



MMSM DRAFT TRANSITION PLAN

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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 is a system 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.

Diversification 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.

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.

Material Recovery Facility (MRF) means a facility where recyclable materials are sorted, processed, and stored in order to be marketed to recyclers or processors. A MRF, unless located outside of Manitoba, will also act as a receiving site and complete the same data collection activities as a Receiving, Consolidation and Transfer Facility (RCT).

Minister means the Manitoba Minister of Environment and Climate Change.

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.

New Communities are communities that are not currently participating in the shared program model.

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-in communities (aka participating communities) means communities that have chosen to deliver residential recycling services, as a service provider under commercial contract to MMSM.

Opt-out communities means communities that have chosen not to participate in the delivery of residential recycling services. In these communities, MMSM will contract with 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 or paper or a combination

thereof. Packaging excludes:

- a. Packaging accessories
- b. Storage containers
- c. Packaging manufactured in whole from wood, 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 (see also Opt-in communities) are 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.

Receiving, Consolidation and Transfer Facility (RCT) means a facility that receives inbound single-family and multi-family collection vehicles and depot materials. The facility tracks the weights of inbound material by source. The RCT then consolidates the materials through baling, compactors, top load long-haul trailer or rolloff container for shipment to a **Materials Recovery Facility (MRF)**.

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.

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

Steward 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 all or portions of the product, including but not limited to CD or DVD cases, and power tool cases.

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.

Targeted PPP means PPP that is accepted for collection.

Transitioned communities are communities that have moved from the current **shared** 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 have chosen not to receive MMSM shared funding at this time but are interested in opting into the full EPR program.

2. INTRODUCTION

2.1 Minister's Request Letter

This Transition Plan responds to several Ministerial requests through the period July 2018 to January 2025 when MMSM received Minister's request letters that extended approval for MMSM to continue to operate its existing program while it engaged in additional stakeholder consultation on the draft plan to transition to full EPR.

2.2 About Multi-Material Stewardship Manitoba (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/>

Please note that during the 2024 Advisory Committee meetings it was suggested that local governments be invited onto MMSM's Board. Such a governance structure would put MMSM in an inherent conflict position because local governments will serve as commercial service providers to MMSM under full EPR. However, MMSM's success necessarily depends on engagement with local communities in their continued participation in the Transition Working Group during transition and on the reconstituted Advisory Committee during post-transition. See section 3.2 below for more details.

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

the transition to full EPR¹. MMSM meets the recommended criteria for a PRO for packaging and printed paper as set out in section 4 of this plan.

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 residential 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 residential PPP collection and management in Manitoba, also known as full extended producer responsibility.

This Transition Plan outlines an approach to smoothly transfer the responsibility for the collection and management of residential 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 from local communities to MMSM, this Plan is drafted as a business plan – focused on the means by which MMSM will

¹ 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, Canadian Beverage Container Recycling Association (CBCRA) and Manitoba Association for Resource Recovery Corporation (MARCC), MMSM has developed this Transition Plan on the premise that it is the only organization meeting producers' obligations under the Regulation for residential packaging and printed paper and is the sole organization to provide collection services to, and to take custody and control over material from single and multi-family residences. The design of the Transition Plan reflects this reality. However, MMSM acknowledges that neither Manitoba's Packaging and Printed Paper Stewardship Regulation nor the WRAP Act apply any restrictions to additional producer responsibility organizations or a single producer from operating a stewardship plan approved by Manitoba's Department of Environment and Climate Change. However, approval of additional plans would entail changes to MMSM's Transition Plan because its design and implementation are based on the premise that all obligated producers in Manitoba participate in the plan and thereby have assumed full responsibility for residential packaging and printed paper EPR in the province.

establish new commercial relationships with service providers.

3. CONSULTATION & ENGAGEMENT

3.1 Guiding Principles

MMSM's engagement with stakeholders and Indigenous communities has been a multi-year process that actively began in 2021 when 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 have 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.

These guiding principles ensure that:

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

3.2 Advisory Committee

In 2023 the Government of Manitoba requested that an Advisory Committee be established to collaborate with and assist MMSM to enhance key elements of the draft Transition Plan. Specifically, the Advisory Committee's goals were to:

- Provide a meaningful forum for discussion.
- Learn stakeholders' suggestions and perspectives on key aspects of the MMSM Transition Plan.
- Identify opportunities to enhance the Transition Plan.
- Expand understanding of the plan and its impacts.
- Generate alignment or consensus where possible.

The Advisory Committee's membership represents MMSM's full value chain including, but not limited to, regulators, producers, local communities and Indigenous governments. A full list of members is available as Appendix A to this plan.

Following approval of the Transition Plan by the Manitoba Government, a Transition Working Group will be established, that will operate through the four-year transition

period and will serve as a platform for all communities to discuss issues and receive updates. Membership will be open to all community members in the program, augmented by one-on-one meetings as needed.

Post transition, MMSM will reconstitute an Advisory Committee, with broad stakeholder representation, including local communities, First Nations and NGOs. The post-transition Advisory Committee will also include a representative from Manitoba's Department of Environment and Climate Change.

3.3 Engaging with Northern and Indigenous Communities

MMSM will continue to work closely with Indigenous Services Canada (ISC) and Municipal and Northern Affairs (MNA) to maintain an up-to-date contact list for Chiefs and Councils and to implement a focused outreach program to northern and Indigenous communities in Manitoba. The purpose of the outreach is to provide information about the MMSM program and the draft Transition Plan so interested communities can advise MMSM if and when they are ready and interested in implementing a residential recycling program. The outreach will also include a process to reaffirm interest from those communities who have previously provided letters of intent.

3.4 Multi-Year 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 will be implemented. Communication materials were designed to clearly and concisely outline the process and timelines associated with the transition to full EPR, as well as its anticipated impact on communities' current role in providing recycling services to their residents. MMSM's engagement always includes multiple methods by which to solicit and receive stakeholder feedback.

During **June and July 2021**, MMSM held eight consultation events consisting of 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. During the fall of 2021, MMSM, in collaboration with Indigenous Services Canada (ISC) and Municipal and Northern Relations, proactively engaged with Chiefs and Councils across the Province, disseminating information regarding MMSM's proposed Transition Plan.

A full list of participant organizations was provided in the consultation report submitted to the Minister with the revised Transition Plan in November, 2021. Supporting documents associated with the 2021 engagement, including posted webinar recordings, presentations, and Q&A, as well as MMSM's draft full EPR MSA and draft SoWs are available [here](#).

In 2024, having established the Advisory Committee, MMSM participated in a series (five in total) of four-hour facilitated discussions with the committee on the following

Transition Plan themes:

- Timelines
- Awareness (Promotion and Education)
- Access
- Contracts and Payment for Services
- Collection
- Governance
- Targets and Performance
- Reporting

This Plan addresses key issues discussed during stakeholder engagement and consultation in both 2021 and 2024, summarized as follows:

Timelines:

- MMSM will provide sufficient time and information for stakeholders to make a decision to opt-in/opt-out of the full EPR program.
- MMSM will provide First Nations and rural communities with sufficient time to submit Letters of Interest, (formerly referred to as Letters of Intent).
- MMSM will consider local governments' budget cycle timing when asking them to make opt-in/opt-out decisions.
- New First Nations and rural communities that are not transitioning will be updated as the transition progresses.
- MMSM will provide an overview of the timing for transition to steward/producer organizations to enable them adequate time to budget appropriately for the anticipated cost increases.

