



# OES Wind Up Plan

ONTARIO ELECTRONIC STEWARDSHIP DECEMBER 2018\*

\* Updated July 2019

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## OES WIND UP PLAN ACRONYM LIST

B2B:	Business to Business
BOL:	Bill of Lading
COI:	Conflict of Interest
CRA:	Canada Revenue Agency
CRT:	Cathode Ray Tube
CVP:	Claims Verification Process
EDM:	Environment Design Management Limited
EEE:	Electrical and Electronic Equipment
EHF:	Environmental Handling Fee
EOLE:	End-of-Life Electronics
EPRA:	Electronic Product Recycling Association
ERS:	Electronics Recycling Standard
HST:	Harmonized Sales Tax
IC&I:	Industrial, Commercial & Institutional
IFO:	Industry Funding Organization
IT:	Information Technology
ITC:	Input Tax Credit
MECP:	Ministry of Environment, Conservation and Parks
MTS:	Material Tracking System
OES:	Ontario Electronic Stewardship
PIP:	Processor Incentive Program
PO:	Purchase Order
PRO:	Producer Responsibility Organization
RFP:	Request for Proposal
RPRA:	Resource Productivity and Recovery Authority
RQO:	Recycler Qualification Office
RRCEA:	Resource Recovery and Circular Economy Act, 2016
SQL:	Standardized Query Language
TTC:	Toronto Transit Commission
WDTA:	Waste Diversion Transition Act, 2016
WEEE:	Waste Electrical and Electronic Equipment

# ONTARIO ELECTRONIC STEWARDSHIP WIND UP PLAN

## PROGRAM OVERVIEW AND WIND UP PROCESS

Ontario Electronic Stewardship (OES) is an Industry Funding Organization (IFO) designated to operate the waste diversion program for waste electrical and electronic equipment (WEEE) under the *Waste Diversion Transition Act, 2016* (WDTA). Since its inception in 2009, the WEEE program has diverted over 67 million electronic devices or over 500,000 tonnes of waste electronics from Ontario landfills. The WEEE program promotes the re-use and refurbishment of waste electronics and ensures that the valuable resources found in waste electronics, that cannot be re-used, are processed and recycled in an environmentally responsible manner.

In 2016 the Ontario legislature passed the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) which creates a new legislative framework for managing waste in Ontario. Current waste diversion programs and related IFOs, such as Ontario Electronic Stewardship, will be wound up subject to provisions under the WDTA. Under the RRCEA, producers will be responsible for the implementation of new waste diversion programs that must meet recycling targets and objectives established under that Act.

Under the WDTA wind up process IFOs are required to develop wind up plans in accordance with specified statutory requirements once directed to do so by the Minister. Subsection 14 (13) of the WDTA requires IFOs to consult with stewards, municipalities and other stakeholders affected by termination of the program in developing wind up plans. IFOs submit wind up plans to the Resource Recovery and Productivity Authority (RPRA) which reviews and approves the plan if it is consistent with the Minister's direction and statutory requirements.

In February 2018, OES received direction from the former Minister of Environment and Climate Change to wind up the WEEE program by June 30, 2020. On July 2018 the Honourable Rod Phillips, Minister of Environment, Conservation and Parks (MECP), assumed responsibility for administering the RRCEA and WDTA statutes.

OES's Ministerial wind up direction required OES to submit its wind-up plan to RPRA by December 31, 2018. Following submission of the OES wind-up plan to RPRA, Minister Phillips, on April 2, 2019, noted that OES surplus funds were substantially larger than what was identified in the December 2018 wind-up plan. The Minister issued instructions to RPRA to consult on options to ensure surplus funds would be used for the benefit of consumers and report back on that consultation by April 30, 2019.

On July 2, 2019, the Honourable Jeff Yurek, Minister of Environment, Conservation and Parks (appointed in June 2019), instructed OES to extend the operations of the OES program until December 31, 2020.

## Current Program Waste Materials

Current WEEE program materials are identified in regulations under the WDTA and set out in Schedules under the program plan approved by RPRA.

WEEE can be identified in four broad categories, display devices, including: TVs and monitors; desktop and laptop computers; printers and peripherals, including telephones, cell phones, faxes etc.; and floor standing printers and copiers. See Section 1.1 for a full list of designated program waste.

## Current OES Program Funding

Under the WDTA, businesses that bring electrical and electronic equipment (EEE) into Ontario or manufacture EEE for sale in Ontario are defined as stewards and are obligated to register with OES, report on the volume of material supplied into the Ontario market and pay related steward fees to OES. Steward fee revenues fund operations related to the management of the WEEE program. OES steward fees are set subject to program rules, supported by RPRA, and are established on a cost recovery basis for each waste electronic category.

Steward fees, commonly known as Environmental Handling Fees, or EHF, are generally collected from the purchaser of the EEE at point of sale. Current December 2018 EHF rates for various EEE materials are provided in Table 1 below:

<b>Table 1: Ontario EHF Fees</b>	
<b>Electronic Product</b>	<b>EHF Per Unit</b>
Display Devices (TV/Monitors) 46" or larger	\$28.00
Display Devices (TV/Monitors) 30" to 45"	\$12.00
Display Devices (TV/Monitors) 29" or smaller	\$7.00
Non-cellular Telephones and Answering Machines	\$1.50
Home Audio/Video Playback and Recording Systems/Components	\$2.50
Desktop Computers	\$1.40
Portable Computers	\$1.00
Desktop Printers/Multifunction Devices	\$2.50
Personal/Portable Audio/Video Playback and Recording Systems	\$0.75
Home Theatre in a Box (HTB) Systems	\$2.50
Vehicle Audio/Video Systems (Aftermarket)	\$2.50
Floor-Standing Multifunction Devices	\$25.00
Computer Peripherals	\$0.75
Cellular Devices	\$0.07

\* EHF are subject to applicable sales tax

Under the program Ontario companies, known as remitters who may do the reporting and remitting on behalf of stewards, register with OES and pay related fees for product supplied into the Ontario market.

In 2017, registered stewards and remitters reported 27.5 million EEE units supplied into the Ontario market and paid a total of \$55.5 million to OES to fund operations. There are approximately 750 stewards currently registered in the WEEE program.

Under the WEEE program, stewards also have the option of self-managing (i.e. recycling) electronic waste. These stewards must meet legal obligations under the program but may be exempt from paying related steward fees as they run programs to recycle and manage their related WEEE materials.

OES conducts compliance activities to ensure that stewards and remitters are complying with program requirements and statutory obligations. This includes the identification and registration of potential stewards who are not registered under the program and the verification of reporting and payments from stewards and remitters that are registered under the program.

### **OES Service Providers and Program Delivery**

The OES program facilitates recycling of waste electronics through two general approaches: an allocation-based recycling model and a processor incentive-based model.

Under the allocation model, representing approximately 20% of WEEE recycling, OES pays direct collection incentives, pays and arranges for warehousing and transportation of WEEE materials to processors and allocates WEEE materials to processors selected through an RFP process. These processors are paid processing rates agreed to under contractual terms associated with the award of the RFP contract.

In addition to this recycling stream, OES also runs a Processor Incentive Program (PIP) under which processors recycle WEEE materials sourced from generators. Under this program, OES pays an incentive to processors that covers the collection, transportation and processing of the WEEE, and processors are responsible for the financial arrangements with generators and haulers with respect to the services those parties provide.

