



Question	Asker	Response
ISOs / ISPs		
<p>1. You refer to costs over time, can you be more specific. What is that time frame?</p>	<p>ISO</p>	<p>Stewardship Ontario wind up costs are the administrative, professional and consulting costs associated with the development and implementation of the approved MHSW Wind Up Plan, including the development and implementation of any amendments to that plan. These costs relate to the wind up period which began when the Minister directed Stewardship Ontario to wind up the program (April 2018) until completion of all wind up activities and the submission of a final wind up report to the Resource Productivity and Recovery Authority (RPRA) and the Ministry of the Environment, Conservation and Parks (MECP). Final wind up steps, with a program termination date of June 30, 2021 are currently projected to be largely completed by the end of 2021 with final reports completed in 2022, assuming the transition to the RRCEA is not delayed for any reason.</p>
<p>2. How/when would the terms of SO-ISO Agreements governing the 'surplus transfer agreements' be ratified?</p>	<p>Steward</p>	<p>The Minister has indicated that it is his expectation that Stewardship Ontario will transfer payments to ISOs within two weeks of RPRA's approval of related MHSW Wind Up Plan amendments, anticipated to be no later than June 25, 2020. Given that SO-ISO Agreements are required to be signed prior to the transfer of any surplus funds, these agreements must be ratified and completed by Stewardship Ontario and the ISOs no later than two weeks after RPRA approval of the related MHSW Wind Up Plan amendments.</p>
<p>3. Can you provide more details on the types of activities that SO is required to perform for categories that are managed by ISPs?</p>	<p>Steward</p>	<p>There are several activities, such as, but not limited to:</p> <ol style="list-style-type: none"> 1) Supply chain agreements calculations between Stewardship Ontario and each ISO, where the split in annual market share of a material between the stewards of Stewardship Ontario and the members of the ISO determines the percentage of the total material management costs that each organization will bear. 2) Quarterly regulatory reporting. 3) Financial reporting.



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		<p>4) Clearance of any Stewardship Ontario steward that wants to transition to an ISO.</p> <p>Please note that with respect to MHSW costs related to materials and stewards not in ISPs, those costs are billed to Stewardship Ontario stewards only.</p> <p>MHSW wind up costs include a number of activities related to the wind up of the MHSW Program. These costs relate to both current and former stewards. Stewardship Ontario is using existing reserves to finance costs related to winding up the MHSW Program.</p>
Paints and Coatings		
4. Will all the Q&As provide answers to all questions even if SO cannot answer them and they are better answered by MECP or RPRA, so as to have ALL the questions fully addressed as posed?	ISO Steward Association	Stakeholders are free to submit questions on the wind up process to either MECP or RPRA. Stewardship Ontario will also forward a copy of these questions and answers to both MECP and RPRA to ensure they are aware of stakeholder questions and concerns related to the current consultation.
5. How much does SO pay Product Care for the materials in handles on their behalf? Why was more than \$212,000 collected for paint per the budget, but only \$12,000 paid Product Care, as directed by RPRA? SO charged paint stewards 20 times what they paid Product Care.	ISO Steward Association	To the extent that Product Care manages the entire supply chain for categories of materials for which SO continues to have stewards, SO reimburses Product Care on a proportionate basis. These costs are then invoiced to SO stewards. Having said that, Stewardship Ontario is not sure what numbers are being referenced in this particular question.
6. You note that the goal is to “transparent with the details of the ‘general reserve’ re: cost allocation by detailing the cost in the reserve. When will SO provide the details of the four line items noted in the reserve as well as those costs SO expect they will be in case of regulatory delays? What would those delays be, can they be specifically outlined?	ISO Steward Association	<p>Cost estimates provided in the approved MHSW Wind Up Plan are supported by a confidential Financial Forecast & Budget which includes more detail on the cost breakdown of various wind up cost category estimates.</p> <p>Wind Up Plan development and implementation costs include the professional, accounting, legal, communication and management costs associated with developing the wind up plan, including stakeholder liaison and consultation, and of implementing the</p>



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		<p>WUP. A more detailed description of these costs is provided in the ISO Surplus Fund Transfer Addendum.</p> <p>Severance costs are an estimate of the potential Stewardship Ontario costs associated with terminating employment as a result of the wind up of the MHSW Program.</p> <p>Litigation and dispute resolution costs are contingency amounts required by the RPRA IFO Wind Up Guide to address the costs of managing potential legal actions or disputes that may occur during the wind up of the MHSW Program.</p> <p>Corporate wind up costs, are an estimate of the MHSW portion of the costs of winding up Stewardship Ontario as a corporation that will occur following the termination of both the MHSW and Blue Box Programs.</p> <p>In the event of a regulatory delay, Stewardship Ontario will continue to incur costs to manage the wind up of the program. A program extension would prolong certain overhead costs associated with rent and facilities, personnel, and would include a number of other costs related to maintaining electronic records, data sharing and reconciliations between SO and ISOs ensuring reporting and payment processes continue, extend enhanced wind up reporting requirements, amend service agreements, revise stakeholder reporting schedules and payment processes, amend steward rules, develop an updated Wind Up Plan process, conduct additional financial reconciliations, as well as ensure Stewardship Ontario has adequate resources and funding to complete remaining wind up processes in the context of continued program operations subject to whatever new terms and conditions may be associated with the Wind Up Plan amendments.</p>



