

RULES FOR STEWARDS/FIRST SELLERS – MANITOBA – GRAIN BAGS & BALER TWINE

1. DEFINITIONS

1.1 Environmental Handling Fee (EHF): The fee remitted on the supply of each designated material.

1.2 Steward/First Seller: A Steward (Steward of Designated Material)/First Seller is obligated under The Packaging and Printed Paper Stewardship Regulation.

For the purpose of this document, a Steward/First Seller is a company/person that is obligated to submit regular reports on the supply of designated materials in Manitoba, and to remit the appropriate EHF to Cleanfarms.

1.2.1 Registered Steward/First Seller: A company/person that is registered with Cleanfarms and is a member in good standing. Registered Stewards/First Sellers are compliant with the Regulation. A listing of Registered Stewards/First Sellers is available on the Cleanfarms' web site.

1.2.3 Voluntary Steward/First Seller: A company/person that purchases designated material from a Registered Steward/First Seller and has signed a voluntary stewardship agreement with Cleanfarms to take on the reporting/remitting responsibilities on behalf of the actual Steward/First Seller. For purposes of this document, any rules that apply to Stewards/First Sellers also apply to Voluntary Stewards/First Sellers.

1.3 Designated Material: A product (or designated material), covered by The Packaging and Printed Paper Stewardship Regulation. Designated materials are commonly referred to as grain bags or baler twine.

1.4 Out of province purchase: When a Steward/First Seller supplies designated materials to a customer outside of Manitoba.

1.5 Product Return: When the consumer takes back a designated material to the Steward/First Seller and the consumer is reimbursed the total cost of the product including the EHF.

1.6 Regulation: The Packaging and Printed Paper Stewardship Regulation.

1.7 Supply: Any sales, distribution or other supply of designated materials in or into Manitoba, excluding those in which the Steward/First Seller merely holds the designated material in inventory in Manitoba but has not yet sold it in Manitoba.

2. ABOUT THIS DOCUMENT

This document outlines reporting rules that apply to Stewards/First Sellers that are implicated by Manitoba's Packaging and Printed Paper Stewardship Regulation, which impacts grain bag and baler twine sales in Manitoba.

A similar document that outlines rules that apply to Stewards/First Sellers implicated by Saskatchewan's The Agricultural Packaging Product Waste Stewardship Regulation, which impacts grain bag sales in Saskatchewan, is also available [here](#).

EXAMPLE 1:

Company EFG is an Steward/First Seller of baler twine sold in Manitoba. Company EFG must register with Cleanfarms, charge an EHF on baler twine sold to each customer and remit the EHF to Cleanfarms.

EXAMPLE 2:

One of Company EFG's customers, Company UVW, resells baler twine into Saskatchewan, Manitoba and Minnesota. Baler twine sold into Saskatchewan and Minnesota is not subject to the EHF.

Company UVW wishes to be a Voluntary Steward/First Seller to avoid paying the EHF on baler twine sold into Saskatchewan and Minnesota. Company UVW must register as a Voluntary Steward/First Seller for all product received from Company EFG. Company EFG must agree and notify Cleanfarms of this arrangement. Under this arrangement:

- Any twine sold by Company EFG to Company UVW will not include an EHF.
- Any twine sold by Company UVW to customers in Manitoba will include an EHF. Company UVW will remit the EHF to Cleanfarms.

3. STEWARD/FIRST SELLER OBLIGATION

The Steward/First Seller is responsible for maintaining records of all transactions regarding designated materials, submitting reports of designated materials, supply in or into Manitoba and remitting the appropriate EHF to Cleanfarms. Stewards/First Sellers are also subject to Compliance Reviews.

4. RULES FOR APPLYING THE ENVIRONMENTAL HANDLING FEE (EHF)

For any supply of designated material, the Steward/First Seller will charge the EHF separately from the cost of the Product.

The EHF is only remitted once per designated material and is only remitted on product supplied into Manitoba.¹

Stewards/First Sellers will identify the EHF separately from the cost of the designated material on the invoice.

The first supply of designated material in the province is subject to reporting and EHF remittance responsibilities.

