2026 Cost Study Engagement Report

September 16, 2026

SK Recycles

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SECTION 1: INTRODUCTION

1.1 Financial Incentive Review Summary

SK Recycles' Household Packaging and Paper Stewardship Program Plan (Program Plan) outlines the requirement to develop a set of revised financial incentives to propose to eligible collectors for each transition phase based on the results of a detailed cost study. The 2026 Cost Study aligns with the requirements outlined in the Program Plan and is the fourth cost study undertaken by SK Recycles. Previous studies were completed in 2017, 2019 and 2022.

The 2026 Cost Study was completed during the design stage of Transition Phase 3, with the purpose to:

- Develop depot incentive rates for Transition Phase 3 collection
- Assess the curbside and multi-family incentives applied in Transition Phases 1 and 2 in the current market context.

As per SK Recycles' Program Plan, upon completion of this study, SK Recycles is required to complete an updated cost study every three years.

In 2025, SK Recycles engaged with collectors to develop and finalize a cost study questionnaire to capture all costs related to collection. Deloitte LLP ("Deloitte") was hired as a third-party consultant in February 2026 to administer the study.

Proposed incentive rates were presented to collectors on July 8, 2026, followed by a feedback period that ended on July 31, 2026. Changes based on feedback received represent the final rates presented to collectors.

This report provides background information on SK Recycles' engagement efforts with collectors including detailed feedback from the July 8 incentive rate presentation and the written feedback period (July 8 to July 31, 2026). Appendices include detailed questions/comments that were recorded[1].

1.2 Preliminary Engagement Work

In 2025, SK Recycles' internal team established a cost study process and methodology which was presented to collectors and the SK Recycles' Advisory Committee. The Advisory Committee received the information during a meeting, and a copy of the presentation was shared with the committee. Over 400

[1] To maintain brevity and clarity, SK Recycles paraphrased questions in the Appendices. Information that was unique to a collector was excluded to maintain privacy.

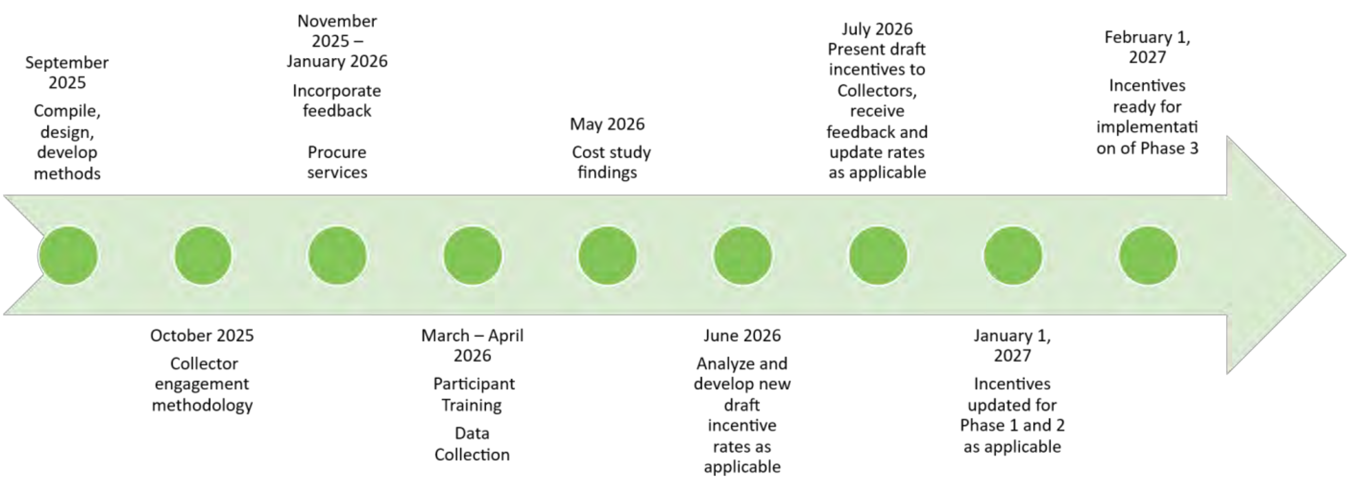
email invitations containing a registration link were sent to all collectors and other affected stakeholders for a methodology webinar that was held on October 8, 2025. Following the webinar, participants were provided with a three-week period to review the information and provide feedback. Webinar recordings of the presentations were shared for information and feedback. The dominant themes raised by participants, related to the cost study, were:

1. Understanding participation requirements and survey timelines.
2. Ensuring the cost study methodology accurately captures municipal collection costs.
3. Clarifying how future incentive rates will be developed and implemented.
4. Protecting the confidentiality of municipal financial information.
5. Understanding impacts on existing contracts and regional service delivery.
6. Accessing webinar recordings and follow-up resources.

Participants also raised questions about other topics not related to the cost study methodology:

1. Seeking information about Phase 2 transition planning and municipal options.
2. Obtaining information needed for council decision-making and budget planning.

A preliminary timeline was presented to collectors:



In early 2026, SK Recycles worked with Deloitte to finalize cost study questionnaires for curbside/multi-family and depot collectors.