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7. Per number 2 of foundation principles, why are the windup costs for materials now managed by SO, but have not used any services for years?	ISO Steward Association	As noted in the MHSW Wind Up Plan, the costs associated with winding up the MHSW Program relate to both former and current stewards.
8. Section 35 is the basis on which the Minister issued the Ministerial Direction to ensure that the 7 material categories who left SO so not have to may 'administration' costs incurred by SO related to 'their' materials not the materials now managed by SO. Correct?	ISO Steward Association	Section 35 of the WDTA explicitly authorizes Stewardship Ontario to use funds held on the day the Act came into force to: <ul style="list-style-type: none"> - Pay the costs for developing and implementing a plan to wind up all or part of the program. - Pay the costs incurred by the organization or RPRA to wind up all or part of the program. - Pay the costs incurred by the organization or RPRA to wind up the organization. This section refers to all MHSW reserves including those for the nine material categories within the program.
9. Those 'administration costs' are now \$7.2 million, and SO has suggested that the ISOs, those who left, should pay another \$4 million. Can those two large line items be detailed specifically per the line items noted in the presentation?	ISO Steward Association	Stewardship Ontario has not asked ISOs to pay \$4 million, nor make any direct contribution to Stewardship Ontario wind up costs. Stewardship Ontario is entitled to use reserves to pay for wind up costs so that stewards will not have to be billed for those expenses. When transferring its reserves ("surplus funds") to ISOs, Stewardship Ontario requires a portion of these reserves to be held back by ISOs because in the case of a program extension it may need additional funds to pay for wind up costs (meaning there will be less surplus funds available to return by way of a fee reductions).
10. How much interest was earned on the general reserve fund since it was created and how was it allocated?	ISO Steward Association	Over the course of the program, the amount in various material reserves fluctuated significantly with a number of material reserves in deficit positions in the first five years of the program. If the general reserve is assessed since its inception, approximately 30% is attributable to interest earned on material reserves, 25% relates to Input Tax Credits (ITCs) on common costs as part of the 2018 HST refund and 45% relates to Ontario government payments to Stewardship Ontario in relation to the management of Phase 2 and Phase 3 materials.



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11. What SO actions precipitated the need to seek a legal action to recoup funds improperly paid by SO and collected by SO leading to a large surplus fund, which had nothing to do with waste recovery?	ISO Steward Association	Stewardship Ontario has complied with legislative and regulatory requirements in setting fees for stewards since its inception. Its inability to claim Input Tax Credits on expenses for several years was the result of a Canada Revenue Agency (CRA) ruling which was eventually overturned by the Tax Court of Canada that found in SO's favour.
12. In your example of how the reserve fund costs are to be allocated, then it would seem that constitutes the windup reserve to which the ISOs, those who have left SO, have contributed their full portion?	ISO Steward Association	<p>While ISOs have not made any contributions to Stewardship Ontario reserves, many ISP members as former stewards, did pay fees to Stewardship Ontario when they were registered as stewards. These fees have contributed to current Stewardship Ontario reserves.</p> <p>As noted, under the WDTA, Stewardship Ontario is authorized to use these funds to pay for Program wind up costs. Under the approved MHSW Wind Up Plan, any surplus funds held in the program (i.e. funds not needed to pay for Stewardship Ontario wind up costs) are to be returned to consumers through a fee reduction.</p>
13. What is meant by the 'doors to keep open'? What is the overhead incurred by SO when it will only have one material left to manage when batteries leave in June 2020?	ISO Steward Association	<p>While Stewardship Ontario does not directly manage the supply chain for the collection of many MHSW materials, it is obligated to provide program services in all MHSW categories, and it currently manages WDTA obligations for stewards in all but one MHSW category.</p> <p>In the event of a program extension, it will continue to be obligated to provide services in all program categories. As such Stewardship Ontario has not wound up the program for any MHSW materials and is required to maintain readiness to resume MHSW activities for ISP categories in the event that the ISP fails to perform or in the event its stewards wish to return to SO.</p>



