



November 15, 2016 webinar

QUESTION	RESPONSE
<b>MEMBERSHIP</b>	
1. When will stewards receive the membership agreement and by what date must they submit it to AMS?	Membership Agreements will be distributed to stewards who have signed a letter of intent (LOI) as soon as it is available. If you haven't already, we encourage you to <a href="#">submit an LOI</a> so that we can keep you up to date with program developments. Submission timelines will be provided with the agreement.
2. What are the advantages of remaining with Stewardship Ontario?	If you remain with SO, you will not need to sign an LOI or a membership agreement, however, you will not be able to take advantage of the notable benefits including: <ul style="list-style-type: none"><li>• Published and predictable fees because AMS is not subject to Regulation 11/12's quarterly cost recovery requirements</li><li>• Significant cost savings due to AMS being able to claim input tax credits for HST</li></ul> AMS's program also prepares stewards for transition to the new legislation. None of these advantages are available through Stewardship Ontario's MHSW program.
3. Can stewards join the ISP once it is up and running?	Yes. However, the registration of ISP members will take place on a quarterly basis. If you delay joining the AMS program, it means you will not be able to take immediate advantage of the AMS program benefits such as lower costs (as noted above).
4. Can a steward return to Stewardship Ontario if they are not satisfied with AMS?	Yes. The Membership Agreement will outline the specifics involved in exiting the ISP and returning to SO.
5. How do the HST savings work?	The majority of costs incurred by Stewardship Ontario's MHSW program (for paying suppliers, etc.) are subject to HST. However, the Canada Revenue Agency has made a ruling that



	<p>prevents Stewardship Ontario from claiming input tax credits for HST paid. This means that fees charged to stewards include the HST paid by Stewardship Ontario. Steward invoices then include HST charges on the fee – in effect taxing the tax.</p> <p>As an ISP program operator, AMS is eligible to claim input tax credits, which immediately reduces fee charges to program stewards. For the obligated materials, this amounts to approximately \$2.5 million per year in aggregate.</p>
6. Will there be a reporter agreement option for stewards with the AMS program as there currently is for the Stewardship Ontario program?	Yes. It will be included as part of the Membership Agreement.
7. Will stewards joining AMS be required to submit exit notification to Stewardship Ontario or will this be handled by AMS?	When a steward submits their Membership Agreement to AMS, AMS will notify Stewardship Ontario and the Resource Productivity and Recovery Authority (formerly Waste Diversion Ontario). This will act as the exit notification. Stewards will not have to notify Stewardship Ontario on an individual basis.
8. Will stewards be automatically transferred from Stewardship Ontario to AMS?	No. By default, all registered stewards will remain with Stewardship Ontario. Stewards will need to submit their MAs to AMS and be in good standing with Stewardship Ontario in order to join the ISP. Any new entrant to the market would be required to first register with SO before being able to join AMS.
<b>FEES</b>	
9. How will oil container fees under the new ISP compare to current fees?	We will not be able to speak to the new fees until they are approved by the AMS board.
10. When will the fee structure be published?	The fees will be published 60 days prior to the ISP effective date, which is expected to be April 1, 2017, but the date has not yet been confirmed by the Resource Productivity and



	Recovery Authority (formerly Waste Diversion Ontario).
11. Will there be an annual true-up under the new ISP?	No. The annual true-up process is required under the cost recovery Regulation 11/12 under which Stewardship Ontario operates. Under the AMS ISP, stewards will receive an annual fee schedule. Any surpluses or deficits incurred during the year would be considered as part of the fee setting process for the following year.
12. What will be the schedule for payments?	There will be a quarterly payment cycle for AMS. The details will be set out in the Membership Agreement.
13. How do fee remittances work?	<p>AMS's annual published fee rates will allocate costs among AMS members in a fair manner using the following data sources:</p> <ul style="list-style-type: none"> <li>• Reports received from AMS members on the quantity supplied into the marketplace</li> <li>• Contracts and agreements with service providers for material management</li> <li>• Contracts for promotion &amp; education and research &amp; development to meet collection and recycling targets</li> <li>• Composition audits, cost allocation studies and other analyses to identify material management cost drivers used in cost allocation methodologies</li> <li>• Overhead costs</li> </ul>
14. Under the new ISP, what happens if fees are too low and the program is not adequately funded, resulting in a deficit? Previously, it took 3 years to pay off Stewardship Ontario's shortfall.	<p>When Stewardship Ontario moved from a fee system to a cost-recovery system as a result of the change in regulation, SO did incur deficits and an accumulated shortfall because the fees could not be updated on an annual basis to reflect the actual cost of the program.</p> <p>AMS will be able to make those adjustments on an annual basis for a shortfall or a deficit.</p>



