



Thinking
beyond
the box

Stewardship Ontario

MHSW Wind Up Plan Oil Container and Oil Filter Fee Reduction Webinar

October 28, 2020

Today's Webinar

- To ask a question please click 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 button
- 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) update
- Updated financials, oil containers, oil filters & antifreeze
- Fee reduction schedules and forecasts:
 - Oil Containers; Oil Filters
- Process for implementation of fee reductions for Stewardship Ontario Stewards:
 - Documentation to be received;
 - Acknowledgement of Ministerial expectation that fee reductions will benefit consumers;
 - Treatment of stewards not in good standing with Stewardship Ontario.
- Next steps and further MHSW Wind Up Plan financial updates
- Questions/comments

MHSW Wind Up Plan Update

- New Ministerial direction and RPRA approval of MHSW WUP ISO Surplus Fund Transfer Addendum in June 2020.
 - Approximately \$35 million transferred to Industry Stewardship Organizations (ISOs) in July to facilitate fee reductions.
 - \$18.6 million transferred to Automotive Materials Stewardship;
 - \$16.4 million transferred to Product Care Association.
- Stewardship Ontario has updated MHSW finances in light of amendments to WUP and COVID economic situation.
 - Additional contingency amounts created related to bad debt and a potential program extension.
 - Initial fee reduction schedules planned for Stewardship Ontario stewards:
 - These schedules will be reviewed and adjusted throughout the Program Wind Up.

RPRA Approved Surplus Fund Transfer Amounts

MHSW Material Reserves Automotive Materials	Total Surplus Funds Available for Fee Reduction	MHSW Steward Share Split WUP	MHSW Steward Share of Surplus Fund Estimate	AMS Member Share Split WUP	AMS Member Share of Surplus Fund Estimate
1. Antifreeze	\$2,031,000	6%	\$129,800	94%	\$1,901,200
2. Oil Filters	\$9,670,700	10%	\$927,400	90%	\$8,743,300
3. Oil Containers	\$9,583,600	17%	\$1,612,000	83%	\$7,971,600
4. Total	\$21,285,300		\$2,669,200		\$18,616,100

Stewardship Ontario steward fee reductions are funded from Stewardship Ontario steward allocated surplus funds subject to MHSW Wind Up Plan budget contingencies and costs.

Setting Initial Fee Reductions for Stewardship Ontario Stewards

Financial contingencies that Stewardship Ontario needs to consider in setting initial Stewardship Ontario steward fee reductions include:

- MHSW cost fluctuations
- Potential for negative steward adjustment reports
- Potential for bad debt
- Potential costs of a MHSW Program extension (Stewardship Ontario steward share of potential costs)

Stewardship Ontario Steward's Share of Costs Related to a Potential Program Extension

Material Category	Unfunded Cost of Program Extension	MHSW Steward Share Program Extension	ISO Member Share Program Extension Reserve Recovery
1. Antifreeze	\$101,500	\$6,500	\$95,000
2. Oil Filters	\$428,000	\$41,100	\$387,000
3. Oil Containers	\$410,300	\$69,000	\$341,300
4. Subtotal	\$939,800	\$116,500	\$823,300
5. Fertilizers	\$16,700	\$1,600	\$15,100
6. Paints	\$674,100	\$400	\$673,700
7. Pesticides	\$15,000	\$0	\$15,000
8. Solvents	\$66,400	\$4,700	\$61,700
9. Subtotal	\$772,200	\$6,700	\$765,500
10. PC-NR	\$72,900	\$72,900	\$0
11. PC-R	\$23,700	\$23,700	\$0
12. Batteries	\$426,400	\$426,400	\$0
13. Subtotal	\$523,000	\$523,000	\$0
TOTAL	\$2,235,000	\$646,200	\$1,588,800



Automotive
Materials
Stewardship



Cost allocation regarding program extension part of the approved ISO Surplus Fund Transfer Addendum

Program extension based on potential 18-month delay in termination.

Update on MHSW Reserves and Stewardship Ontario Steward Surplus Funds



Oil Container, Oil Filter and Antifreeze Surplus Funds – October 2020	Column A Oil Containers	Column B Oil Filters	Column C Antifreeze
1. MHSW Steward Surplus Funds	\$1,612,000	\$927,400	\$129,800
2. Steward Report Adjustments			
a. 2020 Q1	\$33,500	-\$82,700	-\$15,100
b. 2020 Q2	\$6,900	\$5,600	-\$18,400
c. 2020 Q3	\$43,300	\$2,300	-\$65,500
3. Bad Debt Hold Back Amount	-\$211,200	-\$46,600	-\$14,200
4. Program Extension Cost	-\$69,000	-\$41,000	-\$6,500
5. Estimated Fee Reduction Amount	-\$1,065,000	-\$550,000	\$0
6. Remaining MHSW Steward Reserves	\$350,500	\$215,000	\$10,100

Unused amounts will contribute to fee reductions or Stewardship Ontario steward residual funds

Oil Container Fee Reduction Schedule

Fee Reduction Schedule Oil Containers – October 2020

	Projected Program Costs (SSA)	Projected Steward Fee Reduction
2020 Q4 Invoice Oct	\$508,100	\$200,000
2021 Q1 Invoice Jan	\$512,900	\$200,000
2021 Q2 Invoice April	\$521,100	\$330,000
2021 Q3 Invoice Sept	\$587,900	\$335,000
Total Reduction Target		\$1,065,000

- Stewardship Ontario will begin implementation of the fee reduction schedule for oil containers with the October 31, 2020 invoices in accordance with the above schedule.
- The fee reduction schedule may be adjusted depending on financial variables particularly in the case of a MHSW Program extension.

