

# Recycling in Manitoba

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The Manitoba Product Stewardship Corporation (MPSC) was introduced on January 1, 1995, to encourage the expansion of convenient and efficient recycling services across Manitoba. And it's done just that – over 170 Manitoba municipalities now participate in the MPSC system. Unlike their counterparts across North America, Manitoba communities are unique in receiving direct financial support for their local recycling programs. Since 1995, MPSC has

provided almost \$37 million to Manitoba's community recycling programs. This support helped Manitoba municipalities to recycle 49,367 tonnes of household paper and packaging last year, compared to only 5,000 tonnes in 1994.

As part of its regulatory requirements, MPSC recently completed its DRAFT 2004-2007 Business Plan, *Sustaining the MPSC Model*, and submitted it to Manitoba's Minister of Conservation. After almost 10 years

of funding municipal recycling programs, the MPSC has amassed a solid understanding of the economics of recycling. The DRAFT Business Plan outlines five major changes to our municipal funding system. **These changes will result in the current municipal recycling support payment rates being reset effective April 1, 2004.**

The most visible change is in the **funding rates** for each municipal category (see table below). But, there are actually a number of more fundamental changes to the program:

Municipal Category	New Per Tonne Funding Rate <i>(To be set annually)</i>
City of Winnipeg	\$110/tonne
City of Brandon	\$140/tonne
Municipalities with populations between 5,001 – 15,000	\$145/tonne
Municipalities with populations between 1,001 - 5,000	\$162/tonne
Municipalities with populations below 1,000	\$185/tonne

- Municipalities are now grouped into categories based on their population instead of the old distinction of 'Winnipeg' and 'outside Winnipeg.'

- Future funding rates will be set each year, based on a three-year rolling average of recycling program costs reported through MPSC cost monitoring studies.

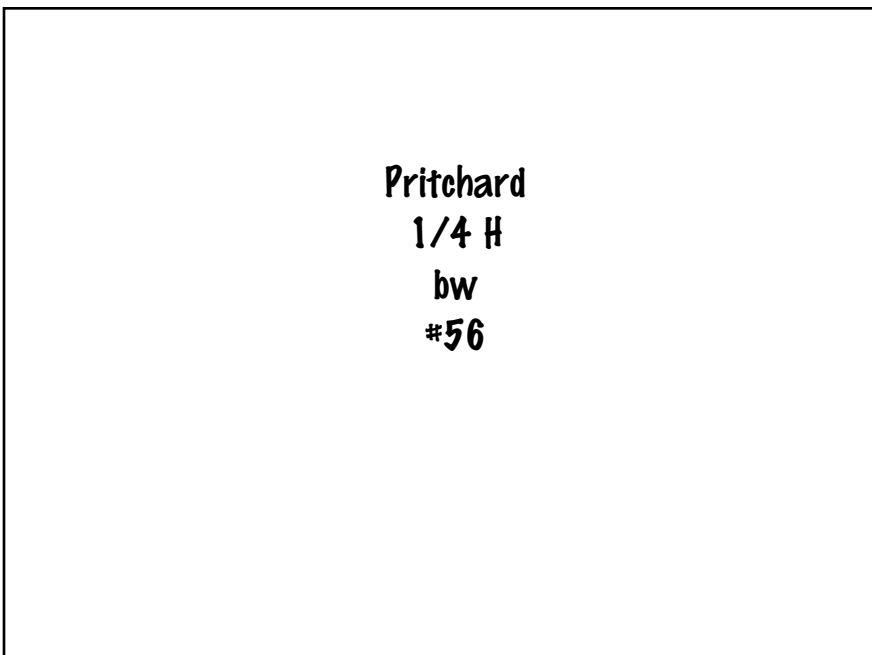
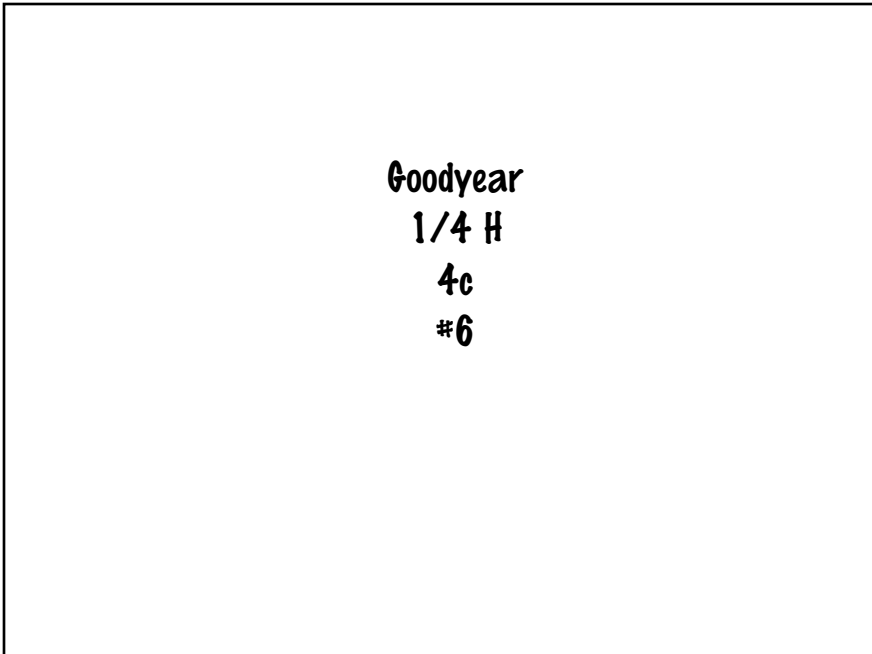
- A funding rate will be set for each group based on the norm within the group (an 'efficiency benchmark'). This will ensure that the efficiency of communities will be measured against their peers rather than the largest municipalities. Municipalities whose recycling costs are well above their peers will not be compensated for their high costs.

