ministry and stakeholders as requested to facilitate review and approval of the Transition Plan.

8.2.2 Phase 2 – Collection Service Design

MMSM will initiate the collection service design phase before the formal approval of the Transition Plan and completion of regulatory amendments upon notification by the Ministry of its intent to proceed. The timeline allows for an initial six months for the Ministry to consider the plan and necessary amendments before MMSM initiates the collection service design work.

Communities will have a right of first refusal to act as collection contract management agents under contract to MMSM. The role of a contract management agent involves procuring and administering collection services from qualified collection service providers. During consultations, municipal and Indigenous community representatives indicated that both the collection services contracts (master services agreement and statement of work) outlining the service standards defined by MMSM and the collection service payment proposals would be needed to facilitate their decision to participate in the service delivery or to opt-out of service delivery. In order to maintain the timeline and respond to this feedback, MMSM must initiate the collection service design in 2022.

Please see Appendix C to view sample terms and conditions of the types of requirements that may be included in commercial agreements. It is MMSM's goal to not only maintain services but to improve them with no disruption to residents in the event that the current standards do not meet those established in the Plan and statement of work.

In this phase, MMSM will:

- Develop the collection services master services agreement and statement of work for use when contracting for residential curbside, multi-family, and depot collection services.
- Contract an independent accounting firm to review historic CMS data and conduct research with municipal and Indigenous partners to identify residential collection service costs and categorize by service standards. Additional contract information will be collected by the firm. Initial feedback from municipal and Indigenous representatives indicates support for a payment model based on a per household payment for residential curbside delivery and per tonne payment for material collected from depots as well as a willingness to provide additional contract details and cost information.
- Work with municipal and Indigenous community partners to understand the extent to which multi-family buildings are part of the current shared responsibility model.
- Municipal and Indigenous community participation in this activity is required and MMSM is relying upon the feedback received from representatives indicating a willingness to participate in this process.
- Engage with municipal and Indigenous community representatives on the collection service contracts and price proposals.

In this phase, communities will:

- Review MMSM's master services agreement and statement of work.
- Review MMSM's proposed payment for services outlined in the master services agreement and statement of work.
- Consult with MMSM to clarify understanding of master services agreement, statement of work, and payments.
- Continue to receive payments under the shared responsibility model.

8.2.3 Phase 3 – Community Participation

In this phase, communities will complete their internal reviews of the MMSM master services agreement, statement of work, and payment proposal to determine if they would like to continue delivering collection services for residential recycling in accordance with the service standards outlined or if they would like MMSM to take over the responsibility.

Communities indicated they would need between 3 and 12 months to evaluate the MMSM master service agreement, statement of work, and pricing proposals to determine whether or not they would participate in the delivery of collection services. This timeline allows for internal reviews by the appropriate officials for the community.

MMSM will continue its support to communities in their review of documents and assist them in making a decision that works best for them. MMSM recognizes that each community has its own factors to consider when taking this decision.

For those communities that opt out of providing collection services, MMSM will issue an RFP and select a contractor to deliver collection services to ensure continuity of service to the community's residents. If the community chooses to opt-out, MMSM will assume the payment responsibility for the collection and management of the designated materials.

In this phase, MMSM has assumed that declarations of willingness to participate in service delivery or intention to opt-out of service delivery will be made throughout the period April 1, 2023 - December 31, 2023.

In this phase, MMSM will:

- Support municipalities and Indigenous communities in their review.
- Be available to assist with preparation of recommendations for the appropriate officials for the community.

In this phase, communities will:

- Review the master services agreement, statement of work, and payment terms with community officials to determine if they would like to continue delivering collection services for residential recycling under contract to MMSM or have MMSM provide the service.
- Notify MMSM of its decision to opt in or opt out of service delivery for their community.
- Continue to receive payments under the shared responsibility model

8.2.4 Phase 4 – Catchment Design & Sequencing

Communities will be aggregated into catchments, organized as logical clusters for the purposes of competitive procurement of post-collection services. The process to design and sequence catchments to enable communities to transition requires the cooperation and participation of communities and is iterative in nature. In defining catchment boundaries and sequencing of catchments, MMSM will take a principled and step wise approach. Working with municipalities and Indigenous community representatives, MMSM will ensure that consideration is given to those communities ready to transition and will strive for design of catchments that when transitioned together can create scale to advance cost-efficiency and improve environmental performance. That said, MMSM recognizes that not all communities within a defined catchment can transition on the same timeline. Once a catchment is defined, the detailed implementation plan will identify the transition date for each community in the catchment. In addition, it will consider the natural termination and renewals of contracts for those communities that 'opt-out' of participating in service delivery.

Phase 4 will begin concurrent with Phase 3 to allow the Transition Plan to advance.

In this phase, MMSM will:

- Work with communities to understand their preferred timing for transition in the context of a number of catchment design criteria such as physical geography, volumes of PPP available, existing infrastructure, and proximity of that community to other communities who have declared their intention to transition.
- Design the catchments for the province of Manitoba where a catchment is designed to create a logical flow of material from the originating community to its most efficient consolidation and/or Material Recovery Facility (MRF).
- Design and develop the service standards, contract, and Request for Proposal (RFP) for post-collection services.
- Utilize feedback gained from Phase 3 to initiate development of the sequence by which participating and non-participating communities will transition to full EPR.

8.2.5 Phase 5 – Procurement

Procurement will be an ongoing process beginning in Q4 of 2023 and ending in 2026. The MMSM team will set up a reverse supply chain for the collection, processing, and marketing of residential PPP in Manitoba. MMSM will operate the post-collection management on behalf of stewards. This effort includes the management of the sale of recyclables to end markets. As each community transitions, if it chose to continue to deliver collection services, the community will be responsible for delivering collection services with payment from MMSM. If a community opts, the community is no longer responsible for incurring the expense to collect. For both communities that deliver collection services and the communities that opt out, MMSM will receive, process and market residential material including financial responsibility upon transition.

The process will begin with the procurement of post-collection services to establish the delivery locations for collected material before finalizing contracts with participating communities and managing competitive collection tenders to ensure collection services are provided in non-participating communities. In procuring post-collection services, MMSM will work to design a system that will optimize consolidation, transfer, processing, and marketing of materials by maximizing post-collection scale while minimizing transportation and handling thereby reducing energy use and attendant greenhouse gases.