Awareness

- Opt-in communities will be provided with funding for promotion and education.
- MMSM's plans to ensure adequate communication prior to and post transition for opt-out communities.

Access

- Where possible, new communities adjacent to current MMSM members will be considered for inclusion in the transition.

Contracts and Payment for Services

- MMSM will ensure there is understanding amongst all stakeholders of the difference between opt-in and opt-out communities for collection.
- MMSM has committed to working with local communities on best practices to reduce contamination.
- MMSM reiterated its commitment to work with local communities on the terms of the MSA and the SoWs.

Collection

- ICI materials: MMSM will conduct audits to determine the amount of commercial material collected and will work with local communities to devise a formula to determine the allocation of costs associated with providing service to these businesses and managing this material.
- MMSM will service all multi-family buildings serviced by local communities at the time of transition.

Governance

- MMSM Board Membership consists of Industry Representatives and independent directors.
- The Dispute Resolution process for service providers is set out in the MSA. A suite of alternative dispute resolution processes is also provided in Section 10 of this Plan.

Targets and Performance

- Post-collection processing is solely MMSM's responsibility.
- MMSM's plan strives for continuous improvement of program performance.

Reporting

- Clarify recovery rate calculation and data inputs.
- MMSM is committed to harmonizing steward material definitions, categorization and reporting with other provincial jurisdictions as permitted by the Manitoba regulatory framework within which MMSM operates .

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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 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.²
- The PRO is free of conflict of interest or perceived conflict of interest in procuring services on behalf of producers.

² During the 2024 Advisory Committee meetings it was suggested that local governments be invited onto MMSM's Board. Such a governance structure would put MMSM in an inherent conflict position because local governments will serve as commercial service providers to MMSM under full EPR. However, MMSM's success necessarily depends on engagement with local communities in their continued participation in the Transition Plan Working Group during transition and on the reconstituted Advisory Committee during post-transition.

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.

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

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:

1. 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.
2. 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.
3. 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 should the Manitoba government amend the Packaging and Printed Paper Stewardship Regulation to include these products.

6. DEFINITION OF PRODUCER

To assist producers in assessing their obligations and completing their reports, MMSM intends to provide clarifications to the inclusions and exclusions in reporting guidance to producers, as and when appropriate in Rules and reporting guidance documents.

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 **one (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

MMSM will rely upon the authority granted to the Ministry of Environment **and Climate Change** 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 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, **are as follows:**

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.

Adjacent Communities – Communities that are geographically contiguous, i.e., that meet or adjoin at a common boundary.

Waitlist Communities are communities that have chosen not to receive MMSM funding at present but are interested in opting into full EPR.. Waitlist communities will either be transitioned when adjacent participating communities are transitioned or when the program is expanded following completion of transition.

New Communities are communities that are not currently participating in the shared program model.

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

Transitioned – means that the community has moved from the shared program model to the fully managed and financed EPR model.

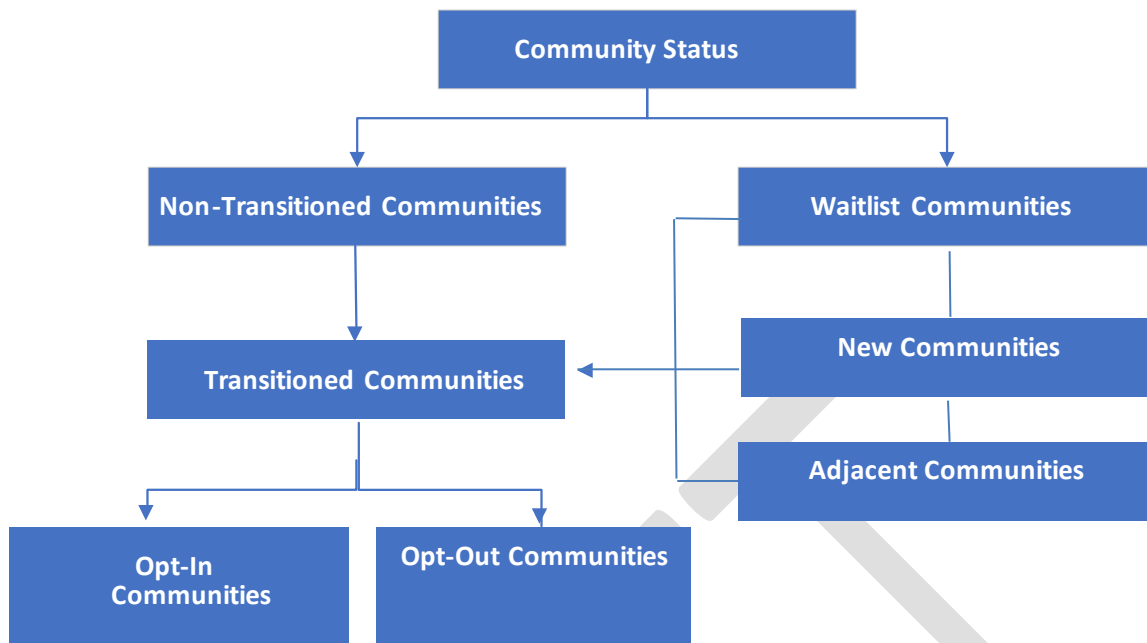
Participating – means that the transitioned community is a service provider to MMSM in the full EPR model and is delivering or managing collection and other residential recycling system services.

Opt-in communities (aka participating communities) are communities that have chosen to deliver residential recycling services, as a service provider under commercial contract to MMSM.

Opt-Out – means that the 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 1



7.1 Community Status

Communities can receive funding from MMSM today under the shared funding model when they have completed all registration materials that satisfy the conditions for funding, and have executed and fulfilled all requirements of the funding agreement. In addition, communities that today are not receiving funding from MMSM but want to join the program are encouraged to provide a letter of interest to be included after the completion of the phases in this Transition Plan..

7.1.1 Indigenous Community Outreach

MMSM will work closely with ISC and the Municipal and Northern Relations, Northern Affairs Branch to develop a targeted outreach program for Indigenous communities. The outreach will provide updates and timelines for full EPR transition phases, confirm interest from those communities who have previously expressed a desire to participate, and increase First Nations and rural communities' awareness of how to signal interest in inclusion and future participation in the Transition Plan. Further targeted outreach is planned for Q2-Q3 of 2025. MMSM, the ISC and the Department of Municipal and Northern Relations will work together to better understand barriers to participation.

Indigenous communities who express interest may be considered during transition if they are adjacent to other communities in a catchment that is shifting to full EPR, otherwise these communities will be included in the MMSM full EPR program after all communities currently registered to the MMSM program have transitioned to the full EPR system.