### **Allocation Based WEEE Recycling**

#### *WEEE Collection Sites:*

Under the allocation model, collectors are approved by OES to collect and sort WEEE for transport according to OES requirements. Collectors can be for-profit, not-for-profit organizations or municipalities which have entered into agreements with OES for the collection of designated materials.

Collectors can choose to collect all WEEE materials or a subset of WEEE materials. If collectors collect a subset of WEEE materials they cannot exclude any brands of such

products and collection operations must be accessible to the public. For example, a retailer that chooses to collect WEEE computers and cell phones must collect all brands from consumers (even brands it may not sell) to become an OES-approved collector.

OES-approved collectors must utilize OES-approved transporters and are eligible for a collection incentive for every tonne of WEEE materials collected.

OES runs a number of programs, and provides a number of services, in relation to WEEE collection that assist various WEEE service providers in collecting and managing material in accordance with program guidelines. These include the following:

*Multi-Residential Collections:*

OES provides multi-residential collection to a number of municipal partners. This program involves providing community housing complexes as well as apartment and town house complexes with collection bin services. OES bins, the majority of which are rented by OES, are located in secure recycling rooms that only residents have access to. These sites are serviced at regular intervals either bi-weekly or monthly.

OES provides promotional support to these sites in the form of stickered and highly visible wheelie bins as well as some graphic design promotional material.

*Allocation Collections:*

OES has established an extensive collection network throughout the province since program inception. These permanent collectors consist of but are not limited to: municipalities, private businesses, government institutions, first nations groups, and not-for-profit organizations. Permanent collection sites have been established following one of two models:

A: Large Bin Collections (utilizing sea containers and roll offs or front-end bins);

B: Gaylord Collections (utilizing pallets, gaylords and shrink wrap).

Large bins, sea containers, roll offs, etc., are rented from various service providers. OES also provides collectors with promotional material and with pallets, gaylord boxes and shrink wrap necessary to facilitate the collection and transportation of WEEE in a safe and environmentally responsible manner. Some OES collection sites include WEEE drop off bins which are the property of, or are leased by, OES and which are provided to the collection site to facilitate WEEE collection. OES pays sites collection incentives on a monthly basis for any materials transported to, and received by, approved OES consolidation and re-packing facilities.

*Business-to-Business (B2B) Pick-ups:*

OES also facilitates B2B WEEE pick ups at no cost to businesses and residents in Ontario. Businesses and residents with a minimum volume of WEEE can contact the OES Customer Service department which will arrange for transportation to an

authorized WEEE processor. These one-time B2B pickups are not eligible for collection incentives.

As of December 31, 2017, there were a total of 902 permanent OES approved collection sites of which 383 were municipal facilities. Approximately 95% of the Ontario population lives within 10 kilometres of a WEEE collection location.

#### *Collection Events:*

In addition to authorizing permanent collection sites, OES also approves collection events for businesses, community groups and not-for-profit organizations that wish to collect WEEE materials. As with permanent collectors, OES provides a collection incentive related to WEEE collected at special events along with promotional and packaging materials. In 2017 OES authorized 377 collection events and the WEEE tonnage collected accounted for approximately two percent of total WEEE collected.

These collection events not only collect product for recycling but also represent educational opportunities for which OES provides staff to promote electronics recycling with the public and help with actual WEEE collection (see Promotion and Education below).

#### **WEEE Transportation**

OES-approved transporters pick up WEEE from OES-approved collection sites and move it to OES-approved regional consolidation or repacking centres for initial sorting prior to transportation to WEEE processors. Repacking centres sort and palletize material collected in bulk containers into different WEEE categories for delivery to consolidators. Consolidators weigh and aggregate pallets of materials into larger shipments for transporting to OES-approved processors.

OES pays re-packers, consolidators and transporters operating under the allocation model on an order-by-order basis. It tracks WEEE shipments throughout the supply chain with a proprietary Materials Tracking System (MTS) software.

#### **Processing Under the Allocation Model**

In order to be approved as a WEEE processor under either the Allocation or Processor Incentive model, companies must first apply to the EPRA Recycler Qualification Office (RQO) for verification that they operate in compliance with a national Electronics Recycling Standard (ERS), published by the Electronic Products Stewardship Canada. The RQO audits prospective processors and related downstream partner companies to ensure they recycle WEEE materials in accordance with the ERS.

Once verified by the RQO as compliant with the Electronic Recycling Standard (ERS), prospective processors are eligible to become service providers to OES and operate under either the allocation model or the Processor Incentive Program.

Processors operating under OES allocation model are selected through an RFP process and are also eligible to participate in the Processor Incentive Program as well (see below). OES monitors WEEE product flows to successful RFP processors to ensure that WEEE volumes are consistent with RFP contractual terms.

### **Processor Incentive Program**

Under the WEEE Processor Incentive Program (PIP), OES does not directly contract with collectors or manage WEEE product flows directly. Rather, processors which have met OES eligibility requirements source WEEE from generators, arrange transportation and are paid processing incentives by OES based on the weight of WEEE processed in respect of the collection, transportation and processing. The processor enters into contracts with the generators and haulers which determines, among other things, how much of the incentive the processor will pass on to the generator and hauler.

#### ***Processing under the PIP***

Under the PIP program, processors can contract directly with OES-approved generators for the supply and processing of WEEE materials. Generators must be registered and approved by OES and operate in accordance with program guidelines.

Processors submit invoices for incentives to OES, documenting the processing of WEEE materials in accordance with OES standards. Invoices for any particular WEEE shipment must be submitted within 90 days of the Material Tracking System (MTS) Bill of Lading generation for the pickup of the WEEE to be eligible for OES incentives.

#### ***Generators and the Processor Incentive Program (PIP):***

OES's Process Incentive Program supports the collection of WEEE at generator sites. Generators are private sector, not-for-profit or government organizations that contract directly with an OES approved primary processor to handle residential and/or IC&I electronic waste. Generators must be approved by OES and meet the OES Generator operating standard in order to collect end of life electronics for eligibility in the OES program.

Generators operate under contracts with approved OES processors and any financial compensation regarding WEEE collection is a function of their contractual terms with processors.

#### ***PIP WEEE Transportation:***

Under the PIP program, OES does not provide transportation or consolidation incentives directly to transporters, consolidators or re-packers. However, OES processors are eligible for a transportation incentive based on the distance the WEEE travelled from various collection sites to processing facilities. Transporter financial compensation for WEEE delivery is a function of contractual arrangements between processors and transporters.

## **Reuse and Refurbishment**

The OES program also includes a number of Reuse and Refurbishment (R&R) organizations which can be not-for-profit or for-profit organizations that handle EEE materials for reuse without repairing or modifying the hardware or repairing or redistributing parts or equipment.

Under the program, these organizations receive an incentive for reporting on EEE whole units (via monthly reports to OES) that are sold or donated for re-use. These WEEE materials must have a warranty associated with their resale. R&R organizations must meet site requirements established by OES and are eligible to collect incentives on WEEE materials transported to processors.

In 2017, a total of 28 R&R organizations representing 29 reuse and refurbishing sites participated in the WEEE program. These organizations processed 2,628 tonnes of WEEE materials for re-use (primarily display devices, computers and printers) which represented approximately 5% of total WEEE diversion tonnage in 2017.