In this phase, MMSM will:

- Manage the competitive post-collection RFP process and negotiate the post-collection contract(s) with the successful proponent(s).
- Finalize contracts with the first wave of participating communities in accordance with the sequencing plan developed in Phase 4.
- Manage the competitive collection RFP process to ensure collection services are delivered in communities where the municipality or Indigenous community opted out of participating in service delivery.

For more information on procurement of post-collection services, please go to section 8.6.

8.2.6 Phase 6 – Transition Communities

MMSM proposes it will take three years to fully transition all communities to the industry-managed and industry-financed full EPR model. Feedback from the consultation phase indicated support for this timeline. Further, MMSM proposed, and received support for a strategy whereby the transition period

would seek a reasonable balance of community transitions over the three-year timeline to enable MMSM to properly support the transition and maintain the quality of services delivered to Manitoba residents.

In this phase, MMSM will:

- Lead the collaborative planning process for the transition with participating communities.
- Where communities chose to opt-out of service delivery, lead the collaborative planning process with the community and the successful collection contractor. Planning will include consideration for how residents will receive call centre services for missed pick-ups, replacement collection receptacles, etc.

In this phase, communities will:

- Collaborate with MMSM in the transition planning process in accordance with their participation decision. For example:
 - Communities that choose to participate in collection service delivery will work with MMSM to incorporate the new collection service standards into their collection system.
 - Communities that choose to opt-out of service delivery will collaborate with MMSM and its collection service delivery partner to plan the transfer of collection responsibilities from the community to MMSM and its collection service provider.

When a community transitions to full EPR, MMSM will cease to make payments to that community under the shared responsibility model as of the effective date of transition.

Maintaining Service Standards

It's MMSM's intention to maintain and/or improve existing services, with no disruption to residents in accordance with established service standards. These service standards will be equally applied to all communities, to ensure a similar quality of service and a standard list of materials accepted across the province. This will allow for consistent levels of service from one community to another.

8.3 Timeline Assumptions

The following are the key timeline assumptions for the implementation of this Transition Plan:

1. This Transition Plan receives the Minister's intent to approve and to complete Regulatory Amendments by June 30, 2022.
2. Communities will support the research required to categorize CMS data for the purpose of calculating a payment rate for services and to provide additional contract details as required by MMSM to advance the Transition Plan detail.
3. MMSM will publish draft master services agreements, statements of work, and proposed payments in time for the communities to make a declaration of intention to transition.
4. Community representatives will require 3-12 months to review the final contracts and proposed payment, prepare recommendations and seek approval for transition or non-transition from their local council.
5. Community and waste management proponents of post-collection services will require 120 days to respond to the first Request(s) for Proposal.
6. Upon award of post-collection services, the proponent(s) will require 180 days to implement their

network.

7. The first tranche of communities will be eligible for transition in Q1 2024.
8. The final tranche of communities will be transitioned by December 31, 2026.

8.4 MMSM Program Funding

Implementation of the Transition Plan will require steward funding of two types of costs:

MMSM Transition Planning Costs: Preparation costs for assuming operational responsibility of supply chain activities including staff recruitment and training, development of supply chain contracts, design of catchments, legal, research, system development, etc.

MMSM Supply Chain Management Costs: Costs related to payments to communities, as well as costs related to collection and post-collection services as communities transition to full EPR, including the accumulation of prudent program reserves appropriate for a not-for-profit organization with responsibility for operating a real-time supply chain.

Steward fees are typically calculated once per year and announced in the fourth quarter of each calendar year in order to provide stewards with predictability in their budgeting.

Beginning with the 2023 fee cycle, MMSM will increase the annual operating budget commensurate with the projected incremental expense of transitioned communities, program management, and operating reserve requirements as outlined in Section 13.

Funding Assumptions

1. MMSM will fund recycling services in accordance with the standards outlined in the statement of work developed in Phase 2 of the Transition Plan.
2. MMSM will not fund changes to recycling programs of communities that have not engaged with MMSM's Municipal Services staff and which under the current funding agreement those costs would not have been allowed.

8.5 Service Procurement Objectives

MMSM will assume responsibility to collect and manage residential PPP by procuring and paying for collection and post-collection management services.

The method of procuring and paying for services will satisfy the following objectives:

- Provide adequate lead-time for the participating communities and waste management industry to ensure they can respond to collection and post-collection tenders, thus promoting competition by ensuring a fair and open marketplace for services.
- Facilitate cooperation among parties, including stewards, communities, waste management industry, and other affected parties, to bring complementary abilities to deliver better results.
- Ensure that the post-collection system evolves in such a manner as to optimize the consolidation, transfer, processing, and marketing of PPP in support of the transition to full EPR. Specifically, it will:
 - Maximize efficiency as a result of increasing post-collection scale while minimizing transportation and handling which by extension minimizes cost, energy use and

attendant greenhouse gases.

- Increase the quantity and improve the quality of materials marketed thus maximizing commodity financial returns and minimizing residual materials requiring disposal.

8.6 Procurement and Payment of Post-Collection Services

Post-collection management involves receiving collected materials from collection vehicles, picking up materials from depots, consolidation and transfer where required, handling and sorting materials, preparing materials for shipment to diversion end-markets or downstream processors, marketing materials, appropriately managing residual materials and reporting the quantities of material received and marketed and other metrics to MMSM as required.

In preparation for MMSM assuming responsibility for the collection and management of PPP, MMSM will undertake a competitive procurement process that will provide post-collection service providers with the opportunity to propose comprehensive post-collection management solutions for the collected quantities of PPP.

The competitive procurement process for post-collection service is a means to coordinate post-collection activities across community boundaries within a catchment to build efficiencies in handling, processing, and marketing of PPP and to minimize logistic inefficiency (i.e., unnecessary duplication of vehicle movements and handling).

Accordingly, MMSM will engage PPP post-collection service providers, both the waste management industry and communities, on a contractual basis using the following process:

1. MMSM will issue a Request for Expressions of Interest (REOI) to PPP post-collection service providers to gauge their capacity to receive, process and market a defined list of PPP received from collectors.
2. MMSM will develop the procurement instruments (e.g., tender documents, requests for proposals and statements of work) identified in the REOI process.
3. MMSM will issue an invitation to prospective post-collection service providers that are able to manage the defined list of PPP to participate in a competitive procurement process for post-collection services.