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<p>14. The theoretical description of the ISP is incorrect, as the Act specifically says that once an ISP is created, there is no requirement for the ISP to pay costs associated with SO operations, but SO will have to pay market share costs, which it has refused to do for years, without RPRA intervention.</p>	<p>ISO Steward Association</p>	<p>To clarify, ISP members do not pay for any Stewardship Ontario costs to operate the program on a day to day basis.</p> <p>With respect to Stewardship Ontario payments to ISOs, Stewardship Ontario has purchased credits on behalf of stewards that did not join ISOs to ensure that their recycling obligations under the Waste Diversion Transition Act are met. For most materials managed by ISOs, Stewardship Ontario and the ISOs entered into detailed service agreements that specify how the market share related to each organizations' stewards will be calculated and what Stewardship Ontario will pay to the ISO related to its stewards' obligation for relevant MHSW materials.</p> <p>With respect to the one MHSW material managed by PCA, Stewardship Ontario does not have a formalized supply share agreement, however, it has purchased credits on behalf of related stewards from PCA in a manner consistent with its statutory obligations.</p> <p>With respect to Stewardship Ontario obligations in this regard, RPRA consulted with the two parties about related obligations for an historic sales period. This issue was resolved and Stewardship Ontario will purchase credits for these materials from PCA going forward in a manner consistent with other materials.</p>
<p>15. The ISOs have no interactions with SO in terms of ongoing operations and must report to RPRA only per the ISP agreement. Why suggest otherwise when that is completely untrue? There are clear references in the Act supporting that which will be included in formal submissions again, as in the pst.</p>	<p>ISO Steward Association</p>	<p>There are ongoing interactions between the ISOs and Stewardship Ontario as there are supply chain cost sharing agreements in place where data sharing is required in order to determine each organization's share of the supply chain costs.</p>
<p>16. There is \$5.4 million left in the \$7.2 million reserve, which equates to \$16,875 per working day. With one material left for SO to manage, why is this amount not expected to be enough to conclude what SO has to do in the windup?</p>	<p>ISO Steward Association</p>	<p>The \$5.4M general reserve at the end of 2018 is forecasted to be sufficient enough to cover the general wind up costs of the program from 2019 to 2021 (see table 19 in the MHSW Wind Up Plan, some of the costs in the table are material specific and will not be drawn from the general reserve). General wind up costs are</p>



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		not directly proportional to the materials for which Stewardship Ontario is managing the supply chain.
17. There may be a percentage left with respect to the market share for other materials, but SO does not actually manage the materials, it's simply funds transfer for services provided to SO. It's disingenuous to say that SO does anything in terms of management and misleading.	ISO Steward Association	<p>As noted in the MHSW Wind Up Plan, when ISPs were created to manage the supply chain for certain MHSW materials, Stewardship Ontario did not shut down operations related to those MHSW categories. It continues to provide services for stewards in all but one MHSW category.</p> <p>With respect to the general costs associated with winding up the MHSW program, these activities relate to both former and current stewards and as such, under the approved MHSW Wind Up Plan, these costs will be covered by drawing down from general reserves.</p>
18. If there are delays as SO seems to think there will be due to unstated reasons, it is clear in the Minister's direction that the ISOs would pay any unexpected costs incurred by SO. Why is that not acceptable given that ISOs are agreeing to pay MORE in reserve costs for SO operations and administration?	ISO Steward Association	<p>Stewardship Ontario is permitted to recover surplus funds transferred to the ISOs which were intended to be distributed to members as fee reductions in order to recover costs in the event of a program extension.</p> <p>In others words, if there is a delay in the wind up of the program, the Ministerial direction to transfer 100% of surplus funds to ISOs may conflict with earlier Ministerial directions which require Stewardship Ontario to account for all wind up costs and obligations prior to the distribution of any surplus funds. As such the SO-ISO agreement requires a mechanism for the ISO to return some surplus funds to Stewardship Ontario in the event of a delay in the program termination.</p>
19. Can SO provide the average costs for administration of the materials it currently manages? It would appear from publicly available data that SO's current admin costs are in the order of 23% while PCA and AMS is 10%, so in effect, more funds would be for the benefit of consumed under ISOs versus under SO.	ISO Steward Association	Under the WDTA, Stewardship Ontario is obligated to provide services for stewards in all MHSW categories regardless of how many stewards have chosen to join ISPs. As such, there may be some differences in Stewardship Ontario's administrative expenses as a percentage of costs in comparison to those for ISPs. Operating costs for any particular quarter are recovered with each quarterly SSA invoice from Stewardship Ontario stewards in accordance with WDTA regulations.



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20. Would it not be more efficient for those who actually operate the material categories under ISOs who have done it for years and prevent even further accumulation of surpluses as experienced under SO?	ISO Steward Association	Approximately 70% of MHSW program surplus funds are related to the recovery of the HST ITCs from 2011 to 2018 which occurred as a result of the Tax Court of Canada 2018 decision in Stewardship Ontario's favour.
21. COVID??? convenient.	ISO Steward Association	Thank you for your feedback.
22. Can SO provide a breakdown on the wind up costs and the extension. How many staff does SO currently have? How many consultants working on MHSW? What is the rent currently paid for SO staff only, not CSSA?	ISO Steward Association	A breakdown of wind up costs is provided in the approved MHSW Wind Up Plan. A description of the Stewardship Ontario team managing the Blue Box and MHSW wind up processes was submitted as part of the approved Wind Up Plan and is listed Stewardship Ontario Conflict of Interest Mitigation Plan which is attached as an addendum to that document. Stewardship Ontario also submitted a Confidential Financial Forecast and Budget to RPRRA which provides more details on the cost estimates associated with the wind up plan expenses.
23. If the extra costs are estimated to be \$125K a month (needs to be detailed for greater clarity), so a six month extension for whatever reason founded or unfounded, would be less than a million?	ISO Steward Association	The six-month extension in the consultation slide deck showed a potential cost of \$735k. In the event of a program extension, Stewardship Ontario will develop a more detailed Financial Forecast and Budget when the timing and the length of such an extension becomes clear.
24. The ISOs would have to contribute \$1.5M, why did SO seek to collect \$4 million in holdback?	ISO Steward Association	<p>The Stewardship Ontario Board previously agreed to a process whereby 90% of surplus funds intended for ISP member fee reductions would be made available to ISOs at the start of the fee reduction process with 10% provided toward the end the fee reduction process. This timing of surplus fund transfers between Stewardship Ontario and the ISOs was not anticipated to have affected the timing of fee reductions provided to ISO members in any way.</p> <p>Stewardship Ontario is now proposing a process to comply with the April 2020 Ministerial direction in light of the COVID-19 crisis. That Ministerial direction requires a mechanism for Stewardship Ontario to recover surplus funds transferred to ISOs to pay for</p>