Both curbside/multi-family and depot virtual training sessions were held for collectors on March 16 and March 17, 2026, to provide a step-by-step approach to completing the cost study questionnaires. SK Recycles and Deloitte cohosted the training webinars. Recordings of the training sessions were sent to all collectors with a deadline of April 10, 2026, (later extended to April 20) for questionnaire completion. During these sessions, Deloitte confirmed to collectors they were available to support collectors and provided contact information.

After the questionnaire submissions deadline, Deloitte worked on a submissions review and analysis and provided a final cost study report to SK Recycles in May 2026. SK Recycles' reviewed the cost study findings and drafted incentive rates for all transition phases based on the findings.

SECTION 2: ENGAGEMENT PROCESS

SK Recycles' engagement process for its 2026 financial incentive review and cost study results included engagement with the Advisory Committee and other interested parties:

- Advisory Committee engagement:
    - SK Recycles distributed Cost Study report to the Advisory Committee members on June 17.
    - SK Recycles held a presentation to the Advisory Committee on June 22 via a virtual meeting.
    - Feedback Process:
        - Following the meeting, a written feedback period ending on July 3 was provided.
- Engagement webinar for collectors and other interested parties:
    - Proposed incentive rate presentation invitation:
        - On June 22, more than 400 invites with a registration link were sent via email to all collectors and impacted interested parties for a presentation of the updated draft incentive rates session to be held on July 8.
    - Online webinar presentation:
        - SK Recycles held a presentation / engagement session on July 8th.
        - The session included the presentation and discussion on the financial review process, cost study findings and proposed financial incentive rates for curbside, multi-family and depot packaging and paper collection. Collectors were invited to ask questions and provide feedback. SK Recycles provided a recording and copy of the presentation to all the invited stakeholders and those is attendance after the webinar.
    - Feedback process:
        - Following the engagement webinar, a written feedback period was provided ending on July 31.
        - Participants were encouraged to submit their feedback to **info@skrecycles.ca**.

SECTION 3: SUMMARY OF FEEDBACK FROM ENGAGEMENT SESSIONS

Feedback from the July 8 engagement sessions is summarized below:

1. Depot Incentive Rate Methodology

Participants sought clarity on how the proposed depot incentive rates were developed and how payments would be structured under the Phase 3 program.

Discussion focused on:

- Household-based versus tonnage-based payment models.
- The rationale for moving away from population bands.
- Differences between Class 1, Class 2 and Class 3 depots.
- How primary and supplementary depots would be compensated.
- The use of weighted average costs, Consumer Price Index (CPI) adjustments and assumptions where limited cost study data existed.

Key takeaway: Stakeholders were interested in understanding the methodology behind the proposed depot rates and whether the payment structure accurately reflects differences in depot operations and service levels.

2. Household Counts and Payment Calculations

Participants requested clarification on how household counts would be determined for incentive payments.

Discussion included:

- Whether payments would be based on individual municipalities or broader service areas.
- How household counts would be applied to organizations operating multiple depots.
- Whether multi-family households would be included in supplementary depot calculations.
- Situations where municipalities track curbside households but not multi-family households.

Key takeaway: Stakeholders wanted confidence that household counts used for payment purposes would accurately reflect the population being served and account for local operating realities.

3. Fairness and Accuracy of Cost Assumptions

Several questions focused on assumptions built into the proposed rate model and whether they appropriately reflect municipal operations.

Discussion focused on:

- The default 20% deduction for industrial, commercial and institutional (ICI) material.
- Whether assumptions accurately represent depots that restrict commercial users.
- The ability to adjust assumptions where operational evidence supports an alternative approach.
- Concerns about treating all depot operations similarly when actual operating conditions vary significantly.

Key takeaway: Participants emphasized the importance of flexibility and ensuring that assumptions used in the rate model fairly reflect actual operating conditions.

4. Operational Efficiency and Rural Considerations

Stakeholders raised concerns regarding how program requirements might affect collection efficiency, particularly in rural and remote communities.

Discussion included:

- Route efficiencies.
- Long transportation distances to receiving facilities.
- Separation of residential and commercial material streams.
- Potential impacts on hauling and collection costs.

Examples highlighted communities located significant distances from receiving facilities where collection efficiencies are particularly important.

Key takeaway: Participants encouraged SK Recycles to consider operational realities and logistics when implementing program requirements and finalizing incentive structures.

5. Transition to the New Depot Program

Participants sought clarification regarding how the new depot incentive model would apply to existing depot operations.

Questions focused on:

- Whether current depot payments under the existing MMSW program would change immediately.
- How existing per-tonne payment structures would be treated.
- When household-based rates would come into effect for transitioning depots.

Key takeaway: Stakeholders wanted certainty regarding how and when the proposed Phase 3 depot incentive model would affect existing depot operations.

6. Flexibility for Unique Municipal Circumstances

Participants highlighted circumstances where municipal operations may not align neatly with the proposed standard approach.

Examples included:

- Municipalities that do not directly service multi-family properties.
- Depot operators with unique access controls and operating models.
- Significant differences between reported curbside and multi-family household counts.
- Site-specific operational practices that differ from provincial assumptions.