In the event that the Steward/First Seller of designated material in the province does not comply with reporting and EHF remitting requirements, the next company/person who supplies the designated material becomes the obligated party and must register and remit EHF fees to Cleanfarms.

¹ Note – Grain bag (not baler twine) sales into Saskatchewan are obligated under The Agricultural Packaging Product Waste Stewardship Regulation. Reporting and remitting responsibilities apply. Details [here](#).

A company/person that supplies product from a Registered Steward/First Seller, has the option of voluntarily taking on the reporting/remitting responsibilities on behalf of a Registered Steward/First Seller. In this case, the Voluntary Steward/First Seller accepts full responsibility for reporting and remitting the EHF on their subsequent supply of the product.

Cleanfarms maintains a list of Registered Stewards/First Sellers, known non-compliant Stewards/First Sellers and Voluntary Stewards/First Sellers.

See Remittance Flow Diagram

5. FEE COMMUNICATION

For sales to a reseller of grain bags or baler twine, Cleanfarms recommends that the First Seller:

- Indicate the EHF as a separate line item on the invoice; and
- Provide the Cleanfarms-supplied “EHF Notice” directly on, or accompanying, the invoice.

For sales to a Voluntary Steward/First Seller, Cleanfarms recommends that the Steward/First Seller indicate on the invoice to the Voluntary Steward/First Seller:

- That the supply does not include an EHF; and,
- Provide the Voluntary Steward/First Seller with the Cleanfarms-supplied “Voluntary Steward/First Seller EHF Notice” directly on, or accompanying, the invoice.

For sales to a customer who is an end user of grain bags or baler twine, Cleanfarms recommends that the Steward/First Seller:

- Indicates the EHF as a separate line item on the invoice; and
- Provides the Customer with the Cleanfarms-supplied “EHF Promotion & Education pieces” directly on, or accompanying, the invoice.

6. 2024 ENVIRONMENTAL HANDLING FEES – GRAIN BAGS

Size (Feet)	EHF
8x150	\$17.00
8x200	\$23.00
8x250	\$29.00
9x150	\$20.00
9x200	\$27.00
9x250	\$33.00
9x300	\$40.00
9x330	\$44.00
10x150	\$23.00
10x200	\$30.00
10x250	\$38.00
10x300	\$45.00

Size (Feet)	EHF
10x330	\$50.00
10x350	\$51.00
10x400	\$60.00
10x500	\$76.00
10.5x300	\$49.00
10.5x400	\$64.00
10.5x500	\$80.00
12x250	\$46.00
12x300	\$55.00
12x400	\$71.00
12x500	\$93.00
14x500	\$107.00

- If a size category that is not reflected in the table above is supplied, the EHF will be calculated by multiplying the weight of the grain bag by \$0.225 per kg rounded up to the nearest dollar.

7. 2024 ENVIRONMENTAL HANDLING FEES – BALER TWINE - \$0.33 PER KG

2024 EHF (per kg) - \$0.33 kg

***Important Change for 2024: Moving towards a 'True-Weight-EHF' ***

An important change is being implemented in 2024 to ensure that the EHF on baler twine better reflects the actual weight of twine in an individual steward/first seller's product/sku.

Prior to 2024, Cleanfarms released an EHF for each size category (e.g., 110/20,000). The EHF was calculated by multiplying the 'per-kg-EHF'² (e.g., \$0.33/kg) by the weighted average weight of all the different skus in a size category and rounded up to the nearest 50 cents.

To ensure that the EHF better reflects the actual weight of twine in an individual steward/first seller's product/sku, stewards/first sellers now have the option to use a True-Weight-EHF for their individual products/skus based on the following formula:

$$\text{True-Weight-EHF} = \$0.33/\text{kg (2024 EHF (per kg))} \times \text{Weight-of-Individual-Product/sku}$$

Stewards/First Sellers who do not have access to the weight of their product/sku, can call Cleanfarms to obtain a weighted average weight based on the size category.

Cleanfarms recommends that Stewards/First Sellers transition to the True-Weight-EHF throughout 2024.

