



SK Recycles

2026 Cost Study Results
and Draft Incentive Rates
July 8, 2026



AGENDA



- Background
- Cost Study Engagement Approach - Deloitte
- Cost Study Results
- New proposed draft rates
- Next Steps
- Questions

Background



MMSW COST STUDIES



Under the MMSW program, cost studies were performed every 2-3 years or as MMSW determined for program effectiveness.



MMSW conducted 3 cost studies over the following years:

2017

2019

2022



Previous cost studies examined both collection and post-collection costs

RATIONALE



SK Recycles' Program Plan objective (Sec. 4.2.5 and 4.4.9) is to conduct another cost study in preparation for setting incentive rates for DEPOT programs transitioning to the new full EPR program for Phase 3.

Phase 3 launches February 1, 2027, with the first depot service commencement date in Q4 2027.

Results will also be used to reassess incentive rates currently applied to Phase 1 and 2 collectors and adjust if applicable.

COST STUDY PRINCIPLES



All collectors invited to participate

Use third party to ensure confidentiality/impartiality to results

Results used to set fair and reasonable incentives to maximize recovery and efficiency

Minimize complexity

Meet program performance targets and drive application of operational best practices

2026 METHODOLOGY (DEPOTS)



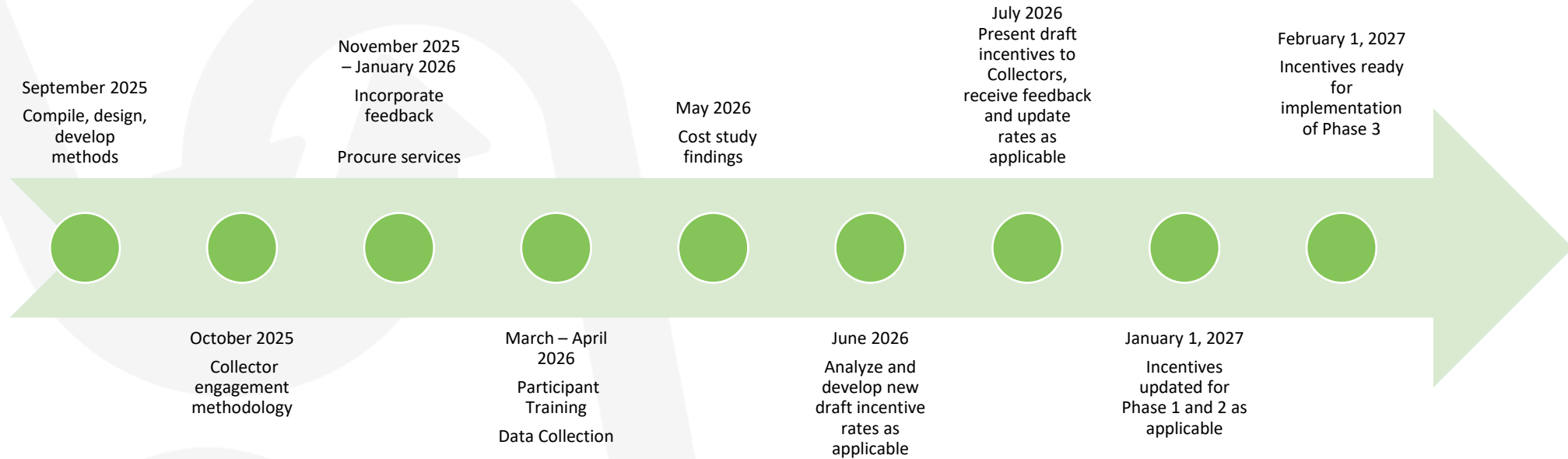
- Questionnaire – a closer look:
 - Depot facility cost
 - Lease/rent, repairs and maintenance, utilities, site security, etc.
 - Material on site handling costs
 - Labour, equipment costs: lease, repairs, electrical, etc.
 - Costs for baling, compactor, roll off, etc.
 - Capital investment costs
 - Equipment, building, retrofits, etc. (amortized)
 - Contract implications on cost
 - Labour costs for staffing requirements, insurance requirements.
 - Material specific costs
 - Allocating costs to materials - mixed paper, mixed containers, glass, tin, cardboard, etc.
 - This was challenging for collectors; therefore, no results possible within the study
 - Differentiate by depot type
 - Class 1, 2, 3 (Open access, secured, staffed, etc.)

2026 METHODOLOGY (CURBSIDE AND MULTI-FAMILY)



- Questionnaire – a closer look:
 - Travel
 - Kilometres, drive time/ hours
 - Labour
 - Operators, foremen, supervisors, training
 - Vehicle and equipment
 - lease, repairs and maintenance, insurance, fuel, etc.
 - Capital investment costs
 - Carts, vehicles, other (amortized)
 - Contract implications on cost
 - Insurance requirements

TIMELINE



ENGAGEMENT APPROACH



The engagement process for the 2026 Packaging and Paper Products (PPP) Collection Cost Study was structured to guide collectors from initial outreach through to data submission.

1. Initial Outreach and Study Introduction

- In late 2025/early 2026, SK Recycles formally invited local governments and private collectors to participate in the Cost Study and introduce Deloitte as the independent third-party facilitator

2. Development and Distribution of Questionnaires

- Deloitte, in collaboration with SK Recycles, developed two questionnaires: Curbside/Multi-Family and Depot
- Questionnaires captured general operational information as well as detailed cost data specific to collection type

3. Webinar Engagement

- Participants received an invitation from SK Recycles to the Cost Study webinars (1.5 hours each), along with supporting material (questionnaires and FAQs)
- Two (2) dedicated webinars were held:
 - March 16, 2026 – Curbside/Multi-Family Collectors
 - March 17, 2026 – Depot Collectors
- Webinars provided a step-by-step walkthrough of questionnaire requirements and provided guidance on completing key data fields and assumptions
- Sessions were recorded for collectors that were unable to attend and for ongoing reference during questionnaire completion

ENGAGEMENT APPROACH



4. Ongoing Participants Support (March – May 2026)

- Deloitte maintained active engagement with collectors through email correspondence and one-on-one virtual/telephone meetings
- Support focused on:
 - Clarifying questionnaire structure and definitions
 - Assisting with data interpretation and completion
 - Addressing data-related questions

5. Data Review, Validation, and Follow-Ups

- After questionnaire submissions, Deloitte conducted targeted follow-ups with collectors to:
 - Resolve incomplete or missing data
 - Clarify unclear or inconsistent responses
- Additional validation focused on key inputs such as:
 - Contract costs and cost drivers
 - Non-PPP allocations and PPP-specific costs
 - Cost by material type and post-collection costs