Key takeaway: Stakeholders expressed support for flexibility and case-by-case discussions where local circumstances differ from standard program assumptions.

7. Implementation Support and Ongoing Collaboration

Participants requested clear channels for discussing operational questions and implementation details.

Discussion focused on:

- Who to contact with operational questions.
- Opportunities to discuss site-specific situations.
- Future onboarding discussions.
- How feedback will be incorporated into final program design.

Key takeaway: Participants value ongoing engagement and want continued opportunities to discuss operational impacts before program implementation.

8. Access to Supporting Information

Stakeholders expressed interest in reviewing supporting materials to better understand the proposed rates and provide informed feedback.

Requests included:

- Webinar recordings.
- Presentation materials.
- Deloitte's cost study report.
- Additional information supporting the draft incentive rates.

Key takeaway: Participants want access to detailed supporting information to evaluate the proposed rates and formulate feedback.

Key Themes Across the Discussion

The primary themes raised by stakeholders were:

1. Understanding how depot incentive rates were developed and calculated.
2. Clarifying how household counts will be used for payment purposes.
3. Ensuring cost assumptions, particularly ICI deductions, fairly reflect local operations.
4. Maintaining operational efficiency, especially in rural and remote communities.
5. Understanding how existing depot operations will transition to the new Phase 3 model.
6. Ensuring flexibility for municipalities with unique operating circumstances.
7. Accessing implementation support and opportunities for ongoing dialogue.
8. Obtaining supporting documentation and information to review the proposed rates.

Overall Stakeholder Sentiment

Overall, participants were engaged and focused on understanding the practical implications of the proposed incentive rates. Questions generally centered on payment calculations, operational impacts, fairness of assumptions and implementation considerations rather than opposition to the proposed framework itself. Stakeholders emphasized the importance of flexibility, transparency and continued collaboration to ensure the final incentive structure reflects the diversity of Saskatchewan's recycling programs and operating environments.

APPENDIX A: ENGAGEMENT WEBINAR QUESTIONS & ANSWERS

July 8, 2026

#	Question	Answer
1	• For depot programs, will household counts be based on the individual community/depot location or the entire service area?	• Household counts for depots will be based on the entire service area. The proposed depot rate structure does not use population bands. Each depot will be paid according to its class (Class 1, 2, or 3) and the municipality/service area total household count.
2	• Will there be any rate changes for communities currently operating depots under the MMSW program, where rates are paid per tonne?	• No. The proposed household-based rates apply only to collectors that transition into the SK Recycles program. Existing depot operations under the MMSW program will continue under their current rate structure, until a depot joins the Phase 3 program or January 31, 2028 (the sooner of the two). If a depot transitions into the Phase 3 program, the new household-based rates would then apply.
3	• Why is there an automatic 20% deduction for ICI (Industrial, Commercial and Institutional) material in depot payments?	• SK Recycles is mandated to be a household recycling program and is not responsible for ICI material collection or processing. However, SK Recycles understands that ICI collection can occur at SK Recycles depots. The current 20% deduction is used under the current shared responsibility model and was determined by examining other stewardship programs and working to align with industry best practices. Alternative ICI calculation methodologies are available through the depot statement of work (SOW). If a depot can demonstrate lower ICI participation, SK Recycles will work with the Collector to determine an appropriate deduction.
4	• Will separating residential depot material from commercial recycling material create routing	• SK Recycles understands the realities of ICI commingling to create efficient routing in rural areas. Language has been added

	inefficiencies, particularly for remote communities?	to the depot SOW that was reviewed by the Phase 3 working group to clarify that SK Recycles will work with Collectors and sub-Contractors on depot collection routes that include independent ICI location collection. This includes an option for a "Blended Collection Route" methodology to be applied. SK Recycles will work with Collectors and sub-Contractors to review ICI commingling and determine what ICI methodology can be applied. All ICI commingling is subject to SK Recycles review, approval and methodology design and relies on collection partners collaboration and engagement.
5	• For supplementary depots, will household counts be based only on curbside households, or will multi-family households also be included?	• The general approach is to include both curbside and multi-family households within the municipality when calculating supplementary depot payments. SK Recycles recognizes that some municipalities do not directly service multi-family properties and is willing to discuss unique operational circumstances during onboarding and implementation.
6	• Who should operators contact if they have operational questions or want to discuss Phase 3 implementation for a specific depot?	• Operators can contact Nikki Forsberg, Manager of Collection, for Phase 3 implementation and depot-specific operational questions. Nikki can be reached at **NForsberg@skrecycles.ca**. General rate feedback should continue to be submitted to **info@skrecycles.ca**.
7	• Will the webinar recording, presentation materials, and full Deloitte cost study be shared after the session?	• Yes. SK Recycles will distribute the webinar recording, presentation materials, and the Deloitte cost study report after the webinar so participants can review the information and provide feedback.
8	• Can stakeholders have additional time to review the data before providing feedback?	• Participants can review the recording, presentation materials, and cost study report before submitting feedback by July 31, 2026.

9	• What is the deadline for submitting feedback on the proposed incentive rates?	• Written feedback can be submitted to SK Recycles until **July 31, 2026**. Feedback should be sent to **info@skrecycles.ca**.

