

Q&A - 2023 Annual Producer Meeting - October 24, 2023



General

1.	Where is the presentation available? Are meeting minutes available?	The presentation file and meeting recording are available on the Circular Materials website along with the Report to Producers . Cause of change charts for MMSM , MMSW , and Recycle BC , as well as a consolidated fee rate file are also available. Files are also available on the program websites: Recycle BC , MMSW , MMSM and Stewardship Ontario .
2.	Where can we find information for each province that outlines whether you need to register or whether you use sales volume?	Registration and reporting exemptions for small businesses include revenue and supplied-weight thresholds. Details for each province are available in the online guide . Exemption criteria for New Brunswick can be located here .
3.	By commodity revenue, do you mean revenue generated from inbound materials that are recycled and sold again?	Commodity revenue is the revenue generated through the sale of recyclable materials. This revenue is used to reduce the net operating costs of a recycling program.
4.	Is it possible to receive the fee rate prior to 2024?	Program fee rates for 2024 are included in the Report to Producers distributed in October 2023.
5.	Typically, when a province has a date of “first phase EPR implementation”, how soon before that can producers be expected to sign with a PRO?	It depends on each jurisdiction. For Alberta, registration starts at the end of November 2023. Each producer will register with the regulator, Alberta Recycling Management Authority, and indicate whether they are working with a PRO in that jurisdiction. To be included as a producer listed in Circular Material’s verification plan, organizations need to appoint Circular Materials as their PRO. Organizations will need to submit their initial report to Circular Materials with Alberta supply data by the end of May 2024.
6.	With the new federal plastics registry, has any program built in administration costs to provide this data on behalf of its producers?	Through its WeRecycle Portal, Circular Materials currently manages the producer-related supply data for all the programs. Initial discussions about the plastics registry have been held with the federal government. Specific data requirements and reporting options will be assessed after the plastics regulations are released later this year.

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7.	Is it possible to recover more than 100%?	Recovery rate is determined by collected and supplied material quantities. Due to the lag between these material data it is possible for more material to be collected in one year than was reported in the previous year. What residents put in their blue box is also a factor. For example, all glass bottles and jars are reported as collected glass volume, but that can include glass bottles and jars that were not reported as part of a program.
8.	Should ecommerce sales be included in supply reports?	Please include all material used for transport of e-commerce items to residential consumers or supplied for personal, family or household purposes. Additional information on reporting e-commerce paper and packaging is available here .
9.	Is there a way to find out if a producer that isn't present in the province needs to register?	The program sites each publish an annual list of producers. National and provincial lists along with change log information are available here .
10.	Does the national integrated approach include Ontario?	National integration will include Ontario. As the biggest program in the Circular Materials system, the investments being made in Ontario will be leveraged across Canada for the benefit of all producers.
11.	Does the national integrated approach include Quebec?	No, Circular Materials has a joint Memorandum of Understanding with Éco Entreprises Québec (EEQ) to advance joint interests and initiatives aimed at optimizing practices to improve recycling rates and drive innovation. EEQ has a significant track record of operating efficiently across the province. The benefits of our work together will reduce costs and create efficiencies to deliver shared value to producers, given that we work with many of the same supply-chain partners.
Circular Materials		
12.	Any updates on a global agreement that covers all new programs so that we don't have to continually apply as new programs join?	Work on a National Producer Services Agreement (PSA) is currently in progress. This common agreement will lay out standard business terms between Circular Materials and producers, with a schedule for each jurisdiction, eliminating the need for specific agreements.

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		With new jurisdictions coming on board, the goal of this process is to reduce the time and legal costs associated with producers having to review individual PSAs. Once the National PSA is finalized, producers will only need to review and sign the province-specific schedules, as applicable.
Stewardship Ontario		
13.	Will we have to continue to pay both Stewardship Ontario and Circular Materials in 2024?	There will be billing from Stewardship Ontario for 2024 to cover the costs of municipalities who have not yet transitioned. The amount you will be billed will decline substantially as more municipalities exit the Stewardship Ontario program and the final year for which you will be billed will be 2025. Stewardship Ontario will wind up entirely in 2026.
MMSM		
14.	Why is the obligation share in Manitoba only 80%? What happens to the other 20%?	The program has been a shared model since it was launched in 2010, with the producer obligation share in Manitoba being up to 80% of verified expenses. The remainder is covered by the local communities, municipalities and First Nations.
15.	Are fee rates for Manitoba beverage containers not directly billed to stewards, as they are part of the Canadian Beverage Container Recycling Association's Container Recycling Fee?	Manitoba beverage container stewards are required to report their material tonnages to MMSM and their units to the Canadian Beverage Container Recycling Association. Fees are billed to CBCRA which in turn bills stewards via its CRF. Stewards are not directly billed by MMSM for beverage container fees.
16.	Why is the fee rate for HDPE a negative value?	The HDPE fee is highly correlated to commodity revenue. The commodity revenue for HDPE and aluminum beverage containers was much higher in the recent year added to the three-year rolling average which had a significant effect on the HDPE fee.
17.	Has Manitoba transitioned to a full EPR scheme? When will they be transitioned?	MMSM submitted a draft EPR transition plan to the Manitoba government in 2021. It was reviewed and resubmitted in 2022.

