



Thinking
beyond
the box

Stewardship Ontario

MHSW Wind Up Plan Single-use Battery Fee Reduction Webinar

January 27, 2020

Today's Webinar

- To ask a question hit the Q&A button on the bottom of your screen
 - Note you may have to toggle your cursor on the screen to show Q&A link
- Presentation and webinar recording will be available on the MHSW Wind Up webpage: www.stewardshipontario.ca/mhsw-windup/

Today's Agenda

- MHSW Wind Up Plan (WUP) approval and update
- Single-use battery fee reduction schedule and forecasts
- Process for implementation of fee reductions for single-use battery stewards:
 - Documentation to be received;
 - Acknowledgement of Ministerial expectation that fee reductions with benefit consumers;
 - Treatment of stewards not in good standing with Stewardship Ontario.
- MHSW Wind Up Plan reporting schedules
- Next steps and further MHSW Wind Up Plan financial updates
- Questions/comments

MHSW Wind Up Plan Approval

- Subject to certain RPRA conditions and new Ministerial direction, (related to residual funds received December 20, 2019), the MHSW Wind Up Plan was approved by RPRA on December 31, 2019.
 - *Termination date for single-use batteries of June 30, 2020.*
- Stewardship Ontario is now implementing the approved plan.
- Key MHSW Wind Up Plan component is that surplus funds be returned to consumers through the implementation of a fee reduction during the wind up period.
- Stewardship Ontario estimates a total of \$43.3 million in available program surplus funds for fee reduction disbursement of which \$5.47 million relates to single-use batteries.

Single-use Battery Fee Reduction Schedule

Table 23: Initial Forecast of Fee Reduction Schedule: Single Use Batteries

	Projected Program Cost (\$000)	Projected Steward Fee Reduction (\$000)	Percent Reduction
2019 Q4 Period	\$2,334 \$2,284	\$2,300 \$2,280	98.5% 99.8%
2020 Q1 Period	\$1,881	\$1,700	90.4%
2020 Q2 Period	\$2,632	\$1,490	56.7%
Total Reduction	\$6,847 \$6,797	\$5,490 \$5,470	

- Stewardship Ontario has updated Wind Up Plan forecasts highlighted in red above.
- Stewardship Ontario will implement the 2019 Q4 period fee reduction as per the schedule provided in the MHSW Wind Up Plan updated with more recent financial data – collectively single-use battery steward invoices will be reduced by \$2.28 million or an estimated 99.8% of anticipated steward MHSW quarterly costs.
- Following completion of 2019 financials, Stewardship Ontario will update both the single-use battery fee reduction schedule and its estimate of available surplus funds in each MHSW category (anticipated for March/April 2020).

MHSW WUP Financing and Single-use Battery Surplus Funds



- Under the approved MHSW Wind Up Plan, Stewardship Ontario's financial strategy is to maximize the amount of surplus funds that can be distributed to stewards in order to minimize any residual amounts that may be left in the program following the resolution of all outstanding financial obligations.
- To this end, Stewardship Ontario will delay final steward invoices until 90 days after program termination (September 30, 2020 in the case of single-use batteries) in order to enable more complete financial reconciliations prior to determining the amount of surplus funds available for disbursement via a fee reduction in the final quarter of the program.
- The current MHSW Wind Up Plan budget includes \$1 million in contingencies funded from the single-use battery material reserve.
 - Any contingencies amounts that are not required to finance wind up costs in relation to this amount will either be added to the amount available for fee reductions or be forwarded to residual funds (initial estimate of \$27,000 for single-use batteries).

Anticipated Fee Reduction and Financial Updates

**Table 23: Initial Forecast of Fee Reduction Schedule:
Single Use Batteries**

	Projected Program Cost (\$000)	Projected Steward Fee Reduction (\$000)	Percent Reduction
2019 Q4 Period	\$2,284	\$2,280	99.8%
2020 Q1 Period	\$1,881	\$1,700	90.4%
2020 Q2 Period	\$2,632	\$1,490	56.7%
Total Reduction	\$6,797	\$5,470	

Amount of 2020 Q1 period fee reduction will be updated based on 2019 actuals and updated fiscal forecasts (April 2020)

Amount of 2020 Q2 period fee reduction will be updated based on 2020 actuals and actuals associated with post-termination wind up costs (September 2020)

Fee Reduction Implementation Process - Documentation

- Single-use battery stewards will receive the following documentation in relation Q1 2020 invoices (covering Q4 2019 costs):
 - Cover email noting the inclusion of a fee reduction with respect to the attached invoice.
 - Page 1: Invoice list noting:
 - Amount payable to Stewardship Ontario;
 - Amount of fee reduction applied to Q1 2020 Invoice; and
 - Amount of Q1 2020 invoice Steward Share Assessment (SSA).
 - Page 2: SSA invoice.
 - Page 3: Fee reduction notice.