MMSM will also continue its work alongside other producer responsibility organizations to support the expansion of residential recycling in Indigenous and northern remote communities through the **Winter Road 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 indicate their interest in participation, so that MMSM can evaluate the feasibility of expanding the program to these new communities, once the transition of current MMSM communities is completed.

7.2 New and Waitlist Communities

MMSM will maintain a waitlist of interested communities for inclusion in its EPR program. All interested communities (i.e., new communities) will be encouraged to submit a letter of interest to MMSM to participate in the full EPR program. While on the waitlist for the EPR program, communities may participate in the shared funding model or the Winter Road Project until they can be added to the full EPR program following completion of Transition. Prior to onboarding a community, MMSM will help prepare it for service delivery and educate its residents on how to effectively participate in the recycling program.

7.2.1 Adjacent Waitlist Communities

MMSM will consider including waitlist communities in the Transition if they are located adjacent to a transitioning community catchment and if there are logistical, economic and environmental benefits to do so.

While program expansion is not a focus of the transition plan, MMSM is open to discussions with communities and commits to an annual review of the waitlist to identify waitlist or new communities who could be accommodated in the transition plan based on their adjacency to planned community transitions. For future program expansion in rural and remote communities post-transition, MMSM may also utilize facilities in neighbouring communities to optimize service.

7.3 Non-Transitioned Communities

Transition will occur over a period of three years, and during this time, transitioned and non-transitioned communities will simultaneously operate. Non-transitioned communities will continue to manage 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, **until they have transitioned**.

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 B. This funding model will continue until they transition to full EPR. The MMSM shared

responsibility model will end once all funded communities have transitioned to full EPR.

7.4 Transitioned Communities

A transitioned community is a community that no longer receives funding under the shared responsibility model. Once transition has occurred, MMSM will have 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 community funding payments will cease on the effective date of the transition.

7.5 Opt-In (Participating) Communities

Communities will be given the right of first refusal to participate in the delivery of collections services.

Participating communities are those that choose to enter a service-provider contract with MMSM to directly deliver or manage collection from single-family households, multi-family households and depots (as applicable to each community) and other residential recycling services e.g., promotion and education. These communities will have reviewed the service standards required by MMSM outlined in the Master Services Agreement and SoWs, available on MMSM's website [here](#). Further, the community will have accepted the payment terms proposed by MMSM for these services.

Communities that become collection service providers to MMSM will receive payments from MMSM in accordance with the contract terms. MMSM will 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.

An opt-in community will receive payment for services on a pre-determined frequency basis in accordance with the prices defined in the contract.

7.6 Opt-Out Communities

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 transitioned communities will be directly managed and financed by MMSM in accordance with the contracts established with the recycling services contractor who is the successful proponent of a competitive RFP process.

7.7 Process for Exiting the MMSM Program

A community exits the MMSM program upon advising MMSM that it will no longer deliver recycling services to its residents is therefore no longer eligible for the current

cost-sharing funding.

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. As with the preceding sections, this section reflects feedback received during the 2024 Advisory Committee discussions.

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. The following principles will guide the Transition Plan delivery:

- The Transition Plan has been drafted based on the assumption that MMSM is the only producer responsibility organization (PRO) for residential PPP in Manitoba.
- Focus on outcomes, not process, increase recovery rates, maximize efficiency, and minimize 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 of municipalities to bid on services (first right of refusal).
- 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 is 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.

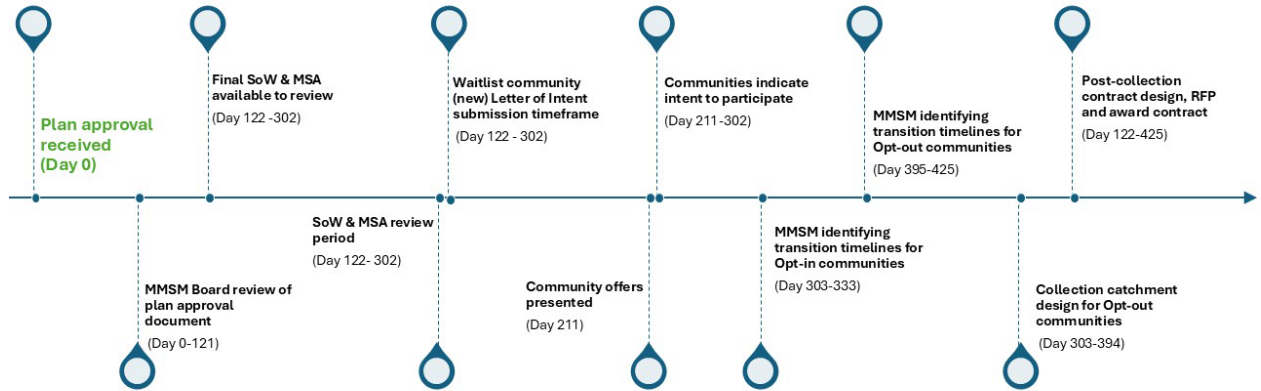
8.2 Transition Timeline and Delivery Approach

MMSM's proposed timeline begins with Transition Plan approval by the Manitoba government and is depicted in Figures 2 and 3 below. Please note the timeline represents MMSM's best estimate of the length of time needed to implement the Transition Plan but MMSM reserves the right to adjust the timing, if needed, to reflect the dynamic and complex nature of the transition.

Figure 2 Transition Timeline: Day 0 to Day 425

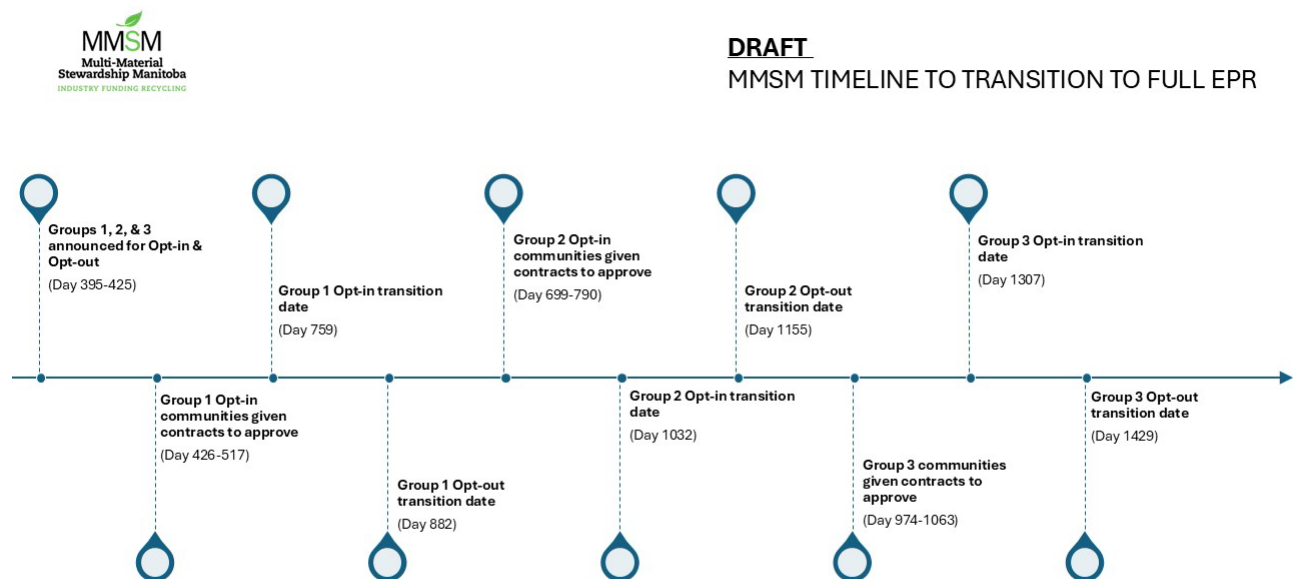
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MMSM TIMELINE TO TRANSITION TO FULL EPR