	<p>In the unlikely event that there is an in-year shortfall which requires action, the membership agreement will include a provision that allows AMS to notify stewards of a mid-year fee increase upon 90 days' notice.</p> <p>The AMS board will make every effort to avoid this type of situation. As part of the budget and fee approval process, the AMS board will be looking at forecasts and ensuring that those fees bring in sufficient revenue to meet the annual obligation.</p>
15. When will fees be published and when will the first invoice be sent to stewards?	Fees will be published 60 days prior to the ISP's effective date (which has not yet been confirmed, but which is expected to be April 1, 2017). The Membership Agreement will provide additional details on the reporting and payment cycles.
16. How will fees be calculated? Will it be a sharing of the pie method?	<p>Yes. When the cost elements of the program are added together, the total will provide us with a budget for the year. This amount will be spread across the reported quantity from stewards to calculate a fee rate.</p> <p>It is important to note that fee rates will be calculated annually, based on a reported share quantity (not on a quarterly basis as is the current MHSW program). It is not subject to a true-up at the end of the year.</p>
17. Is there a membership fee?	<p>Stewards will receive invoices for their fees on a quarterly basis, which will cover the operating costs of the program.</p> <p>There is no separate additional membership fee.</p>
<b>OBLIGATION</b> (Materials list available in ISP, pg. 23)	
18. What happens to the fuel filters we currently report to Stewardship Ontario?	If you choose to join the ISP, any filters that you currently report to Stewardship Ontario, you will report to AMS.



<p>19. Why is oil not included in the ISP?</p>	<p>Oil is not one of the designated materials under the Waste Diversion Transition Act. It is not currently part of the MHSW program and, therefore, was not included in the AMS plan.</p>
<p>20. What happens to materials not included in the AMS ISP?</p>	<p>Other materials that are managed through Stewardship Ontario's MHSW program will remain with SO. Paints and coatings, solvents, pesticides and fertilizers are part of stewardship plans being operated by Product Care Association.</p>
<p>21. Can you confirm that non-automotive products are included in the ISP?</p>	<p>Antifreeze/antifreeze containers, oil containers and oil filters that meet the definitions outlined in the MHSW Rules and which are now part of the ISP, are included in the AMS program.</p> <p>If you supply any one of these materials that meets the existing MHSW definition, but is a non-automotive product, then you may participate in AMS's program.</p>
<p>22. Does the ISP include OEM or factory fill on new vehicles sold in Ontario?</p>	<p>Factory installed oil filters are included as part of AMS's program. Factory fill antifreeze is excluded.</p>
<p>23. Who will be taking over the battery program once Stewardship Ontario is phased out?</p>	<p>Battery stewards will need to make decisions about the transition of the battery program once the new legislation is in full effect.</p>
<p><b>REPORTING</b></p>	
<p>24. If we join AMS, what would be the last period that we would report to the MHSW program?</p>	<p>This is dependent on the effective date of the ISP.</p>
<p>25. What will be the reporting timelines?</p>	<p>Reports will be required quarterly.</p>
<p>26. Will stewards use the same reporting site for AMS as they currently use for MHSW?</p>	<p>Yes. Stewards will continue to use the WeRecycle portal. Additional guidance will be provided at the next webinar.</p>