Oil Filter Fee Reduction Schedule

Fee Reduction Schedule Oil Filters – October 2020		
	Projected Program Costs (SSA)	Projected Steward Fee Reduction
2020 Q4 Invoice Oct	\$204,600	\$100,000
2021 Q1 Invoice Jan	\$233,500	\$100,000
2020 Q2 Invoice April	\$243,200	\$175,000
2020 Q3 Invoice Sept	\$261,700	\$175,000
Total Reduction Target		\$550,000

- Stewardship Ontario will begin implementation of the fee reduction schedule for oil filters with the October 31, 2020 invoices in accordance with the above schedule.
- The fee reduction schedule may be adjusted depending on financial variables particularly in the case of a MHSW Program extension.

Additional MHSW Material Costs and Reserve Amounts

Additional MHSW Material Cost Forecasts and Contingencies

	Oil Containers	Oil Filters	Antifreeze
As of June 2020	\$766,200	\$496,000	\$111,900

- Each MHSW material category includes additional amounts to pay for anticipated material wind up costs and potential cost fluctuations in the MHSW wind up process.
- If a portion of these reserve amounts is unused, it will be split between Stewardship Ontario stewards and ISO members and distributed as residual funds as per the approved MHSW Wind Up Plan Residual Funds Addendum.
- In addition, if the MHSW Program terminates as scheduled on June 30, 2021 and there is a surplus in MHSW general reserves following the resolution of all MHSW Program costs and obligations, surplus general reserve amounts will be allocated to material reserves to be distributed to stewards and ISO members as residual funds.

Fee Reduction Implementation Process - Documentation

- Stewards will receive the following documentation in relation Q4 2020 invoices (covering Q3 2020 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 Q4 2020 Invoice
 - Amount of Q4 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 Q4 2020 invoices will include the following reference to the fee reduction process:

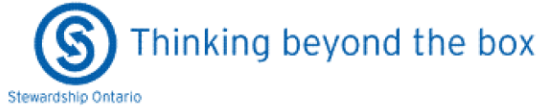
MHSW WUP Fee Reduction:

As per the approved MHSW Wind Up Plan, the attached invoice includes fee reduction notices for pressurized containers, oil containers and oil filters. By accepting this fee reduction notice, you acknowledge the expectation of the Minister of the Environment, Conservation and Parks that this fee reduction will benefit consumers.

The 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

Oil Filter Steward
 123 Main Street
 Mississauga, ON L5M 1Y3

Invoice List: 50001131
Invoice Date: October 31 2020
Steward Number: 1000002
Payment Due Date: November 30 2020

Invoice list will include
 SSA Invoice Allocation
 (example oil filters only)

Invoice list will include
 Oil Filter fee reduction
 amounts as a negative
 entry

Oil filter 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.

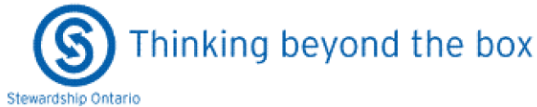
Invoice Number	Reported By	Charges	Tax	Total
90114967	Oil Filter Steward	3,486.00	453.18	3,939.18
90114981	Oil Filter Steward	1,703.81-	0.00	1,703.81-
Total				2,235.37

Late payments are also subject to interest charges.
 If you have any questions about your invoice, please contact Accounts Receivable at
 1-855-354-2772 Ext. 117 or accounting@cssalliance.ca

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 1 – Invoice List



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

Oil Container Steward
 123 Main Street
 Mississauga, ON L5M 1Y3

Invoice List: 50001131
Invoice Date: October 31 2020
Steward Number: 1000002
Payment Due Date: November 30 2020

Invoice list will include
 SSA Invoice Allocation
 (example oil containers
 only)

Invoice list will include
 oil container fee
 reduction amounts as a
 negative entry

Invoice Number	Reported By	Charges	Tax	Total
90114967	Oil Container Steward	3,486.00	453.18	3,939.18
90114981	Oil Container Steward	1,372.17-	0.00	1,372.17-
Total				2,567.01

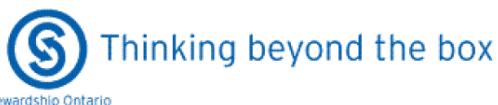
Oil container fee reduction
 will be applied against SSA
 Invoice amount to
 determine amount
 payable. Invoice will
 include HST amount which
 Steward will claim as Input
 Tax Credit.