APPENDIX B: WRITTEN FEEDBACK FROM ASSOCIATIONS

#	Feedback / Question	Response
1	• While the report provides useful information, there are several methodological choices and data limitations that raise concern about whether the findings reflect the costs of collection services in rural Saskatchewan. In particular, the study's design and assumptions make it difficult to conclude that the reported "efficient" costs are representative of rural realities, especially for depot-based systems and small, low-density curbside programs.	• All collectors were invited to participate in the Cost Study. • Proposed rates are segmented by household range to reflect differences in community size and service model. • Increased collector and Regional Waste Authority participation is recommended for future studies.
2	• The report itself shows significant sample turnover between studies. Only 23 percent of curbside collectors, 14 percent of multi-family collectors, and 36 percent of depot collectors were common across the 2022 and 2026 studies, which limits comparability and weakens any firm conclusions about cost trends over time.	• All collectors were invited to participate in the Cost Study. • Participant overlap was limited and is acknowledged in the report. • Deloitte conducted additional outreach with common participants, representing both urban and rural collectors, to understand cost changes and trends. • Increased participation in future studies is recommended to strengthen comparability and representation.
3	• The report also relies on relatively small subgroup sizes in categories that are highly relevant to rural municipalities, including only seven multi-family collectors after exclusions, two in-house depot collectors, and two RWAs in the depot analysis. • This raises an important representativeness issue for rural municipalities. Results may be disproportionately influenced by larger, more urban, and more heavily contracted systems, rather than by the service models commonly used in rural areas. Since Phase 2 is intended to expand service to smaller and rural communities, the absence of separate rural benchmarks or a dedicated rural analytical stream is a significant limitation.	• The Cost Study acknowledges limitations associated with the number and composition of participating collectors. • Proposed incentive rates are segmented by household ranges, including communities with fewer than 500 households, to recognize differences in community size and service model. • Increased participation from all collectors, particularly RWAs, is recommended to strengthen rural representation in future studies.

4	• The study excludes observations below the 5th percentile and above the 95th percentile for curbside and multi-family collection, and below the 10th percentile and above the 90th percentile for depot collection, promotion and education, and service administration. • In a province marked by long haul distances, dispersed populations, and low service density, high per-household or per tonne costs are often structural rather than anomalous. Without disclosure of whether rural, remote, or northern programs were disproportionately removed through this trimming process, there is a risk that legitimate rural costs have been screened out of the averages used for incentive-setting.	• Observations were not automatically excluded solely because they fell outside the percentile thresholds; anomalous data points were analyzed further and followed up on with collectors. • Data considered representative was retained, even when it fell outside the applicable threshold. • Percentile-based trimming was used to identify and exclude anomalous observations, with thresholds tailored to different cost categories based on the underlying data. This approach is consistent with established survey and statistical analysis practices designed to mitigate the influence of extreme values and was supported by statistical analyses. • Additional information on excluded observations will not be disclosed where it could compromise participant confidentiality.
5	• The study's reliance on unverified self-reported data is another concern. The report states that Deloitte did not independently verify the participant information, did not request invoices or ledgers, and did not conduct an audit or other assurance process. This is especially important where collection contracts are bundled, multiple waste streams are involved, or allocation decisions are based on follow-up discussions rather than documentary evidence.	• Independent verification of reported costs was outside Deloitte's scope, consistent with the 2022 Cost Study. • Webinars and Frequently Asked Questions were provided to support accurate and consistent self-reporting. • Deloitte conducted extensive follow-up where contracts or waste streams were bundled to clarify and allocate costs. • Additional follow-up was undertaken for anomalous data or significant variances from the previous Cost Study.
6	• There is concern by the report's use of standardized assumptions when information was unavailable. For example, where non-PPP percentages were not reported, the study assumed the full gross cost was attributable to PPP, and where bundled depot contracts could not be separated between collection and post-	• Standardized assumptions were necessary where collectors with bundled costs were unable to separate costs during follow-up, allowing valid observations to remain in the analysis. • The methodology and assumptions were discussed extensively with SK

	collection, the study applied an average ratio that treated 49 percent of the total as collection cost. • The report also used an equivalent household ratio to allocate costs between curbside and multi-family collection where separate data were unavailable. These assumptions may not accurately reflect the operating realities of rural municipalities and RWAs, which often rely on integrated service models, shared staffing, and unique contract structures. • The report also acknowledges that many contracts have been renewed since the last study and that some common collectors were able in 2026 to better separate collection and post-collection costs than they could previously. This suggests that changes in reported averages may reflect sample turnover and revised accounting treatment as much as any genuine reduction in service costs.	Recycles, with multiple approaches considered. • Deloitte confirmed the 2022 and 2026 studies used the same core methodology and assumptions. • Differences between studies reflect changes in participant mix, volumes, service arrangements, contracted costs and market conditions, rather than changes to the study methodology.
7	• It is difficult to articulate the use of the Cost Study document in relation to the SK Recycles mandate. The data coalesces broad data without a lot of context - distance and community size variances are large between communities and it is difficult to understand the tonnage costs without an understanding of the [population] to estimate participation from. • This is difficult to action without an in-depth breakdown, but the data collection and being anonymous negates effective understanding to dissect the inputs. • The proposed model seems to emphasize a province-wide approach without providing sufficient detail on implementation or how Saskatchewan-specific challenges, such as scale, participation rates, and contamination, will be addressed. There is a perception that operational issues will be resolved after rollout rather than through upfront planning. Aren't collection and processing costs already known through existing operational data. Greater	• As outlined in the approved SK Recycles Program Plan, a Cost Study is required in 2026 to inform collection incentive rates for Phase 3 and apply any appropriate updates to Phase 1 and Phase 2 rates. • The Cost Study is particularly important for informing incentive rates for community-led collection services. While SK Recycles has good visibility into costs for program-led services through our competitive procurement process, we do not have visibility into the contractual arrangements or operating costs for community-led services, whether those services are delivered by a contractor or in-house by a municipality. The Cost Study provides the methodology to establish fair and evidence-based incentive rates for those community-led services. • All collectors were invited to participate in the 2026 Cost Study. The data was