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		Stewardship Ontario wind up costs in the event that there is a delay in the transition of the program to the RRCEA.
25. The ISOs agreed to pay costs in the case of going over the amount and that is included in the Minister direction. Why can't SO take Yes for an answer rather than get into scaring those stewards who remain with SO. I see SO did not draw attention to that part of the direction as expected. This is typical SO nonsense. Amazing!! You have lived up to everyone's view of SO I've seen everything!! And alarming Blue Box stewards. What lengths will one go to retain money?	ISO Steward Association	Stewardship Ontario is proposing a process to comply with the April 2020 Ministerial direction in light of the COVID-19 crisis. Ministerial direction requires a mechanism for Stewardship Ontario to recover surplus funds transferred to ISOs to pay for Stewardship Ontario wind up costs in the event that there is a delay in the transition of the program to the RRCEA.
26. Wow, escrow of \$1.4 M is a lot less than \$4M, why did SO not suggest that in the first place instead of the predatory amount for some unknown reason related to delays in what is really a straightforward regulatory development?	ISO Steward Association	<p>The Stewardship Ontario Board previously agreed to a process whereby 90% of surplus funds intended for ISP member fee reductions would be made available to ISOs at the start of the fee reduction process with 10% provided toward the end the fee reduction process. This timing of surplus fund transfers between Stewardship Ontario and the ISOs was not anticipated to have affected the timing of fee reductions provided to ISO members in any way.</p> <p>Stewardship Ontario is now proposing a process to comply with the April 202 Ministerial direction in light of the COVID-19 crisis. That Ministerial direction requires a mechanism for Stewardship Ontario to recover surplus funds transferred to ISOs to pay for Stewardship Ontario wind up costs in the event that there is a delay in the transition of the program to the RRCEA.</p>
27. Tried the patience of many!!	ISO Steward Association	Thank you for your feedback.
28. You said the cost for SO is about \$125K a month, if that is the case why is \$16,875 per day required for the remaining part of the reserve of \$5.4 million?????	ISO Steward Association	Stewardship Ontario's initial estimate of increased wind up costs associated with an extension did not include costs related to one-time activities, such as the costs for removing and transferring data from the Stewardship Ontario IT system at the termination of the program. These assumptions would be reviewed in the event



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		of a delay when Stewardship Ontario develops a more detailed Financial Forecast and Budget associated with the extension.
29. Come on the questions are NOT technical, SO as per usual does not want to answer in the Web-Take. Fake Consultation again!!	ISO Steward Association	Thank you for your feedback.
30. You noted the cost with extension is \$125k a month, yet the costs now to wind up during the prescribed time is \$5.4 million total, why then is the cost after \$16,875 per day or \$337,500 per month??? Too technical?	ISO Steward Association	The estimate of general wind up costs in the approved MHSW Wind Up Plan of \$5.3 million covered the entire wind up period. There were one-time costs included in this estimate that have not been forecast to increase in the event of a program extension, although that assumption would be reviewed if the MHSW Program is delayed. In the case of a delay, Stewardship Ontario will develop a more detailed Financial Forecast and Budget.
31. Those things you do for ISPs have to do reserve levels, WHAT ARE THOSE Things ... basic math? That tax court case was already paid for and was a problem caused by SO who didn't understand how HST worked. When the ISP was created it showed SO there way was wrong, so it was the ISP instigating that in effect?	ISO Steward Association	The court decision was required because CRA had ruled that the fees the IFOs charged under the WDTA were regulatory charges and not a fee for service which meant that the IFOs could not claim the HST it paid to its suppliers as an input tax credit (ITC). The IFOs disagreed with the CRA's ruling and took the appropriate steps to challenge that ruling which resulted in the case going to the Tax Court of Canada.
32. Why was the court decision required in the first place?	ISO Steward Association	The court decision was required because CRA had ruled that the fees the IFOs charged under the Waste Diversion Act were regulatory charges and not a fee for service which meant that the IFOs could not claim the HST it paid to its suppliers as an input tax credit (ITC). The IFOs disagreed with the CRA's ruling and took the appropriate steps to challenge that ruling which resulted in the case going to the Tax Court of Canada.
33. The Act also says that the ISPs once created do not have to pay fees to the IFO ... correct?	ISO Steward Association	That is correct, ISO members do not pay Stewardship Ontario any fees once the SSA and ATU have been paid related to the period for which the ISO member was an SO steward. The ISO itself is not obligated to pay fees to Stewardship Ontario.
34. RRPA Guidelines on Minimal Impact to Stakeholders says: "To the extent that there are	ISO Steward Association	Subsequent to the quoted reference, the interim RRPA Wind Up Guide: A Guide to Assist the Resource Productivity and Recovery



