

# Multi-Material Stewardship Western

## Review of New Payment Model 2021



# MMSW Payment Model Update

- Program Plan Review
- MMSW Advisory Committee
- Current Payment Model
- 2019 Field Studies
- Review of New Payment Model
- Review of New Payment Rates
- Implementation Timelines
- What Happens Next?

# MMSW Program Plan Review

- Section 4.4.5 Post-Transition Phase 2
- MMSW will use the services of accredited accountants to confirm tonnage data reported by municipalities registered with MMSW and compile data on municipal costs and revenues for municipalities registered with MMSW
- Repeat every two to three years so that the data on municipal tonnes, costs and revenues used as the basis for the payment formula in Post-Transition Phase 2 are routinely updated

# MMSW Advisory Committee

- The MMSW Advisory Committee serves as a forum through which Saskatchewan stakeholders can provide advice and feedback on core program activities
- The Advisory Committee includes members reflecting the interests of urban and rural municipalities, regional waste management authorities and stewards
- Current membership is: Municipalities of SK, SARM, ARWMAS, SWRC, FCL, Save-On-Foods

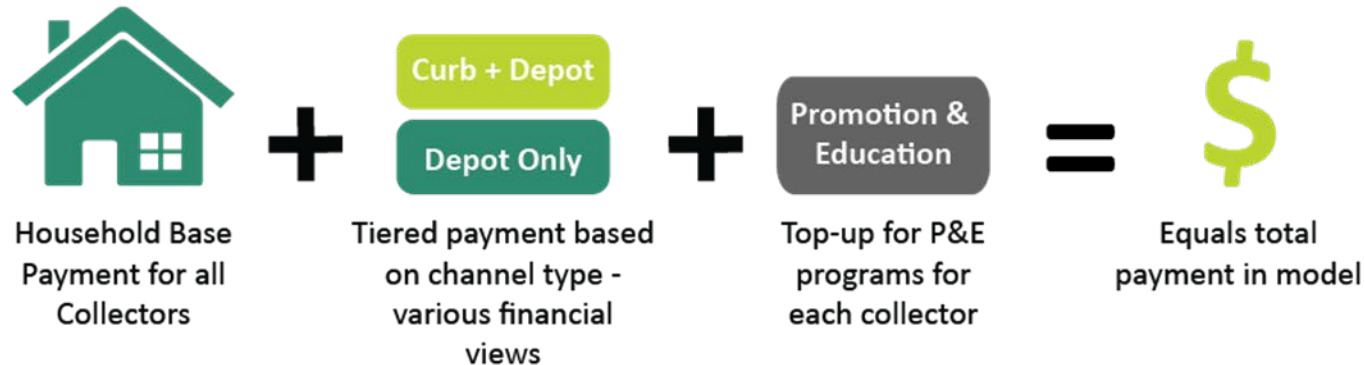
# Payment Model Progression



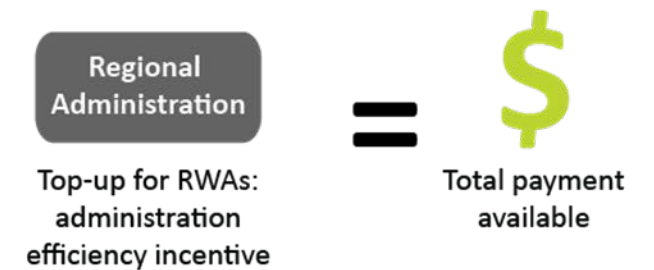
# Current Payment Model

- Current model issued payments based on channel

## All Collector payments:



## Discretionary payments:



# Current Payment Rates

	HH Base Payment	Tiered rate by channel	P&E Top-up	Collectors' Payment		RWA Administration Top-up	Total Payment Available
Curbside & Depot	\$15.00	\$10.00	\$0.75	\$25.75		\$2.50	\$28.25
Depot Only	\$15.00	\$0.00	\$0.75	\$15.75		\$2.50	\$18.25
<b>Total Cost</b>							<b>\$ 8,676,150</b>

# More Data Required

- Composition Study
  - A material audit provided insight into what is being collected in the MMSW program at curbside and depots
  - Examined proportion of non-WPP in recycling streams
  - Advisory Committee advised on collector selection criteria for the study
- Cost Study
  - A financial audit provided additional cost data points for input into the payment model
  - Built on cost study #1
  - Advisory Committee advised on collector selection criteria for the study



# 2019 Field Studies & Advisory Committee Work

- Second Saskatchewan cost study conducted 2019 (2018 cost data)
- Initial composition study to examine collection performance and contamination in 2019
- Advisory Committee provided input on approach to field studies
- In 2020, worked with Advisory Committee for review of combined results of these field studies (cost & composition)
- Outcome: new payment model & payment rates determined