6. Participation Outcome:

- Final dataset that formed the basis for the 2026 Cost Study analysis:
 - 52 questionnaires were received
 - 50 questionnaires were analyzed (including anomalies)

ENGAGEMENT APPROACH



Table 2. Collector Participation in Cost Study (incl. Anomalies)

Cost Category	2022 Participation	2026 Participation
Collection Cost		
Curbside Collection	16	25
Multi-family Collection	4	8
Depot Collection	14	17
Promotion and Education	19	18
Service Administration	19	15

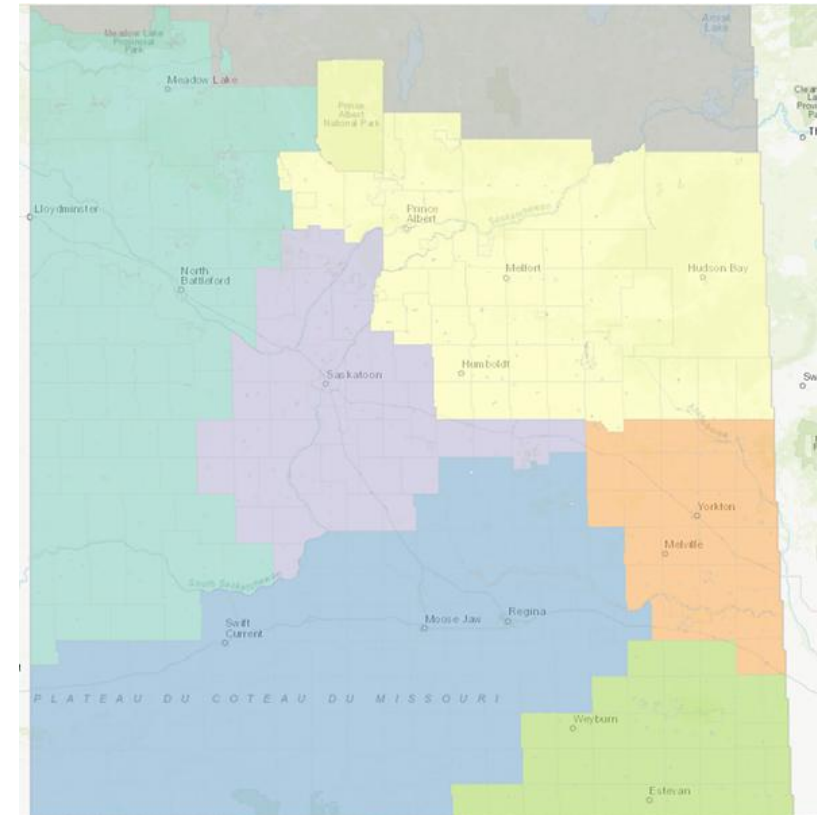
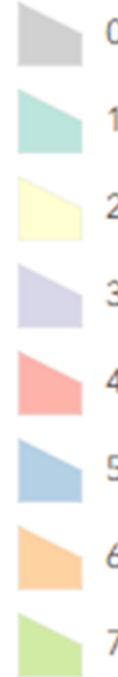
ENGAGEMENT APPROACH



Curbside	
Zones	No. of respondents
0	-
1	5
2	4
3	9
4	-
5	3
6	2
7	3
Total	26

Multifamily	
Zones	No. of respondents
0	-
1	1
2	2
3	5
4	-
5	1
6	-
7	-
Total	9

Depot	
Zones	No. of respondents
0	1
1	3
2	5
3	3
4	-
5	4
6	1
7	-
Total	17



Cost Study Results



DEPOT DATA REVIEW CONSIDERATIONS



The depot fee rate is reflective of the cost to efficiently and effectively provide depot collection services to the residents of the municipality or service area.



Incentive rates will be based on a per household payment structure.

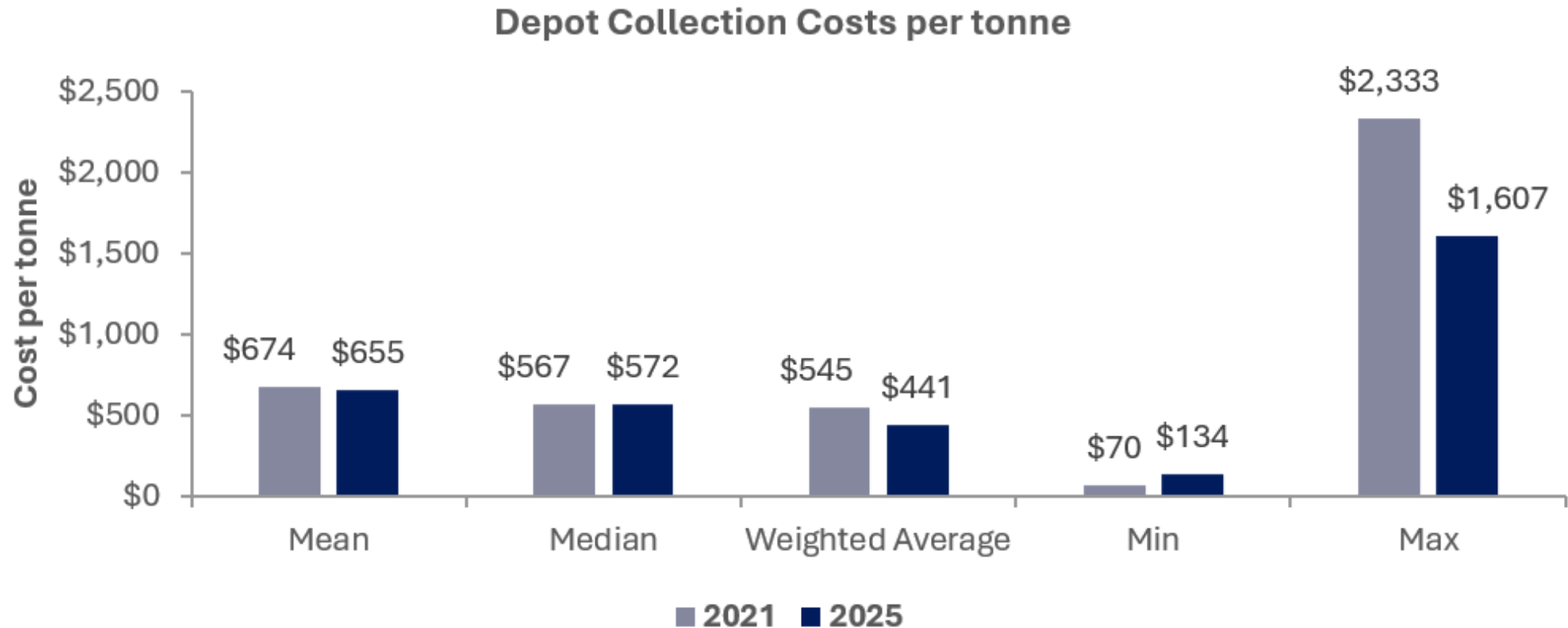


Depot fee rates will differ between Primary Depots and Supplemental Depots, with Primary Depots receiving a higher fee rate per household than Supplemental Depots.



