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Stewardship Ontario

# **MHSW Wind Up Plan Fertilizers, Paints and Coatings, and Solvents Fee Reduction Webinar**

July 28, 2021

# 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/](http://www.stewardshipontario.ca/mhsw-windup/)

# Today's Agenda



- MHSW Wind Up Plan (WUP) update
- Fee reduction schedules: Fertilizers, Paints/Coatings and Solvents
- 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
- Questions/comments

# MHSW Wind Up Plan Update



- As per ISO Surplus Fund Transfer Addendum:
  - Stewardship Ontario transferred \$16.4 million to Product Care Association to facilitate fee reductions for ISO members (July 2020).
- Remaining reserve amounts in Fertilizer, Paint/Coatings and Solvent categories related Stewardship Ontario stewards were assessed for timing of potential fee reductions considering the following factors:
  - MHSW cost fluctuations;
  - Potential for negative steward adjustment reports;
  - Potential for bad debt; and
  - Potential costs of a MHSW Program extension (Stewardship Ontario steward share of potential costs).
- Most recently current MHSW Program extended until September 30, 2021 and regulations related to Hazardous and Special Products under *Resource Recovery and Circular Economy Act* were posted by the government.

With MHSW Program ceasing operations on Sept 30 – Stewardship Ontario can implement fee reductions in the Fertilizer, Paints/Coatings and Solvent categories.

# MHSW Surplus Fund 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	PCA Member Share Split WUP	PCA Member Share of Surplus Fund Estimate
1. Fertilizers	\$320,400	10%	\$30,500	90%	\$289,900
2. Paints/Coatings	\$14,594,200	0.1%	\$8,200	99.9%	\$14,586,000
3. Pesticides	\$250,200	0%	\$0	100%	\$250,200
4. Solvents	\$1,334,800	7%	\$94,400	93%	\$1,240,400
<b>5. Total</b>	<b>\$16,499,600</b>		<b>\$133,100</b>		<b>\$16,366,500</b>

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

# Fertilizers Fee Reduction Schedule



## Fee Reduction Schedule Fertilizers – July 2021

	Program Costs (SSA) * Forecast	Steward Fee Reduction
2021 Q3 Invoice July – Actual	\$6,900	\$5,000
2021 Q4 Invoice Dec - Forecast	\$6,200*	TBD
<b>Total Fee Reduction</b>		<b>\$5,000</b>

- Stewardship Ontario will implement the fee reduction schedule for fertilizers category beginning with the July 30, 2021 invoices.
- Final Steward invoices will be delayed until December 2021 to enable Stewardship Ontario complete category financial reconciliations.
- Fee reduction payments forecast above scheduled for December invoice may be adjusted depending on financial variables:
  - Dependent upon the amount of the final fertilizer SSA cost and final steward adjustment reports, Stewardship Ontario may implement retro-active fee reductions in relation to previous invoices.

# Paints/Coatings Fee Reduction Schedule



## Fee Reduction Schedule Paints and Coatings – July 2021

	Program Costs (SSA) * Forecast	Steward Fee Reduction
2021 Q3 Invoice July – Actual	\$7,200	\$6,000
2021 Q4 Invoice Dec - Forecast	\$12,500*	TBD
<b>Total Fee Reduction</b>		<b>\$6,000</b>

- Stewardship Ontario will implement the fee reduction schedule for paints and coatings category beginning with the July 30, 2021 invoices.
- Final Steward invoices will be delayed until December 2021 to enable Stewardship Ontario complete category financial reconciliations.
- Fee reduction payments forecast above scheduled for December invoice may be adjusted depending on financial variables.

# Solvents Fee Reduction Schedule



## Fee Reduction Schedule Solvents – July 2021

	Program Costs (SSA) * Forecast	Steward Fee Reduction
2021 Q3 Invoice July – Actual	\$38,300	\$30,000
2021 Q4 Invoice Dec - Forecast	\$68,900*	TBD
<b>Total Fee Reduction</b>		<b>\$30,000</b>

- Stewardship Ontario will implement the fee reduction schedule for solvents category beginning with the July 30, 2021 invoices.
- Final Steward invoices will be delayed until December 2021 to enable Stewardship Ontario complete category financial reconciliations.
- Fee reduction payments forecast above scheduled for December invoice may be adjusted depending on financial variables.



# Additional MHSW Material Costs and Reserve Amounts



Additional MHSW Material Cost Forecasts and Contingencies			
	Fertilizers	Paints/Coatings	Solvents
As of July 2021	\$11,800	\$47,000	\$83,700

- 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 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 Q3 2021 invoices (covering Q2 2021 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 Q3 2021 Invoice
    - Amount of Q3 2021 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 Q3 2021 invoices will include the following reference to the fee reduction process:

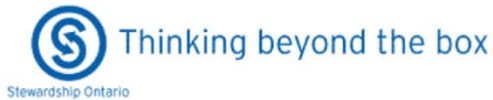
### MHSW WUP Fee Reduction:

*As per the approved MHSW Wind Up Plan, the attached invoice includes fee reduction notices for pressurized containers, oil containers, oil filters, antifreeze, fertilizers, paints and coatings and solvents. 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