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Figure 3 Transition Timeline: Day 425 to Day 1429 (Completion)



The transition to full EPR is comprised of six phases:

Phase 1: Plan approval

Phase 2: Collection service design

Phase 3: Communities determine participation

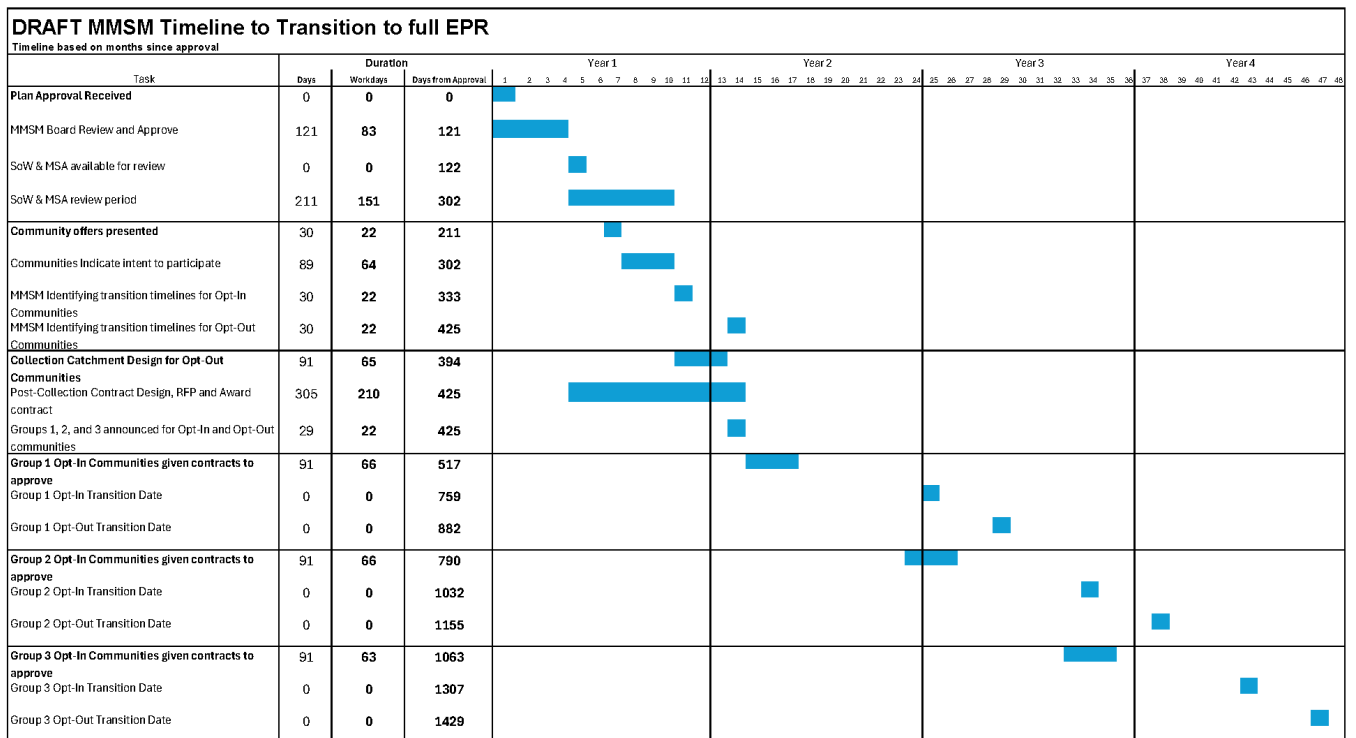
Phase 4: Catchment design and sequencing

Phase 5: Procurement

Phase 6: Transition Communities

The Transition Plan assumes that Phase 1 begins the day MMSM receives approval of the Transition Plan by the Ministry of Environment and Climate Change. . As shown in Figure 4 below, the entire process, once government approval is obtained, will require four years, one year for preparation and three years to implement the Transition Plan.

Figure 4 Transition Timeline Gantt Chart



An accessible table presentation of the same information is also provided below:

Task	Duration (Days)	Duration (Workdays)	End Date (Days from Approval)
Plan Approval Received	0	0	0
MMSM Board Review & Approve	121	83	121
SOW & MSA Available for Review	0	0	122
SOW & MSA Review Period	211	151	302
Community Offers Presented	30	22	211
Communities Indicate Intent to Participate	89	64	302
MMSM Identifying Transition Timelines for Opt-In Communities	30	22	333
MMSM Identifying transition timelines for Out-Out Communities	30	22	425
Collection Catchment Design for Opt-out Communities	91	65	394
Post-Collection Contract Design, RFP and Award Contract	305	210	425
Groups 1, 2 and 3 announced for Opt-In and Opt-Out communities	29	22	425
Group 1 Communities given Contracts to Approve	91	66	517
Group 1 Opt-In Transition Date	0	0	759
Group 1 Opt-In Transition Date	0	0	882
Group 2 Communities given Contracts to Approve	91	66	790
Group 2 Opt-In Transition Date	0	0	1032
Group 2 Opt-Out Transition Date	0	0	1155
Group 3 Opt-In Communities Given Contracts to Approve	91	63	1063
Group 3 Opt-In Transition Date	0	0	1307
Group 3 Opt-Out Transition Date	0	0	1429

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.

As set out above in Section 3.2 the Transition Working Group will serve as the primary forum in which MMSM will engage in ongoing dialogue with local municipal and Indigenous communities. 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

In the interest of time, MMSM has initiated the collection service design phase prior to the formal approval of the Transition Plan.

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 2021 consultations, municipal and Indigenous community representatives indicated that both the collection services contracts (MSA and SoWs) 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 response, MMSM posted the draft MSA and SoWs in December 2023.

MMSM requires plan approval before finalizing agreements for collection and releasing any RFPs for collection and post-collection. However, MMSM will continue to work with stakeholders to finalize the MSA and SoWs. Initial 2024 Advisory Committee discussions focused on the following topics:

- **Contamination:** MMSM's collection services contract will set a 5% contamination threshold. Local communities were concerned that the threshold is too low and would financially impact them if MMSM applies payment deductions for contamination rates that exceed the threshold. MMSM has committed to working with local communities on best practices to reduce contamination and will not activate deductions provided that local communities have a plan to manage contamination and can demonstrate they are executing it and that they are seeing progress in driving down the contamination rate.