# Review of New Payment Model



# Approach & Guiding Principles to Payment Model Development

- Total payment is intended to reflect municipalities' net costs to operate an efficient and effective program
- Payment for management of residential WPP managed
  - non-WPP collection, processing and landfill cost is removed
  - 75% municipal obligation is applied
- The payment model is designed to reflect the payments by household (HH)
- A tiered payment model was considered to reflect the cost variance amongst collectors based on:
  - Channel / Collection types
  - Population tiers
- Reviewed Incentives on Promotion & Education and Regional Cooperatives (RWAs)
- Discussed the application of an E&E adjustment
- Approach to include a reserve funding pool for seasonal HHs

# Payment Model Retains Payment By HH

- Used as a stable and predictable input to collectors' budgeting processes
- Removed curbside-only channel as data sample size not enough to support further breakdown by population size

# Channel/Collection Type Tiered Payment Approach

- Recognizes different rates for different program types/cost levels
  - Curbside + Depot (depot as supplemental service): higher cost per HH due to higher level of service provided to the resident
  - Depot only: lower cost per HH than Curbside + Depot Channel as reported through cost study

Channel	Number of collectors	HHs Count (Est. 2021)
Curbside & Depot	215	335,756
Depot Only	110	40,674

# Population Tiers Payment Approach

- Municipalities were classified into 3 groups based on population size and cost \$ per HH variances
  1. Group 1: Above 50K POPs: highest in average cost \$ per HH
  2. Group 2: 5K to 50K POPs + RWA: lowest cost \$ per HH
  3. Group 3: Below 5K POPs (non-RWA only)

Population Size Group	Number of collectors	HHs Count (Est. 2021)
Group 1	2	176,770
Group 2	23	110,596
Group 3	300	89,064

# Existing P&E Top-Up Incentive Retained

- Promotion & Education (P&E) (\$0.75 per HH)
- Rationale: Section 4.4.5 Post-Transition Phase 2
  - In adjusting the payment formula to be utilized in Post-Transition Phase 2, MMSW may:
  - Modify payment rates to encourage increased diversion of residential WPP supplied by MMSW Members from landfill

# RWA Top-Up Removed

- Original intent was to incentivize greater collaboration across groups of collectors
- Finding: over 2 years no increase in regional cooperation was realized
- Therefore a modification of the payment rate, for the purpose of incenting collaboration for efficient collection, was determined not to be a meaningful tactic



# Efficiency & Effectiveness (E&E)

- Ministry of Environment regulation indicates ‘efficient and effective’ recycling of WPP
- MMSW worked with Advisory Committee to determine best indicator of E&E within the program
- Collection rate metric: annual kg/HH collected
  - Measurable
  - Manageable
  - Common metric for comparison between collectors and across programs

# E&E Adjustment to Collectors Under 50 kg/HH

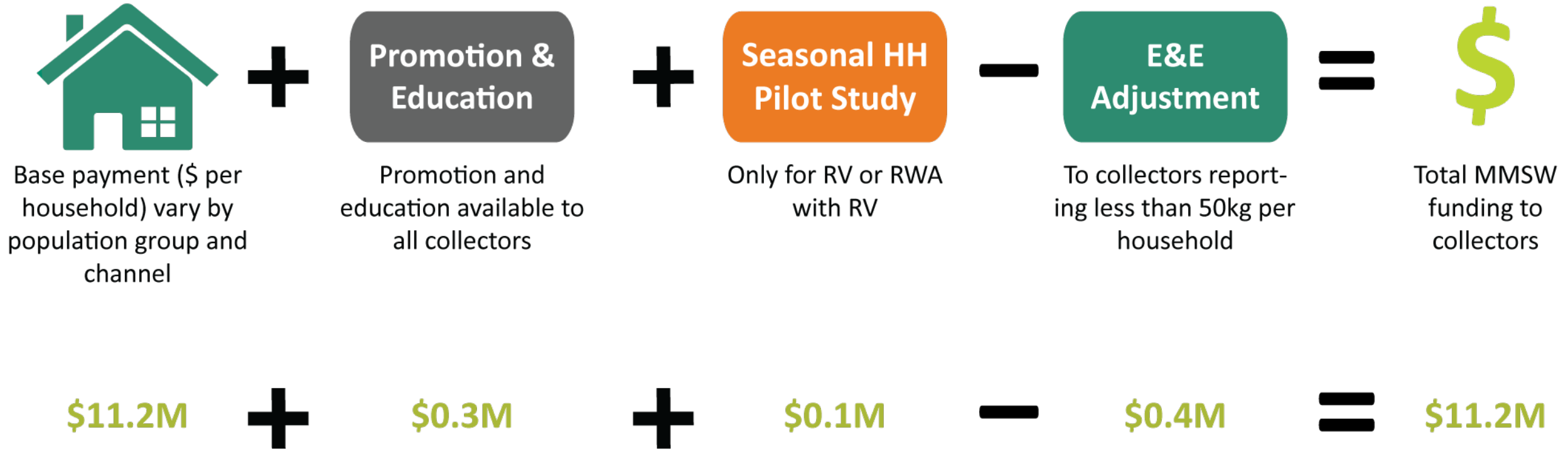
- A single adjustment for E&E to account for collectors with very low kg per HH
  - 109 kg per HH was collected on average
  - 88 collectors collect less than 50 Kg per HH