## **Service Provider Compliance Activity**

As with stewards, OES conducts regular compliance and audit activities to ensure that various service providers conduct activity in accordance with program requirements. OES may suspend or revoke authorizations for service providers if WEEE recycling activity is not conducted in accordance with program requirements.

## **Promotion and Education**

Promotion and Education is an important component of the OES WEEE program which informs consumers about the benefits of electronic waste recycling and builds awareness of program accessibility and the location of WEEE collection sites and events.

In 2017, OES promoted WEEE recycling through radio, print and transit (Go Train and TTC) advertising. OES also coordinated a number of OES sponsored WEEE recycling activities in conjunction with environmental events such as Earth Day and Waste Reduction Week. OES also raised awareness about electronics recycling through participation in community festivals and fairs, leveraging with the EPRA Recycle My Electronics Mobile Classroom, a customized shipping container which features videos and games designed to entertain and inform visitors about why they should recycle their old waste electronics.

In 2017, OES spent just under \$3 million related to promotional and educational activities which represented approximately 5.3% of the OES operating budget.

## Program Performance

In 2017, the OES WEEE program collected 52,712 tonnes of waste electronics materials from landfill. Since its inception the WEEE program has diverted over 500,000 tonnes of material.

Current trends in electronics manufacturing are significantly reducing the weight associated with display devices, computers and other electronic equipment. As such the tonnage of WEEE processed under the program is expected to decline in 2019 and 2020.

<b>Material Category &amp; Processing</b>	<b>2017 Collection (Tonnes)</b>
Display Devices	26,869
Computers	6,454
Printers and Peripherals	18,495
Floor-Standing	894
Total	52,712

## OES Operations and Administration

OES currently administers the WEEE program through an operating agreement with the Electronics Product Recycling Association (EPRA), an industry led not-for-profit organization that operates regulated electronics recycling programs across Canada. OES has no direct employees. Under the terms of its operating agreement with EPRA, is liable for certain employee severance payments in the event of program termination.

Historically, a number of members of the EPRA and OES governing boards were comprised of the same representatives as both organizations operate for the same electronics industry. In preparation for program wind up, a new OES Board was appointed in August 2018 so that there is no overlap between the EPRA and OES governing representatives.

## OES Financing Heading into Wind Up

As can be seen in Table 3 below, OES incurred total operating expenses of \$46.9 million in 2018. Of this, \$39.5 million or 84%, is related to material management or incentive payments provided to service providers.

Table 3: OES 2017 – 2018 (Forecast) Financials (\$000s)

Revenue:	2017 Actual	2018 Actual*
EEE Fee Revenue	\$55,544	\$51,309
EEE Fee Refund		
Tax Refund		\$60,840
Interest	\$417	\$936
	\$55,961	\$113,084
Expenses:		
Processing	\$35,888	\$27,142
Handling	\$6,257	\$6,103
Transportation/Storage	\$7,340	\$6,236
Direct Program Costs:	\$49,485	\$39,481
Other:		
Promotion and Education	\$2,999	\$2,885
Administration	\$3,394	\$3,101
Wind-up Fees		\$150
RPRAs Fees	\$878	\$1,256
Indirect Costs:	\$7,271	\$7,392
Total Costs:	\$56,756	\$46,874
Surplus/(Deficit)	(\$795)	\$66,210
Tonnage (metric tonnes)	52,712	47,711
Closing Reserve	\$43,603	\$109,813

\* Updated July 2019

During 2018, OES's net asset position increased from \$43.6 million as of December 31, 2017 to \$109.8 million as of December 31, 2018. This increase in OES's net asset position is due to a recent Tax Court ruling, *Stewardship Ontario versus the Queen*, 2018 TCC59.

Ontario Electronic Stewardship, like Stewardship Ontario, provides a service to stewards in managing the waste recycling program that the stewards are legally obligated to provide in Ontario.

In managing the program, OES collects and remits HST on the fees charged to the stewards.

In the early years of the program, the CRA ruled that the Ontario stewardship entities, including OES, were not allowed to claim Input Tax Credits (ITCs) for the HST they paid to third parties in operating the recycling programs. Stewardship Ontario and OES filed appeals with the Tax Court of Canada to challenge this ruling.

In April 2018, the Tax Court of Canada overturned the ruling for Stewardship Ontario. In June 2018, the CRA and Tax Court of Canada consented to overturn the ruling for OES, meaning ITCs are thereby allowed for the HST which had been paid to the third parties. As a result, OES received refunds for the previously denied ITCs, and is permitted to continue to claim ITCs on a go forward basis.

This favourable outcome means that OES will, by February 2019, have sufficient reserves from previous steward fees to fully offset the fees chargeable to the stewards to manage the program.

The ability of OES to begin to properly claim ITCs following the Tax Court ruling in May 2018 also affected OES's 2018 budget by shifting it from a deficit position to a projected operating surplus.

The CRA refund as a result of ITC credits received is \$60.8M as of February 12, 2019 which will accrue to the 2018 OES operating budget.

## **SECTION 1: OPERATING PLAN**

### **1.1 A. Operating Plan Overview**

As per Ministerial direction, OES will run the WEEE program subject to changes identified below until December 31, 2020.

OES net assets permit the implementation of an EEE fee reduction to zero, as per Ministerial direction, for implementation February 1, 2019 and OES forecasts having some surplus funds remaining in the program following the resolution of all financial obligations after program termination. (See Proposed Wind Up Plan Budget and Steward Fees and Program Funding below for more details).

With respect to program operations, OES is not proposing any changes to WEEE material definitions during program wind up. OES is also not proposing any changes to service provider incentive rates during wind up. In the view of OES, a business as usual approach to current material management and incentives will ensure that program performance is maintained and, as per Ministerial direction, there are no disruptions to the existing program during the wind up period.

OES as a corporate entity will continue to function beyond December 31, 2020 to process claims from service provider partners, dispose of any remaining net assets and resolve final financial arrangements with stewards. Following the reconciliation of OES steward and service provider accounts, OES proposes to appoint a liquidator post-program termination to dispose of any remaining assets and coordinate the steps necessary for corporate dissolution. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

OES anticipates that it will need approximately nine months following program termination to complete operational wind up activities and complete financial arrangements.

While EEE product trends will reduce the weight of WEEE materials available for collection in 2019 and 2020, the changes OES is proposing in this Wind Up Plan (WUP) will ensure that current program performance on awareness and accessibility is maintained and that the WEEE program operates without disruption for both stakeholders and consumers until December 31, 2020. Tonnage is expected to decline consistent with the light-weighting of electronics products that has been and will continue to occur in the industry. In the view of OES, this Wind Up Plan is consistent with Ministerial directions including the requirement to support competition in, and not adversely impact, the current marketplace for recycling WEEE in Ontario.

Key Wind Up Plan elements include the following:

### ***OES Wind Up Budget Summary***

Given OES's projected net asset position as of December 31, 2018, OES worked in conjunction with RPRA to take steps to implement an EEE fee reduction to zero for February 1, 2019. Notice to stewards regarding OES's intention to implement a fee reduction to zero was provided by OES on November 23, 2018 in order for stewards to prepare their internal IT systems accordingly. This fee reduction was reviewed and supported by RPRA Board and OES provided formal notification of the EEE fee reduction to stewards on December 3, 2018. The following OES wind up budgetary forecasts are based on the implementation of an EEE fee reduction to zero for February 1, 2019.

