

Becoming a Member of MMSW – What Businesses Need to Know

May 13, 2014



Agenda

1. MMSW Introduction & Status
2. Why is a Membership Agreement required in SK?
3. Our Obligations to You
4. Your Obligations to Us
5. Fees
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7. Other Terms
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Webinar protocol

Webcast audience (approximately 155 people on the webcast)

- Slides advance automatically

Questions during the webinar?

- Question box for questions/comments on webcast console
- You can submit your questions at any point during the presentation (which will run for approximately an hour) however questions will not be addressed until the Q&A section at the end
- During the Q&A we will answer as many questions as possible
- All questions and responses will captured in a Q&A document to be posted on the MMSW website (this will include any questions we don't get to today)
- Once the webinar has ended, please send any follow up questions to the email address stewards@mmsk.ca
- This webcast itself will also be posted on the MMSW website immediately following our session today

I. Introduction & Status

Introductions

- Catherine Abel, Stakeholder Relations
- Sarah Davies, Steward Services
- Matt Lattanzio, Communications

Who is MMSW?

MMSW is a not-for-profit organization formed to develop and implement a product management program for household waste packaging and paper in the Province of Saskatchewan on behalf of businesses.



Who Is MMSW?



**Canadian Stewardship
Services Alliance**

and our family of recycling organizations



**MULTI
MATERIAL
BC**



Multi-Material
Stewardship Western



MMSM
Multi-Material
Stewardship Manitoba



Stewardship Ontario

- MMSW is part of Canadian Stewardship Services Alliance Inc.'s. (CSSA) family of recycling organizations
- CSSA is a national, non-profit steward founded and owned organization established to harmonize packaging and paper stewardship programs across the country

Our Value Proposition to SK Business

- By joining MMSW, businesses avoid the cost and administrative burden of submitting and operating their own stewardship plan
- Ability to participate in the only government approved WPP stewardship program
- Members participate in our economies of scale



Extended Producer Responsibility is the law in Saskatchewan

- The *SK Household Packaging and Paper Stewardship Program Regulations* approved on February 6, 2013 stipulates that:
 - Stewards of packaging and printed paper take responsibility for up to 75% of the net cost of recycling their material
 - Stewards could choose to either join an agency that would develop and operate a packaging and paper management program on their behalf or develop and operate a product management program of their own

EPR is the law in Saskatchewan

- The Regulation sets out a number of requirements for the stewardship plan, including:
 - Description of how MMSW will encourage convenient, effective and efficient recycling services for residents
 - Assurance that the plan will maximize diversion of residentially generated waste packaging and paper from municipal landfills
 - Implementation of a funding formula for municipalities
 - Program performance measures

MMSW has fulfilled regulatory obligations under the Regulation

- MMSW submitted a stewardship plan that was approved by the government and meets the requirements for businesses that provide packaging and paper to residential consumers:
 - Food and consumer packaged goods
 - Personal care
 - Grocery, drug and mass merchandise retailers
 - Quick service restaurants
 - Newspapers, magazines and directories
 - Paper manufacturers
 - Banks, financial institutions, insurance, utilities
 - Nursery and floral, electronics

MMSW will fund efficient and effective recycling systems -- up to 75% of the net costs of our members' materials



MMSW Program launches soon...

JANUARY 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

2. Why must I sign a membership agreement with MMSW?

Why Must I Sign a Membership Agreement with MMSW?

The Regulation provides businesses with a choice:

- submit a plan for the stewardship of their own materials or,
- join a collective stewardship agency such as MMSW

MMSW is the only agency with a Stewardship Program Plan that has been approved by the SK Minister of Environment

How is SK different from Ontario where no MA is required?