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credits/reserves/refunds/excess cash balances, these 'excess funds' must be allocated to the steward who paid the original fee that gave rise to those 'excess funds' in accordance with the applicable laws governing the transaction. Is SO complying with that requirement on both the total accumulated surplus?		<p>Authority in Evaluating an Industry Funding Organization Wind Up Plan was amended. The referenced quote was changed to read: <i>"To the extent that there are credits/reserves/refunds/ excess cash balances ("Excess Funds"), these Excess funds must be distributed in a manner consistent with the Minister's direction and the WDTA."</i></p> <p>Stewardship Ontario is seeking stakeholder feedback on its proposal to implement amendments to the approved MHSW Wind Up Plan as required by the April 2020 Ministerial direction.</p>
35. The Minister's direction very clearly says that the ISOs are prepared to reimburse 'reasonable unexpected costs related to materials managed by the ISOs' if SO can clearly account for those costs and how they benefit the stewards. Why was this not noted in the consultation? It is effectively making it look like the ISOs are not principled!	ISO Steward Association	The Ministerial direction requires Stewardship Ontario to transfer 100% of related surplus funds to ISOs for a fee reduction to be implemented through an agreement between Stewardship Ontario and ISOs which includes a provision for Stewardship Ontario to recover surplus funds transferred to ISOs to pay for Stewardship Ontario wind up costs in the event of a delay in the MHSW Program to the RRCEA. There is no intention on the part of Stewardship Ontario, in developing this proposal, to make any comments on the principles of ISOs or those of any MHSW stakeholder.
36. Find any more you have an answer to? This consultation will be called into question with the oversight authority and the Minister. It's egregious	ISO Steward Association	Any comments provided during the consultation process related to the proposed amendments to the MHSW Wind Up Plan will be given consideration in the development of that plan. Stakeholder comments will be noted and summarized in Stewardship Ontario submission to RPRA related to the April 2020 Ministerial direction.
37. How much interest was earned on surplus funds to date and how was it applied?	ISO Steward Association	All interest earned to date on surplus funds is included in the general reserve. Over the course of the MHSW program, a number of material reserves have been in both deficit and surplus positions. Historically Stewardship Ontario did not charge interest to those stewards whose categories were in deficit. Rather, it has utilized any aggregate interest earned on total reserves over the course of the program to contribute to general reserves so that it



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		would have resources to pay for wind up costs which are now being incurred.
38. I'd like the have all my time back please ... total waste of time	ISO Steward Association	Any comments provided during the consultation process related to the proposed amendments to the MHSW Wind Up Plan will be given consideration in the development of that plan. Stakeholder comments will be noted and summarized in Stewardship Ontario submission to RPRA related to the April 2020 Ministerial direction.
39. How many board members have been on the board for more than 3 years?	ISO Steward Association	Six of nine Stewardship Ontario Board of Directors have served on the Board for at least three years.
40. Does SO engage in any operations other than administration and is SO pleased with the work the ISOs have done in operating materials for SO?	ISO Steward Association	<p>Stewardship Ontario continues to manage the supply chain for single-use batteries and pressurized containers. As noted in the MHSW Wind Up Plan, when ISPs were created to manage the supply chain for certain MHSW materials, Stewardship Ontario did not shut down operations related to those MHSW categories. It continues to provide services for stewards in all but one MHSW category.</p> <p>With respect to the general costs associated with wind up of the MHSW Program, the activities relate to both former and current stewards and as such, under the Approved MHSW Wind Up Plan, these costs will be covered by drawing down from general reserves.</p>
41. It was mentioned that SO is engaged in records management related to ALL materials now operated by ISOs re: market share. How many PYs are needed for that function related to ISOs?	ISO Steward Association	<p>Stewardship Ontario administration of the MHSW Program is conducted by Stewardship Ontario staff and CSSA staff through a service agreement contract. It does not have a specific breakdown of the person years required to manage data in relation to MHSW Program operations in relation to ISOs, nor is that information relevant to Stewardship Ontario's allocation of MHSW Wind Up costs as these costs would be considered ongoing operational costs.</p> <p>The accounting costs associated with the MHSW wind up financial forecast and budget and estimates of related surplus funds are considered to be general wind up costs and under the Approved</p>