As per Ministerial direction regarding wind up, the EEE fee change will reduce OES surplus funds that remain following program termination.

As can be seen from Table 4 below, preliminary OES budgetary forecasts indicate that OES is currently projecting program residual funds of approximately \$3.1 million following the resolution of outstanding financial obligations after the program termination date of December 31, 2020. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

It should be noted that these initial forecasts are subject to financial contingencies, such as fluctuations in WEEE supply, that may occur between now and program termination. In the unlikely event that OES requires more funds than planned prior to program termination, it will reserve the right, despite the implementation of the EEE reduction to \$0 in February 2019, to adjust the EEE fee to a higher \$ amount to fund any financial shortfalls that may occur prior to program termination.

Table 4: OES Wind Up Financial Forecast 2018 – 2021\*

Revenue:	2018 Actual	2019 Budget	2020 Budget	2021 Budget
EEE Fee Revenue	\$51,309	\$3,327	0	0
EHF Fee Refund		-\$500		
Tax Refund	\$60,840			
Interest	\$936	\$545	\$250	\$0
	\$113,084	\$3,372	\$250	\$0
Expenses:				
Processing	\$27,142	\$26,013	\$26,013	\$0
Handling	\$6,103	\$6,231	\$5,795	\$0
Transportation/Storage	\$6,236	\$6,419	\$6,419	\$0
Direct Program Costs:	\$39,481	\$38,663	\$38,227	\$0
Other:				
Promotion and Education	\$2,885	\$2,860	\$1,800	\$0
Administration	\$3,101	\$3,370	\$3,370	\$0
Wind-up Fees	\$150	\$1,700	\$1,700	\$1,520
RPRF Fees	\$1,256	\$1,800	\$2,100	\$750
Indirect Costs:	\$7,392	\$9,730	\$8,970	\$2,270
Total Costs:	\$46,874	\$48,393	\$47,197	\$2,270
Surplus/(Deficit)	\$66,210	(\$45,021)	(\$46,947)	(\$2,270)
Tonnage (metric tonnes)	47,711	45,684	43,857	0
Closing Reserve	\$109,813	\$64,792	\$11,607	<b>\$3,099</b>
Drawdown on Reserve for HST		(\$6,238)	(\$6,238)	<b>\$0</b>
Closing Reserve		\$58,554	\$5,369	\$3,099

\* Updated July 2019

## ***Steward Fees and Supply Reports***

As noted above, OES has announced the reduction of EEE steward fees to zero for implementation on February 1, 2019. This fee reduction to zero will be the same for all program materials. Despite the EEE fee reduction to zero, OES stewards will remain obligated to report on EEE supply into the Ontario market until December 31, 2020. OES will finance operations during this period from existing reserve funds.

All stewards will be required to submit supply reports and pay existing EEE fees for January 2019 by February 28, 2019. Stewards will be permitted to submit adjustments or corrections to these reports until April 30, 2019

These reporting deadlines will apply to all stewards including those who are approved to report on a quarterly or annual basis. After submitting their January supply report and paying related fees, stewards that submit on a quarterly basis will revert to the submission of supply reports on a quarterly basis until program termination. Stewards that normally submit supply reports on a quarterly or annual basis will also submit a January 2019 report no later than February 28, 2019. All stewards will continue reporting market units supplied following their normal monthly, quarterly or annual schedule for 2019 and 2020 sales through to December 31, 2020. For example, following program termination on December 31, 2020, stewards that normally submit annual supply reports will submit a 12-month supply report covering the period from January 1, 2020 to December 31, 2020.

The reduction of steward fees prior to program termination will allow OES to resolve most steward account and outstanding payments during the wind up period and in advance of the December 31, 2020 program termination date.

Stewards, however, will continue to be required to submit EEE supply reports to OES throughout the wind up period (despite the reduction of steward fees to zero in relation to these reports). Final steward reports for the month ending December 31, 2020 will be due to OES by February 1, 2021 (this applies to all stewards whether they normally report on a monthly, quarterly or annual basis) with correction or adjustments to final steward reports due to OES no later than March 15, 2021.<sup>1</sup>

The continuation of steward supply reports is essential for OES to monitor program performance and conduct period and final program cost allocations associated with the

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<sup>1</sup> Note: Stewards can currently link to OES's registration page and file reports through the Recycle My Electronics website, [recyclemyelectronics.ca](http://recyclemyelectronics.ca), which OES uses to promote WEEE recycling through an agreement with EPRA. OES proposes to continue to utilize the Recycle My Electronics website to promote electronics recycling including steward registration and reporting links until the program termination date of December 31, 2020. Following the program termination date, the steward links for remaining electronic report filing will be transferred to the [ontarioelectronicstewardship.ca](http://ontarioelectronicstewardship.ca) website. OES owns the rights to a dormant website [recycleyourelectronics.ca](http://recycleyourelectronics.ca) which has no content and has not been functional for 3 years. OES is proposing to transfer [recycleyourelectronics.ca](http://recycleyourelectronics.ca) ownership to RPRA following program termination. See Schedule A for more details with respect to the details of the proposed transition of steward registration and reporting links.

program. As such, current OES-steward and remitter service agreements will remain in place for the duration of the WEEE program. OES will provide formal notice of the timing of the termination of these agreements to stewards following approval of the Wind Up Plan by RPRA.

Once OES has resolved all financial program obligations following program termination, any remaining residual OES funds, will be transferred to RPRA. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

### ***Service Provider Contracts, Incentives and Payments***

OES is not proposing any changes to current WEEE related collection, transportation and processing incentive rates prior to or during the wind up period.

During the wind up period (Wind Up Plan approval date to December 2020), OES is proposing that it maintain existing service provider contracts related to the collection, transportation or processing of WEEE materials. OES will monitor applications for additional service providers during this period in light of maintaining current program performance and streamlining program wind up.

OES operates a Claims Verification Process (CVP) to support the integrity of the service provider reporting process. Beginning in the third quarter of 2020, processor mass balancing reports will be moved from a quarterly to a monthly basis to facilitate wind up and expedite OES payments in the final six months of program operations. OES will also continue with its regular compliance review activities during the wind up period and conduct additional onsite processor visits to validate inputs and outputs related to processor reports. OES will conduct additional reviews on claims outside of normal patterns to ensure validity of claims and expedite the reconciliation process.

Consumer collection sites will maintain program access throughout the wind up period and OES will coordinate the collection of any OES collection materials previously provided to OES collection partners in a manner which does not adversely impact consumer access to WEEE disposal sites prior to December 31, 2020.

OES will begin working with collectors and generators, both of whom operate collection sites, in July 2020 in preparation for program shut down. Collected WEEE will only be eligible for program incentives if the WEEE is dropped off at a collection site by December 31, 2020 and the related MTS Bill of Lading (BOL) for pick up and transportation of these materials is created and submitted to OES by end of day, December 31, 2020.

As of January 1<sup>st</sup>, 2021, collectors and generators will not be able to add new volume to the OES Material Tracking System and no new BOL submissions will be accepted.

Collector and generator BOL submissions must be made by December 31, 2020 with arrangement for pickup of such materials arranged no later than January 15, 2021. Collector claims for incentives on WEEE materials collected prior to December 31, 2020 must be submitted to OES no later than March 1, 2021.