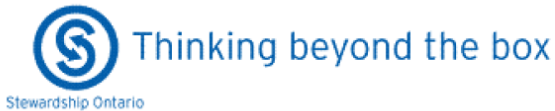
Fee Reduction Documentation Email Invoice

- Stewardship Ontario covering emails associated with Q1 2020 invoices will include the following reference to the fee reduction process:
 - MHSW WUP Fee Reduction:

As per the approved MHSW Wind Up Plan, the attached invoice includes a single-use battery fee reduction notice. By accepting this fee reduction notice, you acknowledge the expectation of the Minister of Environment, Conservation and Parks that this fee reduction will benefit consumers.
 - Covering email will also include contact information for Stewards who have questions about the invoice or the fee reduction process.

Fee Reduction Documentation

Steward Attachment Page 1 – Invoice List



Stewardship Ontario
1 St Clair Ave West, 7th Floor
TORONTO ON M4V 1K6
CANADA

Battery Steward
123 Main Street
Mississauga, ON L5M 1Y3

Invoice List: 50001131
Invoice Date: January 31 2020
Steward Number: 1000002
Payment Due Date: February 28 2020

Invoice list will include
SSA Invoice
Allocation (all
materials – example
batteries only)
Invoice list will include
single-use battery fee
reduction amount as
a negative entry

Single-use battery fee
reduction will be applied
against SSA Invoice
amount to determine
amount payable. Invoice
will include HST amount
which Steward will claim
as Input Tax Credit.

Invoice Number	Reported By	Charges	Tax	Total
90114967	Battery Steward	30,800.00	4,004.00	34,804.00
90114981	Battery Steward	30,738.40-	0.00	30,738.40-
Total				4,065.60

Please send your cheque payable to Stewardship Ontario to the above address.
Please send your electronic fund transfer or wire money to:
Canadian Imperial Bank of Commerce, 1 Queen Street East Toronto M5C 2W5 ON.
Bank: 01000902 Branch: 00902 Account: 8402310

Fee Reduction Documentation

Steward Attachment Page 2 – Steward Share Assessment (SSA) Invoice



Stewardship Ontario



Stewardship Ontario

Stewardship Ontario
1 St Clair Ave West, 7th Floor
TORONTO ON M4V 1K6
CANADA

* PLEASE MAIL CHEQUES TO ADDRESS BELOW

Primary Contact

Battery Steward
123 Main Street
Mississauga ON L5M 1Y3

Invoice No.: 90114967
Invoice Date: January 31 2020
Steward Number: 1000002
P.O.No.:
Payment Due: February 28 2020
Reference: Sales Order # 57121

2020 Q1 Invoice (Q4 Report, Q3 Data)

Reported by: Battery Steward

This invoice represents your share of the MHSW Program quarterly costs, as per Ontario Regulation 11/12. For a detailed report of your share of the program's quarterly costs by material class please click on 'Print Report' once you have logged into the WeRecycle Portal. For more information about Ontario Regulation 11/12 please go to www.stewardshipontario.ca.

Current Charges:	30,800.00
Sub-total before Tax	30,800.00
HST Number 896338407-RT0001 - HST at 13%	4,004.00
Total Amount Due:	34,804.00

Please send your cheque payable to Stewardship Ontario at:
1 St. Clair Ave. West, 7th Floor, Toronto, ON M4V 1K6
Please send your electronic fund transfer or wire money to:
Canadian Imperial Bank of Commerce, 1 Queen Street East Toronto M5C 2W5
Bank: 010 Branch: 00902 Account: 8503915

As is the case currently, Stewards with multiple MHSW materials will find breakdown of allocated costs by material in the web portal

Steward Share Assessment Invoice will be the same as current quarterly invoices.

Fee Reduction Documentation

Steward Attachment Page 3 – Fee Reduction Notice



Stewardship Ontario

Stewardship Ontario
1 St Clair Ave West, 7th Floor
TORONTO ON M4V 1K6
CANADA

Primary Contact

Battery Steward
123 Main Street
Mississauga ON L5M 1Y3

Document No.: 90114981
Document Date: January 31 2020
Steward Number: 1000002
Reference: Sales Order # 70010365

MHSW FEE REDUCTION NOTE

2020 Q1 Invoice (Q4 Report, Q3 Data)

Reported by: Battery Steward

By accepting this fee reduction notice, you acknowledge the expectation of the Minister Environment, Conservation and Parks that this fee reduction will benefit consumers.