Prospective post-collection service providers will be provided with the following information for each catchment for which MMSM is procuring post-collection services:

- The communities within the catchment boundaries.
- The contact information for the collection service providers for each community in the catchment, if it is known at the time.
- The expected quantities of PPP generated by each community in the catchment and the method of its collection (e.g., single-stream cart, dual-stream, etc.).
- Details about existing transfer stations, material-recovery facilities and other PPP related installed capital within catchment boundaries, if known.

The competitive procurement process will solicit information that will allow MMSM to confirm a post-collection service provider's ability to meet processor qualification standards set by MMSM. The competitive procurement process will also solicit bid prices for post-collection services, including:

- Receiving PPP from vehicles operated by qualified collectors.

- Picking up PPP from depots operated by qualified collectors.
- Consolidating and transferring PPP from qualified collectors where required.
- Sorting and preparing PPP for shipment to diversion end-markets or downstream processors.
- Marketing PPP to diversion end-markets.
- Transferring PPP to downstream processors, as required.
- Appropriately managing residual materials.
- Tracking materials received and shipped to diversion end-markets or disposal.
- Reporting to MMSM as required.

Post-collection service providers qualify based on compliance with processor qualification standards and evaluation criteria including but not limited to price, location, capability (operational and reporting), capacity, output to diversion end-markets per tonne received and material revenue received.

In assessing best value, MMSM will also consider the implications of processor and diversion end-market locations on its contract administration activities including, for example, audits and compliance.

With respect to the marketing of processed materials, processors will be incentivized to find the “best” markets for materials (i.e., reliable markets that command the highest commodity prices and that are not at risk of border restrictions) and the agreements will incorporate mechanisms for how MMSM receives value for the marketed commodities.

In addition, MMSM is aware that stewards will want access to materials to advance their sustainability objectives and to support the development of a circular economy. When designing the post-collection contracts, MMSM will give consideration to these two key priorities while balancing the need to maximize revenues for the entire program for the purpose of minimizing cost.

8.7 Ensuring Competitive, Fair and Open Markets

MMSM will strive to ensure that it implements the Transition Plan in a matter that promotes competition including providing all businesses, including small and medium sized ones, equitable opportunities to compete to support a fair and open marketplace for recycling services. MMSM will treat market participants in a fair, reasonable, and non-discriminatory manner by applying transparent and accessible policies, rules and procedures to all participants and considering competition and efficiency when establishing procurement, payment and related administrative policies and practices.

8.7.1 Promoting Competition and Ensuring Market Fairness

Economic efficiency and environmental performance objectives under this Transition Plan must be achieved by fostering competitive markets for the collection and management of PPP. To ensure that competitive markets are promoted, MMSM will:

- Utilize a combination of procurement practices and economic incentives to obtain collection services directly from private sector service providers in a manner that complies with the *Competition Act (Canada)* and other established practices and procedures designed to ensure competitive procurement.
- Ensure that where communities are acting as collection contract managers, MMSM’s requirements for ensuring competitive procurement processes for collection services are reflected in those communities’ tendering processes.

- Ensure that where benchmark prices are used to remunerate collectors, they are established giving consideration to prices realized in competitive procurement processes in communities with similar geographies, population and other relevant characteristics that used MMSM's requirements.
- Use cost-based assessments where such direct benchmark prices are unavailable or incomplete, which may include giving consideration to historical prices obtained by the community, to adjust observed market prices for salient differences between the most-like benchmark community and the community subject to benchmarking.
- Ensure that where MMSM uses incentive-based remuneration (e.g., for incentivizing private delivery of PPP collections from multifamily dwellings) the incentives are available to any qualified collector.
- The size of catchment boundaries for post-collection procurement will be limited to provide opportunity for many post-collection service providers to deliver services (See Section 8.6).

MMSM will establish administrative rules, procedures and practices (e.g., qualifying service providers, registering parties, requiring reporting, making payments etc.) that are fair, reasonable and non-discriminatory. In furtherance of this, MMSM will ensure that qualification, procurement, and payment practices will promote competition among collection and post-collection service providers by:

- Creating opportunities for new service providers to compete.
- Conferring exclusivity only pursuant to a competitive procurement process.
- Ensuring that community contracts are not extended beyond their natural expiry, including any renewal terms, where existing community collection contracts with service providers are amended to align with standards provided by MMSM.
- Maintaining appropriate confidentiality protocols to ensure that proponent prices, sales and costs are not disclosed to competitors.
- Reviewing performance standards to assess relative cost impacts between different types of service provider.
- Conferring collection and post-collection service providers the ability to:
 - Independently set the prices for goods or services proposed in competitive procurements.
 - Advertise or market their goods or services that are unrelated to the services provided to MMSM.

8.8 Standardized List of Materials Collected

The list of accepted and targeted PPP will be standardized and uniform in all transitioned communities. Although stewards will report and pay fees for all designated PPP, not all PPP has diversion end-markets and therefore the list of PPP targeted for collection will be a subset of designated PPP listed in Appendix B.

The principles for establishing the list of materials targeted for collection are as follows:

- Materials targeted for collection have diversion end-markets with sufficient capacity to avoid the need for storing materials or requiring their disposal; or if no diversion end-markets exist, then the materials have alternative management options that are environmentally preferable to landfill.

- Materials can be managed in a manner that minimizes residue and disposal; and by extension, all materials targeted for collection can contribute to environmental performance.

Where a material is not on the list of targeted PPP, or where the material does not have a diversion end-market, the material will be evaluated to determine the activities necessary to collect and/or recycle the material in the future.

The initial list of targeted materials is included in Appendix B and will generally include:

- Newspapers and flyers
- Magazines and catalogues
- Telephone directories
- Aluminum food and beverage containers
- Glass food and beverage containers
- Steel food and beverage containers
- PET (#1 plastic bottles and clear clam shells)
- HDPE (#2 plastic) containers
- Old corrugated cardboard (OCC)
- Gable top containers (e.g., milk cartons)
- Boxboard (e.g., cereal boxes)
- Aseptic packaging (e.g., juice boxes)
- #4, 5 & 7 household plastic containers

Some exclusions will apply within the general categories due to specific characteristics of the material, including but not limited to contamination, hazardous residue, or size. Such exclusions will be communicated to consumers through promotion and education (P&E) materials. Additions to the list of materials targeted for collection will be made for operational reasons in response to changing technology and the availability of diversion end markets.

9. COMMUNICATIONS, PROMOTION AND EDUCATION

MMSM will have the primary responsibility to communicate with and provide P&E materials to consumers in transitioned communities. In many cases, MMSM will develop the communications and P&E materials, which will then be delivered by its collection partners.