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		The recently elected provincial government is establishing an advisory committee to review the plan. It is currently uncertain when the plan will be approved, but expectation is in 2024. With 12 months to get ready, first transitions would be in 2025.
18.	Except for Manitoba, all other provinces announced an increase. What is Manitoba doing differently?	The decrease in the 2024 budget is mainly due to the commodity revenues in our 3-year rolling average and the unanticipated delay in our first phase of transition to full EPR.
MMSW		
19.	Should we anticipate a 9% fee increase every year over the next three years (2024-2026)?	A 32% variance has been announced for 2024. Based on our forecasts, the next annual variance is 26%, and then in 2026 when the transition is complete the variance is projected to be 9%.
20.	What is the obligation share in Phase 1 for Saskatchewan?	The obligation share of phase one is 100% for approximately 60% of the province's households. The other approximate 40% of the households in the program will remain with the current payment model, which is an up to 75% of costs.
21.	Will Saskatchewan transition to a full EPR scheme by 2026?	Yes. Phase 1 will begin in 2024 pending the timing of the program plan approval and Phase 2 will commence in 2025. Phase 3, with its focus on depots, will commence in 2026 and will complete the transition to a program funded and operated by producers.
22.	Which invoice received by the producer will represent the first invoice that at least partially includes a 100% EPR responsibility?	The 2024 budget and fees include costs for Phase 1 of full EPR. That invoice will be sent to producers in January 2024.
Recycle BC		
23.	Will the new 5-year plan change our anticipated fees? Or will commodity revenue be the main driver for fee variance?	The program has gone from startup to stability. Accessibility has been extended to all corners of the province. Commodity revenue, which is reliant on market conditions, will continue to be a major driver of budget and fee variances. A second driver would be any regulation and legislation changes that requires more than what was provided in the program plan.

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24.	Can you provide a high-level overview of how the new program plan is different from the existing program plan? Are there significant differences that will impact overall program costs such as expanded obligations for public spaces or multi-family dwellings?	The program plan has new targets to meet the requirement of continuous improvement. It includes the rollout of streetscape collection beginning in 2024. It also includes ongoing work to bring more multi-family buildings into our program, by offering them the choice of joining our program or continuing with private collection.
25.	Flexible packaging has the lowest recovery rate. Does that include everything in that particular rate category? (e.g., paper/plastic/recyclable films)?	Soft plastics is now combined with other flexible plastics for the recovery rate. That includes inflexible plastics, like chip bags, multi-laminated pouches, and candy wrappers. Paper laminates have their own category.
26.	What is the rationale for the substantial growth in aluminum food container fee rate in SK and BC?	The cause of change charts for SK and BC detail changes to the fee rates. The largest factor for this material category is commodity value. Aluminum can be quite sensitive to change, particularly because the aluminum that is collected through packaging and paper programs is not the same value as aluminum beverage containers and cans.
27.	What is the main driver for the 8% fee rate increase?	The average 8.6% fee rate increase reflects the 10.2% total fee budget increase partially offset by increased supplied tonnes.
Circular Materials in New Brunswick		
28.	Will Circular Materials be able to drive alignment across the Atlantic provinces?	Atlantic Canada is an opportunity to leverage a regional approach through program administration and supply chain opportunities. A common infrastructure unbroken by borders or jurisdictions would enable all materials to move to defined markets at increased scale. There are also additional opportunities for synergies amongst the jurisdictions to leverage materials in the most efficient way possible.
29.	Will NB be considered “fully transitioned” by May 1st, 2024?	No. Phase 2 communities that opted out will still have to transition on November 1, 2024. In 2025, we will expand service to multi-unit dwellings and schools that aren't currently serviced, so it will be well into 2025 before the transition is complete.
30.	What is the reason for the 42 communities that opted out in NB?	The two major factors are the municipal amalgamation and the regulation timeframe. In January 2023 the province implemented a municipal amalgamation, which consolidated 340 municipalities

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		down to 78. This resulted in additional mandates and new community boundaries between the province's municipalities, leading to confusion and capacity challenges. The short six-month ramp up to program launch and low level of awareness of the regulation change made it difficult for communities to consider their options.
31.	Do fees for NB come down when all communities opt in?	The fees likely won't decrease, but they will start to stabilize year over year, as we build out and add all services. Changes will be rolled out to the whole province by November 2025, after which changes will be limited to inflation and commodity value.
32.	If NB 2024 costs only include partial data (12 months for phase 1 and 7 months for phase 2), what would a fully transitioned cost structure look like?	For 2024, Phase 1 opt-in communities will pay the full year. Phase 1 opt-out communities and Phase 2 opt-in communities will pay for eight months, from May-December 2024. Phase 2 opt-out communities will pay for two months, from November-December 2024. We will have a better idea of the full cost structure going into 2025.
33.	Are the obligations for other provinces only based on sales and not residency? i.e., if we don't have a physical location in Nova Scotia, do we still need to register for the province?	For Nova Scotia, if you are a brand owner resident in Canada and your material sales in the province are above \$1 million, then you will need to register. First with the administrator, Divert NS, and ultimately with the PRO. The Divert NS registry deadline is January 1, 2024.
34.	What is the sales exemption threshold for New Brunswick and Nova Scotia on a yearly basis?	The sales exemption threshold in Nova Scotia is \$1 million and in New Brunswick is \$2 million. Producers will need to do an annual assessment to determine whether they fall above or below the thresholds.
Circular Materials in Alberta		
35.	Is there a minimum sales number before you have to register for ARMA in Alberta?	Producers need to register in Alberta if they generate over \$1.5 million in annual sales in the province.
36.	For reporting in Alberta where sales are above the minimum threshold, is this only for owned brands or total sales if you also manufacture under a brand that you do not own?	If you're producing products for another brand that is resident in Canada, it is that brand's responsibility to determine whether they are above or below the minimum sales threshold. You would only be

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		responsible for the sales of products under your own brand. Please review the FAQs on the ARMA website for more information about brand owner responsibilities.
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