MMSM will work with local communities to address material left at curbside due to its non-acceptance in the collection system. For example, collectors may use "oops" stickers to inform the resident of the reasons materials were left behind, to encourage proper use of the system. MMSM will also work with local communities to determine the party responsible for material not accepted in the recycling system, i.e., MMSM or the local community. The 5% contamination threshold will also apply to collection contractors hired by MMSM to provide services in Opt-out

communities.

- **Municipal Type Agreements (MTA):** MMSM seeks a collaborative decision-making process between municipalities and First Nations regarding the decision to opt-in or opt-out. The ISC committed to providing MMSM with a list of the total number of MTAs throughout the province.
- **Definition of “Efficient and Effective”:** This is a term used in MMSM’s current member agreements with Indigenous and local communities. It will not apply to the MSA that opt-in communities will sign with MMSM. However, MMSM will continue to strive for program efficiencies which will be reflected in its system design.
- **Payment of Opt-in Communities:** Payment to opt-in communities will be provided on a per household rate and include top-ups for promotion and education. The household rate will be driven by a market clearing price. There will be regional household rates, rather than a single household rate for the entire province because of diverse regional factors that will be considered in rate setting.
- **Cap on Old Corrugated Cardboard (OCC):** This cap will be eliminated under full EPR, but collection service providers will need to distinguish between residential and commercial waste. Meanwhile, while contracts remain under the shared model, the OCC cap will continue until the community has transitioned.

Phase 2 will consist of the following activities:

- Finalize the collection services MSA and SoWs for residential curbside, multi-family, and depot collection services to reflect feedback concerning collection contract terms and payment.
- Contract an independent 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. Feedback from municipal and Indigenous representatives during the 2021 and 2024 consultation indicates support for a payment model that is based on a per household payment for residential curbside delivery and per tonne payment for material collected from depots.
- As stated above in Section 3.2, following the Manitoba government’s approval of this Transition Plan, a Transition Working Group will be established, that will operate through the four-year transition period and will serve as a platform for communities to discuss issues and receive updates. Membership will be open to all community members in the program, augmented by one-on-one meetings as needed.”
- Post transition, MMSM will establish an Advisory Committee, with broad stakeholder representation, including local and Indigenous communities, and NGOs.
- MMSM will allow collection of ICI materials if already collected by the local government on a residential route at the time of transition. MMSM has agreed to this approach in the interests of achieving system efficiency (i.e., avoid

duplicate collection services – one for residential material and one for commercial) and to reduce greenhouse gas (GHG) emissions. However, MMSM will not be responsible for the costs associated with ICI collection, sorting, and processing. It will conduct audits to determine the amount of commercial material collected and will work with local communities to devise a formula to determine the allocation of costs associated with providing service to these businesses and managing this material.

- Work with municipal and Indigenous community partners to understand the extent to which multi-family buildings are part of the current shared responsibility model. MMSM will service all multi-family buildings serviced by local communities at the time of transition.³
- Engage with municipal and Indigenous community representatives on the MSA and SoWs to ensure the method to determine service payment terms is clear to all opt-in communities. MMSM is committed to engaging in one-on-one discussions on items such as collection frequency, scheduling, collection system assets, and mechanisms to address curbside contamination.

In this phase, communities will:

- Review MMSM's MSA and SoWs and provide MMSM with feedback.
- Review MMSM's proposed payment for services outlined in the Master Services Agreement and SoWs and provide MMSM with feedback.
- Consult with MMSM to clarify understanding of Master Services Agreement, SoWs, 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 MSA, SoWs, and payment proposal to determine if their interest in continuing to deliver collection services for residential recycling in accordance with the service standards outlined (opt-in) or if their preference is for MMSM to take over the responsibility (opt-out).

Communities have indicated a need for between 3 and 12 months to evaluate the MMSM MSA, SoWs, and pricing proposals to complete their evaluation and make a decision. This timeline allows for internal reviews by the appropriate community officials. In December 2023 MMSM posted drafts of MSA and SoWs for stakeholder review and comment. These documents informed discussions during the 2024 Advisory Committee meetings which are reflected in this plan and in a revised MSA and SoWs which are available on MMSM's website [here](#).

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

³ Note that following completion of transition, MMSM will engage with private multi-family buildings that are not currently in the program, to offer support from MMSM as part of its expansion efforts.

each community has its own factors to consider when taking this decision. In the interim, MMSM has advised communities considering initiating new service contracts or renewals to include assignability and termination clauses in them. MMSM will consider assuming existing contracts during transition, if reasonable.

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.

In this phase, MMSM will:

- Provide local and Indigenous communities with their commercial collection service provider contractual offers.
- Support communities in their review of MMSM's collection contracts
- Be available to assist with preparation of recommendations for the appropriate officials for the community.

In this phase, communities will:

- Review the MSA, SoWs, and payment terms with community officials to determine their interest in continuing to deliver 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 grouped into catchments, organized as logical clusters for the purposes of competitive procurement of post-collection services. The process of designing and sequencing 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 consideration is given to those communities ready to transition and will strive for design of catchments that if transitioned together create scale to advance cost-efficiency and improve program performance.

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, the transition schedule will reflect consideration of 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 catchment design criteria including physical geography, volumes of PPP available, existing infrastructure, and proximity of a 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 point (i.e., RCT) 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 – Services Procurement

The MMSM team will establish a reverse supply chain for the collection, processing, and marketing of residential PPP in Manitoba. MMSM's procurement of collection and post-collection services, on behalf of stewards, will be an ongoing process. Opt-in communities, will enter a commercial contract with MMSM and be responsible for delivering collection services in exchange for payment. If a community opts out, it will no longer be responsible for collection and will no longer incur the expense associated with managing the material, (including both collection and post collection).

MMSM will arrange for a service provider to receive, process and market residential material from both opt-in and opt-out communities, referred hereafter as post-collection services.

MMSM will first procure post-collection services to establish the delivery locations for collected material before finalizing collection contracts with opt-in communities and private collection service providers for opt-out communities. Post-collection services procurement will reflect a system, designed by MMSM to 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.

Phase 5 will begin concurrent with Phases 2 and 3 to allow the

Transition Plan to advance.

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

8.2.6 Phase 6 – Transition Communities

MMSM proposes to 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 call for and receive 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.

As stated in Section 9 below, if a community opts out of providing collection services under full EPR, MMSM assume responsibility for P&E going forward. MMSM will also work with opt-out communities on a process to redirect residents' calls regarding service from the local government to MMSM's collection service provider. Payment will instead be made to the service provider contracted by MMSM.

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.

8.2.7 Maintaining Service Standards

It is 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 first receives the Minister's approval.
2. Communities will support MMSM's collection of relevant cost data to support calculation of payment rates for services and to provide additional contract details as required by MMSM to advance the Transition Plan detail.
3. MMSM will provide a finalized MSA, SoWs, and proposed payment rate 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 providers of post-collection services will require 120 days to respond to the first Request(s) for Proposal.
6. Upon award of post-collection contract(s), the successful candidate(s) will require 12 to 24 months to implement their network.