- In Ontario, Stewardship Ontario is the organization mandated by government to manage packaging and printed paper recycling.
- Stewards in Ontario can only join the government mandated organization, whereas in BC and SK, stewards were able to submit their own plan or join a collective agency.
- Therefore commitment from members are required through a Membership Agreement

Membership Agreement signals commitment

- MMSW requires a Membership Agreement from each member because MMSW will fulfil the requirements of the regulation on their behalf
- MMSW needs a commitment from members that they will:
 - report their materials and
 - pay the required fees for the management of those materials
 - MMSW will pay up to 75% of the net costs for members' tonnage

Main Purpose of the Membership Agreement

- Provides clarity on what is expected from MMSW and from stewards in the course of executing the stewardship program in Saskatchewan
- Helps reduce possible disputes down the road by providing clear framework for the partnership
- Safeguards effective implementation of the stewardship plan pursuant to the Environmental Management Protection Act and the Household Packaging and Paper Stewardship Program Regulation

Similar to MMBC Membership Agreement

- Aligns with MMBC Membership Agreement in principles and obligations
- Only differences are:
 - Minor nuances in terminology:
 - Linkages are made to align Saskatchewan terminology re: *“Packaging and Paper”* and/or *“Waste Packaging and Paper”* with *“Packaging and Printed Paper”* as used in guidebooks and on the WeRecycle Portal
 - Differences in EPR responsibility:
 - Stewards in Saskatchewan are obligated to pay fees to fund participating municipalities up to 75% of the net costs of managing the materials of MMSW Members

The membership agreement sets out the obligations MMSW and You have to one another.

3. The Membership Agreement: MMSW's Obligations to you as a Member

MMSW's Obligations: Guiding Principles

- Act always in the best interests of all members collectively.
- Treat each member fairly and equally—no special deals.
- As a not-for-profit organization, seek to make neither a profit nor incur a loss.
- Operate the stewardship program cost-effectively and achieve compliance with the Act and Regulations at a reasonable cost.

What does the Membership Agreement specify?

- MMSW's obligation to perform its duties as your stewardship organization and fulfill your compliance obligations under *The Household Packaging and Paper Stewardship Program Regulation*
- Standard commercial terms such as fees and payment obligations
- Reporting obligations of both parties
- Confidentiality requirements of both parties
- Terms and conditions for contract termination

MMSW's Obligation is to fulfill your Regulatory Obligations

We will act as your stewardship agent—assuming members' producer responsibility obligations under the Environmental Management Protection Act and the Household Packaging and Paper Stewardship Program Regulation

Implementing the approved stewardship plan

Fulfill elements of the approved program plan with respect to:

- Providing convenient, effective and efficient recycling to Saskatchewan residents providing accessibility to consumers.
- Maximizing diversion of residentially generated WPP from Saskatchewan landfills
- Complete regulatory filings and reports as per the Regulation
- Post certificate of insurance on behalf of members

Provide Accountability & Transparency

- Publish an annual business plan outlining how MMSW will meet the obligations under the approved Program Plan in the upcoming financial year as well as anticipated outcomes and estimated costs
- Publish annual report disclosing stewardship program performance & third party audited financial statements
- Publish an annual fee schedule
- Maintain a level playing field among all members through a reasonable program of verification and audit

Notify Members of any Performance Issues

- MMSW will notify members of any notices received from the Minister:
 - Proposing to or having amended the Stewardship Plan with additional terms and conditions
 - Suspends or cancels approval of the Plan

4. The Membership Agreement: Members' Obligations to MMSW

Accurate Information is Key

- Complete your Annual Steward Report to the highest possible degree of accuracy
- Report is due June 30, 2014
- If a steward reports materials incorrectly it can affect the fee schedule, which impacts all stewards

What kind of data is required from stewards?

- Quantities of packaging and paper
- Methodology used for compiling data
- Your Brands
- Changes in your business: divestitures/acquisitions
- Up-to-date contact details for primary business contact
- Inform MMSW immediately of any data inaccuracies.
- Retain records for 5 years

Your Obligation: Timeliness of data is key

- Complete your annual data report on time to support the fee setting process
- First steward data reports are due by June 30, 2014
- Subsequent year's reports will be due May 31st

Why is timely data submission important?