Fee Reduction:	30,738.40-
Sub-total before Tax	30,738.40-
HST Number 896338407-RT0001 - HST at 0%	0.00
Total Amount:	30,738.40-

Fee reduction notice
includes
acknowledgement of
expectation of
consumer benefits.

Fee Reduction Process

Stewards not in good standing

- As per the MHSW Wind Up Plan, stewards not in good standing with Stewardship Ontario will not have fee reductions released.
- Stewards with accounts in arrears to Stewardship Ontario at the time fee reduction notices are issued may have amounts owing to Stewardship Ontario deducted from their potential fee reduction notice.
- Stewards with accounts in arrears will be notified of:
 - Any adjustments made by Stewardship Ontario in relation to potential fee reductions; and
 - The status of the steward in relation to potential future fee reductions.

Single-use Battery Steward MHSW WUP Supply Reports



- Stewards continue to be obligated to submit quarterly supply reports as per existing schedules:
 - Final program supply report due July 31, 2020 (one month after program termination date).
- MHSW Wind Up Plan requires changes to former two-year window for supply report adjustments:
 - Adjustments related to 2019 required by February 14, 2020;
 - Final adjustment reports (2020) required by August 31, 2020.

Supply Report	Report Due Date	Report Obligation Period
Q1 2020	January 31, 2020	Q4 Data (Oct 1 – Dec 31)
Q2 2020	April 30, 2020	Q1 Data (Jan 1 – Mar 31)
Q3 2020	July 31, 2020	Q2 Data (April 1 – June 30)
Final Supply Adjustment Requests	February 14, 2020	For 2019 and earlier
	August 31, 2020	For 2020 only

Single-use Battery Steward MHSW Wind Up Plan Invoicing

- Stewards will continue to be obligated to pay quarterly invoices (reduced by fee reduction).
- Final MHSW program steward invoice delayed to 90 days after termination date to accommodate final financial reconciliations.

Invoice Payment	Quarterly Costs Used in Fee Calculation	Fee Payment Due Date	Summary
Q1 Invoice (sent January 31, 2020)	Q4 material management & administrative costs	February 28, 2020	Q4 Report (Q3 data) Q4 Costs Q1 Invoice (adjusted for fee reduction)
Q2 Invoice (sent April 30, 2020)	Q1 material management & administrative costs	May 31, 2020	Q1 Report (Q4 data) Q1 Costs Q2 Invoice (adjusted for fee reduction)
Q3 Invoice & Final True Up (sent Sept 30, 2020)	Q2 material management & administrative costs	October 31, 2020	Q2 Report (Q1 data) & Previous 3 Quarters Q2 Costs Q3 Invoice (adjusted for fee reduction)

Next Steps and Further Financial Updates

- April 2020:
 - Update to Wind Up Plan financial forecast based on 2019 actuals;
 - Stewardship Ontario will develop category specific budgets for review by stakeholders.
 - Implementation of fee reductions for other MHSW materials.
- September 2020:
 - Update to single-use battery surplus fund estimate based on Wind Up Plan actual costs and final program (single-use battery) financial reconciliations.

Notification of future webinars will be provided.



Questions?



Stewardship Ontario

Thank you



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Appendix

Residual Funds vs Surplus Funds

- Surplus funds:
 - Funds in excess of those needed to finance MHSW operations throughout the wind up period;
 - Estimated in the MHSW WUP to be approximately \$43.3 million;
 - As per the approved WUP, these surplus funds will be returned to consumers through the implementation of fee reductions.
- Residual funds:
 - These are funds remaining in the program following the resolution of outstanding operational and financial obligations (including the disbursement of surplus funds);
 - Estimated in the Wind Up Plan to be approximate \$376,000.

MHSW Residual Fund Estimate

Table 33: Initial MHSW Residual Fund Forecast (\$000)

Antifreeze	\$55
Fertilizers	\$5
Oil Containers	\$87
Oil Filters	\$58
Paints/Coatings	\$53
Pesticides	\$5
Solvents	\$9
Pressurized Containers (Non-Refillable)	\$44
Pressurized Containers (Refillable)	\$33
Single-Use Batteries	\$27
Residual Funds at Program Termination	\$376

- Actual residual amounts will vary dependent upon a number of financial variables as Stewardship Ontario winds up the MHSW program:
 - Stewardship Ontario is in the process of revising 2020 and 2021 budget forecasts.