



Stewardship Ontario

**Municipal Hazardous or
Special Waste
Wind Up Plan: Program
Extension Addendum**

Submitted to: Resource Productivity and Recovery
Authority

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1. INTRODUCTION: MHSW PROGRAM EXTENSION

In December 2019, the Resource Productivity and Recovery Authority (RPR) approved, with certain conditions, the Municipal Hazardous or Special Waste (MHSW) Wind Up Plan submitted by Stewardship Ontario. In February 2020, RPR approved a Residual Funds Addendum related to the MHSW Wind Up Plan. In June 2020, RPR also approved an ISO Surplus Fund Transfer Addendum related to the MHSW Wind Up Plan.¹

As per the Approved MHSW Wind Up Plan, Stewardship Ontario ceased operation of the MHSW program for single-use batteries on June 30, 2020.² Under the original MHSW Wind Up Plan, the MHSW program for other MHSW materials was scheduled to cease operation on June 30, 2021.

On April 29, 2021, Stewardship Ontario received direction from the Honourable Jeff Yurek, Minister of Environment, Conservation and Parks (MECP), to extend the current MHSW program until September 30, 2021.

The Minister's direction also indicated that:

- Stewardship Ontario is to develop and submit an amendment to the MHSW wind-up plan to the Resource Productivity and Recovery Authority (RPR) no later than May 31, 2021;
- The Minister anticipates that RPR will approve the amendment no later than June 30, 2021;
- Aside from changes necessary to operate the Program for an additional three months, all other elements of the MHSW wind-up plan will remain unchanged.

The following Addendum identifies changes to the MHSW Wind Up Plan necessary to cease operation of the MHSW program on September 30, 2021 and summarizes the key financial implications of extending the MHSW program. All other aspects of the MHSW Wind Up Plan will, as per Ministerial direction, remain unchanged.

2. PROPOSED CHANGES TO MHSW WUP OPERATIONAL PLAN

Extension of the MHSW program requires a number of changes to the timing of key MHSW wind up activities and dates. This includes changes to key stakeholder deadlines and reporting requirements in relation to the date the Program ceases operations. Stewardship Ontario is proposing to keep the sequence and timing of various reporting dates and deadlines associated with the wind up of the MHSW program the same as those associated with the Approved MHSW Wind Up Plan. Those dates will simply be adjusted to be consistent with the new date the Program ceases operations (i.e. occur three months later than approved in the original MHSW Wind Up Plan).

¹ The approved MHSW Wind Up Plan, approved Residual Funds Addendum to the MHSW Wind Up Plan and approved ISO Surplus Fund Transfer Addendum to the MHSW Wind Up Plan are available on Stewardship Ontario website at <https://stewardshipontario.ca/mhsw-windup/>

² Although the MHSW program for single-use batteries ceased operations on June 30, 2020, Stewardship Ontario will not be able to resolve all financial obligations related to the single-use battery program until the full wind up of the entire MHSW program.



2.1 Steward Reporting and Final Fee Payments

Consistent with the Approved MHSW Wind Up Plan, stewards will be required to submit their final supply reports for the Q3 period, 30 days after the Program ceases operations. Stewards will have an additional month, until November 30, 2021, to submit any supply report adjustment requests in relation to the 2021 calendar year.

Stewardship Ontario will delay the issuance of final invoices after the Program ceases operations until December 31, 2021. This delay will allow Stewardship Ontario to more fully assess final Steward supply reports and administrative costs prior to reconciling steward invoices and determining the level of fee reduction that Stewardship Ontario can implement in a fiscally responsible manner.

Table 1: MHSW Materials Steward Reporting Schedule

Supply Report	Report Due Date	Data Included
Q3 2021	July 31, 2021	Q2 Data (April 1 – June 30)
Q4 2021	October 31, 2021	Q3 Data (July 1 – Sept 30)
Final Adjustment Requests	November 30, 2021	For 2021

Table 2: MHSW Materials Steward SSA³ Payment Schedule

SSA Invoice Payment	Costs	SSA Invoice Due Date	Summary
Q3 Invoice (sent July 31)	Q2 material management & administrative costs	Aug 31, 2021	Q3 Report (Q2 data) Q2 Costs Q3 Invoice
Q4 Invoice & Final True Up (sent Dec 31, 2021)	Q3 material management & administrative costs	January 31, 2022	Q4 Report (Q3 data) & previous quarters Q3 Costs Q4 Invoice

MHSW stewards will have 30 days, up until January 31, 2022, to pay final Program invoices. Following the resolution of all Stewardship Ontario MHSW financial obligations to service providers (see below) Stewardship Ontario will conduct final financial reconciliations in relation to the Program and various MHSW material categories.

