



Thinking
beyond
the box

Stewardship Ontario

Overview of Stewardship Ontario's 2019 Annual True Up (run in 2020)

March 2020

Approved MHSW Wind Up Plan

- During the transition period, Stewardship Ontario will continue to operate the MHSW Program without disruption. Any questions around wind up operations can be sent to mhswwindup@stewardshipontario.ca.
- Information about the new program that will replace the current MHSW program will be posted on RPRA's website as it becomes available. Questions can be sent to RPRA at info@rpra.ca.

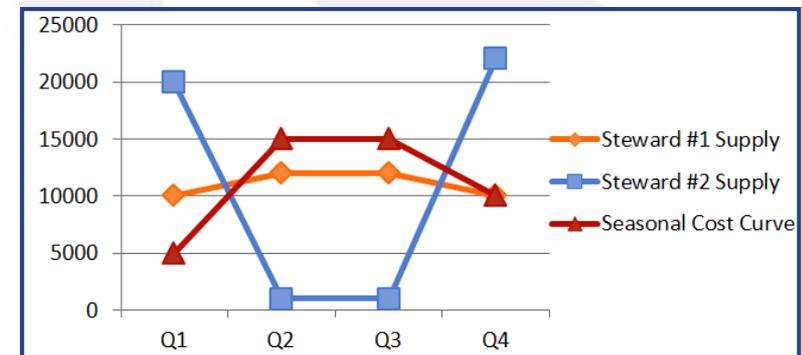
RELEVANT LINKS

- [MHSW Wind Up Plan](#)
- [RPRA's approval of the MHSW Wind Up Plan](#)
- [Rules for Stewards](#)

- Recap
 - Rationale for the ATU
- Program Cost Variability
 - How fluctuating sales and cost cycles affect the SSA throughout the year
- True-up Process
 - Calculation of the ATU
- Timing
 - Details on when invoices will be issued and credits will be posted to accounts

Overview

- With the introduction of Ontario Regulation 11/12 (replaced by O. Reg. 387/16 under the Waste Diversion Transition Act, 2016) in February 2012, Stewardship Ontario (SO) was directed to change the methodology for charging fees to MHSW stewards.
- As a result, SO is not able to publish an annual fee schedule and recovers actual costs incurred in each quarter, calculating each stewards' share assessment (SSA) of costs based on tonnage reported.
- This can result in quarterly invoices being affected by seasonal variations in steward sales and SO supply chain cost cycles.
- These variations and cycles can result in SSA's being disproportionately high for some and disproportionately low for others.
- To address this issue, the MHSW Rules allow for an Annual True-Up of steward accounts.
- The first ATU was run by Stewardship Ontario in 2013 (related to 2012 reports)



Program Cost Variability

- Program cost curves
 - Over the course of four quarters, program costs by material can have a different curve for several reasons such as:
 - Seasonality of waste generation
 - Seasonality of collection
- Cost variances (when compared to budget)
 - Over the course of four quarters, the actual costs may be different from the budget (which is set at the beginning of the year). This can be due to:
 - Timing of service provider costs vs. quarter close periods
 - Timing of Promotion & Education activities within the year
 - Unplanned regulatory costs - for example 2012 had two Minister letters and one new regulation
 - Other unplanned expenses in common or material management costs to react to performance against target and other obligations