8.4 Transition Plan 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 under the shared plan model, 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 to provide stewards with predictability in their budgeting.

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 12 of this Transition Plan.

Funding Assumptions

1. MMSM will fund recycling services in accordance with the standards outlined in the SoWs to be finalized in Phase 2 of the Transition Plan.

MMSM will not fund changes to recycling programs, including capital investments without first engaging with MMSM's Municipal Services staff.

8.5 Service Procurement Objectives

MMSM will assume responsibility for collecting and managing residential PPP by procuring and paying for collection and post-collection recyclables 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 through increased 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 two distinct operating facilities with differing functions. The first is a Receiving, Consolidation and Transfer (RCT) facility which acts as a first point of contact, where inbound collection vehicles take materials for weighing, consolidation and transfer to a Materials Recovery Facility (MRF). The second is a MRF which is responsible for sorting, processing, baling and shipping materials to acceptable end markets or secondary processors. Unless the MRF is located outside of Manitoba, a MRF also acts as a first-point-of-contact facility for inbound collection vehicles.

RCTs and MRFs will be responsible for managing all designated materials and reporting, as per MMSM requirements, all inbound and outbound shipments and other metrics as required, e.g., GHG emission reports.

In preparation for MMSM assuming responsibility for the collection and management of PPP, MMSM will undertake a procurement process which will best serve the needs of the PRO and its stewards, meeting the regulatory requirements under the Act while providing post-collection service providers with the opportunity to propose comprehensive post-collection management solutions for the collected quantities of PPP.

For the RCTs, the procurement process may extend beyond individual community boundaries to include multiple communities within a designated catchment. The use of catchments will allow MMSM to build efficiencies in collecting and managing materials by building economies of scale for the movement of materials to larger, more efficient MRFs. Catchments also 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 process outlined below.

8.6.1 Receiving, Consolidation and Transfer Facilities

MMSM will issue a Request for Expressions of Interest (REOI) and/or Request for Proposals and/or a tender process to potential RCT service providers to gauge the capacity and understand the locations thereby allowing MMSM to build catchments.

Prospective RCT 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.
- 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.).

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

- Receiving PPP from vehicles operated by qualified collectors.
- Consolidating and transferring PPP from qualified collectors where required.
- Tracking materials received and shipped to MRFs.
- Reporting to MMSM as required.

Post-collection service providers will be judged based on compliance with processor qualification standards and evaluation criteria including but not limited to price, location, operational capability and capacity, and ability to meet reporting requirements.

8.6.2 Material Recovery Facilities

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 comprehensive procurement process for post-collection services.

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

- Details about proposed RCT network and direct-haul community(ies) which would be delivering materials.

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

- Receiving PPP from vehicles operated by qualified collectors and from designated RCTs.
- 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 will be judged based on compliance with processor qualification standards and evaluation criteria including but not limited to price, location, operational capability, capacity, capture rate efficiency for materials to end-markets, proposed material revenue received and ability to meet reporting requirements.

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 provided with financial incentives 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.

8.6.3 Advancing the Circular Economy

Stewards have expressed to MMSM an interest in gaining 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 consider this key priority 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 implement the Transition Plan in a manner that promotes competition and provides all businesses, including small and medium sized ones, with equitable opportunities to compete to support a fair and open marketplace of 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 will consider 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 considering 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 where MMSM uses incentive-based remuneration (e.g., providing incentives 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 may be limited to providing opportunity for various-sized post-collection service providers to deliver services alone or as a joint venture (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. 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 respondent 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 C.

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

- Materials targeted for collection can be effectively processed by MRFs;
- Materials targeted for collection have diversion end-markets with sufficient capacity⁴ to avoid the need for storing materials or requiring their disposal;
- MMSM will work with its member-producers, producer responsibility organizations, industry associations, the Canada Plastics Pact and other

⁴ Sufficient capacity is defined as availability of consistent and ongoing end market capacity, where the level of market availability is typically at least one end market that has been servicing the Manitoba marketplace for a minimum of two years, with a preference for multiple end markets being available for each material. MMSM will give priority to local markets first, regional markets second, and then markets located in countries that are members of the Organization for Economic Co-operation and Development (OECD). MMSM will allow marketing of material to end markets in non-OECD countries but only if they meet or exceed environmental, health and safety standards equivalent to OECD standards.

stakeholders across Canada to help eliminate difficult-to-manage materials, particularly as they pertain to plastics so there is no reason for MMSM's service providers to have to store materials.

- 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 C 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

This section sets out the commitments, principles, strategies and tactics by which MMSM will carry out communications related to the plan, with a focus on its Promotion and Education (P&E) campaigns.

9.1 Communication Commitments

MMSM will:

- Provide province-wide and local promotion ahead of and during the transition.
- Provide funding for promotion and education to opt-in communities.
- Collaborate with opt-out communities where residents may continue to direct questions or concerns to local governments.

- Ensure that there is adequate communication before and post-transition for opt-out communities.
- Explore the potential to have inquiry calls from opt-out communities forwarded to the contracted hauler.

9.2 P&E Objectives

MMSM will design and deliver an effective resident education program that achieves the following objectives:

- Meet P&E regulatory requirements;
- Support a seamless transition for Manitoba residents;
- Increase PPP recovery rates of PPP in residential-based collection services;
- Educate consumers and other target audiences about the program's features and benefits;
- Encourage consumers to properly prepare PPP for collection to reduce contamination and increase the amount of targeted PPP collected.

9.3 Communication Principles

MMSM's guiding principles for all communications, including P&E, are:

- **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 audience needs, overcome perceived and real barriers, contain a call to action, and motivate appropriate behaviour.
- **Collaborate:** 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 to track and evaluate year-over-year performance changes.
- **Maximize the use and effectiveness of in-kind advertising space:** Fully utilize advertising space provided by NMC members to 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 and digital advertising) and traditional methods to engage consumers and encourage them to provide direct feedback regarding program changes and ask questions.

9.4 Key P&E Features, Strategies and Tactics

MMSM will employ strategies and tactics aimed at influencing consumer behavior and shaping how Manitobans recycle. MMSM strategies and tactics will be shared with our collection partners.

9.4.1 Build Awareness

A key strategy will be to build awareness among residents about appropriate end-of-life PPP management by using a variety of tools such as:

- The Recyclepedia web tool and mobile app for use by participating communities.
- Targeted school programming for K-12 and funding support for recycling at post-secondary institutions.
- Educating residents about the actions required to support an effective recycling system..
- Motivating action (providing a “call-to-action”).
- Reinforcing the newly adopted behaviour by providing information about the results of their actions.

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

9.4.2 P&E Transition for Opt-In and Opt-Out Communities

Opt-in communities that choose to provide collection service delivery will work with MMSM to incorporate the new collection service standards into their collection system, using the P&E strategies, tools and assets listed above. The MMSM team will be available to support communities with additional assets, if needed. MMSM will also provide communities with opt-in launch resources prior to transition that will contain:

- Overview of the transition
- Transition key messages and Q&A
- Pre-written social media posts with corresponding photos and hashtags.