Depot fee rates will also differ between Class 1, Class 2, or Class 3 depots as each class is expected to provide a different level of service.

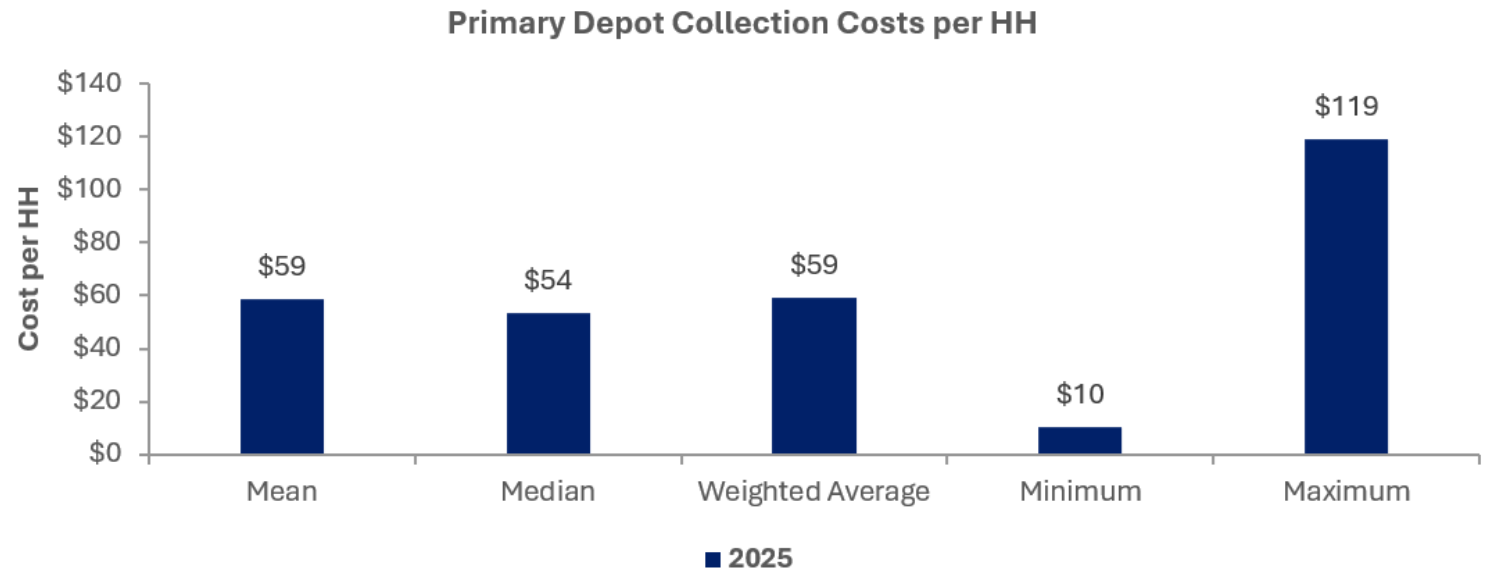
COST STUDY RESULTS (DEPOT)



COST STUDY RESULTS (DEPOT)



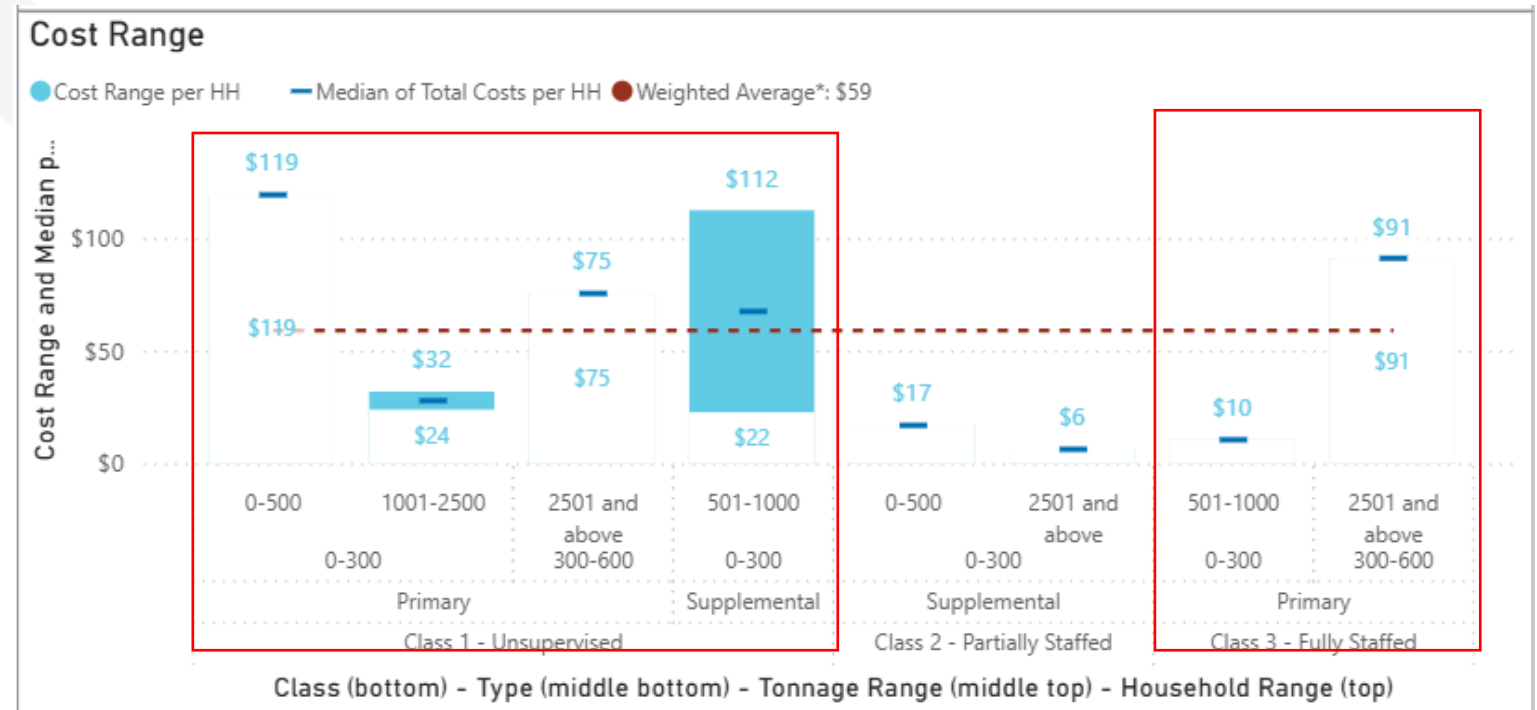
- Weighted average cost per HH for primary depots is \$59/HH
- Supplementary depots cost per HH not available due to unknown number of houses serviced for some survey submissions