- Fee calculations for the following year (in this case 2015) are computed in Q3 on the basis of tonnage reported by stewards in Q2
- Deadline allows MMSW sufficient time to finalize the fee schedule
- Fee schedule will be available in the fall to enable MMSW members to prepare their 2015 budgets

Your Obligations: Timely Payment

- Quarterly payment installments:
 - January 31
 - April 30
 - July 31
 - October 31
- Timeliness of payments enable MMSW to pay municipalities on a quarterly basis
- Late payments attract interest charges of Prime + 4%

5. Stewardship Fees

Fees Setting Principles (1)

- Fees must be fair and designed to incur neither a profit nor a loss
- All participating stewards will pay fees of all obligated materials irrespective of their recycling performance

Fees Setting Principles (2)

- Fees are based on the following:
 - The cost to manage the materials
 - Adjusted to benefit materials with the highest recovery rates
 - Fees rates are adjusted to reward those materials with higher recycling rates relative to other materials
 - Low performing materials will not get a free ride

How are Fees Calculated?

Fees are based on the following costs associated with managing members' packaging and paper:

- Costs to fund services provided by participating municipalities that operate efficient and effective programs
- Program set up and administration
- Contributions to reserves, contingencies & investments for recycling infrastructure

How are fees calculated?

- MMSW will disclose the cost components contributing to each material fee rate including:
 - Share of supply chain costs
 - Program management
 - Program start-up

Fees: Process – Year 1 2014/2015

Fee Setting Process	Dates
MMSW Members report 2013 year data	June 30, 2014
MMSW conducts reviews of steward reports and finalizes tonnage base	July – September 2014
MMSW releases estimates of fees (2015 fee schedule)	October 2014
Fee schedule takes effect	January 1, 2015
Quarterly installments due	January 31, 2015, April 30, 2015, July 31, 2015 and Oct. 31, 2015

6. Contract Term & Termination

Term & Termination

- **Term of Contract**
 - Evergreen
 - Revisions subject to 60 day notice requirement by MMSW unless required by law (include Section)
- **Termination by Member**
 - Notification by May 1 of any year - no penalty
- **Termination by MMSW**
 - Breaches of obligations to report accurately, on time, pay fees, or bankruptcy
- **Termination by either party**
 - If program plan approval is rescinded

Member Termination of Contract

- Termination prior to May 1st requires payment of stewardship obligation to end of Obligation Year
- Termination after May 1st requires payment of stewardship obligation for the following Obligation Year as well.

Intent of this provision is not to disadvantage other Members and create disruptions in established fee schedule due to departure of member(s).

7. Other General Terms

Other Terms (1)

- Membership covers all of a member's residential waste packaging and paper
 - No cherry-picking among stewardship plans (Section 2.1)
- Voluntary Stewards (Section 2.2)
 - All SK residential WPP must be reported
- Verification & Audit (Section 2.7)
 - Step 1: Steward confirms accuracy of data
 - Step 2: Senior officer in steward organization confirms accuracy
 - Step 3 Participate in audit

Other Terms (2)

- Retention of Records (Section 2.6)
 - 5 years from filing date of your report
- Confidentiality (Section 6)
 - All technical, financial and other business information is considered private and confidential
 - If required by the Minister, MMSW will inform You that information is transferred.
 - In all other cases, unauthorized disclosures, reproduction or distribution of such confidential information to any other person or association will first have to be consented to in writing by the disclosing party.

8.

Timing

What's Next?

- Businesses that want to join MMSW are required to sign a Membership Agreement:
 - **By June 1, 2014 (Voluntary stewards)**
 - **By June 30, 2014 (Stewards resident in SK)**
- MMSW members must report the quantity of packaging and paper supplied to SK residential consumers in 2013
 - **Timing: June 30, 2014**
- Steward Services team ready to assist with any questions
- MMSW will provide members with fee estimates in October
- MMSW members will be asked to pay fees quarterly starting in January 2015

9.

Questions

Contact Us

Email: stewards@mmsk.ca

Telephone: 1-888-980-9549

www.mmsk.ca

