



	Question	Answer
1.	What factors were the new Ministerial direction based on given the change in course again?	<p>Under the <i>Waste Diversion Transition Act</i>, the Minister has the discretion to amend or alter Ministerial direction related to a program wind up after the initial wind up direction has been given.</p> <p>In the case of the MHSW program, there are only certain elements of the July 2, 2019 direction letter from the Ministry of Environment, Conservation and Parks (MECP) that are different from the previous direction letter. The MHSW Wind Up Plan will include proposals that are consistent with both the current and previous Ministerial direction letters. We ask that any questions regarding the new Ministerial direction be addressed to the MECP.</p>
2.	Can you provide any context as why there was new direction from the Minister?	Please see answer #1 above.
3.	Please explain why RPRA and the Minister did not agree to a similar approach for ISPs?	Questions regarding Ministerial direction should be addressed to the MECP.
4.	Why submit the plan to RPRA when the Minister makes the decision? Why not submit directly to the Minister? RPRA told us at a recent industry meeting that they do not make any decisions, the Minister does. It's clear that we should be engaging with the Minister on the way forward, as RPRA is there to 'implement' only, not decide.	Under the <i>Waste Diversion Transition Act</i> , Stewardship Ontario is required to submit a Wind Up Plan to RPRA when directed by the Minister. RPRA is responsible for ensuring that the MHSW Wind Up Plan submitted by Stewardship Ontario is consistent with Ministerial Direction. Implementation of the MHSW Wind Up Plan will begin following RPRA's approval of the plan.
5.	Will there be any changes in reporting paper or cardboard?	Stewardship Ontario will continue to run the Blue Box Program following termination of the MHSW Program. There are no changes to the reporting requirements for blue box materials at this time. However, the Minister has issued direction to Stewardship Ontario regarding the Blue Box Program which can be found on the Stewardship Ontario website .
6.	Were stewards consulted on the new allocation of common costs?	In 2019, in consultation with RPRA, Stewardship Ontario reviewed its MHSW Program common cost allocation methodology. Based on direction provided by RPRA, Stewardship Ontario approved implementation of a change to the common cost allocation that will be implemented retro-actively (through reserve



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	adjustments) to July 2015. Review of the common cost allocation also considered stakeholder feedback received during the Phase I consultations.
7. What is the definition of Steward used here?	A steward is any organization or company that is a resident in Ontario, and a brand owner/first importer/franchisor that supplies any of the designated MHSW materials into the Ontario market as outlined in the Rules for Stewards .
8. Can we get the number of stewards per program?	<p>As of December 31, 2018 there were 320 stewards in the MHSW Program. This also includes stewards that have chosen not to move to an ISP.</p> <p>Below is a breakdown of stewards by material in 2018. Please note that the numbers may not add up to the total amount since a steward can participate in more than one material category.</p> <ul style="list-style-type: none"> • Antifreeze – 31 • Single-use batteries – 160 • Fertilizers – 5 • Non-refillable pressurized containers – 35 • Oil containers – 75 • Oil filters – 66 • Paints and coatings – 27 • Refillable pressurized containers – 22 • Solvents – 43 • Pesticides – 0 <p>Please note that these numbers continue to change on a quarterly basis as more stewards move to ISPs or join the program.</p>
9. If industry were to submit feedback via a formally written letter, would Stewardship Ontario agree to answer all the questions in writing from their point of view?	Stewardship Ontario is committed to an open and transparent consultation process with all stakeholders as it consults on the wind up of the MHSW Program. Stewardship Ontario would be pleased to discuss feedback and concerns with any stakeholder.
10. My understanding is that our company moved from MHSW to AMS in 2017. How will this wind up affect us?	Some of the options related to the management of surplus funds included in the MHSW Wind Up Plan consultation have implications for both existing Stewardship