COST STUDY RESULTS (DEPOT)



- Weighted average represents primary depots only
- 10 of 17 results shown
 - Excludes anomalies
 - Excludes results with no HH data
- Results of:
 - Two Class 3 survey submissions
 - Two Class 2 survey submissions
 - Six Class 1 survey submissions



COST STUDY RESULTS (CURBSIDE)

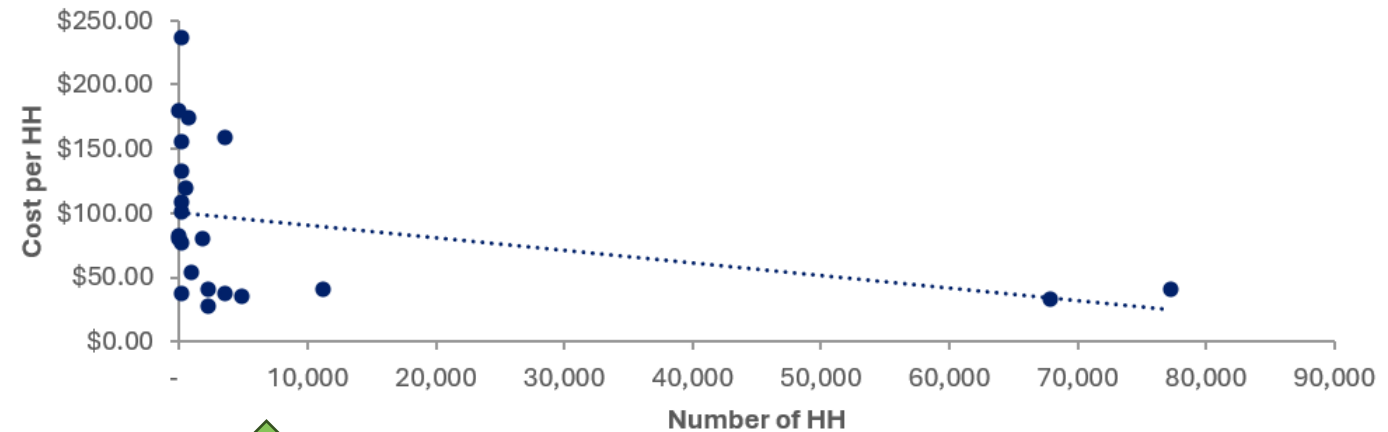


- Weighted average has decreased
- All others have increased

Curbside Collection Costs per HH



Curbside Cost per HH

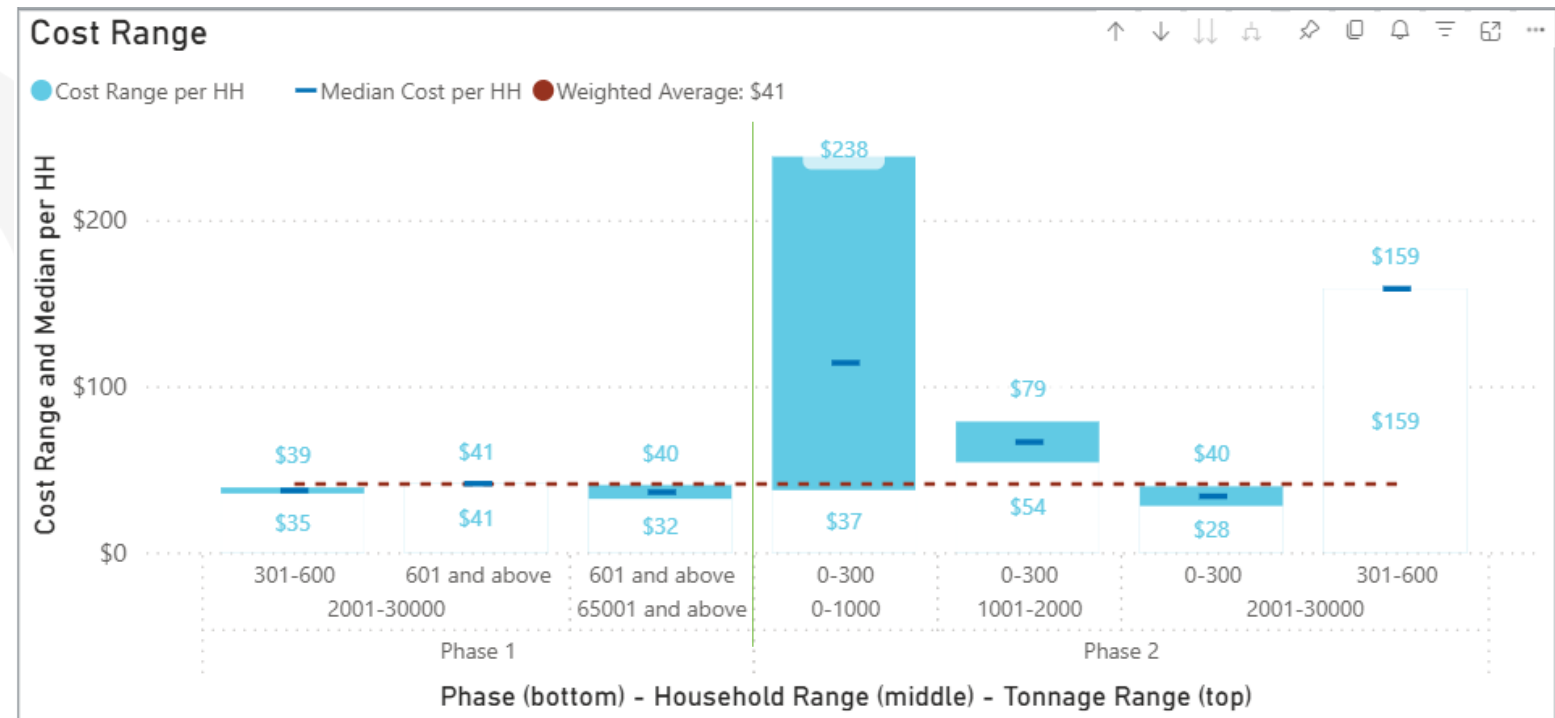


- Varying cost per HH for less than 10,000 HH

COST STUDY RESULTS (CURBSIDE)