MMSM will consider collaborating on a joint communication or other launch initiatives with each community, if desired. As noted in Section 8.2.2, Opt-in communities will receive a top-up for P&E that is calculated on a per-household basis.

If a community opts out of participating in the transition to full EPR, MMSM will assume the P&E going forward. MMSM will work with Opt-out communities to plan the transfer of collection responsibilities from the community to MMSM and its collection service provider. This work will include working with opt-out communities on a process by which residents’ calls regarding service are redirected from the local government to MMSM’s collection service provider.

9.4.3 School Programming

MMSM will incorporate Simply Recycle's educational resources into Transition Plan implementation to enhance environmental awareness and recycling practices among students and educators. By integrating the existing lesson plans, which are available in both English and French and tailored for grades 1 through 6, we will provide engaging and informative activities that teach students the

importance of reducing, reusing, and recycling. These lessons will foster a culture of environmental stewardship from an early age.

By establishing student-led recycling teams, conducting waste audits, and organizing efficient collection procedures, Manitoba schools can significantly reduce waste and promote responsible recycling habits. This collaborative approach empowers students to take an active role in environmental conservation, ensuring the long-term success of our EPR objectives.

9.4.4 Litter Abatement

MMSM is committed to minimizing litter at source by promoting responsible recycling by Manitoba households through a combination of consumer education and collection service standards as described in Sections 8 and 9 of this Transition Plan. It is also important to note that MMSM's awareness building activities, as described above, will also help to address litter abatement.

9.4.5 Promotion and Education at Point-of-Sale

As part of its Promotion and Education Program MMSM will develop promotional materials to be placed at point-of-sale (POS) for distribution to Manitobans. This initiative will be coordinated with the retail sector. Generic POS information will be coordinated by MMSM and made available to any retailer; specific retailers may need more specific POS information relating to the majority of their product or recycling opportunities.

9.4.6 Plastic Bags

MMSM will continue to work to reduce single-use plastic bags and ensure that consumers know how to properly recycle them outside of the blue box system. Please see more information on our website [here](#).

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

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 seeks 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 is included in the draft MSA, available on MMSM's website [here](#).

The following suite of alternative dispute resolution processes is used:

Dispute Type	Path of Escalation/Resolution
Producer Members	Per the dispute resolution outlined in the Membership Agreement.
Residents	- Discussion with service provider - Discussion with MMSM management
Collection, Including Opt-in and Opt-out Communities, and Post-Collection Service Providers	- Discussion with MMSM management - Facilitation: to prevent escalation and to explore interests/remedies - Mediation: to be used if facilitation is unsuccessful. Process to be specified in commercial agreements regarding selection of mediator, roles of parties, time and place of mediation, conduct of mediation, length, responsibility for fees/costs, confidentiality, conclusion of mediation by agreed settlement or final settlement proposal by the mediator. - Arbitration: to be used if mediation is unsuccessful; process to be specified in commercial agreements regarding notice of arbitration, submission of written statements, place and conduct of meetings and hearings, the process for rendering and delivering decisions; jurisdiction and powers of the arbitrator, allocation of costs/fees; application of the Manitoba Arbitration Act, 1997.

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 **RTCs** in accordance with the reporting requirements outlined in the statement of work for **post**-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 5, 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 (as set out in the Guideline for Packaging and Printed Paper Stewardship) 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. MMSM will consult with stakeholders on material specific targets within two years of completing 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 5



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 maintain the aggregate province-wide recovery rate two years following the transition of all communities and after a successful consultation on program and material specific performance targets. Actions MMSM will take to achieve the target include:

- Ensure appropriate and convenient access to PPP collection services.

- Increase participation by encouraging consumers to utilize available collection systems.
- Resolve technical and convenience barriers in multi-family collection systems.
- Work with collection service providers (including opt-in local communities) on best practices to reduce contamination.
- Increase capture rates by encouraging consumers to place targeted PPP in the PPP collection system rather than the garbage collection system.
- Standardize the list of materials collected.

MMSM will require 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 MSA and SoWs 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.

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 following completion of the transition.

- 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. The current performance by category is summarized in the following table.

Figure 6

Material	Target	Current Performance (2022)	Improvement Percentage
Paper	TBD	84.5%	TBD
Plastic	TBD	46.7%	TBD
Metal	TBD	52.6%	TBD
Glass	TBD	81.9%	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 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.
- Number of communities on the waitlist (those that have indicated interest to join the program).
- Number of opt-in and number of opt-out communities.

- Percentage of transitioned communities from total number of communities and from within each region.
- Transition Working Group membership and meetings.

MMSM will also 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 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 for payment of fees 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 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

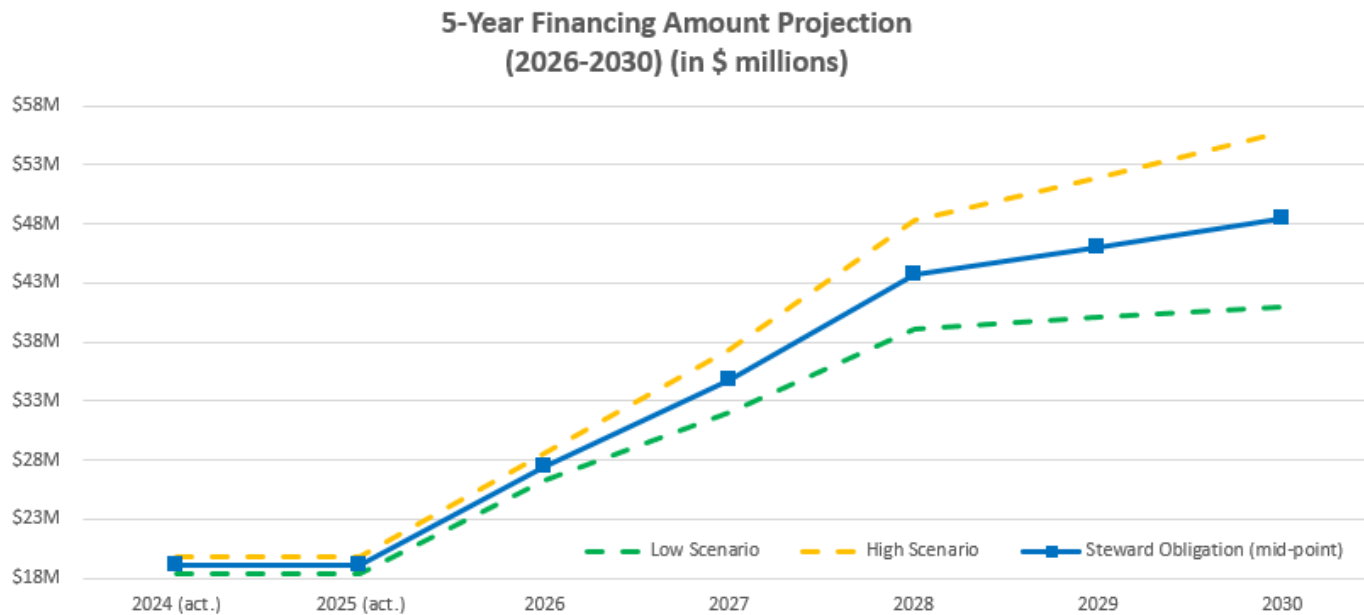
These cost items will remain components of the MMSM annual budget.