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<p>42. WDTA Section 39 (1) provides an ISP exemption from IFO fees, records, etc. Also addressed in Section 32 (1) in the WDO exempting ISPs from fees designated under rules made by an IFO, and again confirmed per Section 34 (1) in the same act. Does that conflict with Section 35 as noted?</p>	<p>ISO Steward Association</p>	<p>Wind Up Plan. Stewardship Ontario is funding these costs from general reserves.</p> <p>There is no conflict between Sections 35 and 39 of the WDTA. Section 35 of the WDTA authorizes Stewardship Ontario to utilize funds held when the Act came into force to pay for a number of costs including:</p> <ul style="list-style-type: none"> 3. To pay the costs of developing and implementing a plan to wind up all or part of the program. 4. To pay the costs incurred by the organization or the Authority to wind up all or part of the program. 5. To pay the costs incurred by the organization or the Authority to wind up the organization. <p>Section 39 of the WDTA exempts potentially obligated persons from paying fees or reporting to Stewardship Ontario once they have entered into contracts to join ISPs approved under the Act.</p>
<p>43. How much interest was earned on material-specific funds over the 12 years as there were a number of surpluses left with SO when the ISPs were created?</p>	<p>ISO Steward Association</p>	<p>While there were surpluses at the time the ISPs were approved, there were many years where some materials were in deficit. The most significant contribution to the reserves was the HST ITC refund received in 2018.</p> <p>Interest is paid on cash balances, not on reserve balances. Since 2012, the SO MHSW program has been required to use a cost recovery methodology to invoice its stewards. That means that SO pays its suppliers for three months before it can invoice its stewards for these costs one month later with 30-day terms.</p> <p>For example, Stewardship Ontario would pay its suppliers in February for services provided in January but would not receive the cash back from the stewards until the end of May (if they paid on time). SO has to finance the January expenses for three months, the February expenses for two months and the March expenses for one month, requiring the need for cash to finance these expenses for an equivalent of six months. This example assumes that all expenses occurred at the end of the month, which</p>



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		<p>in reality is not the case, and not all stewards pay on time, therefore even more cash is required to fund the operations of the program.</p> <p>In other words, the reserve balances reported for each material category at the end of the year do not represent the amount of revenue or cash balance held by Stewardship Ontario throughout the year.</p>
44. How much interest was earned on the ITC credits from CRA and where are those funds reflected?	ISO Steward Association	All interest received from CRA on the ITC refund was recorded into the general reserve.
45. How much extra funds were drawn down from the material specific materials in total since the beginning? How much of that particular fund was contributed by ISO?	ISO Steward Association	<p>Since the beginning of the wind up, no wind up costs have been drawn from the material reserves. ISOs have not made any contributions to Stewardship Ontario reserves. ISP members may have previously paid fees that contributed to Stewardship Ontario reserves at the time they were registered as Stewardship Ontario stewards.</p> <p>Stewardship Ontario does not track material reserves by individual steward, but since the ISOs were created there has been a net increase in the material reserves (excluding the CRA ITC refund), in categories where ISOs manage the supply chain. For example, between 2015 and 2018 the reserves held in the paint category, excluding the effect of the HST ITC adjustment, increased by approximately \$1.7 million. This increase in material reserves is primarily due to reporting adjustments made in relation to historic Stewardship Ontario stewards.</p>
46. The ISPs are constructs under the Act, not under an IFO, and the ISP agreement is there for the ISP requirements, not SO. And the ISP is overseen by RPRA with nothing to do with SO. There is no requirement for SO to do anything for the Paint ISP since 2105. How can you maintain that, it is sated in the Act?	ISO Steward Association	Stewardship Ontario is required to maintain a program for each material whether or not there is an ISP for that material. It continues to represent Stewards in six of the seven categories where the supply chain is managed under ISPs and is obligated to do so, regardless of how many Stewards chose to remain registered with Stewardship Ontario in any particular category.
47. If SO provided service for the Paint ISO, what were they, can you be specific?	ISO Steward Association	Stewardship Ontario does not provide a service to the Paint ISO, but it provides services to the category stewards that remain with Stewardship Ontario and with respect to wind up activities,



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		<p>undertakes a number of activities that are applicable to both current and former stewards.</p> <p>For example, in developing the wind up plan, Stewardship Ontario reviewed options for returning surplus funds to consumers for materials where the supply chain is managed by ISOs, including as per Ministerial direction, a review of the option to return surplus funds to consumers through a consumer rebate. Stewardship Ontario recommended that surplus funds in these material categories be returned to consumers through a fee reduction provided through ISOs to ensure consistency with the treatment of materials managed by Stewardship Ontario. This recommendation was approved by RPRA in their review and approval of the MHSW Wind Up Plan.</p>
48. Would not the costs now borne by ISOs, with no services they can see or feel, be cross-subsidization for one or two material categories left with SO, one only, after June 2020?	ISO Steward Association	The cross-subsidization principle applies to both Stewardship Ontario operational costs and its costs to wind up the MHSW program. Stewardship Ontario has managed its finances in accordance with this principle and is a key component of its recommendations for MHSW Wind Up Plan amendments related to implementing the April 2020 Ministerial direction.
49. Really? ... things are improving daily and how can 14 months be short with regs for batteries completed and just a few more regs to do. Are you saying SO expects more red tape than usual?	ISO Steward Association	Stewardship Ontario is not responsible for developing regulations related to the RRCEA framework. The April 2020 Ministerial direction acknowledges that Stewardship Ontario's surplus transfer agreement with ISOs must include a provision to recover surplus funds to cover Stewardship Ontario wind up costs in the event of a program extension.
50. Are you saying that costs budgeted at \$16,000 per day as already budgeted? Can you provide details on the staffing complement at SO, how many consultants hired, rent costs, etc.?	ISO Steward Association	A breakdown of wind up costs is provided in the approved MHSW Wind Up Plan. A description of the Stewardship Ontario team managing the Blue Box and MHSW wind up processes was submitted as part of the approved Wind Up Plan and is listed in the Stewardship Ontario Conflict of Interest Mitigation Plan which is attached as an addendum to that document. Stewardship Ontario also submitted a Confidential Financial Forecast and Budget to
51. There has never been a breakdown of those costs. Will that ever be provided by SO beyond the four line items in the general reserve?	ISO Steward Association	