- A further adjustment will be made to the funding rate of any municipality whose recycling program costs are below the group's funding rate as a way to negate any potential for future 'surpluses.'

- Each year, MPSC will offer FREE custom-tailored local promotion and education tools to municipalities.

## Victims of our own success?

This year will mark the fourth consecutive year of double-digit increases in the volume of recyclables collected and marketed through the MPSC system. That's a good



thing. By the end of fiscal 2003/2004, 60% of the MPSC eligible materials from residential sources will be diverted from landfill. Our community-based approach has resulted in successful recycling programs operating in all regions, while we achieve higher recovery at a lower cost than was originally estimated. The MPSC has proven itself to be an effective and efficient model to manage recycling initiatives, and our multi-material municipal funding system is an extremely cost-efficient and cost-effective option for diverting household packaging and print material.

However, with success often comes challenges, and MPSC is no different. We are reaching our financial limits, with annual operating deficits in excess of \$1 million. The MPSC must now make decisions to protect the principles that have been the foundation of our success to date.

### Money in, money out

We have a 'money in, money out' system. The 'money in' comes from revenues from the \$0.02 environmental levy on beverage containers, and interest on our reserve funds. The 'money out' is expenditures to support municipal recycling programs, school and youth programs, and technical and promotional activities. Currently, **95% of annual levy revenue goes back to municipalities** to support local recycling programs.

We are asked periodically, why not just bring in additional monies? There are certainly ways to increase revenues, but the 'money out' question must be addressed first. The MPSC has been supporting municipal programs based on the original funding rates established almost 10 years ago, and these funding rates are no longer achieving the original 80/20 cost share principle. In fact, municipalities reported that, from 2000 to 2002, more than \$3 million was accrued in surpluses by larger communities. At the same time, some smaller communities found it impossible to achieve the same economies of scale – and MPSC faced annual deficits.

For municipalities, the changes will make the program more responsive to the needs of smaller communities and more dynamic and reflective of current market realities. They will also move the system closer to the 80/20 cost sharing principle, which will make it more sustainable over the long term.

In a broader sense, these changes set the stage for more concrete discussions with government, industry and consumers on the long term financial needs of the system (i.e. product stewardship).

The *DRAFT 2004-2007 Business Plan*, along with a two-page 'Summary of Changes,' is available for download at [www.mpsc.com](http://www.mpsc.com). ●



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