MMSM will design and deliver an effective resident education program that achieves three primary objectives:

- Increase the recovery rates of PPP in residential-based collection services.
- Make consumers and other target audiences aware of the program features and benefits.
- Engage and encourage consumers to make informed and proper decisions concerning the preparation of PPP for collection in order to increase the amount of targeted PPP collected and reduce contamination.

P&E activities are set out in a communication strategy that is reviewed and updated annually. Key features and techniques include:

- A variety of tools to build awareness among residents about appropriate end-of-life management of PPP.
- The Recyclepedia web tool and mobile app for use by participating communities.

- Targeted school programming for K-12 and post-secondary institutions.
- Educating residents about the actions required.
- Motivating action (providing a “call-to-action”).
- Reinforcing and rewarding the newly adopted behaviour by providing information about the result of their action.

The principles guiding the development of the communication and P&E plan will be:

- **Understand MMSM’s resident and stakeholder audiences:** Identify the various audiences who will participate in the PPP program and assess each group’s information and P&E needs.
- **Design effective communication and P&E:** Ensure that communication strategies, images, messages, and tools reflect needs, are clearly understood, overcome perceptual and real barriers, contain a call to action and motivate appropriate behaviour.
- **Collaboration:** Explore opportunities to collaborate with other Manitoba stewardship programs, communities, retailers, community-based organizations, and others to develop strategies and distribute P&E materials that strive to inform and motivate.
- **Establish measurement metrics:** Establish a benchmark measurement of program awareness, perceptions and reported behaviour against which to track and assess changes pertaining to year-over-year performance.
- **Maximize the use and effectiveness of in-kind advertising space:** Fully utilize advertising space provided by NMC Members cost effectively meet communications and P&E needs.
- **Deploy an effective mix of communication and P&E tactics:** Develop and disseminate a strategic mix of tactics that ensure consumers and stakeholders are effectively exposed to primary and supportive messaging; and to undertake this in cooperation with communities and others who have developed and operate successful, mature recycling programs.
- **Engage audiences to elicit feedback:** Employ contemporary methods of communication interaction (e.g., social media) as well as traditional methods to engage consumers and encourage them to provide direct feedback regarding program changes and to ask questions.

To assist in the evaluation of communications activities, MMSM will conduct research during the year following approval of this Transition Plan to establish benchmark awareness levels.

10 DISPUTE RESOLUTION PROCESS

The objectives of the dispute resolution process are to manage disputes to resolution, rather than adjudication, earlier and faster and at a reduced cost to all parties involved.

MMSM will seek to balance the principles of access, efficiency, fairness, and equitable outcomes in the design of its dispute resolution mechanisms. Dispute resolution processes will be tailored to the nature of disputes and will be embedded in commercial agreements between MMSM and its service providers. A general dispute resolution process will be posted to the MMSM website to govern disputes where there is no established dispute resolution process between MMSM and another party with which it conducts business.

11 PROGRAM PERFORMANCE

11.1 Tracking Program Performance for Non-Transitioned Communities

MMSM will report the total tonnes collected within the program. For non-transitioned communities the source will be the verified CMS data as administered by MMSM. For transitioned communities, the source will be the submission made by collectors in accordance with the reporting requirements outlined in the statement of work for collection services.

11.2 Tracking Program Performance for Transitioned Communities

MMSM reports the program recovery rate in its Annual Report where the Recovery rate calculation, as illustrated in Figure 4, is:

$$\frac{\text{(A) Tonnes of PPP collected}}{\text{(B) Tonnes of PPP supplied}}$$

Throughout Phase 6 of the Transition Plan, MMSM will seek to maintain the program recovery rate of 70%, as required by the Minister’s 2018 approval letter, and improve the recovery rate as MMSM assumes management responsibility for materials collected in transitioned communities. In 2024, MMSM will consult with stakeholders on the revised program and material specific targets to be achieved upon completion of the transition. This consultation will be informed by MMSM’s known post-collection network design and the capabilities it will bring to improve the environmental performance of the program.

Figure 4



When reporting the program recovery rate during the 3-year period where communities are transitioning to full EPR, MMSM will report the recovery rate in non-transitioned communities, transitioned communities, and for the program in total. For this purpose, the supply quantities reported by MMSM stewards will be pro-rated based on the population of communities.

11.3 Timeline and Approach to Achieving Program Recovery Rate

MMSM will achieve the aggregate province-wide recovery rate two years following the transition of all communities and after a successful consultation in 2024. Actions MMSM will take to achieve the target include:

- Ensuring appropriate and convenient access to PPP collection services.
- Increasing participation by encouraging consumers to utilize available collection systems.
- Resolving technical and convenience barriers in multi-family collection systems.
- Increasing capture rates by encouraging consumers to place targeted PPP in the PPP collection system rather than the garbage collection system.
- Standardizing the list of materials collected.

MMSM will require a period of time to assess the impact on program performance resulting from changes to the types of materials designated as PPP and the establishment of a standardized list of materials accepted in recycling programs.

11.4 Material-Specific Recovery Targets for PPP Supplied to Consumers

MMSM is proposing to establish material-specific recovery targets for PPP supplied by stewards to transitioned communities. Unlike the program recovery rate, where all data is available to calculate the overall performance in both non-transitioned and transitioned communities, material specific recovery rates need input from material composition audits to be calculated. MMSM will have access to the material and composition audit services in transitioned communities only as these rights will be established in the master services agreement and statements of work for collection and post-collection.

MMSM will pro-rate the supply quantities reported by stewards based on population and will include the transitioned communities' collected quantities and audit results in the first year where the community was in transition status for the full calendar year. For example, if Community A transitioned on July 1, 2025, their collected quantities and composition audit results would not be considered in the material specific recovery rate until the year 2026.

The categories for material-specific targets are:

- Paper
- Plastic
- Metal
- Glass

11.4.1 Material-Specific Targets

Material-specific recovery targets represent the minimum percentage share of each material type that MMSM will seek to collect. The methods of managing the materials will allow for the material or part of the material to be directed to a recycling diversion end market. The material-specific recovery targets will be set with the following objectives:

- In aggregate, the achievement of all material-specific recovery targets will enable the achievement of the overall program recovery rate established in 2024.
- The focus on increased performance should be on materials with existing recovery rates that fall below the program recovery rate target.
- Material-specific targets should be achievable within two years following the transition of all communities.