- Weighted average is \$41.00/HH
- Phase 1 costs are lower than Phase 2
- Phase 2 results fluctuate throughout tonnage and HH count from \$28 to \$238 per HH

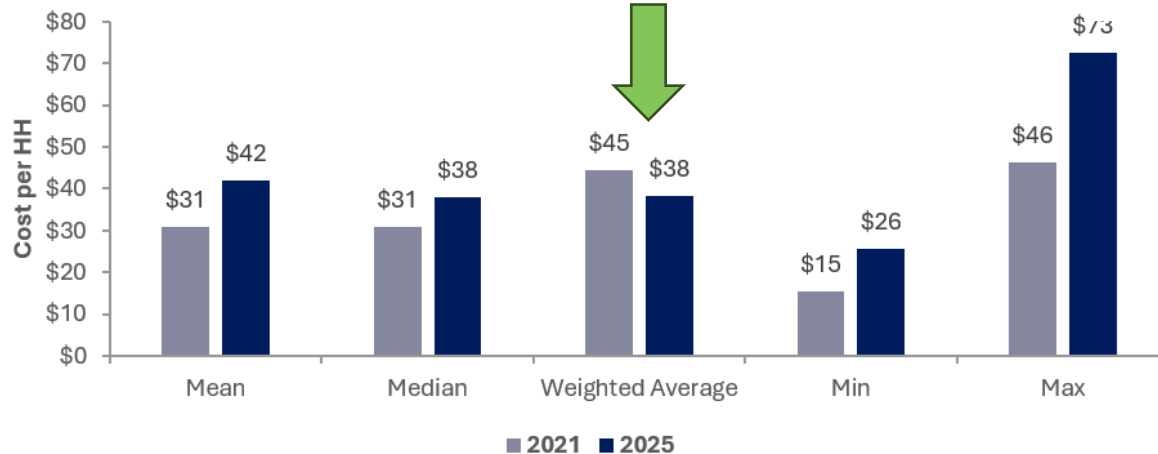


COST STUDY RESULTS (MULTI-FAMILY)