OES will provide carriers with notice of program wind up consistent with contractual terms. OES will also coordinate the wind up of WEEE collection activities with existing processors.

Following program termination, Re-use and Refurbisher service providers will have until January 15, 2021 to submit reports to OES on R&R activities completed prior to December 31, 2020. After January 15, 2021, the MTS system will no longer be available for R&R reports.

Following program termination, processors will have until February 15, 2021 to submit claims to OES for the MTS BOL's completed and submitted by December 31, 2020 end of day and with corresponding pickups completed by January 15, 2021. BOL's dated later than December 31, 2020, will not be eligible for reimbursement. Mass balancing reports are to be completed and submitted to OES by March 15, 2021.

OES will increase the audits of processors during the last six months of the program to ensure claims are entered correctly, are valid and that processors continue to function in accordance with program requirements. OES will work closely with processors to ensure that any additional or expedited audit or verification procedures required by OES to facilitate program wind up are implemented efficiently and in a manner that is reasonable for both processors and OES.

Onsite inspections and wind up audits will occur during January through March 2021. Material collected under the OES program will be properly dismantled and not stock piled, on-hand inventories will be managed in accordance with the ERS Standard and OES program requirements. Final collector, processor and other service provider payments will be consistent with contractual terms-

Where WEEE collection partners have OES-branded promotional materials and excess OES collection supplies such as bins, gaylord boxes, pallets and shrink wrap at program termination, these materials will be collected during final program pickups. OES will track packaging material supply inventories on an ongoing basis throughout the wind up period and will work to minimize on-hand OES packaging supplies at the point of program termination. Following program termination, OES leased bins will be returned to service providers and OES owned bins and packaging supplies which are re-usable will be disposed of in conjunction with other assets (Note: OES is not anticipating that these assets will generate significant revenues (see Wind Up Plan Section 5 for preliminary estimates)). OES recovered packaging supplies which are not suitable for resale will be recycled.

All service providers will be given a minimum of 6 months of notice of contract terminations. Currently OES anticipates providing notice of contractual termination to service providers in relation to wind up by January 31, 2020. OES will also provide adequate notice to service providers that do not have signed service contracts with OES regarding impending program termination (i.e. transporters that are paid on an order by order basis).

### ***Transition of OES's Material Tracking System***

OES currently tracks WEEE materials through various service providers to intended recycling outcomes through the use of a proprietary software Material Tracking System (MTS) specifically designed to track WEEE in accordance with OES regulatory requirements. The MTS system helps OES maintain integrity in the WEEE recycling marketplace and ensure that materials are recycled in accordance with acceptable environmental standards and program objectives and requirements.

As part of its Wind Up Plan, OES is proposing that the MTS system be made available to stakeholders as free software, including potential service providers and RRCEA stewards, as of July 1, 2020. While the MTS system is specifically designed for operation in the OES regulatory environment, making it available may assist future WEEE organizations in establishing their own tracking and reporting systems under the RRCEA framework. Making the MTS system broadly available also ensures that individual stakeholders are not receiving preferential treatment as WEEE recycling transitions to the new legislative framework.

OES will conduct information sessions with stakeholders, if necessary, to facilitate the transition of the Material Tracking System. A copy of the MTS system software will be provided to RPRA following program termination for potential release to stakeholders for whatever period of time RPRA determines is helpful with respect to continued WEEE recycling.

### ***Data Management***

As part of the wind up process, OES is required to transfer data that relates to the operation of the waste diversion program to RPRA. RPRA will be responsible for administering WEEE recycling programs under the RRCEA legislative framework.

Under Section 70 of the WDTA and Section 57 of the RRCEA, RPRA is required to treat information in its possession as confidential unless that information is required to be made public under the statutes. OES will identify any confidential or commercially sensitive data transferred to RPRA and take measures to ensure that data is supplied in confidence.

All steward and service provider data in OES's possession will eventually be destroyed following transfer of data to RPRA and resolution of final OES financial and corporate obligations (see WUP Section 9 for more detail).

Throughout the wind up process, OES will treat all stakeholder information in its possession as commercially confidential and maintain measures to ensure data security. Data will be transferred to RPRA at RPRA's request and RPRA is bound by confidentiality guidelines as well regarding safeguarding of data.

### ***OES Operations and Administration***

A new governing OES Board was appointed in August 2018 to develop and manage the OES wind up process and plan. The Board will monitor and assess OES fiscal and program performance throughout the wind up period to ensure that operations and outcomes are consistent with WUP schedules and objectives. It will work closely with RPRA to address any financial or program contingencies that may occur during the WUP period.

Upon RPRA approval of the OES Wind Up Plan, EPRA, which functions as OES's administrative service provider, will separate OES related operations and staff from those of EPRA's other operations to minimize overlap between OES personnel and functions with other EPRA activities during the wind up period (See WUP Section 13 for more details on Board and OES conflict of interest measures).

As noted earlier, the OES Board also proposes to appoint a liquidator, subject to RPRA approval, following program termination to dispose of any remaining OES assets and take the final steps necessary to dissolve OES as a corporate entity.

Winding down OES operations will require a termination of OES's operating agreement with EPRA. As noted earlier, OES administers the WEEE program through a service agreement with EPRA and does not have any direct employees.

As EPRA services are utilized by OES to process service provider and steward transactions, OES will manage the end of its EPRA service agreement to coincide with resolution of final program obligations with respect to both stewards and service providers. OES contractual closure with EPRA will likely occur approximately six to nine months following program termination after which the liquidator appointed by OES will assume responsibility for remaining OES operations.

OES will not incur any financial penalties for termination of its service contract with EPRA. Under the terms of the contract it has financial liability for severance costs associated with any EPRA employees that are laid off as a result of WEEE program termination. Potential contract termination costs, including severance, are covered in the wind up costs allowed for in the wind up budget.

OES physical assets are relatively minimal and include a few collection bins and an appliance which will have a net book value of less than \$500 as of the program termination date. The OES appointed liquidator will assume responsibility for disposition of these assets in accordance with this Plan. OES does not anticipate that revenues related to asset disposition will be significant.

## ***Stakeholder Communications***

The attached Wind Up Plan includes a comprehensive communications strategy that will ensure that all stewards, stakeholders and service providers receive ongoing communications related OES wind up activities and related dates. OES may allocate additional staffing to Field Operations in an effort to ensure all stakeholders receive notification of OES wind up and understand the impacts of the program wind up. Targeted stakeholder groups will include both the service providers that OES partners with directly and the secondary service providers that participate in the WEEE program indirectly through service arrangements with direct OES partners.

All affected stakeholders will be notified of RPRRA approval of the Wind Up Plan and impending changes by July 2019 or earlier depending upon the timing of RPRRA WUP approval process.

All OES contractual arrangements will be provided with notice of contractual termination in advance of, or consistent with, the timing of specified contractual terms. As noted above, OES anticipates providing contracted partners with notice of contract termination dates by January 31, 2020.

In the early fall of 2020, OES will increase communications outreach with service provider entities including generators, municipalities, and not-for-profit organizations participating in the collection of WEEE materials.

During the development of this Wind Up Plan, OES also conducted consultation with stewards, municipalities, service providers and other affected stakeholders. A summary of the OES consultation process and how it responded to stakeholder feedback in the development of this plan is attached as Appendix A.