MMSM proposes to establish the material specific targets upon approval of this Transition Plan and completion of its

post-collection network design in consultation with the program stakeholders. This work will be completed in 2024. The current performance by category is summarized in the following table.

Figure 5

Material	Target	Current Performance (2020)	Improvement Percentage
Paper	TBD	98.8%	TBD
Plastic	TBD	50.8%	TBD
Metal	TBD	59.2%	TBD
Glass	TBD	73.4%	TBD

11.5 Other Performance Indicators

In addition to the program and material-specific recovery rates to be reported as outlined above, MMSM will report the following performance indicators on an annual basis:

- Total supplied tonnes as reported by stewards.
 - Number of stewards.
 - Total tonnes of collected residential material collected.
 - Total tonnes directed to recycling, recovery and disposal end markets from transitioned communities.
 - Total number of transitioned communities.
 - Number of households serviced in transitioned communities.
 - Percentage of households with access to collection services for transitioned communities.
 - Cost per tonne for all services delivered in transitioned and non-transitioned communities.
 - Cost per household for all services delivered in transitioned and non-transitioned communities.
 - Recovery performance for sub-categories within the four material-specific reporting categories
- MMSM will report consumer awareness performance indicators at least every three years.

11.6 Greenhouse Gas Reporting

As part of Canada’s ongoing effort to develop a harmonized and efficient mandatory greenhouse gas (GHG) reporting system, MMSM will begin to compile GHG data from its service providers one year after all communities have transitioned to full EPR. MMSM will support service providers in the implementation of tracking and reporting systems that will allow MMSM to calculate the GHG impact associated with the services they provide. During initial discussions with municipal and Indigenous communities they indicated their willingness to work with MMSM on providing this information.

12 PROGRAM FINANCING

MMSM has a responsibility to deliver an efficient and effective PPP stewardship program. Stewards will be responsible to pay fees that are sufficient to implement and operate the Transition Plan. The Transition Plan has six phases:

- Phase 1: Transition Plan approval

- Phase 2: Collection service design
- Phase 3: Communities determine participation
- Phase 4: Catchment design and sequencing
- Phase 5: Procurement
- Phase 6: Transition communities

MMSM will, beginning with the 2023 fee schedule, incorporate new cost items within the annual business plan and budget to be shared with stewards annually. These new cost items will be incorporated at a measured pace and in alignment with its increasing financial and management responsibilities.

MMSM incorporates the following costs into its annual budget, which are inputs to calculate material fees:

- Share of supply chain costs for non-transitioned communities.
- Promotion and education and market development – costs to educate Manitoba consumers and invest in performance improvement.
- Program Management – costs to operate the program.
- Regulatory Costs

These cost items will remain components of the MMSM annual budget. Research and contract development activities planned for 2022 will be funded by program reserves. Beginning in 2023, the MMSM program budget will include new budget items required to support the transition plan implementation. To fund the transition planning and the community transition phases, MMSM will add the cost items in Figure 6 below to the program budget and these items will be included when calculating the material specific fee rates charged to stewards.

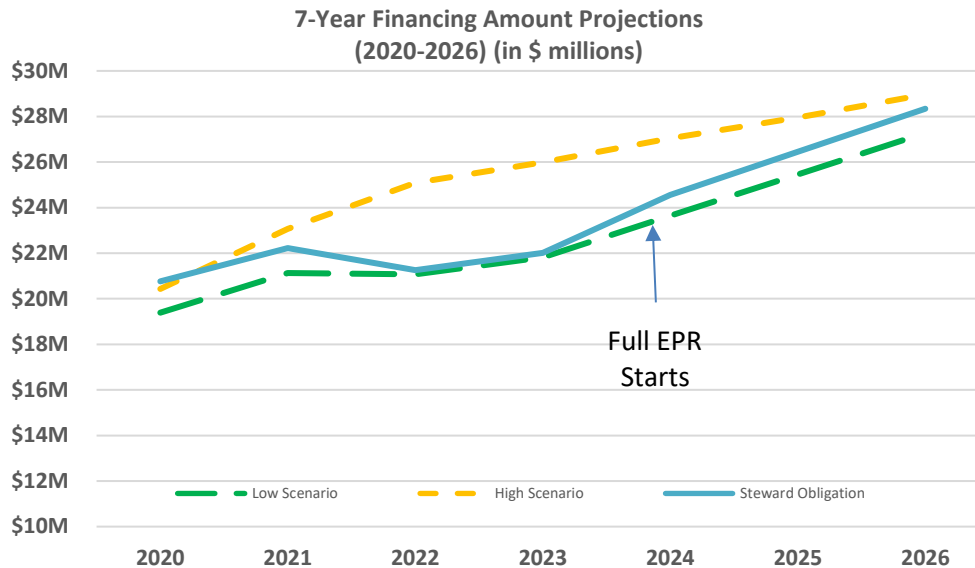
Figure 6

Anticipated Year	Cost Item
2023	1 - Transition Plan resources
	2 - Reserve accumulation
2024	1 - Transition Plan resources
	2 - Reserve accumulation
	3- Transition Plan support resources
	4 - Incremental supply chain costs for transitioning communities
2025-2027	1 - Transition Plan support resources
	2 – Incremental supply chain costs for transitioning communities

MMSM will publish the budget and fees annually to stewards in Q4 of each year to allow stewards to understand the basis of their fees and to plan for the incremental annual transition expense to be incurred beginning in 2022 until a steady state is achieved upon completion of the transition.

The following graph provides a projection of the steward obligations as the transition to full EPR for PPP is made.

Figure 7



13 REGISTRATION, REPORTING, AND RECORD KEEPING

MMSM will be responsible to provide stewards with a registration and reporting system.

13.1 Registration & Reporting

MMSM will be responsible to facilitate the registration of stewards and to provide stewards with an online reporting system, support services, and tools.

13.2 Record Keeping

MMSM is responsible for maintaining the confidentiality and security of reported information.

14. Next Steps⁵

MMSM has developed this Transition Plan in consultation with stakeholders through webinars, workshops, and one on one discussions. The input received during these consultations has been valuable in helping to shape the Transition Plan to provide a clear outline of how MMSM will implement a transition of the residential recycling system from the current shared responsibility model to full EPR. MMSM shared the draft Transition Plan with interested stakeholders and invited input and feedback during a 30-day consultation period between September 2 and October 1, 2021. MMSM gave careful consideration to the feedback received during this time and where possible updated the Transition Plan accordingly. An outline of how MMSM responded to stakeholder input is outlined in the Consultation Report. In keeping with the Minister’s Request Letter, MMSM is pleased to submit this Transition Plan for review by the Minister. MMSM looks forward to continuing its work with the Ministry and other stakeholders to ensure a smooth and orderly transition to full EPR that minimizes disruption and ensures uninterrupted recycling services for Manitoba residents.