2.2 Service Provider Key Dates and Deadlines

As with steward reporting deadlines and invoicing dates, new collection deadlines and submission dates are required for various MHSW service providers in conjunction with a new date to cease Program operations.

³ Steward Share Assessment (SSA)



2.2.1 Pressurized Containers

Consistent with the approved MHSW Wind Up Plan, Stewardship Ontario will pay pressurized container incentives for materials collected by September 30, 2021.

Table 3: Pressurized Container Service Provider Key Wind Up Dates

Sept 30, 2021	Program Ceases Operations – pressurized containers collected by this date are eligible for program incentives
Oct 15, 2021	Transporter collection deadline for pressurized containers received by collection sites by September 30, 2021
Nov 30, 2021	Deadline for submission of incentive claims to Stewardship Ontario

Stewardship Ontario agreements with pressurized container transporters and processors will be extended to accommodate the program extension. Stewardship Ontario provides incentives for the collection of single-use pressurized containers at provincial parks through service agreements with service providers selected through an RFP process. Current contracts will remain in place for the extension period and be terminated in accordance with contractual notification requirements.

2.2.2 Oil Filters, Oil Containers and Antifreeze

Stewardship Ontario fulfills its ongoing obligations on behalf of its remaining stewards in these categories by purchasing credits for these materials from Automotive Materials Stewardship (AMS).⁴ Stewardship Ontario’s current agreement with AMS to purchase credits can be managed to align with the new date to cease MHSW program operations.

Stewardship Ontario’s share of quarterly AMS costs in each material category is based on estimates of its stewards’ proportionate share of supplied quantities of Municipal Hazardous or Special Material (MHSM) to the Ontario market with a reconciliation conducted at year end based on actual steward and ISP member supply reports. Stewardship Ontario will follow existing invoicing and payment processes until the Program ceases operations. Under existing agreement terms, AMS would submit a final reconciliation invoice to Stewardship Ontario by December 1, 2021.

2.2.3 Paints and Coatings, Fertilizers, Pesticides and Solvents

Stewardship Ontario fulfills its ongoing stewards’ obligations in these categories by purchasing credits for these materials from the Product Care Association (PCA). Stewardship Ontario proposes to follow existing invoicing and payment processes until the Program ceases operations. The Stewardship Ontario-PCA supply share agreement can be managed to accommodate the extension of the Program until September 30, 2021.

Under current contractual terms, Stewardship Ontario would receive a final invoice/reconciliation report from PCA by mid-December. Thereafter, Stewardship Ontario will resolve any outstanding financial

⁴ Since the inception of the MHSW Program in 2008, the collection and processing of some MHSW materials has been transitioned to Industry Stewardship Plans (ISPs). Pursuant to approved ISPs, Product Care Association (PCA) took over the management and collection of paints and coatings in 2015, and the collection and processing of pesticides, solvents and fertilizers (PSFs) in 2016, while Automotive Materials Stewardship (AMS) assumed responsibility for managing oil containers, oil filters and antifreeze in 2017.



obligations with PCA pursuant to the commercial agreement between PCA and Stewardship Ontario and the terms of the Approved MHSW Wind Up Plan.

2.3 *Municipal Agreements*

Under current program arrangements Stewardship Ontario pays some municipalities directly for depot expenses attributable to the management of MHSW materials and provides incentives for municipal collection events in relation to pressurized containers.

Stewardship Ontario intends to continue providing municipalities with payments for municipal depots and collection events until September 30, 2021.

As with other service providers, Stewardship Ontario is proposing that municipalities submit event claims to Stewardship Ontario no later than two months after the Program ceases operations. Municipal event claims and claims for depot hours related to MHSW will be required no later than November 30, 2021.