8. REPORTING AND REMITTING

Stewards/First Sellers are required to submit regular reports indicating all designated materials supplied during the reporting period and any adjustments to previous reporting periods.

Adjustments to previous reporting periods include:

- Product Returns;
- Out of Province Purchases where the EHF has been billed to the customer in error and the EHF has been fully refunded to the customer.
- For the purpose of this document, damaged product (e.g., product that is damaged during transportation from a warehouse to a reseller or from the reseller to the end user) is product that is supplied into Manitoba and is damaged to an extent that the First Seller/Steward or reseller can not supply the product to an end user.
- Damaged product is not eligible for an adjustment.
- First Sellers/Stewards must report and remit EHF's on damaged products to Cleanfarms. First sellers/stewards can contact Asad Mahmood, mahmooda@cleanfarms.ca for more details.

Nil or \$0 reports must also be filed.

Frequency of reporting is quarterly within 30 days following the close of the reporting period.

Remittance is 30 days following receipt of invoice from Cleanfarms.

² The Cleanfarms Board and the Western Canadian Agricultural Stewardship Council approves a per-kg-EHF annually.

The 2024 reporting and remittance schedule:

Reporting period	Reporting Deadline
Jan 1, 2024 to Mar 31, 2024	April 30, 2024
April 1, 2024 to June 30, 2024	July 30, 2024
July 1, 2024 to Sept 30, 2024	October 30, 2024
Oct 1, 2024 to Dec 31, 2024	January 30, 2025

Direct payments should be made to Cleanfarms Inc.

Financial institution number: XXX

Transit: XXXXX

Account number: XXXXX

Contact Cleanfarms for banking information.

Cheques should be made payable to:

Cleanfarms Inc.

10 Four Seasons Place, Suite 400

Etobicoke, Ontario

M9B 6H7

9. APPLICABLE TAXES

The EHF is subject to GST, but not PST.

10. LATE REPORTS/PAYMENT AND RELATED PENALTIES

Effective February 6, 2024, failure to submit reports, and/or pay invoices, will result in the following penalties to the steward/first seller:

1. A penalty of 5% of the total amounts owed will apply after the 31st day following the reporting deadline and will appear on the steward/first seller's invoice.
2. Interest will be charged on all past due invoices and will accrue immediately after the past due date. The interest rate used is the RBC (Royal Bank of Canada) prime rate of interest, plus 2%.

11. FAILURE TO REPORT AND PAY INVOICES

Failure to report and remit amounts owed may result in any or all of the following actions:

- Legal proceedings to collect all amounts owed;
- Steward/First Seller compliance review;
- Cancellation of registration and notification to provincial enforcement.

12. COMPLIANCE REVIEWS

The Steward/First Seller shall make available to Cleanfarms' auditor reasonable requests for records and information relating to Designated materials and remittances to Cleanfarms of Fees provided the records and information are reasonably required to perform an accurate compliance review.

Stewards/First Sellers must keep records of designated material supply and EHF remittances for compliance review purposes for seven years.

If the Steward/First Seller has under-remitted fees, the following may apply if the amount of under-remittance is more than 10% of the Steward/First Seller’s total annual fee: the application of reasonable and direct substantiated administrative costs related specifically to addressing this failure and interest charged at an equivalent to the 3-month Canadian Treasury bill for the applicable period. In the case of over-remittances as determined by a compliance review, Cleanfarms will credit the Steward/First Seller for the overpaid amount in the next quarterly report

13. HOW TO REPORT AND REMIT FEES TO CLEANFARMS

Fees are remitted to Cleanfarms on a quarterly basis following the calendar year cycle.

Each Steward/First Seller is given access to a secure, online reporting portal. Cleanfarms will issue an invoice based on quarterly reporting. Invoices are to be paid within 30 days upon receipt of the invoice.

All reports may be subject to a compliance review by an independent financial organization employed by Cleanfarms.

Please see below for an outline of sample reporting requirements.

14. REPORTING AND REMITTANCE FLOW DIAGRAM

This diagram is intended to help companies determine if they are required to register, report or remit in order to be compliant with provincial regulations.