⁵ Note that following the initial submission of this Transition Plan on November 17, 2021, MMSM received feedback from the Ministry, which it has sought to incorporate in this current version of April/May 2022.

APPENDIX A – PAYMENTS TO NON-TRANSITIONED COMMUNITIES

Payments to non-transitioned communities will be calculated in a manner that results in the total amount paid to each non-transitioned community being up to 80% of the median of the total verified eligible net costs it incurred to collect and manage PPP as a result of their residential recycling program, the manner consistent with the MMSM 2018 Program Plan as detailed below. When a community transitions to full EPR, MMSM will cease to make payments to that community under the shared responsibility model as of the effective date of transition. The shared model will cease at the end of the 3-year transition period.

Calculation of Payments to Non-Transitioned Communities

For the purpose of this section, the following terms are defined in Appendix A.

- Operating Costs
- Promotion and Education Costs
- Capital Costs
- Calculated Administration Costs
- Gross Revenue

Verified Eligible Net Costs for each participating community are calculated as the verified sum of Operating Costs plus Promotion and Education Costs plus Capital Costs plus Administration Costs less the Gross Revenue.



Eligible Net Costs for each participating community are calculated as the sum of Eligible Administration Costs plus Operating Costs plus Promotion and Education Costs plus Capital Costs less Gross Revenue.

Operating Costs include expenditures for the collection, processing, and marketing of residential PPP, whether the service is delivered by the community, contracted to the private sector, or a combination thereof.

Promotion and Education Costs include the costs to promote the use of the residential recycling program and educate residents on local recycling procedures.

Capital Costs funding includes a portion of the annual amortization expense of community owned collection vehicles, facilities, fixed and mobile equipment and collection containers used for residential PPP services where the capital costs do not form part of the contracted services provided by private sector contractors.

Gross Revenue includes revenue from the sale of PPP and from the sale of collection containers as well as revenue from grants, waste management service fees or other funding sources that offset the delivery of recycling services.

Eligible Net Costs are divided by the eligible tonnes managed by each community to calculate the eligible net cost per tonne for each community.



The majority of the payment to each non-transitioned community will be in the form of cash, with the balance being in the form of advertising space provided by News Media Canada (NMC) members through their in-kind fee payments.

The value of the in-kind payment provided to each community will be calculated as the portion of NMC in-kind fees attributable to non-transitioned communities, as described in Section 6.6, prorated amongst all communities on a relative basis using their verified eligible net costs.

Cash payments to non-transitioned communities will be calculated as the payment minus the NMC in-kind portion and will be made in equal quarterly installments, in accordance with the schedule below.

Payment Quarter	Payment Issued Data
Q1	April 30
Q2	July 31
Q3	October 31
Q4	January 31

Eligible Costs and Revenue Categories - MMSM 2018 Program Plan

The eligible cost categories stated herein are effective as of July 2018 and are subject to change from time to time at MMSM’s sole discretion following discussion with Manitoba Industry Program Committee.

Eligible Administration Costs

Administration costs are costs incurred by municipalities in support of PPP program operations. Eligible administration costs include the portion of the following cost items that are attributable to residential PPP program operations:

- Financial, including accounts payable and receivable, purchasing, payroll and audit.
- Human Resources, including health and safety, labour and employee relations, training and development.
- Information Technology, including electronic databases to record and track PPP tonnage information.

- Specifically excluded are costs associated with elected officials and corporate governance, or the cost of any study or audit required to be undertaken by the municipality as part of its services to MMSM.

Eligible Service Delivery Costs

Service Delivery Costs include expenditures for the collection and processing of residential PPP, whether the service is delivered by the municipality, contracted to the private sector, or a combination thereof. If the service is contracted to the private sector, the direct service delivery cost is the collection and processing fees charged by the contractor to the municipality. If the service is delivered by the municipality, direct service delivery costs include:

- Payroll costs of recycling collection truck drivers and sorters at a material recovery facility.
- Services such as utilities, insurance, equipment repair and maintenance.
- Supplies such as fuel, baling wire, recycling containers/carts.
- Rent or lease costs for buildings, equipment or vehicles.

Eligible Promotion and Education Costs

Promotion and Education Costs include the costs to promote the use of the municipal recycling program and educate residents on local recycling procedures.

Eligible Capital Costs

Capital Costs include the portion of the amortized capital cost of municipally owned collection vehicles, facilities, fixed and mobile equipment, and collection containers used for residential PPP services where the capital costs do not form part of the contracted services provided by private sector contractors. Any grants for capital improvements will be subtracted from the amortized capital costs determined for the municipality.

Gross Revenue

Gross Revenue includes revenue from the sale of PPP, revenue from the sale of collection containers, and revenue from grants, municipal waste management service fees or other funding sources that offset the delivery of recycling services.