MMSM will continue to 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 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



MMSM intends that 100% of its budget will be applied to implementing and operating its Transition Plan.

13 REGISTRATION, REPORTING, AND RECORD KEEPING

MMSM will be responsible for providing its stewards and service providers with a registration and reporting system.

13.1 Registration & Reporting

MMSM will be responsible for facilitating 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 Steps

MMSM has developed this Transition Plan in consultation with stakeholders through webinars, workshops, one on one discussions, and in 2024, the establishment and facilitated discussions of the Advisory Committee. The input received during these consultations has been invaluable 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. 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.

APPENDIX A – ADVISORY COMMITTEE MEMBERS (2024)

Name	Organization	Role	Organization Observer
Amy Smith	Green Action Centre	Participant	
Pam Richardson	City of Brandon	Participant	Scott Heddow
Karen Melnychuk	MMSM	PRO – Printed Paper & Packaging	Michelle Pereira
Donna Dagg	Manitoba Liquor & Lotteries	Participant	
Deb Odegaard	Manitoba Association of Regional Recyclers	Participant	Christine Major
Dan Gagné	Town of Altona	Participant	
John Graham	Retail Council of Canada	Participant	
Ken Friesen	CBCRA	Participant	Adrian Vannahame, Jaclyn Diduck
Paul Doolan	Northern Affairs Branch, Department of Municipal and Northern Relations.	Participant	
Angela Bidinosti	Indigenous Services Canada	Participant	Cassandra Kalyniuk
Jeff Browaty	Association of Manitoba Municipalities	Participant	Nick Krawetz
Michael Gordichuk	City of Winnipeg	Participant	Mark Kinsley & Melissa Bunkowsky
Michelle Saunders	Food, Health & Consumer Products	Participant	
Eldon Wallman	City of Steinbach	Participant	
Anita Murdock	Manitoba Keewatinowi Okimakanak Inc.	Participant	(Joined on meeting 3)
Geoff Reimer	Southern Chiefs Organization	Participant	(Joined for final meeting)
Kelly Kuryk	Province of Manitoba – Environment & Climate Change	Observer	
Ashley Gaden	Province of Manitoba – Environment & Climate Change	Observer	
Eliyana Angelova	Province of Manitoba – Environment & Climate Change	Observer	

APPENDIX B – 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 resulting from 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:

- 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.

DRAFT

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.

$$\begin{array}{ccccc}
 \$ & \div & \text{Te} & = & \text{Icon of recycling bins} \\
 \text{Eligible Net} & & \text{Eligible} & & \text{Net Cost Per} \\
 \text{Costs} & & \text{Tonnes} & & \text{Tonne for Each} \\
 & & & & \text{Municipality}
 \end{array}$$

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 Date
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 **were** 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 C - 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>	Newspaper publications, newsprint inserts and flyers, product manuals printed on newsprint.
	<u>Magazines and catalogues</u>	Weekly/monthly or annual magazines, retailer seasonal catalogues, travel magazines.
	<u>Directories</u>	Phone books.
	<u>Other Printed Materials</u>	Free promotional calendars and posters; product user guides, warranty cards, product safety information etc.; monthly, quarterly or annual statements; cash register receipts.
<u>Paper Packaging</u>	<u>Gable top containers – non-beverage</u>	Milk and cream cartons, sugar cartons.
	<u>Gable top containers – beverage</u>	Ready to serve beverages such as milk and juice cartons.
	<u>Aseptic containers – non-beverage</u>	Soup, sauce containers.
	<u>Aseptic containers – beverage</u>	Ready to serve beverages such as juice and milk.
	<u>Paper laminates</u>	paper ice cream cartons.
	<u>Corrugated cardboard</u>	Television and computer boxes, pizza boxes, paper carry-out bags.
	<u>Boxboard and other paper packaging</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>Plastic Packaging</u>	<u>#1 PET bottles < 5 Litres - non-beverage</u>	Salad dressing bottles, edible oil bottles, peanut butter jars, clear clam shells
	<u>#1 PET bottles >= 5 Litres – non-beverage</u>	Salad dressing bottles, oil bottles.
	<u>#1 PET bottles < 5 Litres – beverage</u>	Soft drink, juice, and water bottles.
	<u>#1 PET bottles >= 5 Litres – beverage</u>	Water bottles.
	<u>#2 HDPE bottles and jugs < 5 Litres - non-beverage</u>	Laundry detergent, shampoo, bleach, vinegar, body wash, household cleaning products.
	<u>#2 HDPE bottles and jugs >= 5 Litres – non-beverage</u>	Laundry detergent and bleach.
	<u>#2 HDPE bottles and jugs <5 Litres - beverage</u>	Juices, milk.
	<u>#2 HDPE bottles and jugs >=5 Litres – beverage</u>	Juices, milk.
	<u>#5 Other rigid plastic <5 Litres - non-beverage</u>	Margarine tubs, hand cream tub, microwaveable trays.
	<u>#7 Other rigid plastic >=5 Litres – non-beverage</u>	Pails.
	<u>#5 Other rigid plastic <5 Litres - beverage</u>	Juice bottles and jugs.
	<u>#5 Other rigid plastic >= 5 Litres – beverage</u>	Juice bottles and jugs.
	<u>Plastic laminates – non-beverage</u>	
	<u>Plastic laminates – beverage</u>	

	<u>#4 Flexible plastics</u>	
	<u>Biodegradable rigid plastic containers – non-beverage</u>	Trays, pails, lids.
	<u>Biodegradable rigid plastic containers – beverage</u>	Beverage containers.
<u>Steel and Other Metal Packaging</u>	<u>Other steel and metal containers and packaging – non-beverage</u>	Food cans such as soup, lids and closures.
	<u>Other steel and metal containers and packaging – beverage</u>	Ready to serve beverages such as cans of juice, energy drinks.
	<u>Paint cans – non-HHW related containers</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>Aerosol containers – non-HHW related containers</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>Aluminum Packaging</u>	<u>Aluminum – food cans</u>	Pet food, fruit, sardines.
	<u>Aluminum cans – beverage</u>	Ready to drink beverages including juice, iced tea, energy drinks, soft drinks
	<u>Aluminum aerosols – non-HHW related containers</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>Glass Packaging</u>	<u>Clear (flint) glass – non-beverage</u>	Food containers such as pickle, salsa, tomato sauce and jam jars, cosmetic containers for creams.
	<u>Clear (flint) glass – beverage</u>	Ready to serve beverages such as juice, water, iced tea, lemonade, wine, spirits.
	<u>Coloured glass – non-beverage</u>	Olive oil bottles, balsamic vinegar bottles, cosmetic containers for creams.
	<u>Coloured glass – beverage</u>	Ready to serve beverages such as juice, water, wine & spirits.

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.