Table 4: Summary of Revised MHSW WUP Operational Timelines

Stewardship Ontario MHSW Wind Up Activity	Date
Deadline for submission of stewards' Q3 supply reports (Q2 data)	July 31, 2021
Stewardship Ontario issues Q3 steward invoices (Q2 costs)	July 31, 2021
Deadline for steward payment of Q3 steward invoices	August 31, 2021
MHSW Program Ceases Operations	September 30, 2021
Deadline for pickup of pressurized containers from collection sites	October 15, 2021
Deadline for final steward supply report (Q3 data)	October 31, 2021
Deadline for final steward supply report adjustments for 2021 (excluding single-use batteries)	November 30, 2021
Deadline for submission of service provider claims re incentives (transporters, processors, municipalities) (excluding single-use batteries)	November 30, 2021
Final AMS reconciliation reports due to Stewardship Ontario	December 1, 2021
Final PCA invoice and adjustments due to Stewardship Ontario	Mid-December, 2021
Final Stewardship Ontario steward invoices sent out (Q4 invoice – Q3 costs)	December 31, 2021
Deadline for steward payment of final MHSW invoices	January 31, 2022
Final 2021 and program financial reconciliations by Stewardship Ontario	TBD
Transfer of MHSW data to RPRA	TBD
Transfer of Orange Drop trademark and legal title to RPRA	Target April 2022
Final resolution of any Stewardship Ontario MHSW related staffing implications	TBD
Disbursement of MHSW Residual Funds	TBD
Amendment of Stewardship Ontario-CSSA Operating Agreement	TBD
Submission of MHSW Wind Up Plan Final Implementation Report to RPRA and Ministry	Target June 2022



2.4 Final Wind Up Steps

With a program extension until September 30, 2021, final MHSW program wind up steps will be pushed into the 2022 calendar year. In February 2022, following the deadline for payment of final steward invoices, Stewardship Ontario will begin final resolution of Program financial and operational issues. The length of time required to complete final Program wind up steps may vary, but Stewardship Ontario is targeting June 2022 for submission of the MHSW Wind Up Plan Final Implementation Report to RPRA and MECP.

3. KEY FINANCIAL IMPLICATIONS – PROGRAM EXTENSION

The process for managing the MHSW Budget does not change due to the proposed Program extension, but the extension does create financial implications associated with managing and operating the MHSW Program for an additional three months.

Stewardship Ontario forecasts the key financial implications associated with a three-month extension to be the following⁵:

- Stewards billed for Q3 Program costs as per extension:
 - Q3 Program cost forecast of \$1.4 million;
 - Stewards billed on actual costs and fees offset by fee reductions.
- General MHSW wind up costs forecast to increase by approximately \$490,000.

Ongoing MHSW Program costs will continue to be financed by stewards until the Program ceases operations. Stewards, therefore, will be billed for three quarters of MHSW Program operations in 2021 rather than two quarters of operations (with an extension of Program operations from June 30th to September 30, 2021). However, the transition to the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) will also be delayed for three months, meaning stewards, that would become “producers” under the new legislation, will not be obligated for material management costs under the RRCEA framework that they would otherwise have incurred if the MHSW Program ceased operations on June 30, 2021 (see 3.1 Extension and MHSW Program Expenses below).

General MHSW Wind Up costs will continue to be financed by drawing from MHSW general reserve funds. Stewardship Ontario has communicated throughout the process of developing and implementing the MHSW Wind Up Plan and subsequent Addendums, that extension of MHSW Program operations would result in an increase in general wind up costs relative to the length of the extension. Stewardship Ontario forecasts that existing general reserves funds should be sufficient to fund the projected increase in general wind-up costs associated with a three-month extension of \$490,000 (see 3.2 Extension and General MHSW Wind Up Expenses below).

⁵ Note: Actual financial results achieved during the remainder of the wind up period may vary from the forecasts disclosed in this Addendum and such variation may be material. Stewardship Ontario makes no representation, warranty or other assurance that any of the estimates, forecasts or projections will be achieved.



3.1 Extension and MHSW Program Expense Forecasts

Stewardship Ontario runs the MHSW program on a cost recovery basis with stewards invoiced for quarterly program expenses thirty days after the end of each quarterly period. Ministerial direction requires Stewardship Ontario to run the MHSW program for an additional quarter in 2021. Table 5 below highlights changes to the 2021 MHSW Program Expense forecast.

Table 5: MHSW Program Expense Forecast Changes

MHSW Program SSA Invoice Estimates and Program Extension	Total 2021 Forecast MHSW Program SSA Invoice Estimate
Forecast MHSW Program SSA Invoices Program Ceases Operations on September 30, 2021 (Nine months of Operations)	\$4,112
Forecast MHSW Program SSA Invoices Program Ceases Operations on June 30, 2021 (Six months of Operations)	\$2,686
Program Extension SSA Invoice Forecast Change	\$1,426

Table 6 below provides a breakdown of the change in forecast costs by material type.