Question	Asker	Response
		<p>RPRA which provides more details on the cost estimates associated with the wind up plan expenses.</p> <p>Stewardship Ontario developed an initial estimate of potential costs associated with a program extension based on the ongoing costs of managing the wind up of the MHSW program. The timing, potential conditions and costs variables associated with a potential Program extension make developing a detailed Financial Forecast and Budget relation to this issue difficult. Stewardship Ontario will develop a more detailed Financial Forecast and Budget update related to an extension as soon as it is notified of such an extension.</p>
<p>52. Those costs were always going to be shared. It's now projected at \$1.5 M, which is way better than the \$4 million suggested by SO several weeks ago. Thanks.</p>	<p>ISO Steward Association</p>	<p>The figures presented are not comparable. \$1.5 million is an estimate of the ISO surplus fund share of an increase in general MHSW wind up costs (associated with an 18-month program extension). The second is an estimate of surplus funds to be transferred by Stewardship Ontario to ISOs to be disbursed as fee reductions in the last quarter of the Program wind up (assuming the MHSW program) terminated as scheduled.</p>
<p>53. ISOs have never had an issue with paying real costs, it was the huge costs indicated in the hold-up that caused concern. And, given history there is no assurance the ISO surplus will be there should there be an extension. Why are you suggesting that ISOs are not willing to pay as they always were when there is 'transparency' which we are now getting some of?</p>	<p>ISO Steward Association</p>	<p>It is not the ISOs that are paying the costs. These costs are to be drawn from surplus funds which might otherwise be available for fee reductions.</p> <p>ISO stakeholders have made submissions to the effect that Stewardship Ontario operations in ISO categories have already been completely wound up and questioned why they are subject to any costs regarding the wind up of remaining Stewardship Ontario materials.</p>
<p>54. ISOs were ready to sign the agreement two months ago? But SO wasn't ready as because ISO were not prepared to pay the 10% levy, period.</p>	<p>ISO Steward Association</p>	<p>Stewardship Ontario offered to disburse over \$31 million to ISOs, subject to completed surplus fund transfer agreements, in March 2020, to facilitate the implementation of fee reductions for ISP Members and Stewardship Ontario stewards by the end of April 2020. Under proposed agreements, further surplus funds (amounts to be determined) would have been provided by</p>



Question	Asker	Response
		<p>Stewardship Ontario to ISOs at the end of the fee reduction process.</p> <p>Stewardship Ontario did not propose a levy or require payments from ISOs in conjunction with that process.</p> <p>The new Ministerial direction requires an alternate approach to the disbursement of surplus funds and Stewardship Ontario cannot transfer surplus funds to ISOs until Amendments to the MHSW Wind Up Plan are approved by RPRA and related surplus transfer agreements have been completed by Stewardship Ontario and the ISOs.</p>
55. Cross-subsidization works both ways and it can work the other way and will the agreement ensure that will be reflected?	ISO Steward Association	Stewardship Ontario believes its proposals are consistent the cross-subsidization principle found in the WDTA.
56. The Minister specifically says unexpected costs, which must mean ALL unexpected costs, no? Why suggest different.	ISO Steward Association	In Stewardship Ontario’s view the term “unexpected” relates to the fact that there may be an unexpected delay in transition of the MHSW to the RRCEA and as such additional costs may be incurred. The current MHSW Program has been directed to terminate on June 30, 2021. Currently Stewardship Ontario is planning to terminate the program on that date.
57. There is interest on reserves, what is the ROI?	ISO Steward Association	Interest is paid on cash balances, not on reserve balances. Please refer to the response for previous similar question.
Batteries		
58. Batteries are out June 30, 2020. How does this program extension cost to batteries make sense?	Steward	There are costs that will be incurred that are not specific to a material, but are required to wind up the program. Given the “no cross-subsidization” requirement, single-use battery stewards must pay their share of these general expenses for as long as the MHSW program continues. In other words, if the program termination date is extended, additional costs will be incurred and battery stewards will be required to pay their share of those expenses.