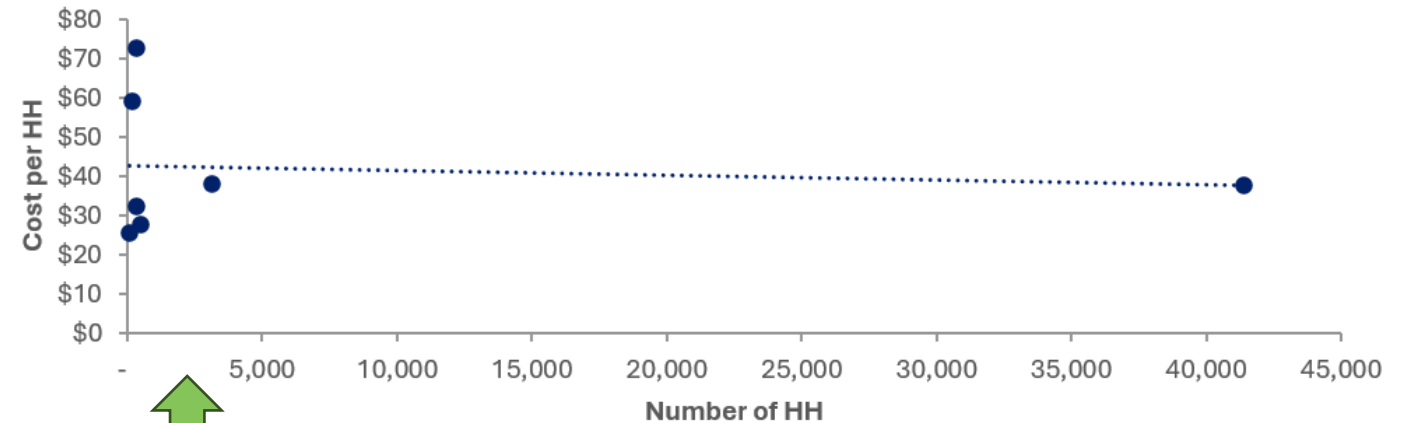


- Weighted average has decreased
- All others have increased

Multi-family Collection Costs per HH



Multi-family - Cost per HH

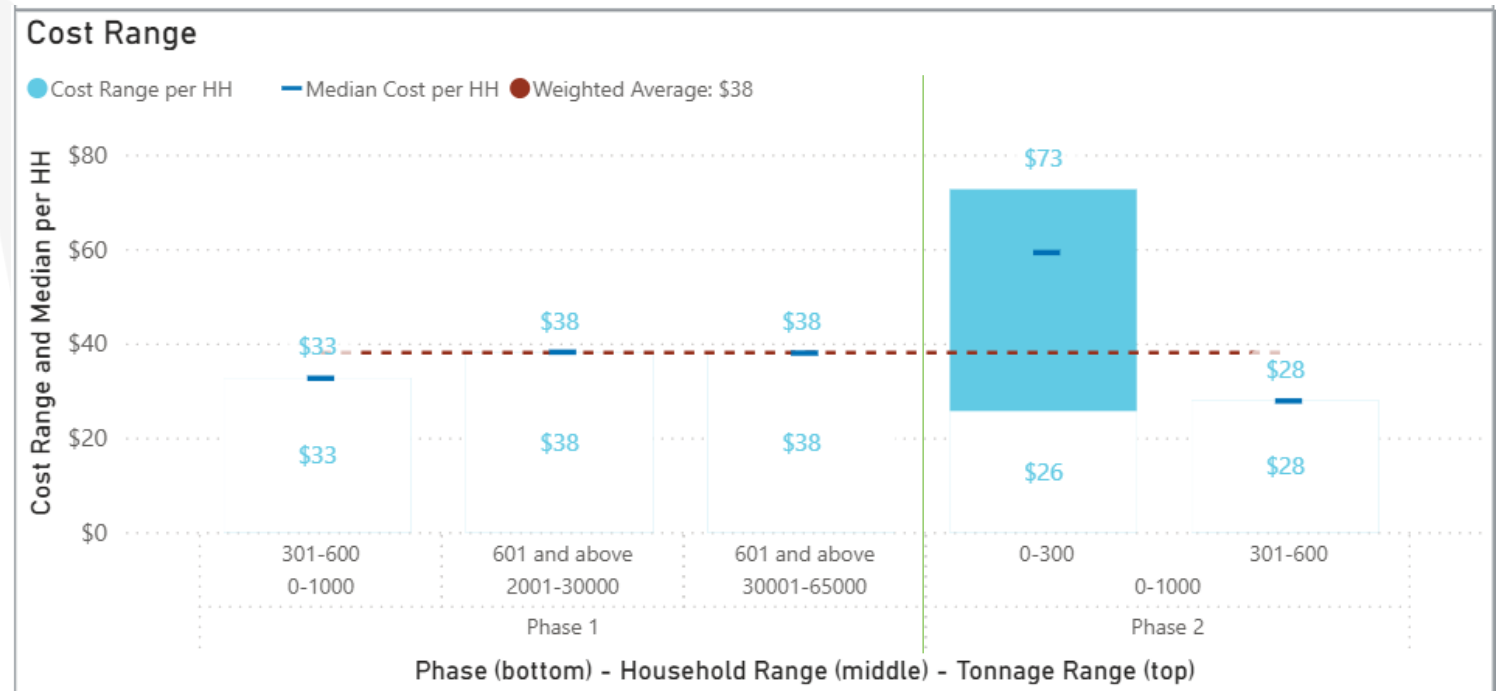


- Varying cost per HH for less than 5,000 HH

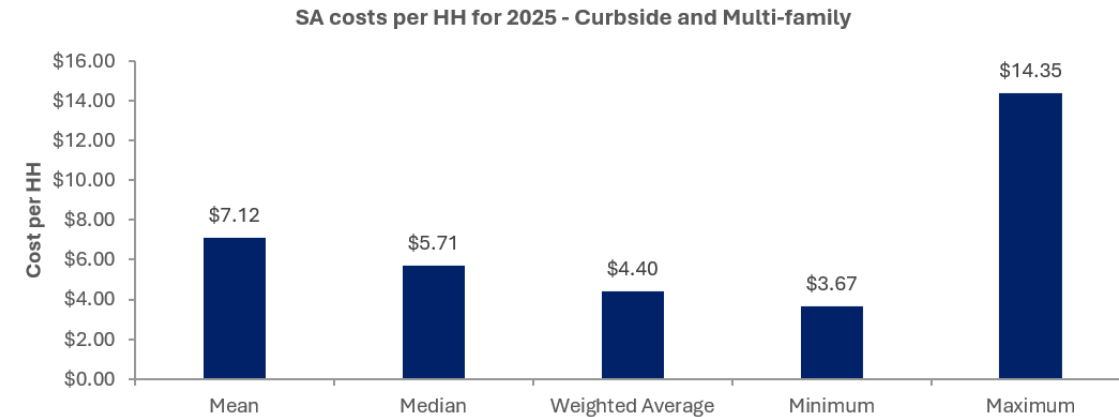
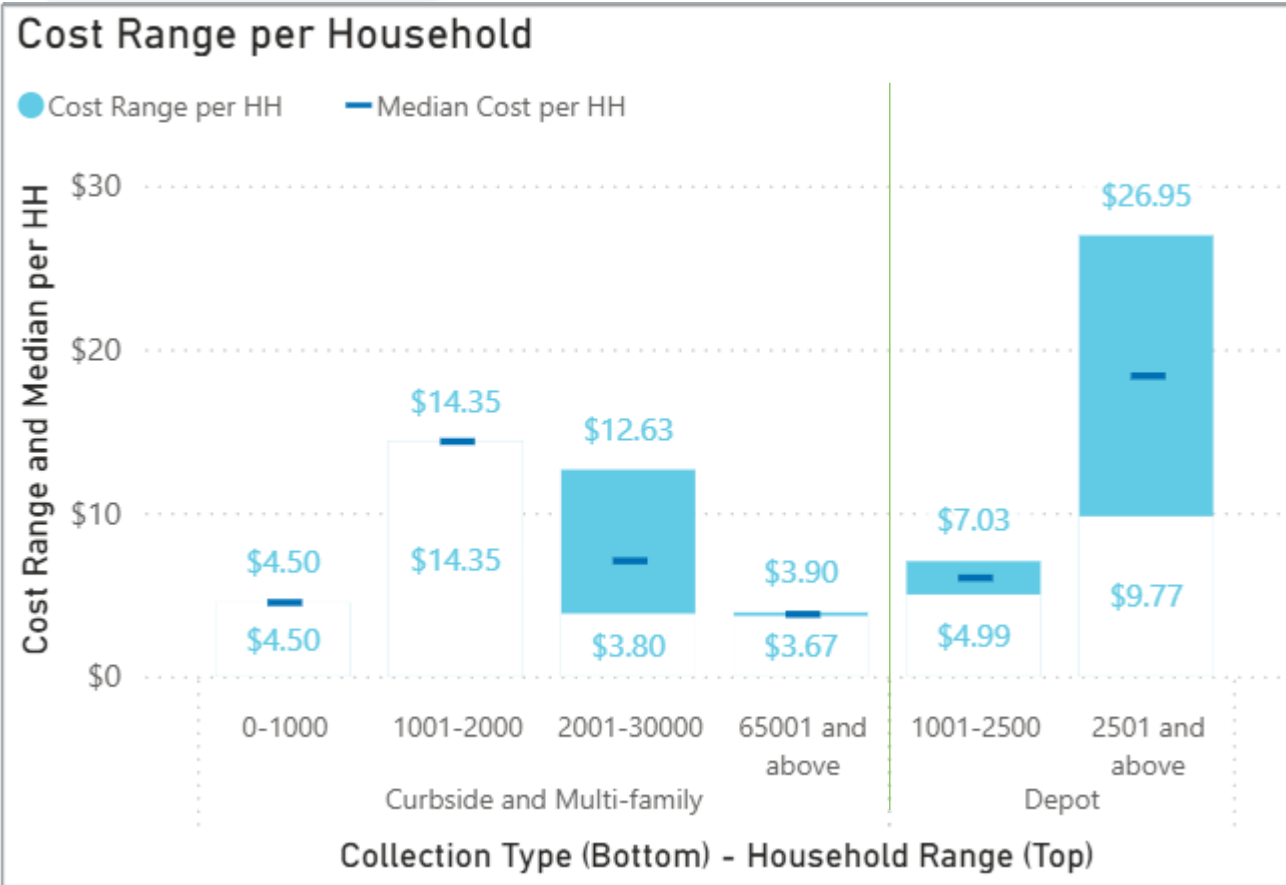
COST STUDY RESULTS (MULTI-FAMILY)