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	<p>Ontario stewards and members of ISOs like AMS. We welcome your views on those options presented.</p> <p>Stewardship Ontario cannot speak to the potential role of ISPs under the RRCEA framework or what stewards will need to do related to transition to the new RRCEA framework. We suggest that stakeholders contact RPRA for further information on potential registration requirements under the RRCEA.</p>
<p>11. My understanding is stewards can move to AMS? If yes then who should I contact to transition to AMS</p>	<p>Please check the Automotive Materials Stewardship website where you will find information on how to transition from Stewardship Ontario to AMS.</p>
<p>12. Any idea if there will be another fee-based program directed at stewards after the MHSW Program is complete?</p>	<p>With respect to MHSW materials, following the wind up of the MHSW Program, stewards will be responsible for meeting their own obligations under that statute. The exact nature of those obligations will be determined by regulations under the RRCEA which is the responsibility of the MECP.</p>
<p>13. Is there any document I can refer to for information on what organizations will take over responsibility for the product categories in the MHSW Program after the wind up?</p>	<p>Please see answer above.</p>
<p>14. What program will replace this for single-use batteries, once the program winds down on June 30, 2020?</p>	<p>Please see answer above.</p>
<p>15. The problem industry has when raising questions is that we are told to consult Stewardship Ontario, then Stewardship Ontario says to consult RPRA who then says to consult Stewardship Ontario and/or MOE. How can we eliminate the merry go round of decisions, where accountability is hard to pin down?</p>	<p>MECP, RPRA and Stewardship Ontario each have a role with respect to the wind up of the MHSW Program.</p> <p>MECP has responsibility for initiating program wind ups under the <i>Waste Diversion Transition Act</i> (WDTA) and providing direction on implementation.</p> <p>RPRA administers both the WDTA and <i>Resource Recovery and Circular Economy Act</i> (RRCEA), reviews and approves the MHSW Wind Up Plan and oversees its implementation.</p> <p>Stewardship Ontario develops and submits the MHSW Wind Up Plan to RPRA and then once approved, is responsible for implementing the Plan.</p>



Question	Answer
<p>16. Why do the two remaining Stewardship Ontario managed MHSW products, batteries and pressurized containers, get a fee holiday (consumers will see no difference, but industry stops paying fees to Stewardship Ontario for 1-2 years) but for ISP products, industry keeps paying via the ISPs and the “overcharged amount” (aka “surplus”) is somehow given to consumers who may not have bought the products in first place?”</p>	<p>Ministerial direction requires Stewardship Ontario to include a proposal for fee elimination in relation to single-use batteries and pressurized containers, and options for the return of surplus funds to consumers for other MHSW materials. The Minister’s direction letter states, <i>“For the MHSM categories whose recovery is managed by Stewardship Ontario, it is my direction that the proposal will set out rules governing a fee elimination during the wind up period. I expect that consumers will benefit from this direction through the elimination of any consumer fees or through reduced product cost.”</i></p>
<p>17. Please explain how pressurized containers and batteries will get fee elimination applied but materials managed by ISPs will not? What input did RPRA have on this decision before the Ministerial direction was received?</p>	<p>Please see answer above.</p>
<p>18. How will Stewardship Ontario ensure that Ontario retailers pass along the fee elimination for single-use batteries and pressurized refillable containers to consumers?</p>	<p>It is the Minister’s expectation. The direction letter states: <i>“For the MHSM categories whose recovery is managed by Stewardship Ontario, it is my direction that the proposal will set out rules governing a fee elimination during the wind up period. I expect that consumers will benefit from this direction through the elimination of any consumer fees or through reduced product cost.”</i></p>
<p>19. Based on the Minister's direction, automotive stewards that are members of Stewardship Ontario would receive a fee elimination while automotive stewards that are members of AMS would not. This appears to create an inequity in the treatment of automotive stewards across the industry and is a concern.</p>	<p>Ministerial direction to include a proposal for a fee elimination relates only to those materials managed by Stewardship Ontario (single-use batteries and pressurized containers). The options related to the return of surplus funds to consumers will treat stewards who are members of Stewardship Ontario and stewards who are members of ISPs in the same manner.</p>
<p>20. There is no apparent rationale for allowing a fee elimination or reduction for batteries but not for PSF stewards. Our stewards are equally owed the return to surplus to them. Why the difference? Why are pesticide, solvent and fertilizer stewards being treated unfairly?</p>	<p>Please see answer above.</p>
<p>21. Could surpluses be used to offer customers additional collection events?</p>	