APPENDIX B - DESIGNATED MATERIAL LIST FOR WHICH STEWARDS REPORT AND PAY FEES

<u>Material Category</u>	<u>Material Sub-Category</u>	<u>Examples (not intended to be a comprehensive list)</u>
<u>Printed Paper</u>	<u>Newsprint</u>	<u>Newspaper publications, newsprint inserts and flyers, product manuals printed on newsprint.</u>
	<u>Magazines and catalogues</u>	<u>Weekly/monthly or annual magazines, retailer seasonal catalogues, travel magazines.</u>
	<u>Directories</u>	<u>Phone books.</u>
	<u>Other Printed Materials</u>	<u>Free promotional calendars and posters; product user guides, warranty cards, product safety information etc.; monthly, quarterly or annual statements; cash register receipts.</u>
<u>Paper Packaging</u>	<u>Gable top containers – non-beverage</u>	<u>Milk and cream cartons, sugar cartons.</u>
	<u>Gable top containers – beverage</u>	<u>Ready to serve beverages such as milk and juice cartons.</u>
	<u>Aseptic containers – non-beverage</u>	<u>Soup, sauce containers.</u>
	<u>Aseptic containers – beverage</u>	<u>Ready to serve beverages such as juice and milk.</u>
	<u>Paper laminates</u>	<u>paper ice cream cartons.</u>
	<u>Corrugated cardboard</u>	<u>Television and computer boxes, pizza boxes, paper carry-out bags.</u>
	<u>Boxboard and other paper packaging</u>	<u>Cereal boxes, tissue boxes, clothing hang tags, shoe boxes, egg cartons, formed coffee take-out trays, the roll inside of toilet paper, paper towel, tin foil and plastic wrap, boxboard shipping boxes used for direct mail to residential customers.</u>
<u>Plastic Packaging</u>	<u>#1 PET bottles < 5 Litres - non-beverage</u>	<u>Salad dressing bottles, edible oil bottles, peanut butter jars, clear clam shells</u>
	<u>#1 PET bottles >= 5 Litres – non-beverage</u>	<u>Salad dressing bottles, oil bottles.</u>
	<u>#1 PET bottles < 5 Litres – beverage</u>	<u>Soft drink, juice, and water bottles.</u>
	<u>#1 PET bottles >= 5 Litres – beverage</u>	<u>Water bottles.</u>
	<u>#2 HDPE bottles and jugs < 5 Litres - non-beverage</u>	<u>Laundry detergent, shampoo, bleach, vinegar, body wash, household cleaning products.</u>
	<u>#2 HDPE bottles and jugs >= 5 Litres – non-beverage</u>	<u>Laundry detergent and bleach.</u>
	<u>#2 HDPE bottles and jugs <5 Litres - beverage</u>	<u>Juices, milk.</u>
	<u>#2 HDPE bottles and jugs >=5 Litres – beverage</u>	<u>Juices, milk.</u>
	<u>#5 Other rigid plastic <5 Litres - non-beverage</u>	<u>Margarine tubs, hand cream tub, microwaveable trays.</u>
	<u>#7 Other rigid plastic >=5 Litres – non-beverage</u>	<u>Pails.</u>
	<u>#5 Other rigid plastic <5 Litres - beverage</u>	<u>Juice bottles and jugs.</u>
	<u>#5 Other rigid plastic >= 5 Litres – beverage</u>	<u>Juice bottles and jugs.</u>
	<u>Plastic laminates – non-beverage</u>	
	<u>Plastic laminates – beverage</u>	
	<u>#4 Flexible plastics</u>	
	<u>Biodegradable rigid plastic containers – non-beverage</u>	<u>Trays, pails, lids.</u>
<u>Biodegradable rigid plastic containers –</u>	<u>Beverage containers.</u>	

	<u>beverage</u>	
<u>Steel and Other Metal Packaging</u>	<u>Other steel and metal containers and packaging – non-beverage</u>	<u>Food cans such as soup, lids and closures.</u>
	<u>Other steel and metal containers and packaging – beverage</u>	<u>Ready to serve beverages such as cans of juice, energy drinks.</u>
	<u>Paint cans – non-HHW related containers</u>	<u>Steel paint cans for paint and coatings not obligated under the Waste Prevention and Protection Act, Household Hazardous Material and Prescribed Material Stewardship Regulation such as automotive, marine, and arts and craft paint and coatings.</u>
	<u>Aerosol containers – non-HHW related containers</u>	<u>Steel aerosol containers used for products not obligated under the Waste Prevention and Protection Act, Household Hazardous Material and Prescribed Material Stewardship Regulation, such as air freshener, deodorant and hairspray containers, food spray cans, and polish spray cans.</u>
<u>Aluminum Packaging</u>	<u>Aluminum – food cans</u>	<u>Pet food, fruit, sardines.</u>
	<u>Aluminum cans – beverage</u>	<u>Ready to drink beverages including juice, iced tea, energy drinks, soft drinks.</u>
	<u>Aluminum aerosols – non-HHW related containers</u>	<u>Aluminum aerosol containers used for products not obligated under the Waste Prevention and Protection Act, Household Hazardous Material and Prescribed Material Stewardship Regulation such as such as air freshener spray cans, hairspray cans, food spray cans, deodorant spray cans, mousse spray cans.</u>
<u>Glass Packaging</u>	<u>Clear (flint) glass – non-beverage</u>	<u>Food containers such as pickle, salsa, tomato sauce and jam jars, cosmetic containers for creams.</u>
	<u>Clear (flint) glass – beverage</u>	<u>Ready to serve beverages such as juice, water, iced tea, lemonade, wine, spirits.</u>
	<u>Coloured glass – non-beverage</u>	<u>Olive oil bottles, balsamic vinegar bottles, cosmetic containers for creams.</u>
	<u>Coloured glass – beverage</u>	<u>Ready to serve beverages such as juice, water, wine & spirits.</u>

Changes to the list of materials targeted for collection will be made for operational reasons in response to changing technology and the availability of diversion end-markets. As such, these changes are operational in nature and do not constitute a change to the Transition Plan. MMSM will provide consumer-friendly lists of the inclusions and exclusions on its website.

APPENDIX C - SAMPLE TERMS AND CONDITIONS

The following are sample terms and conditions to provide service providers with information on the types of requirements that may be included in commercial agreements.

Curbside Collection Services

- Collector will collect in-scope PPP at curbside from all customers within the defined service area.
- Service area and household count can be amended through a defined change process on a quarterly basis.
- Collector will collect all in-scope PPP from all customers that: (I) are placed in containers (including both collector-provided and customer-owned containers); and (II) any corrugated cardboard, tied securely and stacked by the customers' container (or stacked alone if no container is present).
- Collector will abide by the contamination management protocol.
- May not collect non-PPP under this agreement.
- Pick-up in-scope PPP placed by customers at the curb along the collection vehicle route which may be a public street or a private road where service vehicles can navigate the private road and the owners have agreed to allow service vehicles access.
- Curbside collection on a bi-weekly basis, except that curbside collection may be conducted on a weekly basis where the community is already providing curbside collection on a weekly basis.
- Collector will not compact in-scope PPP in curbside collection vehicles at a ratio higher than X:1.
- Collector will make collections in an orderly, non-disruptive, and quiet manner, and will return containers (including, in the case of carts, with their lids closed) in their set-out location in an orderly manner. Location of Containers should not block sidewalks, driveways, or on street parking.
- Collector will monitor the quality of in-scope PPP set out for collection. Customers with more than the listed percentage by weight of non-PPP and non-targeted PPP items will receive a written notice from collector to reduce the quantity of non-PPP and non-targeted PPP items.
- Customers that receive three or more written notices per calendar quarter (three months) will be contacted by the collector by phone or in person to resolve the issue. If the quantity of non-PPP and non-Targeted PPP items is not reduced to less than the requisite yearly percentage by weight after a minimum of three (3) attempts to educate the customer, MMSM may temporarily remove the customer from the service area.