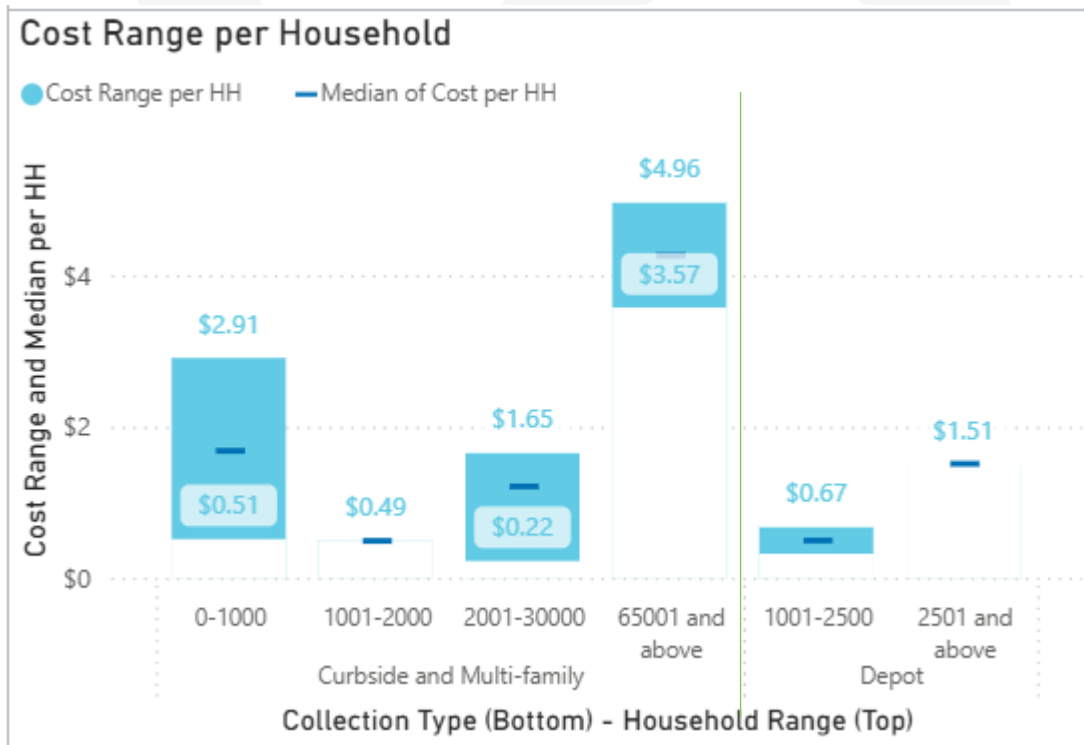
- Weighted average is \$38.00
- Phase 1 costs are consistent in each range of HH and tonnage
- All Phase 1 results are lower than current incentive rates
- Phase 1 costs are lower than Phase 2
 - Phase 2 301-600 tonnes is the result of one survey
- Phase 2 results fluctuate from \$28 to \$73 per HH



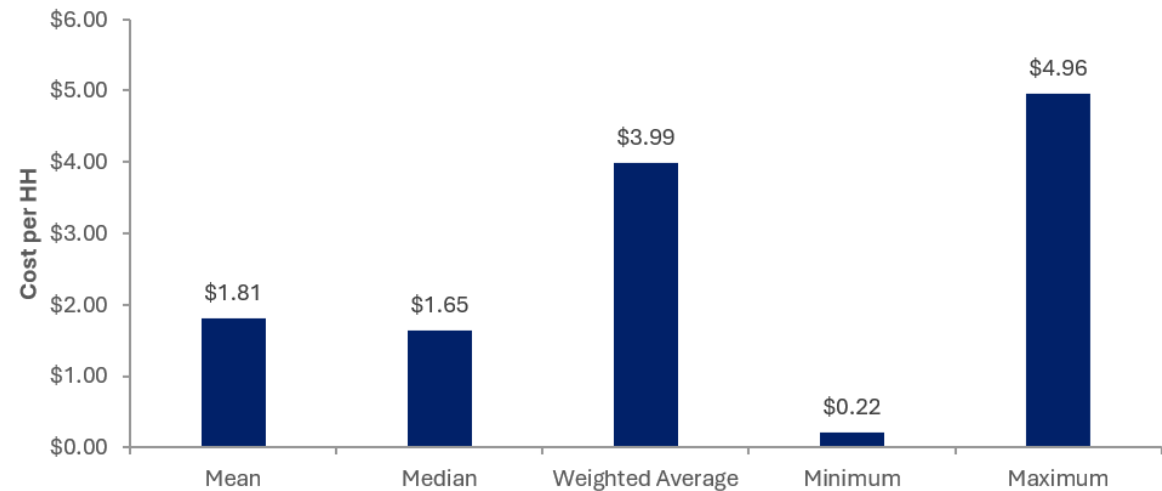
COST STUDY RESULTS (SERVICE ADMINISTRATION)



COST STUDY RESULTS (PROMOTION & EDUCATION)



P&E costs per HH for 2025 - Curbside and Multi-family



- Weighted average is \$3.99 per HH for Curb and MF
- Cost ranges are variable for each HH range



New Proposed Draft Rates

DRAFT INCENTIVE RATES



- Depot
 - Primary:
 - Weighted average HH cost for primary depots
 - Classes and cost impact
 - Cost variability for SA and P&E for all depots
 - CPI 4.8% (2025 and 2026)
 - Supplementary
 - Cost Variability of depots
 - Cost Range for SA and P&E for all depots
 - CPI 4.8% (2025 and 2026)
- Curbside / Multifamily
 - Weighted average cost per HH
 - Cost Variability in Phases, tonnage, HH numbers
 - Cost variability for SA and P&E
 - CPI 4.8% (2025 and 2026)

DRAFT DEPOT INCENTIVE RATES



Depots	Primary			Supplementary
HH Groups	Class 1	Class 2	Class 3	N/A
Current HH Rate	N/A	N/A	N/A	N/A
Proposed Incentive Rate*:	\$24.83	\$43.32	\$61.81	\$15.89
Proposed P& E	\$1.05	\$1.05	\$1.05	\$1.05
Proposed SA	\$2.00	\$2.00	\$2.00	\$2.00
Total new HH rate:	\$27.88	\$46.37	\$64.86	\$18.94