## ***Designated Waste Covered Under the Wind Up Plan***

Desktop Computers

Portable Computers

Display Devices

Desktop Printers, Scanners, Fax Machines and Multifunctional Devices

Floor Standing Printers, Copiers and Multifunction Devices

Computer Peripherals

Personal/Portable Audio/Video playback and/or Recording Systems

Home Audio/Video Playback and/or Recording Systems

Home Theatre in a Box

Vehicle Audio and Video, Navigation Systems and Recessed Wall and Ceiling Speakers

Non-Cellular Telephones and Answering Machines

Cellular Devices and Pagers

OES is not proposing any changes to the content of designated Waste Electronics and Electrical Equipment prior to or during the wind up period. The current list of designated waste has been in place since program inception in 2009.

**Summary of Operational Timelines**

<b>Table 5: Summary of OES Operational Timelines</b>	
<b>Date</b>	<b>OES Wind Up Action</b>
December 31, 2018	OES submission of WUP due to RPRA.
February 1, 2019	Reduction of steward EEE fees to zero.
February 28, 2019	Steward deadline for submission of January 2019 supply report and payment of related steward fees. (Note deadline applies to all stewards including those which normally report on a quarterly or annual basis).
April 30, 2019	Deadline for stewards to submit any reporting revisions re previous reports which required fee payments and pay any associated fees owing (or submit request for OES fee adjustment).
April 1, 2019	OES 2018 Annual Report due to RPRA.
June 30, 2019	RPRA Windup Plan Approval Due Date.
August 2019 (or earlier dependent upon RPRA approval process)	OES notification to stewards, service providers and other stakeholders of Wind Up Plan approval.
January 31, 2020	OES notice to stakeholders of pending contractual terminations.
May-June 2020	OES Information Sessions re: Availability of MTS software and impending release.
July 2020	Communication reminder to all stewards regarding the final reporting and remitting period being December 2020, due January 2021.
July 2020	Release of OES MTS software to stakeholders.
July 2020	Communication reminder to all service providers and affected stakeholders of impending program termination date.
April 1, 2020	OES 2019 Annual Report due to RPRA.
December 31, 2020	Program Termination Date: Final date for which OES will accept:

	- Final date for collectors and generators to submit MTS bill of lading (BOL) submissions and arrange WEEE pickup.
January 15, 2021	Final date for transporters to pick up WEEE at collector and generator sites for MTS BOL dated December 31, 2020 and earlier.
January 15, 2021	Final date for submission of R&R reports to OES.
February 1, 2021	Collector cut-off date for submission of final OES collection claims.
February 15, 2021	Processor Cut-off date: Date by which processors must have processed any WEEE material collected prior to December 31, 2020 and submitting final PI claims.
March 15, 2021	Deadline for completion of processor mass balancing reports. Deadline for Stewards to submit any final supply report corrections or adjustments.
TBD	Final date for OES transfer of MTS software to eligible stakeholders and transfer to RPRA.
March 31, 2021	\$5K holdback returned to processors meeting final mass balancing reporting requirements.
TBD – Target April-May 2021	Appointment of OES liquidator (subject to RPRA approval).
TBD	Termination of OES-EPRA Service Agreement.
TBD	Dissolution of OES as a corporation.
April 1, 2021	OES 2020 Annual Report due to RPRA.
TBD – target October 2021	Submission of Final Wind Up Report to RPRA and Minister.
TBD – by April 2022	OES 2021 Annual Report due to RPRA.

## **1.1 B Reporting Obligations During Wind Up**

Prior to and during the wind up period OES will continue to fulfill its reporting obligations under the WDTA:

Consistent with the WDTA, OES will provide the following reports to RPRA by the following dates:

- Annual report for 2018 by April 1, 2019
- Annual report for 2019 by April 1, 2020
- Annual report for 2020 by April 1, 2021
- Annual report for 2021 by April 1, 2022

OES also proposed to submit the final Program Wind Up Report by October, 2021 to RPRA and Ministry of Environment, Conservation and Parks.

Consistent with Ministerial direction, OES is also providing quarterly financial reports to RPRA.

## **1.2 Steward Rules During Wind Up**

Steward rules will be amended to facilitate certain wind up activities.

These will include amendments to enable the following changes:

- Update steward rules to permit an EHF change effective February 1, 2019.
- Implement shorter time frames for certain reporting obligations given the wind up of the program.

## **1.3 Targets and Performance**

### ***Program Accessibility***

Since the WEEE program began, OES has diverted 507,619 metric tonnes of end-of-life electronics (EOLE) from landfill to help the environment. As noted above, WEEE collection is facilitated by both OES approved collection sites, including municipal, not-for-profit organizations and retailers and OES-approved generator sites (which are often open to the public).

In 2017 the number of Ontarians living within the catchment area of WEEE collection/generator sites was the following:<sup>2</sup>

- Total accessibility within 10 kms – 96.9%
- Total accessibility with 25kms – 99.7%
- Total accessibility within 50kms – 99.8%

OES will continue to post all public collection sites on its website throughout the wind up period and direct residents to their nearest collection site based on postal code. In addition, OES will continue to implement marketing and promotional activities that facilitate consumer awareness of WEEE drop off locations.

OES will monitor collection site activity throughout the wind up period to ensure program accessibility is maintained. If select collection sites voluntarily exit the program during the wind up period, OES will look to contract other service partners in any affected areas so that service is not interrupted. OES will continue to recommend the nearest existing collection sites to any resident or business that contacts the customer service group. If the material to be collected meets the requirements of the B2B program OES will arrange for an on-site pick up.

### ***Tonnage and Light Weighting***

It should be noted that trends in EEE manufacturing are driving reduced tonnages with respect to WEEE recycling throughout Canada. As can be seen in Table 6 below, the tonnage of collected WEEE in the last five years has dropped by over a third since 2013. Laptops, as an example, are 50% lighter than 5 years ago.

<b>Table 6: OES WEEE Tonnage 2013 – 2018</b>		
<b>Year</b>	<b>WEEE Collection Tonnage</b>	<b>YOY Decrease due to Light Weighting</b>
2013	76,764	
2014	71,018	- 7%
2015	67,115	- 5%
2016	60,139	- 10%
2017	52,712	- 12%
2018 (Forecast)	47,097	- 11%

OES anticipates that collected WEEE tonnages will decline in 2019 and 2020 but that the current rate of tonnage decline will lessen in comparison to the previous five years as the heavy CRT televisions and monitors are becoming less and less prevalent in the returns of display devices.

<sup>2</sup> OES commissioned Environmental Design and Management Limited (EDM) in 2017 to measure the program’s accessibility.

## **Consumer Program Awareness**

OES conducts polling on an annual basis to assess consumer awareness of the WEEE recycling program. In 2018, 69% of the adult Ontario population reported being aware of waste electronic recycling, a 3% improvement over 2017.

OES will continue to monitor consumer awareness in 2019 to support ongoing consumer awareness of WEEE recycling throughout the wind up period.

OES utilizes the EPRA Recycle My Electronics logo, branding, campaigns and marketing collateral in order to increase the awareness and participation in Ontario at an affordable cost. This has proven an effective strategy for OES as the awareness has increased from 66% in 2017 to 69% in the 2018 survey results.