Question	Answer
<p>22. Why are surplus funds not being returned to Stewards, since it was paid by stewards and the MHSW program plan prohibited stewards from charging customer as separate line item therefore it may have been embedded in product cost or paid from stewards' pocket.</p>	<p>Stewardship Ontario is required to follow the Minister's direction and has consulted on Wind Up Plan proposals that would return surplus funds to Ontario consumers. Please direct questions about the Minister's direction to MECP.</p>
<p>23. For many of the MHSW categories - since a visible fee could not be collected but was absorbed as costs by the retailer or producers, how can we give back something that was not collected?</p>	
<p>24. With regards the surplus and reserves, why would the Minister be contemplating refunding these monies to consumers? Industry was specifically regulated NOT to charge any fees on MHSW products so consumers did not pay the fees for which they are being rebated; the fees were paid by Stewards. Secondly, how could you possibly determine which consumers bought products and thus (hypothetically) paid such fees? These monies belong to stewards who, acting in good faith, funded the program and will have to fund the new programs.</p>	
<p>25. Are both the consumer and the steward slated to receive a refund from the surplus?</p>	<p>MECP has directed Stewardship Ontario to include a proposal to return surplus funds to Ontario consumers of MHSM in the MHSW Wind Up Plan. The requirement for a proposal to return surplus funds to MHSM consumers replaces the requirement in the April 12, 2018 direction regarding the return of excess funds to stewards.</p>
<p>26. If the rebate is provided to the end consumer, does this mean that the supplier is not recouping any of the surplus?</p>	<p>Please see answer above.</p>
<p>27. Given that the surplus funds were never paid by consumers, but by stewards, there are no funds to return to consumers. These are the rightful funds of the stewards. Our PSF ISP members want their funds returned to them via a fee holiday</p>	<p>Ministerial direction to include a proposal for a fee elimination relates only to those materials managed by Stewardship Ontario (single-use batteries and pressurized containers). The options related to the return of surplus funds to consumers will treat stewards who are members of Stewardship Ontario and stewards who are</p>



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	members of ISPs in the same manner. If this option is approved, Stewardship Ontario will work with ISPs to develop the methodology to execute.
28. How would you return the funds to consumers by any of the two methods? Consumers are not involved in the first place. I am assuming this will be returned to stewards by fee holiday?	Please see answer above.
29. Do consumers in Ontario pay a recycling fee when purchasing these items? Is that why the Minister wants to refund the consumers rather than the stewards?	Questions regarding Ministerial direction should be directed to the Ministry.
30. Has any consideration been made to distribute some of the surplus funds to municipalities to cover more of the cost for collecting MHSW from residents?	Stewardship Ontario is required to follow the Minister’s direction letter and develop a proposal to return surplus funds to Ontario consumers of MHSW materials.
31. Has anyone worked out how much per unit the refunds will be, i.e. how much per filter, per litre of oil? Also, how much more money will it cost to implement a refund to consumers instead of stewards?	Stewardship Ontario is reviewing these options in more detail. Once an option for the return of funds to consumers has been approved the final details regarding implementation will be developed.
32. Can you estimate what each household rebate would equate to on option 4?	Please refer to answer above.
33. Under the full-cost recovery program of prior years, we wrote off tens of thousands of dollars when we did not collect enough from our customers to cover the invoices from SO. Also, we made several payments in prior years to cover "deficits" of earlier years. Why are we not able to recover some of those amounts now that there is a surplus in the program? Has anyone explained the history of this program to the premier and his ministers?	Ministerial direction to include a proposal for a fee elimination relates only to those materials managed by Stewardship Ontario (single-use batteries and pressurized containers). The options related to the return of surplus funds to consumers will treat stewards who are members of Stewardship Ontario and stewards who are members of ISPs in the same manner.
34. Consumers pay ALL the costs of a an MHSW product, are there other environmental costs such as those for toxic reduction, etc. - all internalized - are there other consumers should be reimbursed for?	Stewardship Ontario is following the Minister’s direction and consulting on Wind Up Plan proposals that would return surplus funds to Ontario consumers. Stewardship Ontario has not been directed to consider other environmental costs which might be returned to consumers.