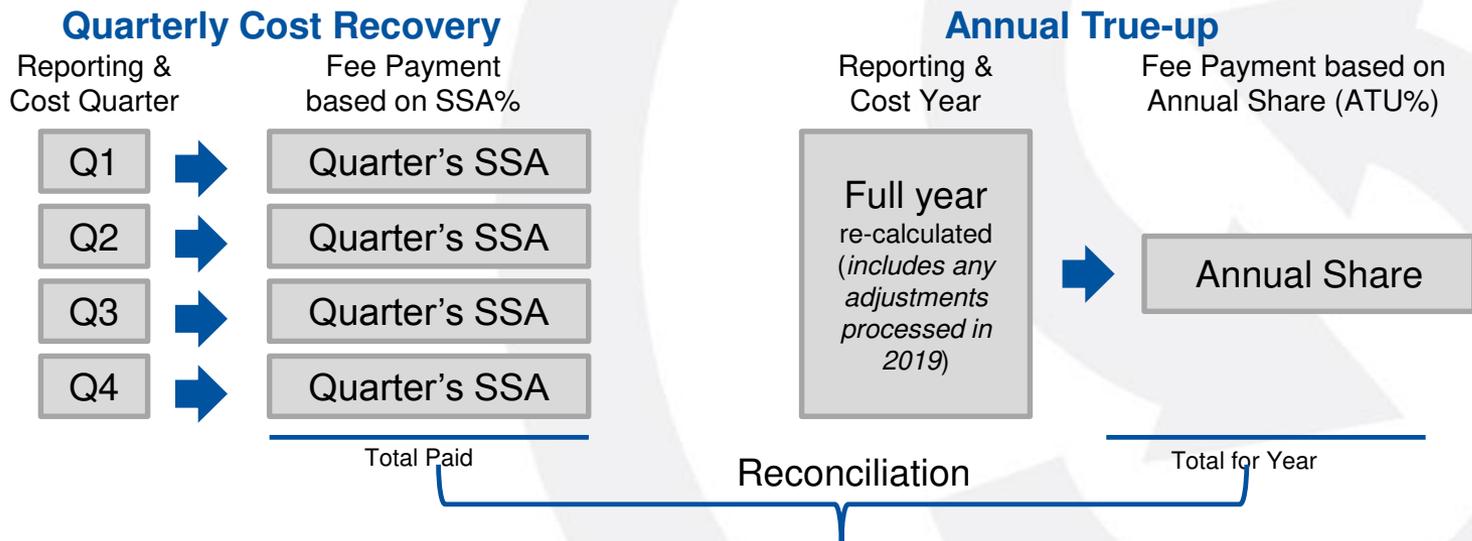
True-up Process

- The true-up recalculates stewards' fees based on the total of all four reports submitted in 2019, including adjustments processed in 2019 related to the 2019 year:

Q1 Report (Q4 data, Q1 costs, Q2 invoice)
Q3 Report (Q2 data, Q3 costs, Q4 invoice)

Q2 Report (Q1 data, Q2 costs, Q3 invoice)
Q4 Report (Q3 data, Q4 costs, Q1 invoice)

- Credits or debits are applied to ensure that, on an annual basis, each steward pays their proportionate share of costs, regardless of the relationship between their quarterly sales share, supply and the program's quarterly costs.
- The ATU process affects the majority of MHSW stewards, with some receiving credits, while others are invoiced for additional fees owed.



Timing Details

- The 2019 ATU credits and debits will be issued in **March 2020**
- Stewards will receive an invoice via email that will represent the net impact of the ATU for the material(s) they reported on throughout 2019
- The SDR (Submission Detail Report) for the ATU will also be available on the [WeRecycle Portal](#) for your review – see sample SDR on next slide
- For stewards who report multiple materials, the SDR will have detailed information for each material

Sample Submission Detail Report



Stewardship Ontario

Total kilograms reported by John Smith Ltd. for 2019

Revised Total Kilograms reported by ALL STEWARDS for 2019 (Revised Total that reflects any adjustments and will not match totals on quarterly SDRs)

The initial Quarterly SSA % for John Smith Ltd. throughout 2019

Quarterly Costs for each material at the time of running the SSA

Amounts invoiced

Single Use Dry Cell Batteries

| Reported By Steward | Document | Reporting Status | Your SSA Qty | Total Program Quantity | UOM | Your SSA % | Quarterly Material Category Cost | Your Amount Owing |
|--------------------------------|------------------|---------------------|-------------------|------------------------|-----------|------------|----------------------------------|---------------------|
| John Smith Ltd. | Sales Order #001 | Q1 Report Submitted | 10,000.000 | 2,500,000.00 | KG | 0.400% | \$ 1,000,00.00 | \$ 4,000.00 |
| John Smith Ltd. | Sales Order #002 | Q2 Report Submitted | 15,000.000 | 3,000,000.00 | KG | 0.500% | \$ 1,500,000.00 | \$ 7,500.00 |
| John Smith Ltd. | Sales Order #003 | Q3 Report Submitted | 20,000.000 | 4,000,000.00 | KG | 0.500% | \$ 3,000,000.00 | \$ 15,000.00 |
| John Smith Ltd. | Sales Order #003 | Q4 Report Submitted | 35,000.000 | 6,000,000.00 | KG | 0.583% | \$ 3,500,000.00 | \$ 20,416.67 |
| Total Material Category | | | 80,000.000 | 15,500,000.00 | KG | | \$9,000,000.00 | \$ 46,916.67 |

| Annual True Up - Single Use Dry Cell Batteries | |
|-------------------------------------------------------------|--------------------|
| Your Total Quantities reported | 80,000.000 |
| Total Quantities reported by all Stewards | 15,500,000.000 |
| Your ATU% when calculated on full year (i.e., Annual Share) | 0.516% |
| Total Annual Cost for this Material Group | \$ 9,000,000.00 |
| Your Amount Once Trued Up | \$ 46,451.61 |
| Amount Invoiced To Date | \$ 46,916.67 |
| Amount Owing | |
| Amount Credited | \$ (465.05) |

Your ATU% is calculated by dividing **Your Total Quantities reported by Total Quantities reported by all Stewards** (80,000/15,500,000 resulting in an ATU% of 0.516%)

Your ATU% is then multiplied by **the Total Annual Costs for this Material Group** (\$9,000,000) – please note that this amount may fluctuate due to adjustments

This results in Your **Amount Once Trued Up** of **\$46,451.61**

This is then subtracted from the Amount Invoiced to Date (46,916.67), which results in a credit of **\$465.05**

Thank you for your participation in the MHSW program.
Please contact us with any questions about billing
documents or detailed reports:
accounting@cssalliance.ca or 1-855-354-2772.

ETA