<p>27. If April 1<sup>st</sup> is the ISP effective date and our last report to Stewardship Ontario is Q1 data, can we still expect a true-up invoice or credit in 2018 for the 2017 year?</p>	<p>No, there would be no separate <a href="#">Annual True Up</a> (ATU). More details will be provided at the next AMS webinar.</p>
<b>VISIBLE FEES</b>	
<p>28. Under the new regulations, can retailers list itemized environmental handling fees for their materials on their invoice to their end user/customer? Can a wholesaler to retailer list environmental handling fees as a separate item?</p>	<p>Under the AMS ISP, there is a restriction on retailers putting a <a href="#">visible fee</a> (pg. 16) for customers to recover their cost. This restriction does not mention fees with respect to business-to-business transactions, which means that a steward can continue to have fees with respect to business-to-business transactions, or anything that does not meet the ISP's definition of a visible fee.</p>
<p>29. Why are stewards not allowed to charge visible fees at the retail level?</p>	<p>The AMS ISP guidelines state that retailers cannot place visible fees on their products on the shelf to recover their cost. During the development of the ISP, there was significant discussion about visible fees at the retail level. Waste Diversion Ontario (now Resource Productivity and Recovery Authority) staff indicated that they would not recommend the ISP to their board for approval without this language.</p>
<b>COMPLIANCE</b>	
<p>30. How will AMS ensure that companies that are not registered with Stewardship Ontario but are selling automotive lubricants and filters are fulfilling their requirements?</p>	<p>AMS does not have a compliance mandate. It has a requirement to fulfill certain obligations on behalf of its members. Compliance activities remain the responsibility of Stewardship Ontario and the Ministry of Environment and Climate Change (MOECC).</p>
<p>31. How will AMS ensure that service providers that import oil filters but do not pay stewardship fees pay fees?</p>	<p>Stewardship Ontario and MOECC, not AMS, are responsible for compliance. AMS does not have a compliance mandate.</p>



<b>RESOURCE RECOVERY AND CIRCULAR ECONOMY ACT (RRCEA)</b>	
<p>32. Is the AMS ISP guaranteed to be the follow-up stewardship program to Stewardship Ontario under the new legislation?</p>	<p>The transition date of the MHSW Program, including ISPs for MHSW materials, under the Resource Recovery and Circular Economy Act, 2016 and the Waste Diversion Transition Act, 2016 has not yet been determined. However WDO approved AMS's ISP for 3 years.</p> <p>During this transition that may take 2 to 3 years, AMS members can benefit from the cost savings and stabilized annual fee rates that AMS can provide.</p>
<p>33. By membership in AMS, will stewards fully discharge their recycling obligations under the Resource Recovery and Circular Economy Act?</p>	<p>See answer above.</p>
<p>34. What is the incentive of joining AMS now if it will be wound up when the new act comes into force?</p>	<p>The transition may not happen for two to three years, years during which AMS members will benefit from the cost savings and stabilized annual fee rates that AMS provides.</p>
<p>35. Is there a timeline for MHSW to be wound up?</p>	<p>The Ministry of Environment and Climate Change has not yet provided any timelines.</p>
<p>36. It sounds like the ISP has a limited life until the RRCEA is in place. Are we incurring unnecessary administration charges to set up the ISP? Can we really expect to see the savings as stated?</p>	<p>AMS's decision to use Canadian Stewardship Services Alliance as a service provider during its set-up phase means there are minimal costs incurred by the transition to AMS. More importantly, the financial benefits of the ISP will surpass any of the startup costs.</p> <p>The feedback from the steward community is that they believe that the benefits of the ISP are worth it. Even if the life of the ISP is only 2 to 3 years, stewards have commented that it is worthwhile to move forward to receive those benefits and prepare for the future under the new legislation.</p>



<b>GENERAL</b>	
37. CSSA is involved with Stewardship Ontario's MHSW program and AMS. Isn't that a conflict of interest?	<p>Stewardship Ontario did not provide AMS with any confidential information/data in the development of the ISP.</p> <p>CSSA's involvement has been as a service provider only to Stewardship Ontario and AMS. CSSA does not own or operate either of these programs.</p>
38. Will historical reports be available on the new AMS site?	No. The AMS site will not have the historical reports that were submitted to Stewardship Ontario.
39. Will stewards have to change the service provider which picks up materials and delivers?	AMS will use the existing supply chain and will prequalify Stewardship Ontario's current service providers. As long as the current service providers choose to participate with AMS, there is no need to change.