Fertilizers Steward  
123 Main Street  
Mississauga, ON L5M 1Y3

**Invoice List:** 50001131  
**Invoice Date:** July 31 2021  
**Steward Number:** 1000002  
**Payment Due Date:** August 30 2021

Invoice list will include  
SSA Invoice Allocation  
(example fertilizers  
only)

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

Invoice Number	Reported By	Charges	Tax	Total
90114967	Fertilizers Steward	3,486.00	458.13	3,939.18
90114981	Fertilizers Steward	372.17-	0.00	372.17-
<b>Total</b>				<b>3,567.01</b>

Fertilizer 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](mailto: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

Paints and Coatings Steward  
123 Main Street  
Mississauga, ON L5M 1Y3

**Invoice List:** 50001131  
**Invoice Date:** July 31 2021  
**Steward Number:** 1000002  
**Payment Due Date:** August 30 2021

Invoice list will include  
SSA Invoice Allocation  
(example paints only)

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

Paint 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	Paints and Coatings Steward	3,486.00	458.13	3,939.18
90114981	Paints and Coatings Steward	372.17-	0.00	372.17-
Total				3,567.01

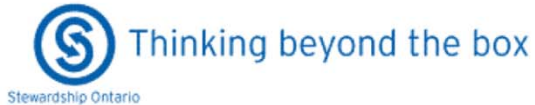
Late payments are also subject to interest charges.  
If you have any questions about your invoice, please contact Accounts Receivable at  
1-855-354-2772 Ext. 117 or [accounting@cssalliance.ca](mailto:accounting@cssalliance.ca)

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

Solvents Steward  
123 Main Street  
Mississauga, ON L5M 1Y3

**Invoice List:** 50001131  
**Invoice Date:** July 31 2021  
**Steward Number:** 1000002  
**Payment Due Date:** August 30 2021

Invoice list will include  
SSA Invoice Allocation  
(example solvents only)

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

Solvents 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.

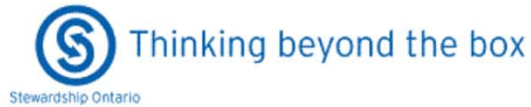
Invoice Number	Reported By	Charges	Tax	Total
90114967	Solvents Steward	3,486.00	458.13	3,939.18
90114981	Solvents Steward	372.17-	0.00	372.17-
Total				3,567.01

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](mailto: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:** July 31 2021  
**Steward Number:** 1000002  
**Payment Due Date:** August 30 2021

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-
<b>Total</b>				<b>4,802.38</b>

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.

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](mailto: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  
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: July 31 2021  
Steward Number: 1000002  
P.O.No.:  
Payment Due: August 30 2021  
Reference: Sales Order # 57121

### 2021 Q3 Invoice (Q2 Report, Q1 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](http://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 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](mailto: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

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

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



# Fee Reduction Documentation

## Steward Attachment Page 3 – Fee Reduction Notice



Stewardship Ontario

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

**Primary Contact**  
MHSW Steward  
123 Main Street  
Mississauga ON L5M 1Y3

**Document No.:** 90114981  
**Document Date:** July 31 2021  
**Steward Number:** 1000002  
**Reference:** Sales Order # 70010365

### MHSW FEE REDUCTION NOTE

2021 Q3 Invoice (Q2 Report, Q1 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.

<b>Fee Reduction:</b>	3,075.98-
<b>Sub-total before Tax</b>	3,075.98-
<b>HST Number 896338407-RT0001 - HST at 0%</b>	0.00
<b>Total Amount:</b>	3,075.98-

If you have any questions about your billing, please contact Accounts Receivable at  
1-855-354-2772 or [accounting@cssalliance.ca](mailto: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 approximately 90 days after program termination (December 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.
- 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 October 31, 2021 (one month after program termination date).
- MHSW Wind Up Plan required changes to former two-year window for supply report adjustments:
  - Adjustments related to 2020 were required by February 12, 2021.
  - Final adjustment reports (2021) required by November 30, 2021.

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

# Steward MHSW Wind Up Plan Invoicing



- Stewards will continue to be obligated to pay quarterly invoices (reduced by fee reduction).

Invoice Payment	Quarterly Costs Used in Fee Calculation	Fee Payment Due Date	Summary
Q3 Invoice (Sent July 31, 2021)	Q2 material management & administrative costs	August 31, 2021	Q2 Report (Q1 data) & Previous 3 Quarters Q2 Costs Q3 Invoice (adjusted for fee reduction)
Q4 Invoice (by Dec 31, 2021)	Q3 material management & administrative costs	January 2022 (within 30 days of receipt of invoice)	Q3 Report (Q2 data) & Previous 3 Quarters Q3 Costs & True Up Q4 Invoice (adjusted for fee reduction)

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

# MHSW Residual Fund Process



Stewardship Ontario

- 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 prior to June 2022.

# Next Steps and Further Financial Updates



- Financial updates as required.
- Wind up termination reminder webinar (Stewards and service providers) to be scheduled for September 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.

# 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)