The [recyclemyelectronics.ca](http://recyclemyelectronics.ca) website provides consumers and businesses with information about the OES program, what types of electronics can be recycled and allows them to search for the closest waste electronic collections sites. OES proposes to continue to utilize the [recyclemyelectronics.ca](http://recyclemyelectronics.ca) website and related marketing activities to promote consumer awareness of the program throughout the wind up period. Following the program termination date use of the [recyclemyelectronics.ca](http://recyclemyelectronics.ca) website and marketing materials would revert to EPRA.

OES's [ontarioelectronicstewardship.ca](http://ontarioelectronicstewardship.ca) website is and will continue to be the primary source of information about OES wind up activities for stakeholders and the [recyclemyelectronics.ca](http://recyclemyelectronics.ca) will include links to that information for stakeholders interested in the details of how the OES program is being wound up.

### **1.4 Education Programs**

Promotion and education are crucial components of the OES WEEE Program. OES P&E activities inform Ontario residents on the importance of safely and securely recycling their end-of-life electronics while also providing information on safe and convenient drop-off locations.

A number of EPRA/Recycle My Electronics campaigns are utilized by OES to raise awareness and ask the Ontario audience to consider the future for their own, local, natural environment, along with the behaviour of the devices they use today. These include:

- **Education Learning Hub:** The EPRA Learning Hub is utilized by OES to provide students, youth groups, educators and parents with engaging content that helps them learn about the importance of electronics recycling.

- **My Electronics Mobile Classroom:** The successful launch of the EPRA Recycle My Electronics Mobile Classroom was utilized by OES to raise awareness in a self-contained, hands-on environment. This Mobile Classroom, made from a customized shipping container, features videos and games designed to both educate and entertain visitors about why they should recycle their old, unused electronics. As well as being a mobile information centre, the container serves as a collection bin for visitors to drop off their end-of-electronics on the spot. The Mobile Classroom was set up on location at festivals and fall fairs with on-site event staff present to interact with the public and spread the word about the importance of recycling end-of-life electronics
- The operation of a Trade Show Booth for industry association and waste management events;
- Participation with service providers in promotion of WEEE recycling and collection at environment events such as Earth Day and Waste Reduction Week. OES expanded on its communications strategy in 2017, by focusing on the recoverable resources inside end-of-life electronics and promoting this message at Earth Week and Waste Reduction Week events, through new media partnerships and with the new interactive Recycle My Electronics Mobile Classroom

In support of these events and WEEE recycling generally, OES conducts annual advertising in radio, print and online forums in addition to utilizing digital marketing to raise awareness and encourage participation in electronics recycling. Brochures, signage, stickers and marketing materials are provided to collection sites and other OES service providers.

Current promotional and education campaigns and partnerships will be continued in 2019. In 2020 such events will be assessed on a case-by-case basis to determine whether benefits are still applicable in light of the pending program termination.

With the reduction of the EHF consumer fee to zero for the wind up period, in the view of OES, it is important to maintain promotional and education programs which support consumer awareness of WEEE recycling to ensure that the change in the EHF fees does not create the impression that WEEE recycling is ending.

During the wind up period, OES will refocus communications activities on informing stakeholders and consumers about the wind up process and the continued importance of electronic recycling following program termination. OES communication activities and events will promote recycling of waste electronics generally and emphasize the continuation of WEEE recycling behaviours.

These activities will not only support a streamlined wind up of OES operations but also help to improve consumer and stakeholder awareness of continued WEEE recycling under the RRCEA framework.

## **1.5 Market Development**

As there are active markets existing for WEEE downstream materials, OES focuses on building awareness of WEEE recycling among both businesses and consumers.

OES has implemented a number of projects designed to build program awareness and thereby increase the volume of WEEE collection in Ontario indirectly supporting market development for related downstream materials (by encouraging the production of larger Ontario volumes).

OES intends to continue marketing plans and events throughout 2019. In 2020, each special collection event or campaign partnership will be assessed on a case-by-case basis to determine if the short-term benefits associated with the event or campaign are still justified given impending program termination.

### ***Studies, Reports and Market Information***

OES conducts analysis and produces annual reports on accessibility and awareness. These reports will be transferred to RPRA during the wind up. These annual assessments will continue to be run by OES in 2019 and the spring of 2020:

OES Consumer Awareness Survey

OES Accessibility Report

OES commissioned a third party to measure brand awareness of the program in 2017 and 2018. They conducted survey research among adults living in Ontario and data was weighted to reflect the adult population of Ontario by region, age and gender. Awareness increased by 3% from 66% in 2017 to 69% in 2018.

## **SECTION 2: IMPLEMENTATION PLAN AND TIMELINES**

### **2.1 Implementation Plan and Timeline**

#### **A. Detailed Implementation Plan**

A detailed implementation plan is attached as Schedule A. OES will begin to operationalize implementation of the Wind Up Plan with a general notification of RPRA's approval of the Plan targeted for July 2019 (or earlier dependent on RPRA approval date). All program participants will be notified of key wind up dates with a schedule of follow-up notifications specific to each program participant and key wind up steps.

As per Ministerial instruction, key wind up steps will operationalize a program termination of December 31, 2020. Following WEEE program termination, OES estimates that it will take approximately six to nine months to resolve remaining WEEE program and OES corporate financial and legal obligations and dissolve OES as a corporate entity.

As part of this Wind Up Plan, OES is proposing the engagement of a liquidator to resolve final OES financial and legal obligations and undertake the steps necessary to dissolve OES as a corporate entity in a manner consistent with the provincial *Corporations Act* and regulations under the WDTA. The liquidator will be appointed prior to the finalization of OES financial arrangements and reconciliations.

Throughout the process, OES will meet regularly with RPRA staff to monitor implementation of key wind up tasks, as per Schedule A, and ensure that wind up activities are completed in accordance with the approved Wind Up Plan. Quarterly reviews will include regular updating of OES financial and budgetary forecasts to ensure consistency with the approved wind up budget and early identification of any financial discrepancies or adjustments necessary in relation to the OES wind up budget.

OES also proposes to engage an independent program manager, focused solely on OES wind up, who will work with relevant OES staff to ensure that tasks identified in Schedule A are completed in accordance with the WUP.

#### **B. Corporations Act and WDTA Regulations**

As noted above, OES proposes to engage a liquidator, subject to RPRA approval, to take the final steps necessary to dissolve OES as a corporate entity in a manner consistent with WDTA regulations and the *Corporations Act*.

## 2.2 Key Wind Up Plan Dates

<b>December 31, 2018:</b>	As per Ministerial direction of February 8, 2018, date by which OES must submit a Wind Up Plan for the WEEE program to RPRA for review and approval.
<b>June 30, 2019:</b>	Date by which RPRA will approve a Wind Up Plan for the WEEE program.
<b>December 31, 2020:</b>	Termination date for OES program operations as per Ministerial direction of July 2019.
<b>June 30, 2021:</b>	Target date for the completion of all OES third party arrangements (i.e. disbursement of any excess funds, finalization of service provider payments, etc.).
<b>October 2021:</b>	Target date for submission of final Wind Up Plan report to RPRA and Minister as per Subsection 14 (20) of the <i>Waste Diversion Transition Act, 2016</i> (confirmation of Wind Up Plan implementation and completion).

## 2.3 Other Timeline Considerations

Wind up of the WEEE program will require termination of contracts with a number of OES service providers including: collectors, transporters and processors. Contractual termination provisions for these service providers range from 30 to 90 days. OES is proposing to provide formal notice of contract terminations to service providers approximately 12 months prior to the program termination.