Question	Asker	Response
59. You did not cover how a drop in program costs might impact the material reserves. I was hoping you might have some insight into what is happening with regard to material returns.	Steward	<p>A decrease in program costs in a quarter will mean a lower SSA for that quarter, with no impact on reserves. If there is a significant drop in program costs for the final quarter, the level of the potential fee reduction that can be disbursed might be affected as well but at this point Stewardship Ontario is not anticipating a cost reduction of that magnitude.</p> <p>If there are funds left in the single-use battery reserve at the end of the Program, they will be distributed as residual funds to battery stewards.</p>
60. Doesn't the payment of those stewards that are out of the program to cover extension costs violate the cross-subsidization principle?	Steward	<p>If general wind up costs increase over and above the amounts Stewardship Ontario holds in general reserves, it may need to draw additional amounts from the single-use battery reserve (as well as other material reserves) to cover those general wind up cost increase.</p> <p>The MHSW wind up plan financial strategy is designed to ensure that the cross-subsidization principle will be adhered to in accounting for the costs of wind up the MHSW Program.</p>
61. If the battery program is transitioned as planned on July 1, 2020, would any delay, as being describe right now, actually affect the battery program since an 1- month extension would not be required?	Steward	<p>All materials in the program must pay their share of total wind up costs and Stewardship Ontario may need to draw funds from the single-use battery material reserves to address these increased costs. If the MHSW program is extended SO will need to continue to incur costs—some of which relate to all materials.</p>
Propane		
62. Are general reserves different than surplus funds?	Steward Association	<p>Material reserves are the amounts in related material categories at a specific point in time. Stewardship Ontario reports on the level of material reserves at the end of each year in its Annual Reports. Surplus funds in each material category, in the context of wind up, are those funds that Stewardship Ontario estimates it can disburse</p>



Question	Asker	Response
		<p>as fee reductions after accounting for anticipated wind up costs for that material.</p> <p>The general reserve is an additional reserve created by Stewardship Ontario which is being used to fund the wind up expenses of the program that are not material specific in nature (i.e. relate to only one material).</p>
63. Why is there a "deficit" in the PC NR category as per your projections?	Steward Association	The Approved MHSW WUP included an estimate of surplus funds available for fee reduction for PC-NR of \$0. This estimate will be reviewed based on updated financial results from 2019 and may be adjusted following approval of the Surplus Fund Transfer Addendum.
Municipalities		
64. Where does this all leave municipalities in relation to undepreciated capital investments for collection of materials and transition to future programs?	Municipality	<p>The approved Wind Up Plan did not include any changes to service provider rates, including the level of incentives paid to municipalities. With respect to transition, as the question relates to the RRCEA, and new regulations that would help answer this question have not yet been released, Stewardship Ontario does not have any insights into how this concern could be managed.</p> <p>For more information on the new program please contact AMO or RPRA.</p>
65. Much of the future for municipalities and MHSW collection is unclear and could highly impact municipal transition costs going forward. How will this windup program deal with this with municipalities financially?	Municipality	<p>Stewardship Ontario does not know what the future regulations or their impacts will be on municipalities. Those issues should be addressed with MECP policy makers to ensure that considerations are properly weighed during regulatory development.</p> <p>For more information on the new program please contact AMO or RPRA.</p>
66. Will the presentation be made available e.g. on SO website	Municipality	Yes, the presentation and webinar recordings were posted following the May 13, 2020 webinar.
67. Can you explain how or if this wind up program affects municipalities?	Municipality	Stewardship Ontario has endeavoured to ensure that the wind up of the MHSW program does not create unnecessary disruptions and it is important for all stakeholders, including municipalities,



Question	Asker	Response
		that the MHSW program wind up has enough money on hand to discharge its obligations to all creditors. As emphasized in Ministerial direction, it is important that the program not run out of money before the wind up is complete. Stewardship Ontario does not want to be in a situation where it must triage creditors in the event that it runs out of money during wind up.
Other		
68. What is the likelihood of the RRCEA framework being delayed? In addition to delays directly resulting from business interruption from COVID, what other issues are likely to cause delay?	Steward	Once batteries exit the program later this month, eight different materials remain in the MHSW program for which the MECP will need to design regulations under the RRCEA. The regulatory process must be completed well in advance of June 30, 2021 for the transition to take place on time.
69. Given the precarious times due to the pandemic, and the possibility of stewards that previously participated in SO no longer operating, has any consideration been made for the remaining stewards that would bear the full wind-up costs?	Steward	Stewardship Ontario has developed a wind up budget and process that would finance all wind up costs from existing reserves in order to avoid having to bill stewards for these costs and to ensure they are fairly allocated among both current and former stewards.
70. What % of MHSW stewards are burdened if all surpluses were paid out for PCA and AMS?	Anonymous	The Ministerial direction recognizes that a potential program extension may require Stewardship Ontario to recover surplus funds from ISOs, to pay for unexpected wind up cost increases. The provisions Stewardship Ontario is proposed for the surplus fund transfer agreements with ISOs should ensure that other MHSW stewards are not unduly burdened with excess cost allocations.
71. Will a copy of the presentation be shared with the participants?	Manufacturer	Yes, the presentation and webinar recordings were posted following the May 13, 2020 webinar.