	clarity is needed regarding the study's purpose, how its findings will be used, and what additional insights it provides to support program design and decision-making.	anonymized to encourage participation from respondents who may have concerns about sharing pricing information. While individual submissions aren't identifiable, the presentation does break the results down by household and tonnage ranges to help identify trends and understand how costs vary across different community sizes and service levels.
8	• Is the 4.8% a one-time adjustment and if so for which year? • Is this adjustment calculated annually or in effect for a multi-year timeline? • How was this calculated? • How does this get utilized?	• The Cost Study is based on 2025 cost data, while the resulting rates will take effect in 2027. The 4.8% reflects Saskatchewan CPI for 2025 (1.8%) together with a 2026 forecast (3.0%) to account for inflation between the year the costs were incurred and the year the rates will be implemented. • Collection agreements include annual CPI adjustment provisions, so this is not intended to be a one-time adjustment applied indefinitely. • The forecast was developed using Saskatchewan CPI data (adapted from Statistics Canada) together with current economic outlook assumptions, including anticipated inflationary pressures.
9	• We collect fixed EPR fees for the operations - does this force EPR entities to contribute more to the funding? How does that work and how does that get reported for auditing and oversight? Or does it?	• Regarding producer fees, the Cost Study is one of several inputs used in developing the program budget. Each year, SK Recycles prepares an annual budget based on projected tonnes to be collected and managed, including collector incentive payments. That budget is approved by the SK Recycles Board and informs producer fee rates. Program finances are audited annually by an independent third-party auditor, with the audited financial statements published in the Annual Report.

APPENDIX C: WRITTEN FEEDBACK FROM LOCAL GOVERNMENTS, FIRST NATIONS, MÉTIS AND REGIONAL WASTE AUTHORITIES

#	Feedback / Question	Response
1	• I appreciate the work that has gone into the study and the recognition of increasing collection, administration, and promotion costs faced by municipalities. • As a small urban municipality, it is encouraging to see the proposed increases to the curbside incentive rates, particularly the addition of a separate Service Administration component. This better reflects the administrative work municipalities undertake to support the recycling program.	

2	• The presentation refers throughout to "collectors," but it is not clear who will receive the incentive payments under the new PPP program where a municipality contracts collection services.
	• Our local government currently:
	    ○ contracts curbside collection to a private waste management company;
	    ○ reports our recycling tonnages directly; and
	    ○ receives the current MMSW incentive funding
	• Can you please confirm whether municipalities operating under this model will continue to report and receive the incentive payments directly under the SK Recycles PPP program, or whether the payment recipient will change?
	• Could you please confirm which Distance-to-Facility tier applies to our community? Our contracted collector transports our recycling materials to a processing facility in Saskatoon, and I would like to ensure we are estimating our future incentive funding correctly.
		• This feedback is from a municipality that is going program-led with SK Recycles and does not currently have a depot. The municipality was contacted directly by SK Recycles to clarify that the rates do not impact municipalities that have decided to go program-led. Program-led communities will be managed directly by SK Recycles.

3	• Should there be different incentive rates for supplementary depots depending on their	• Currently we are proposing no class differentiation for supplemental depot rates. As supplemental depots will be

	class (1, 2, or 3)? That isn't indicated in the table. • Is it correct that the rate provided for a supplementary depot is based on the number of households they serve?	providing a similar service for single stream paper and container collection that will already exist through the collection of this material at curbside and multi-family households a draft reduced rate for all three classes of supplemental depots is being proposed.
4	• Are there any minimum amounts of material required to be collected at these supplemental depots?	• There is not a minimum material capture rate in the draft depot SOW.
5	• Is there a maximum number of households a supplemental depot can service?	• The number of households (HH) a supplemental depot is paid for servicing is based on the municipality where the depot is located and intended to service. HH counts are subject to an update and validation process that will be outlined in the depot SOW that has been engaged with the Phase 3 working group.
6	• Proposed supplementary depot rate: Base \$15.89 + Promotion and Education \$1.05 + Service and Administration \$2.00 = **\$18.94/household** • As the City's supplementary depots are accessible to both single-family households (serviced by the City) and multi-family households (not covered by EPR curbside collection), how are eligible households determined for compensation purposes? • Specifically, for supplementary depots compensated on a household basis, would the household count include both multi-family and curbside households, given that our depots are available to all residents regardless of the type of collection service they receive?	• All validated residential curbside and multi-family HH that have curbside or multi-family collection service offered under the SK Recycles program or any other private collection program are eligible for the supplemental depot HH rate.
7	• Proposed curbside rate: Base \$43.35 + Promotion and Education \$2.62 + Service and Administration \$4.19 = **\$50.16/household** • The curbside incentive rate will remain at \$50.16 per household; however, the breakdown increases the promotion and education amount and adds a Service Administration component. If there is not a	• The SOW for curbside, multi-family and depot collection includes Saskatchewan CPI changes annually. • As per the approved program plan: SK Recycles must complete a cost study every three years. The next cost study will be conducted in 2029 based on 2028 costs. The results of this study will