Table 6: MHSW 2021 Program SSA Forecasts by Material Category

Material Category (\$000)	Column A Forecast SSA Total Program Operates Until Sept 30	Column B Forecast SSA Total Program Operates Until June 30	Column C Change due to Extension
Antifreeze	\$182	\$121	\$61
Oil Containers	\$1,822	\$1,267	\$555
Oil Filters	\$750	\$495	\$255
Paints	\$37	\$24	\$13
Pesticides	\$0	\$0	\$0
Solvents	\$174	\$105	\$69
Fertilizers	\$19	\$12	\$7
Pressurized Containers Non-Refillable	\$917	\$530	\$387
Pressurized Containers Refillable	\$211	\$132	\$79
Single-use Batteries	\$0	\$0	\$0
Total	\$4,112	\$2,686	\$1,426

Note: Under the MHSW program, steward invoices are based on actual Program costs incurred in each quarter not the forecast expenses shown in Tables 5 and 6. In 2021 steward fees will also be subject to fee reductions. Currently Stewardship Ontario is targeting \$2.3 million to be disbursed in fee reductions



in 2021 with additional fee reductions to be implemented, if possible, on final steward invoices subject to actual MHSW wind up costs incurred.

3.2 Extension and General MHSW Wind Up Expenses

Under the Approved MHSW Wind Up Plan, general wind costs⁶ are financed by drawing from general wind up reserves. Interest earned on cash reserves is allocated to general reserves. If general reserves are insufficient to cover general MHSW wind up costs, Stewardship Ontario will draw from material reserves to cover those costs.

Stewardship Ontario's original MHSW Wind Up budget indicated that general reserve amounts were forecast to be sufficient to cover general MHSW wind up expenses. With the proposed three-month extension, Stewardship Ontario is continuing to forecast sufficient funds in the general reserves to cover the general wind up expense increase related to a program extension.

Stewardship Ontario forecasts the overall increase in general wind expenses associated with a Program extension to be approximately \$490,000.

Both ongoing Stewardship Ontario wind up plan development and implementation costs and RPRA oversight costs related to managing wind up activities will be extended by three additional months. RPRA fees are anticipated to be \$75,000 more than previously forecast in 2021 and 2022 due to the Program extension. Stewardship Ontario Wind Up Plan Development and Implementation costs will also increase in 2021 and 2022 by approximately \$415,000. With a Program extension some wind up activities and costs will be incurred in 2022 rather than 2021 as anticipated. The net effect of changes to the 2021 and 2022 forecasts is an overall increase of \$490,000.

General wind up budget contingency amounts are not affected by a three-month Program extension.

There is also no immediate impact on MHSW material reserves related to a three-month Program extension. MHSW Wind Up Plan processes for adjusting material reserves and disbursing related surpluses, if any, after the MHSW program ceases operations remain unchanged.

⁶ General wind up expenses represent the costs (management & professional fees, accounting, communication, legal) associated with developing the MHSW Wind Up Plan (including all addendums) and the ongoing related costs associated with managing implementation of the MHSW wind up process, including RPRA fees related to plan development and implementation.



Stewardship Ontario

4. CONCLUSION

Stewardship Ontario is proposing a number of necessary changes to key service provider and steward submission deadlines and reporting dates in order to extend MHSW Program operations until September 30, 2021.

As noted in the introduction new reporting and submission deadlines have been set in a manner consistent with the Approved MHSW Wind Up Plan – they have simply been adjusted by three months to co-ordinate with the extension of the Program.

While there are financial implications associated with a MHSW program extension, as noted above, the extension does not require changes to the overall MHSW Wind Up Plan financing strategy.

Following RPRA approval of this Program Extension Addendum, Stewardship Ontario will continue to work with the RPRA to manage the wind up of the MHSW program in accordance with the revised timelines.



Appendix to MHSW Wind Up Plan Program Extension Addendum Consultation Report

I. BACKGROUND

On April 29, 2021, Stewardship Ontario received direction from the Honourable Jeff Yurek, Minister of Environment, Conservation and Parks (MECP), to extend the current MHSW program until September 30, 2021.

The Minister's direction indicated that:

- Stewardship Ontario is to develop and submit an amendment to the MHSW wind-up plan to the Resource Productivity and Recovery Authority (RPRA) no later than May 31, 2021;
- The Minister anticipates that RPRA will approve the amendment no later than June 30, 2021;
- Aside from changes necessary to operate the Program for an additional three months, all other elements of the MHSW wind-up plan will remain unchanged.