Kg per HH	Range – Low (Kg per HH)	Range – High (Kg per HH)	# of Collectors	Average Kg per HH
MMSW (Program Total)	3	642	326	109
Below 50 kg per HH	3	49	88	28
Tier 1: 30-50 kg per HH	31	49	40	44
Tier 2: Below 30 kg per HH	3	30	48	12

# Pilot Study For Seasonal Households

- Seasonal HH eligible for payment in the program
- Large gaps in available, reliable data providing count or confirmation of seasonal housing
- To be utilized from the allocated/available funding
- Pilot study to be conducted 2021
- Existing Resort Villages in the program

# New Payment Model Summary



# Review of New Payment Rates



# Payment Rates - New Model

Base Payment  
by Population  
& Channel



Population Size Group	Curbside & Depot (\$ per HH)	Depot Only (\$ per HH)
Group 1	\$31.00 - \$32.50	N/A
Group 2	\$27.50	\$24.50
Group 3	\$30.00	\$26.00

E&E  
Adjustment (If  
applicable)



Base Payment Rate After E&E Adjustment (\$ per HH)	Tier 1 - 30 to 50 Kg per HH		Tier 2 - Below 30 Kg per HH	
	Curbside & Depot	Depot Only	Curbside & Depot	Depot Only
Group 2	\$26.00	\$18.00	\$25.00	\$15.00
Group 3	\$27.50	\$19.50	\$25.00	\$15.00

Top-Ups



Top-up	Payment \$ per Tonne
P&E	\$0.75

Seasonal HHs  
(If applicable)



- Funding pool reserved to cover cost of pilot in 2021

# Implementation Timelines

- November 2020
- Issue updated Appendix 4 for all Service Agreements
- January 1, 2021
- New payment model + rates take effect
- First payment to be issued end of April

**ATTACHMENT A**

**Appendix 4**

**Payment**

1. In consideration for providing the Services, MMSW will pay the Contractor (or, if applicable, the Sub-Contractor):

(a) The selected (as indicated by an x in the associated check box) annual amount in the table below *times* the Collection Type indicated as set forth on Appendix 1 (as updated from time-to-time in accordance with this Appendix 4).

Population Band	E&E <sup>1</sup> Tier	Collection Type	Annual Payment	Contractor Rate
5,000 – 50,000 Households	> 50 KG/Household	Curbside Households	\$27.50	<input type="checkbox"/>
		Depot Only Households	\$24.50	<input type="checkbox"/>
	30-50 KG/Household	Curbside Households	\$26.00	<input type="checkbox"/>
		Depot Only Households	\$18.00	<input type="checkbox"/>
	< 30 KG/Household	Curbside Households	\$25.00	<input type="checkbox"/>
		Depot Only Households	\$15.00	<input type="checkbox"/>
<5,000 Households	> 50 KG/Household	Curbside Households	\$30.00	<input type="checkbox"/>
		Depot Only Households	\$26.00	<input type="checkbox"/>
	30-50 KG/Household	Curbside Households	\$27.50	<input type="checkbox"/>
		Depot Only Households	\$19.50	<input type="checkbox"/>
	< 30 KG/Household	Curbside Households	\$25.00	<input type="checkbox"/>
		Depot Only Households	\$15.00	<input type="checkbox"/>

(b) If selected (as indicated by an x in the associated check box), in the table below (which may be none) the following amount as set out in the table below *times* the Total Number of Serviced Households as set forth on Appendix 1 (as updated from time-to-time in accordance with this Appendix 4)

# What Happens Next?

- Look for communication from MMSW containing your updated Services Agreement Appendix 4
- You are not required to take any action
- New model/rates applied automatically effective January 1, 2021



# Our Program Continues to Evolve



- GHG reporting deadline January 31, 2021
- End of Life (EOL) reporting due at end of every quarter
- Annual information reporting due June 30 every year

# Thank You

Please contact MMSW with any further questions

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