	fee increase, our costs will escalate beyond full cost recovery. • The proposed curbside incentive rate for 2026 appears to remain largely consistent with the current funding level, with the total incentive simply redistributed across different funding categories. In the short-term this does not pose a concern. However, in the longer term, the City's collection costs are subject to annual escalation factors, including increases in diesel fuel costs and Consumer Price Index adjustments incorporated into our waste collection contracts. • Will the incentive rates be reviewed and adjusted annually to reflect changing program costs, or will future reviews continue to follow the current cost study and review schedule?	inform any applicable changes to the incentive rates for 2030.
8	• It is unfortunate that more up to date data and costing were not used from the beginning. The low rates presented in Phase 1 along with the proposed penalties influence the decision of some municipalities to move to a program-led model, and this may create longer term challenges for the program. • Since the program really is not being implemented until 2027/2028 effectively, these more [up to date] costs could have been used or developed as part of the original program.	• This feedback is from a Phase 1 municipality. SK Recycles has had direct conversations with this municipality on topics related to their feedback. Additional responses are also provided to respond to this feedback. • Fourteen communities were invited to join SK Recycles in Phase 1 of the transition. An offer letter and agreements were shared with these communities in August 2024, and communities could decide to join the program through a community-led or program-led model. SK Recycles established a Phase 1 working group for collaboration throughout this process. • As per the Program Plan, SK Recycles followed the following guidelines and requirements: *"MMSW will develop a set of revised financial incentives to propose to eligible collectors for each transition phase based on the results of a detailed cost study. As MMSW last conducted a cost study in 2022, this study's data will be used to guide the curbside and multi-family incentive rates for Transition Phases 1 and 2.*

		Once new collection service agreements have been offered to eligible collectors, inclusive of the new financial incentives, each applicable collector must then decide whether to enter into a service agreement with MMSW." (p. 16) • The data used to determine initial Phase 1 launch incentive rates in 2024 considered costs from the 2022 cost study (2021 data) and applied various factors including published CPI rates for 2022 and 2023. These rates were then presented to Phase 1 communities for feedback over a 17-day period. • The financial penalties outlined in the Phase 1 agreements are designed as an escalation mechanism with collection partners who consistently fail to fulfill service requirements in the SOW. SK Recycles takes a relationship-first approach and will work collaboratively with the collection partner on remediation plans. SK Recycles has developed a "Contamination Reduction Policies and Procedures" document that is referenced in the SOW that provides Collectors with the steps and processes taken ahead of SK Recycles considering the application of service level failure credit.
9	• The different rates between Phase 1 and Phase 2 do not seem logical for many communities. While the two largest Saskatchewan Cities may see some efficiencies related to travel/distance or volume, almost all other communities are similar. For example, one community that is in Phase 2 and was offered and will continue to be offered a higher rate than our community. Having worked in both systems, they have virtually identical distances, collections, etc.	• This feedback is from a Phase 1 municipality. SK Recycles has had direct conversations with this municipality on topics related to their feedback. Additional responses are also provided to respond to this feedback. • Phase 2 communities are typically more rural than Phase 1 communities. In most cases, urban collection routes benefit from more operational efficiencies and therefore their collection costs tend to be lower. • The Phase 2 community that was mentioned in the feedback is part of an

		existing RWA. As a result, the community landed under the Phase 2 eligibility criteria and associated collection rates.
10	• Our region is made up of many small rural communities spread across a very large geographic area. We do not benefit from the operational efficiencies that exist in large, densely populated urban centres. In fact, our operating costs are often higher because of the significant travel distances between communities and designated facilities. • Some collection routes require several hundred kilometers of round-trip travel, eliminating any efficiencies that would normally accompany a larger household base. • For these reasons, we believe the less than 20,000 capture rate and the less than 2,000 household curbside collection rate for our qualifying communities more accurately reflect the realities of our operation.	See responses in 'Recommendations from Local Governments, First Nations, Métis and Regional Waste Authorities' section below.
11	• The current banding creates situations where communities located just below the next threshold receive significantly less compensation despite travelling nearly the same distance. An actual-distance calculation would provide a more accurate, fair, and transparent funding model.	See responses in 'Recommendations from Local Governments, First Nations, Métis and Regional Waste Authorities' section below.
12	• Based on the City's current participation of approximately 122,197 households, the associated annual incentive is estimated to be approximately $2.3 million. This estimate assumes that the rate applies to the combined curbside and multi-unit household count and that the full household baseline is eligible for calculation purposes […]. • The City has no concerns with the draft incentive rates as they are currently presented.	• All residential curbside and multi-family households that have curbside or multi-family collection service offered under the SK Recycles program or any other private collection program are eligible for the applicable supplemental or principal depot household rate.