Under section 14 (13) of the *Waste Diversion Transition Act, 2016*, Stewardship Ontario is required to consult with municipalities, stewards and any other persons it considers affected by the MHSW program wind up in developing recommended amendments to MHSW Wind Up Plan.

As per Ministerial direction, following consultation, Stewardship Ontario submitted proposed amendments in the MHSW Wind Up Plan Program Extension Addendum to RPRA on May 28, 2021.

II. CONSULTATION PROCESS

Following receipt of the new Ministerial direction, Stewardship Ontario notified stakeholders of the new Ministerial direction via email and posted the direction on its website on April 30, 2021. Stewardship Ontario's initial notice indicated that Stewardship Ontario would provide further details regarding consultation on proposed MHSW program plan amendments.

On May 5, 2021 Stewardship Ontario indicated to stakeholders that it would host a webinar to review proposed amendments to the MHSW wind up plan on May 18, 2021 from 10:00 to 11:30 am. A reminder webinar email notice was sent to stakeholders on May 13, 2021.

The list of stakeholders that Stewardship Ontario provided email notice of the Program Extension Addendum webinar included:

- All stewards;
- Former program stewards who are now members of Industry Stewardship Organizations;
- All program service providers, including transporters and processors;
- Ontario municipalities and First Nations;
- Trade associations;
- Industry Stewardship Organizations; and
- Any other parties which have expressed an interest in the MHSW program.



One hundred and thirty stakeholders attended the MHSW Program webinar. Close to half of attending stakeholders represented municipalities with the remaining attendees comprised of stewards, service providers and other interested parties.

Following the Program Extension Addendum webinar, Stewardship Ontario was available to answer questions from stakeholders regarding proposed MHSW wind up plan amendments. While no meeting requests were received from stakeholders, Stewardship Ontario did answer a few questions of clarification from stakeholders regarding the proposed amendments.

A summary of key consultation steps and timelines is provided in Table 1 below.

Table 1: Summary of Consultation Timelines

Stewardship Ontario Consultation Notices and Steps	Date
New Ministerial direction re MHSW wind up plan program extension received	April 29, 2021
Stakeholders notified of new Ministerial direction via email and letter posted on Stewardship Ontario website	April 30, 2021
Stakeholders notified of consultation webinar via email to review proposed MHSW wind up plan program extension amendments	May 5, 2021
Stakeholders reminded via email of consultation webinar	May 13, 2021
Stewardship Ontario conducts consultation webinar	May 18, 2021
MHSW Wind Up Plan Program Extension Addendum presentation and recording posted on Stewardship Ontario website	May 18, 2021
MHSW Wind Up Plan program extension webinar question and answer summary posted on Stewardship Ontario website	May 18, 2021
Stewardship Ontario issues stakeholder reminder of deadline for submission of comments on proposed MHSW WUP program extension amendments.	May 25, 2021
Deadline for stakeholder comments on proposed MHSW Wind Up Plan program extension amendments to Stewardship Ontario	May 26, 2021
Stewardship Ontario submits MHSW Wind Up Plan Program Extension Addendum to RPRA	May 28, 2021



III. SUMMARY OF STAKEHOLDER FEEDBACK

During the consultation webinar, stakeholders asked approximately a dozen questions primarily seeking clarification on proposed new MHSW wind up plan program timelines necessary to implement a program extension. As noted in Table 1 above, a summary of stakeholder questions and Stewardship Ontario responses was posted on its website to supplement the information in the webinar presentation.

Following the consultation webinar, Stewardship Ontario did not receive any submissions with respect to the proposals outlined in the MHSW Program Extension webinar (One stakeholder indicated that they had no comments on the proposed amendments).

IV. CONCLUSION

Stewardship Ontario followed the process associated with the previously approved MHSW Wind Up Plan in proposing new wind up plan timelines which had been reviewed and commented on by stakeholders in previous consultations. In other words, wind up plan steward and service provider submission deadlines and reporting dates were simply changed to synchronize with the new date for the Program to cease operations. The amount of time stakeholders had to make final submissions and reports remained consistent with the previous MHSW Wind Up Plan.

This approach seemed to be supported by stakeholders as Stewardship Ontario did not receive any comments regarding the proposed MHSW wind up plan timelines. Consequently, Stewardship Ontario did not make any adjustments to its MHSW program timeline recommendations related to the MHSW Program Extension Addendum as a result of stakeholder feedback received.