Containers

- Collector will, at collector's cost, provide re-usable containers that provide customers with sufficient volume to accommodate in-scope PPP generated by the customers between collections so that container capacity is not a barrier to customer use of the curbside collection service.

Designated Post-Collection Service Provider

Collector will deliver all collected materials to the designated post-collection service provider in a prescribed manner.

The point of acceptance will be prescribed in the agreement and will generally fall within a XX minute drive from an urban community boundary at the point of least distance to the facility operated by the post-collection service provider. If the service area is not in an urban area the post-collection service provider will accept delivery of in-scope PPP from the collector at a location no more than YY kilometers from the community boundary at the point of least distance to the facility operated by the designated post-collection service provider.

Customer Service and Management

As part of curbside collection, collector will provide the following services:

- Facilitate access to a customer service office and call center.
- Collector will ensure a digital record all customer complaints and service requests.

Record and Reporting Requirements

Collector will meet record keeping and reporting requirements, for example:

- Tonnage by collection date and weight scale ticket (which must include the collector name and truck number).
- Customer communications related to curbside collection including telephone calls, letters, emails, text messages or webpage messages received.

Contamination Management Process

To ensure that the quality of the collected PPP consistently improves over time the collector will participate in a “contamination management process” in order to achieve the following (as updated from time to time):

1. A Contamination Ceiling – the maximum level of acceptable contamination expressed as a percentage of non-PPP and non-targeted PPP in total collected volumes in-bound for post-collection management.
2. A Contamination Target as a percentage of non-PPP and non-targeted PPP in collected volumes in-bound for post-collection management.

The Contamination Management Process involves the following steps:

Step 1: Identify Candidate Collectors

A collector will only be considered a candidate for the application of the Contamination Management Process 12 months after a given community has transitioned.

In due course of operating the program, MMSM will undertake composition audits of collected materials in transitioned communities. As a result of this ongoing monitoring, collectors may fall into one of three categories:

1. Collectors for whom statistically significant composition audit data is available. Collectors for whom some composition audit data is available, but where the data is not statistically significant.
2. Collectors for whom no composition audit data is available.

These data and ongoing field observations may trigger the Contamination Management process in one of three ways:

1. Face value assessment of empirical data indicates contamination levels exceed the ceiling.
2. Observation of materials in-bound for post-collection management indicates contamination levels may exceed the ceiling.
3. A random selection of a collector has been made.

Once a collector has been identified as a candidate for the application of the Contamination Management Process, it will progress to the next steps.

Step 2: Notify Collector that the Contamination Management Process has been activated

1. MMSM will notify the collector that the Contamination Management Process has been activated.
2. Within 15 business days of notification, MMSM and the collector will meet to:
 - a. Discuss short term remediation plans and a test timeline where the 'baseline test' timeline will not exceed 90 days from notification.
 - b. Agree the number and timing of contamination sampling where the number of samples in the baseline is not less than 10 and conducted over not less than a 3 month period.
3. Conduct tests and review Contamination Result where:

$$\text{Contamination Result} = \frac{\text{Sum (Non-PPP + Non-Targeted PPP)}}{\text{Total Quantity Collected}}$$

4. Where baseline tests indicate that the Contamination Result exceeds the Contamination Ceiling, the Collector shall produce a remediation plan and review the remediation plan with MMSM within 30 days outlining what activities will be undertaken to reduce contamination levels.

Step 3: Improve quality and retest

1. Conduct retests based on timeline and count of tests agreed.
2. Review results.
3. Where results indicate the collector's remediation plan is effective and contamination levels in excess of the Contamination Ceiling have been reduced by at least 50%, MMSM and the collector will repeat Step 3 one time and on the same terms with no financial penalty to the collector.
4. Where results indicate the collector's remediation plan is ineffective and contamination levels remain in excess of the Contamination Ceiling and have been not been reduced by at least 50%, MMSM and the collector will repeat Step 3 one time and on the same terms. The cost of the audits shall be borne by the collector.

Step 4: Apply or Absolve Collectors of a Service Level Failure Credit (SLFC)

1. MMSM will conduct test and review results.
2. Where results indicate the collector has fallen below the Contamination Ceiling, the collector will exit the Contamination Management process until such time as their re-entry is triggered by Step 1.

3. Where results indicate the collector remains in excess of the Contamination Ceiling, MMSM may:
 - a. charge the Collector for the Post-Collection expense associated with the tonnes in excess of the Contamination Ceiling.
 - b. apply a Service Level Failure Credit.
4. The collector will remain in Step 4 until they fall below the Contamination Ceiling.

Collector performing better than the Contamination Target

Collectors may trigger the Contamination Management Process for the purpose of earning a Contamination Process Reward by completing the following process steps:

Step 1: Notify MMSM

1. Collectors will provide MMSM notice of its request to trigger the Contamination Management Process.
2. Within 15 business days of notification, MMSM and the collector will meet to:
 - a. Discuss test timeline where the 'baseline test' timeline will not exceed 90 days from notification.
 - b. Agree to the number and timing of contamination sampling.
3. Conduct tests and review results where the number of samples in the baseline is not less than 10 and conducted over not less than a 3-month period.

Step 2: Evaluate results and determine Contamination Reward eligibility

1. Where the Contamination Result is greater than the Contamination Target, the collector will be charged for the cost of the contamination samples.
2. Where the Contamination Result is greater than the Contamination Ceiling, MMSM may notify the collector that the Contamination Management Process has been initiated.

Where the Contamination Result is less than the Contamination Target, MMSM will pay the collector a Contamination Reward.

Service Level Failures

The following are considered service level failures that may be subject to Service Level Failure Credits.

Service Level Failure	
1	Failure to provide a required report on time.
2	Failure to separate curbside collection of in-scope PPP collected from customers in service area from materials collected outside of the service area without prior written approval.
3	Delivery of materials to designated post-collection service provider that contain more than the percentage by weight of non-PPP items for a given contract year.
4	Failure to enact its applicable Business Continuity Plan, on the occurrence of a Labour Disruption.
5	Contractor delivers in-scope PPP to any location other than the designated post-collection service provider without prior written permission.