APPENDIX D: RECOMMENDATIONS FROM ASSOCIATIONS

#	Recommendation	Response / Comment
1	• Develop separate benchmarks for rural, remote, and northern systems.	• Proposed incentive rates are segmented by household ranges and include communities with fewer than 500 households, recognizing differences in community size and service model.
2	• Disclose the characteristics of excluded anomaly observations, including whether rural municipalities, RWAs, or remote communities were disproportionately affected.	• Additional information will not be disclosed where it could compromise participant confidentiality, particularly given the small number of participants in some categories, including RWAs.
3	• Undertake targeted follow-up or verification for rural collectors, particularly where reported costs fall outside the current anomaly thresholds or where allocation assumptions materially affect the results.	• Independent verification was outside Deloitte's scope; however, extensive follow-up was conducted to clarify reported costs, separate bundled costs where possible, and investigate anomalous or significantly changed data.
4	• Re-examine trimming rules and allocation ratios for categories where rural systems are structurally different, including RWAs, in-house depots, and long-haul transfer systems.	• Percentile-based trimming was retained, with different thresholds applied across cost categories to reflect differences in data characteristics and variability. The approach was supported by statistical analysis.

APPENDIX E: RECOMMENDATIONS FROM LOCAL GOVERNMENTS, FIRST NATIONS, MÉTIS AND REGIONAL WASTE AUTHORITIES

#	Recommendation	Response / Comment
1	• If municipalities will continue to receive the incentive funding as they do today, I would recommend including a statement to that effect in the final guidance document. I suspect many municipalities that contract collection services will have the same question, and an explicit explanation would provide additional clarity.	• Incentive rates only apply to community-led collectors; this includes long term or short term in Phase 1 and 2 and future SK Recycles depot collectors in Phase 3. • There will be no incentive rates paid to collectors under program-led model for curbside and multi-family programs as these will be managed directly by SK Recycles. However, some of those collectors may be part of Phase 3 and receive depot incentives.
2	• It seems to me that it would be in SK Recycles best interest to incentivize the supplemental depots based on the amount of material collected, rather than the number of households.	• Based on feedback from the Phase 3 eligibility criteria engagement, it was decided to move from a weight-based depot payment to a per HH rate given the complexity of measuring tonnes and corresponding payment for smaller and rural communities on a depot collection multi-stop route. A per-household incentive recognizes that depots incur significant fixed costs to provide collection access to residents regardless of the volume of material collected. SK Recycles also recognizes the level of contamination and ICI material collected at depots currently and are conscious to minimize compensating for material that is out of scope for the SK Recycles program mandate.
3	• Based on your presentation, our understanding is that only Class 2 and Class 3 depots are permitted to collect flexible plastics, foam and glass. However, the Depot SOW did not appear to make that distinction, and the depots would have to be managed within contamination limits and site upkeep requirements. These materials can be effectively collected at Class 1 depots as well, provided that appropriately designed collection containers are used.	• Through the process of the development, engagement and feedback of the approved Phase 3 Depot Eligibility Criteria and Depot Collection Standards, Policies, and Procedures, only class 2 and 3 depots are permitted to collect flexible plastics, glass and foam. Due to Class 1 depots being unstaffed and unsecured, SK Recycles will not allow flexible plastics, foam and glass to be collected due to the increased likelihood of contamination and ICI material being placed in these material streams. If municipalities would like to propose a pilot project to collect flexible plastics, foam and

	• Containers with item-specific openings can help minimize contamination, even in unstaffed environments. Convenience is a key factor in driving participation and increasing diversion rates for these materials. Allowing Class 1 depots to collect flexible plastics and foam through properly designed collection systems would improve accessibility for residents and support greater material recovery. The City encourages SK Recycles to reconsider allowing Class 1 Depots to collect source separated materials such as film plastics with dedicated collection containers designed for the waste stream to increase diversion of these items.	glass at a Class 1 depot, SK Recycles is open to reviewing proposals to trial innovative container types and monitoring mechanisms. • The depot SOW does not have a clause that outlines that only class 2 and 3 depots can collect flexibles plastics, glass and foam. However, the SOW attachments will be updated during the depot onboarding process to indicate each depot locations class and the materials that can be collected by a collector's approved depots.
4	• Clarification on rate updates and their frequency would be beneficial to ensure funding remains aligned with actual service delivery costs over time.	• The SOW for curbside, multi-family and depot collection includes Saskatchewan CPI adjustments annually. • In addition, as per the approved Program Plan, SK Recycles must complete a cost study every three years. The next cost study will be conducted in 2029 based on 2028 costs. The results of this study will inform any applicable changes to the incentive rates for 2030.
5	• Simply lumping in collection of flexible plastic and glass etc. to Class 3 depots doesn't seem appropriate. I believe this should be an option for Class 3 depots rather than a requirement. With the appropriate incentives, I would expect most class three depots would choose to accept these materials rather than be forced to or force them to choose to be a Class 2 depot regarding the program.	• Through the process of the development, engagement and feedback of the approved Phase 3 Depot Eligibility Criteria and Depot Collection Standards, Policies, and Procedures, Class 3 depots are required to collect flexible plastics, glass, and foam. SK Recycles would like municipalities to collect the full suite of materials in a secure and staffed depot location to support achieving the program plan approved recovery rate requirements and minimize contamination. • Municipalities that opt in to collect flexible plastics, foam and glass (Class 2) or are required to (Class 3) must inform SK Recycles via the onboarding forms (being sent out in Q4 2026) by February 2027. SK Recycles will work with municipalities on collection incentives to collect