Late payments are also subject to interest charges.
 If you have any questions about your invoice, please contact Accounts Receivable at
 1-855-354-2772 Ext. 117 or accounting@cssalliance.ca

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 1 – Invoice List



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

MHSW Steward
 123 Main Street
 Mississauga, ON L5M 1Y3

Invoice List: 50001131
Invoice Date: October 31 2020
Steward Number: 1000002
Payment Due Date: November 30 2020

Invoice list will include
 SSA Invoice Allocation (all
 materials combined)

Invoice list will include
 combined fee reduction
 amounts as a negative
 entry

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	MHSW Steward	6,972.00	906.36	7,878.36
90114981	MHSW Steward	3,075.98-	0.00	3,075.98-
Total				4,802.38

Late payments are also subject to interest charges.
 If you have any questions about your invoice, please contact Accounts Receivable at
 1-855-354-2772 Ext. 117 or accounting@cssalliance.ca

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
MHSW Steward
123 Main Street
Mississauga ON L5M 1Y3

Invoice No.: 90114967
Invoice Date: October 31 2020
Steward Number: 1000002
P.O.No.:
Payment Due: ~~November 30 2020~~
Reference: Sales Order # 57121

2020 Q4 Invoice (Q3 Report, Q2 Data)

Reported by: MHSW 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:	6,972.00
Sub-total before Tax	6,972.00
HST Number 896338407-RT0001 - HST at 13%	906.36
Total Amount Due:	7,878.36

Late payments are subject to interest charges.
If you have any questions about your invoice, please contact Accounts Receivable at 1-855-354-2772 or accounting@cssalliance.ca

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

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

Primary Contact

MHSW Steward
123 Main Street
Mississauga ON L5M 1Y3

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

MHSW FEE REDUCTION NOTE

2020 Q4 Invoice (Q3 Report, Q2 Data)

Reported by: MHSW 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:	3,078.98-
Sub-total before Tax	3,075.98-
HST Number 896338407-RT0001 - HST at 0%	0.00
Total Amount:	3,075.98-

If you have any questions about your billing, please contact Accounts Receivable at 1-855-354-2772 or accounting@cssalliance.ca

Fee reduction notice includes acknowledgement of expectation of consumer benefits.

Fee Reduction Process for 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.

Fee Reduction Process for Final Steward Invoices

- Stewardship Ontario will delay final steward invoices until 90 days after program termination (September 30, 2021) 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.
- If the MHSW Program terminates as scheduled budget contingency amounts that are not required as of September 2021 will be added to surplus funds for distribution as a final fee reduction.
- Following the completion of all MHSW financial arrangements there may also be residual funds (contingency amounts that cannot be released until all invoices have been resolved) in material categories that will be disbursed to stewards.

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, 2021 (one month after program termination date).
- MHSW Wind Up Plan requires changes to former two-year window for supply report adjustments:
 - Adjustments related to 2020 required by February 12, 2021.
 - Final adjustment reports (2021) required by August 31, 2021.

Supply Report	Report Due Date	Report Obligation Period
Q4 2020	Oct 31, 2020	Q3 Data (July 1 – Sept 30)
Q1 2021	Jan 31, 2021	Q4 Data (Sept 30 – Dec 31)
Q2 2021	Apr 30, 2021	Q3 Data (Jan 1 – Mar 31)
Q3 2021	July 31, 2021	Q3 Data (Apr 1 – June 30)
Final Supply Adjustment Requests	February 12, 2021	For 2020 and earlier
	August 31, 2021	For 2021 only

Steward MHSW Wind Up Plan Invoicing

- Stewards will continue to be obligated to pay quarterly invoices (reduced by fee reduction).
- Due to COVID-19, steward invoice payments are interest free until December 31, 2020 (rather than 30 days).

Invoice Payment	Quarterly Costs Used in Fee Calculation	Fee Payment Due Date	Summary
Q4 Invoice (sent Oct 31, 2020)	Q3 material management & administrative costs	November 30, 2020 *	Q3 Report (Q2 data) & Previous 3 Quarters Q3 Costs Q4 Invoice (adjusted for fee reduction)

* Steward October invoice interest free until December 31, 2020.

- Final MHSW Program steward invoices in 2021 will be delayed until 90 days after termination date to accommodate final financial reconciliations.

MHSW Residual Fund Process

- Following termination of the MHSW Program, as per the approved Residual Funds Addendum, any residual funds remaining in the program will be disbursed to stewards, where reasonably possible, in proportion to each stewards' contribution to the funds in each MHSW category.
- Determination of residual amounts for each material category cannot be completed until the entire MHSW Program has been terminated (as the final termination process has implications for general wind up costs and final residual amounts in all MHSW categories).
 - Any unused contingency amounts will contribute to category residual fund disbursement.
- If the MHSW Program terminates as currently scheduled, Stewardship Ontario anticipates that residual funds would be disbursed to stewards early in 2022.

Next Steps and Further Financial Updates

- Financial updates as required.
- Fee reduction webinars for other MHSW materials are potentially scheduled for January 2021. Invitations will be sent via email.
- Wind up termination reminder webinar potentially scheduled for May/June 2021. Invitations will be sent via email.



Questions?



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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 approximately \$376,000.