Question	Answer
<p>35. Would you recommend returning the funds to the obligated stewards and they can dispense with them as they see fit as they were collected in contravention of Reg 11/12 in any case? Why ignore the Act when it favours industry stewards who are the key parties to making producer responsibility work in the first place.</p>	<p>The MECP has directed Stewardship Ontario to include a proposal to return surplus funds to Ontario consumers of MHSW in the MHSW Wind Up Plan. Questions regarding Ministerial direction should be directed to the MECP.</p>
<p>36. For batteries, will leftover fees after reconciliation be returned to stewards?</p>	<p>Stewardship Ontario is proposing to transfer residual funds to RPRA to help offset producer costs related to the creation and implementation of the registry for MHSW recycling under the RRCEA. The amounts left in residual funds are anticipated to be relatively small.</p>
<p>37. Why is the 15% applied to the full reserve amount on materials that have shifted to ISPs starting in 2015?</p>	<p>The change to MHSW common cost allocation addresses concerns regarding the methodology of stewards migrating out of the program since the creation of ISPs beginning in 2015. Following discussions with and direction from RPRA, Stewardship Ontario will be implementing the change to the common cost allocation methodology which allocates 15% of common costs for each category in proportion to that category's share of the total number of stewards in the MHSW Program.</p>
<p>38. Please explain why fee elimination would be subject to HST?</p>	<p>In the fee elimination scenario, Stewardship Ontario would be providing a service to the stewards for no consideration. When a service is provided for no consideration, Stewardship Ontario would not be able to claim the related GST/HST input tax credits, thus an additional cost to Stewardship Ontario.</p> <p>In the Spring of 2018, the Tax Court of Canada ruled that Stewardship Ontario was successful in defending its position that the services it provided to the stewards was a taxable service. Stewardship Ontario then received its claim of the GST/HST input tax credits for the years prior to 2018 (these amounts are provided by material in the webinar presentation).</p> <p>Stewardship Ontario is working with its tax advisor on how to minimize this impact without putting the organization at risk.</p>