		these materials based on the class of depot they wish to operate.
6	• In addition, we request that **all communities that are part of our RWA with fewer than 2,000 households receive the less than 2,000 household curbside collection rate**, regardless of the total number of households represented by the RWA.	• Phase 2 Community Curbside and Multi-Family Eligibility Criteria outlined that Regional Waste Authorities (RWAs) with existing curbside collection programs participating in the shared responsibility model of the SK Recycles program (previously known as MMSW) as of July 1, 2024, will be eligible to participate in Transition Phase 2. Eligibility of RWAs considers these organizations generate valuable collection efficiencies and can service a significant number of municipalities and HH's and as such their total HH's should be considered when determining Phase 2 eligibility including the ability to go long-term community led. • RWAs can generate collection efficiency and economies of scale. The total HH count of an RWA is used to inform the HH payment tier group. Similarly, the entire HH count of all RWA members is used to assess depot program eligibility.
7	• Our RWA requests that the **capture rate be based on the less than 20,000 household category** for our region.	• SK Recycles treats RWAs as an entire service area and therefore the capture rate threshold is applied based on all HH's serviced under the RWA. The expectation is that RWAs are generating collection efficiencies and encouraging maximum resident participation. Currently, SK Recycles does not see a trend of RWAs not meeting the annual capture rate threshold. If there is a capture rate concern identified, SK Recycles will work with RWAs on strategies to increase capture rates and if needed, address any concerns around RWAs servicing more rural communities that may generate less material per HH.
8	• We recommend that the Designated Facility top-up be based on the **actual one-way distance** from each community to its designated facility rather than broad distance bands. • The current banding creates situations where communities located just below	• This question is from an RWA. Designated Facility (DF) top up for RWAs will be calculated using a one-to-one methodology, distance calculated for each community. This ensures each community's distance to the designated facility, and associated costs are most accurately reflected. A per km rate calculation for each

	the next threshold receive significantly less compensation despite travelling nearly the same distance. An actual-distance calculation would provide a more accurate, fair, and transparent funding model.	community would add administrative burden including route changes triggering DF top-up rate changes. SK Recycles believes it's important to remain consistent with Phase 1 and 2 DF top-up methodology which has been developed, engaged and finalized with the related Phase 1 and 2 working groups. SK Recycles is open to exploring other DF top-up methodologies in future cost studies.

9	• The proposed depot collection model presents a significant operational challenge for rural regional authorities.
	• Our RWA's collection contractors do not have the trucks, staff, or financial capacity to travel the same routes multiple times simply to keep different recycling streams separate. In many cases, those materials ultimately arrive at the same processing facility.
	• The RWA proposes to work with SK Recycles, the Ministry of Environment, and other stakeholders to develop a practical collection model that maintains material accountability while avoiding unnecessary duplication of collection routes.
	• Such an approach would:
	    o Reduce greenhouse gas emissions.
	    o Reduce heavy truck traffic and infrastructure impacts.
	    o Improve operational efficiency.
	    o Reduce unnecessary costs.
	    o Deliver a fiscally responsible recycling system that benefits all stakeholders.
	• We believe there is an opportunity to collaborate on a solution that meets the objectives of the recycling program while recognizing the operational realities of rural Saskatchewan.
		• SK Recycles understands the realities of ICI commingling to create efficient routing in rural areas. Language has been added to the depot SOW that was reviewed by the Phase 3 working group to clarify that SK Recycles will work with Collectors and sub-Contractors on depot collection routes that include independent ICI location collection. This includes an option for a "Blended Collection Route" methodology to be applied. SK Recycles will work with Collectors and sub-Contractors to review ICI commingling and determine what ICI methodology can be applied. All ICI commingling is subject to SK Recycles review, approval and methodology design and relies on collection partners collaboration and engagement.

APPENDIX F: LIST OF ACRONYMS

CPI	Consumer Price Index
CST	Central Standard Time
DF top up	Designated Facility top up
EPR	Extended Producer Responsibility
HH	Household(s)
ICI	Industrial, Commercial, and Institutional
MMSW	Multi Material Stewardship Western Inc.
PPP	Packaging and Paper Products
Q4	Fourth quarter
RWA	Regional Waste Authority
SK	Saskatchewan
SOW	Statement of Work