* Proposed Incentive Rate excludes collection for flexible plastics, foam and glass bottle and jars

Current incentive Structure						
Collection Type	Population Band: 5,000 - 50,000			Population Band: <5,000		
E&E Tier	> 50 KG/Household	30-50 KG/Household	< 30 KG/Household	> 50 KG/Household	30-50 KG/Household	< 30 KG/Household
Depot Only Households	\$28.00	\$24.00	\$23.00	\$31.00	\$26.00	\$24.00
P&E per HH	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75

DRAFT DEPOT INCENTIVE RATES



- Flexible plastics, foam and glass bottles and jars
 - Flex, foam and glass currently not collected at depots
 - Approved Phase 3 Eligibility Criteria and Depot Collection Standards, Policies, and Procedures
 - All onboarded depots will collect
 - Paper and Paper packaging
 - Cardboard
 - Plastic containers
 - Metal containers
 - Cartons and paper cups
 - Class 3 must collect flex, foam and glass; Class 2 has the option to collect flex, foam and glass
 - Cost Study results do not reflect costs to collect these materials
 - Proposed Rates do not reflect costs to collect these materials
 - Payment model for flex, foam and glass – collaborative approach
- ICI assumption
 - 20% of collected material will be deemed to come from industrial, commercial and institutional (ICI) sources
 - SK Recycles' cost to manage that amount of material will be deducted from the depot collection service provider's depot fee rate
 - Estimated % of ICI may be reduced by ICI study and/or audit process agreed with depot collection service provider

DRAFT CURBSIDE INCENTIVE RATES



Curbside HH Groups	Phase 1 Incentive Rates			Phase 2 Incentive Rates		
	>65000	2000-65000	<2000	>65000	2000-65000	<2000
Current HH Rate	\$47.66	\$38.54	\$44.62	N/A	\$49.00	\$52.00
Current P&E Rate	\$2.50	\$2.50	\$2.50	N/A	\$1.50	\$1.50
Current Total HH Rate:	\$ 50.16	\$ 41.04	\$ 47.12	N/A	\$ 50.50	\$ 53.50
New HH Groups	No Groupings				>2000	<2000
Proposed Incentive Rate:	\$43.35			N/A	\$51.34	\$54.48
Proposed P& E	\$2.62			N/A	\$2.62	\$2.62
Proposed S&A	\$4.19			N/A	\$4.19	\$4.19
New Total proposed HH rate:	\$50.16			N/A	\$ 58.15	\$ 61.29
Change \$	\$0.00	\$9.12	\$3.04		\$7.65	\$7.79
Change %	0%	24%	7%		16%	15%

DRAFT MULTI-FAMILY INCENTIVE RATES



Multifamily	Phase 1 Incentive Rates			Phase 2 Incentive Rates		
	>65000	2000-65000	<2000	>65000	2000-65000	<2000
HH Groups						
Current HH Rate	\$46.65	\$32.45	N/A	N/A	\$41.00	\$44.00
Current P&E Rate	\$2.50	\$2.50	N/A	N/A	\$1.50	\$1.50
Current Total	\$ 49.15	\$ 34.95	N/A	N/A	\$ 42.50	\$ 45.50
New HH Groups	No Groupings				N/A	<2000
Proposed Incentive Rate:	\$39.81			N/A	N/A	\$46.10
Proposed P&E	\$2.62			N/A	N/A	\$2.62
Proposed S&A	\$4.19			N/A	N/A	\$4.19
Total new HH rate:	\$46.62			N/A	N/A	\$ 52.91
Change \$	-\$2.53	\$11.67				\$7.41
Change %	-5%	33%				17%

DRAFT DISTANCE TO FACILITY INCENTIVE RATES



- Distance to Facility is not part of the cost study directly.
- Costs incurred for curb and multi-family for collection throughout the community is included in the base incentive rates.
 - Fuel
 - Labour
 - Maintenance
- The additional Distance to Facility incentive rate provides an additional rate to cover the cost of traveling outside of the community to the designated facility after collection is complete / truck is full.
- Rates have been updated based on changes in fuel prices and a consistent methodology has been applied to all rates including items such as:
 - Speed
 - Time/Labour
 - Truck Capacity
 - Fuel

DRAFT DISTANCE TO FACILITY INCENTIVE RATES



Distance Tiers	Phase 1 Curbside and Multi-Family		
	15 to <40km	40km to <100km	>100km
Current HH Rate	\$3.06	\$5.60	\$27.75
Proposed HH Rate	\$2.14	\$6.60	\$11.81
Change \$	-\$0.92	\$1.00	-\$15.94
Change %	-30%	18%	-57%

Distance Tiers	Phase 2 Curbside and Multi-Family		
	15 to <40km	40km to <100km	>100km
Current HH Rate	\$1.75	\$2.57	\$6.33
Proposed HH Rate	\$2.78	\$6.32	\$12.14
Change \$	\$1.03	\$3.75	\$5.81
Change %	59%	146%	92%

*Where multiple municipalities are collected on the same route and truck whose material is delivered to the same designated facility, the distance-to-facility top-up rates may be applied using a weighted average methodology.

DRAFT DISTANCE TO FACILITY INCENTIVE RATES



Distance Tiers	Phase 3 Depots - New			
	to <15km	15 to <40km	40km to <100km	>100km
Current HH Rate	\$0.00	\$0.00	\$0.00	\$0.00
Proposed HH Rate - Primary	\$1.00	\$3.40	\$6.69	\$11.90
Change \$	\$1.00	\$3.40	\$6.69	\$11.90
Change %	N/A	N/A	N/A	N/A
Current HH Rate	\$0.00	\$0.00	\$0.00	\$0.00
Proposed HH Rate - Supplementary	\$0.00	\$2.12	\$6.22	\$8.08
Change \$	\$0.00	\$2.12	\$6.22	\$8.08
Change %	N/A	N/A	N/A	N/A

*Where multiple municipalities are collected on the same route and truck whose material is delivered to the same designated facility, the distance-to-facility top-up rates may be applied using a weighted average methodology.

NEXT STEPS



- Feedback from Collectors
 - Submit feedback via email to info@skrecycles.ca
 - Feedback received to July 31, 2026
- Adjustments to incentive rates from feedback where applicable
- Final new incentive rates in effect
 - January 1, 2027 Curbside and Multifamily Phase 1/Phase 2
 - Q4 2027 Depots Phase 3



QUESTIONS AND COMMENTS



Feedback will be received
to July 31, 2026

info@skrecycles.ca