Question	Answer
<p>39. All ISP stewards paid significant HST surplus to Stewardship Ontario off their bottom line until they moved to ISPs. How will these funds be returned to those stewards?</p>	<p>Any potential disbursement of surplus funds proposed in the Wind Up Plan will need to be consistent with the WDTA, regulation requirements and related Ministerial direction.</p> <p>At this point, Stewardship Ontario is not proposing to treat MHSW category reserves differently with respect to the timing of the creation of the surplus. The proposed Wind Up Plan will include more detail on proposals to address surplus funds.</p>
<p>40. Unexplained double-billing of approximately \$3.1M in Q1 2012 was then “parked” as “deferred revenue” also without explanation, can you explain how this transpired?</p>	<p>Deferred revenue for the MHSW Program represents fee revenue billed in advance in the first quarter of 2012 and deferred in accordance with the organization’s revenue recognition policy. This deferred revenue is expected to be recognized as revenue at the end of the program.</p>
<p>41. What are residual funds? In our view, we see the residual funds as follows: ITC’s are not surpluses but are overpayments of taxes. Had the ITC’s been claimed by SO and allowed by CRA in the time period in which they were incurred, the “quarterly cost recovery” would have been reduced. So, while it is welcomed, it does not address taking those funds from stewards when they should not have been?</p>	<p>Surplus funds are those in excess of the funds needed to finance MHSW operations throughout the wind up period. However, in winding up the MHSW Program, Stewardship Ontario must ensure that it has sufficient operating capital and funds to deal with potential contingencies that may arise during the wind up period. As such, there may be some funds left in the program following termination of the program and resolution of outstanding operational and financial obligations. These left over funds are referred to as residual funds and in the case of the MHSW Program will be much smaller than current program reserve amounts and related surplus funds.</p>
<p>42. What is the \$5.2 million in 'deferred revenue'?</p>	<p>Deferred revenue for the MHSW Program represents fee revenue billed in advance in the first quarter of 2012 and deferred in accordance with the organization’s revenue recognition policy. This deferred revenue is expected to be recognized as revenue at the end of the program.</p>
<p>43. Please explain the \$5.6M write-off by SO in 2012 which is most likely related to unfunded costs incurred for MHSW phase 2 and 3 products. This was caused by the government’s cancellation of the designation of phases 2 and 3 materials (including paint and other products) subsidizing a cost caused by government’s change in regulatory direction</p>	<p>This write off was an accounting error made in 2012 and subsequently corrected in 2013 (as noted in the audited financial statements where a prior period adjustment was made to correct the write off).</p>



Question	Answer	
	which we believe was contrary to the “nexus rule” and contravened the Act.	
44.	Can SO provide a line item of costs related to wind up please?	Please reference slide 16 of the webinar presentation which includes a line item for wind up costs. More detail on Wind up Plan financials will be included in the MHSW Wind Up Plan Stewardship Ontario submits to RPRA.
45.	How did the Battery surplus go from \$7M available to between \$4.5M and \$5.5M? I don't understand the accounting.	There are significant costs anticipated in winding up the program that will not be invoiced to stewards. The battery program accounts for a large proportion of Stewardship Ontario costs and so they will bear a larger proportion of the wind-up costs.
46.	Please summarize again how the surplus funds available to single use battery stewards fell from \$7.1 mil to a max of \$5.5 mil under the fee elimination/reduction scenario?	Please see the answer above.
47.	How much of battery reserve change from 2018 vs 2019 is based on CCA versus normal change	The retroactive charge to batteries for the change in the common cost allocation is \$210k.
48.	Can you explain your understanding of why internalized funds are considered 'consumers funds'?	Although there is a separate ISP for paint, the Product Care Association which manages the supply chain for the return of these MHSW materials, there are still paint stewards registered with Stewardship Ontario. As such, Stewardship Ontario purchases credits on behalf of these stewards from the Product Care Association to fulfil their obligations under the WDTA.
49.	Why the cost for paint when paint stewards are no longer getting any services from Stewardship Ontario? The paint ISP gets little or nothing from Stewardship Ontario.	Stewardship Ontario is not proposing that ISPs be billed for MHSW program wind up costs and as such ISPs are not bearing any of these costs.
50.	Why do ISPs have to bear the costs per the reserve for wind-up when they are not part of fee elimination? I presume these are for those materials only?	The residual funds are anticipated to be paid to RPRA no later than April 2022, once all financial reconciliations have been completed and the 2021 SO financial statements audited.
51.	When do you anticipate the battery residual funds will be dispersed/sent to RPRA?	Stewardship Ontario has forecasted costs on a conservative basis including building contingencies. It will continue to monitor actual costs and revise the forecasts as required. If a shortfall is anticipated, the amount of funds available for the approved options will be reduced to eliminate the shortfall.



	Question	Answer
52.	If there is a shortfall after reconciliation, are the stewards expected to fund the shortfall?	Although there is a separate ISP for paint, the Product Care Association which manages the supply chain for the return of these MHSW materials, there are still paint stewards registered with Stewardship Ontario. As such, Stewardship Ontario purchases credits on behalf of these stewards from the Product Care Association to fulfil their obligations under the WDTA.