The OES wind up plan (Section 1: Operational Plan) includes explicit dates for the completion of WEEE related activities for all service providers along with set dates for the submission of claims and related submissions to OES.

Steward OES agreements do not include explicit termination clauses, but as with service providers, the Wind Up Plan will include advance notice to stewards of program termination along with final dates for the submission of steward fees, related adjustments and supply reports (Note: Under the proposed Wind Up Plan it is proposed that steward WEEE fees will be reduced to zero prior to program termination. However, steward EEE supply report obligations will continue until program termination meaning that stewards will be subject to different dates for the finalization of fee payments and EEE supply reports.)

Wind up of the WEEE program will also require termination of the OES service contract with the EPRA which provides administrative support to the program. This termination is anticipated to be operationalized approximately six months after the WEEE program

termination date. OES's termination of the EPRA contract will be implemented in accordance with contractual requirements and Wind Up Plan provisions.

Detailed information on various dates for program participant contractual, activity and reporting deadlines are found in: WUP Section 1: Timelines Summary; WUP Section 2: Schedule A: Implementation Plan and Timelines; and WUP Section 7: Cut-off Dates.

## **SECTION 3: CONSULTATION WITH STAKEHOLDERS**

### **3.1 Consultation During Wind Up Plan Development**

OES conducted a series of webinars and meetings in October and November 2018 to solicit input regarding the development of its Wind Up Plan (WUP). Stakeholders were provided with an overview of OES Wind Up Plan financials and a summary of key proposals for wind up activities. In addition, OES sought feedback on specific proposed dates for termination of steward and service provider reporting obligations and transactions.

A series of 11 webinars were conducted between October 30 and November 23, 2018. All stakeholders were notified of webinar sessions through email blast. Webinars were grouped by stakeholder category but open to all stakeholders. OES also invited all WEEE processors to individual, in-person consultations as well as meeting with the Retail Council of Canada and Electronic Products Stewardship Canada. OES conducted the final webinar on November 23, 2018 providing a financial update and signaling the intent to implement an EEE fee reduction to zero effective for February 1, 2019.<sup>3</sup>

As per Ministerial direction, a full report (the OES Wind Up Plan Consultation Report) regarding OES consultation during the development of the Wind Up Plan is attached as Appendix A to this plan. The OES Wind Up Plan Consultation Report identifies types of organizations that participated in OES Wind Up Plan consultation sessions, a summary of the comments received during consultation and a discussion of how those comments were considered by OES in the development of this Wind Up Plan.

### **3.2 Communications with Stakeholders**

#### ***Communication Plan Objectives***

A comprehensive and effective communications strategy is a key component of implementing an OES Wind Up Plan that is consistent with legislative requirements and consistent with Ministerial direction. Throughout the wind up period, OES will utilize open and transparent communications strategies to support an orderly wind up of OES operations and a smooth transition to recycling under the RRCEA framework. Key communications objectives include the following:

- Support for program performance throughout the wind up period:
  - Maintain or improve program performance;
  - Ensure no disruption in the operation of WEEE recycling;
- Implementation of a transparent and open OES wind up process:

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<sup>3</sup> Stewards were provided with formal notification of the EEE fee reduction to zero for implementation effective February 1, 2019 on December 3, 2018 following review and support of the proposal by RPRA Board.

- Ensure advance stakeholder awareness of key program changes;
- Maintain open and accessible communications feedback options for all affected stakeholders – i.e. make it easy for stakeholders to get questions answered.
- Sustain effective OES-stakeholder interaction during program wind up:
  - Tailor stakeholder messaging where applicable to address the needs of specific stakeholders;
  - Monitor stakeholder reactions and adjust outreach activities/messaging where necessary.
- Support for stakeholder awareness of impending transition to waste electronic diversion under the RRCEA framework (although not a direct OES responsibility, represents a complementary objective to smooth wind up of existing OES program).

Note: The wind up of the current OES WEEE program is taking place during the concurrent development of a new regulatory framework for diverting waste electrical and electronic equipment to be implemented under the RRCEA. That new legislative framework will come into effect after the current OES program terminates. As such the majority of OES stakeholders participating in the wind up of the current program will also be preparing for anticipated operations under the RRCEA framework.

OES communications activities during program wind up will support stakeholder awareness of the impending transition to the diversion of waste electronics under the RRCEA, but primarily to direct stakeholders to the appropriate organizations for information, RPRA or the MECP, and identify any outreach activities that may be impending or underway on the part of those organizations. OES communications activities will not address any specific issues related to waste electronic recycling under the RRCEA framework (i.e. content of waste electronic regulations under the RRCEA, etc.). The content of RRCEA requirements and details of stakeholder obligations under that legislative framework are out of scope with respect to OES communications activities.

See Section 3.4, 3.5 Stakeholder Communications Mechanisms for an outline of proposed communication activities and tactics to be implemented during the wind up period.

### **3.3 Audits, Reviews and Engagements**

#### ***Operational Audits***

OES undertakes a number of compliance activities to ensure that service providers comply with program requirements. OES service providers contracting with OES are accountable to meet and fulfill regulated program requirements. Sanctions for service

provider non-compliance include repayment of incentives or recovery of fees paid, through to suspension and termination from the program.

With respect to collection sites, OES site visits are required prior to approval of registration to ensure such sites comply with program requirements. As with the current operations, OES will continue to inspect collection sites during the wind up to ensure ongoing compliance.

With respect to WEEE processing facilities, all facilities must operate in accordance with the RQO recycling standard for WEEE materials and comply with program standards and reporting requirements established by OES. All invoices submitted by processors to OES must be supported by complete, accurate and timely documentation in accordance with OES requirements. OES reserves the right to visit and inspect processor locations and those of processor generators to ensure ongoing compliance with program requirements.<sup>4</sup>

With respect to program wind up, prior to and after the program termination date, OES will employ additional resources to perform processor audit functions to maintain program integrity throughout the wind up process and to enable OES to expedite the wind up of the program in a reasonable time frame.

OES follow-up work related to documentation and processor incentive claims submissions will be conducted under tighter time frames that apply to normal program operations. Throughout the wind up period, OES will work closely with processors to ensure that any OES additional or expedited verification requirements associated with the program termination are implemented in a manner which is reasonable for both the processors and the OES program.

During program consultation, processors indicated that the initial time frames proposed by OES for the submission of final processor incentive claims reports in relation to program termination were reasonable and workable from their perspectives.

### ***Steward Audits***

OES conducts a number of compliance activities to ensure stewards are complying with their obligations under the WDTA. Compliance activity related to stewards can be subdivided into three general categories:

1. Identification of stewards who are obligated to register under the WDTA but have not done so and notification to those stewards of their obligation;
2. Ensuring registered stewards file required EEE supply reports and pay related fees in relation to those reports; and
3. Verification of the accuracy steward reports filed.

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<sup>4</sup> Note: OES site visit inspections may be undertaken for all processors and related generators prior to their approval to participate in the OES WEEE program.

With respect to identification of unregistered stewards, OES will continue to identify and notify these organizations to report on EEE supplied into the Ontario market throughout the wind up period. As noted in section 1, amendments to OES steward rules will be made to shorten the time frames to report EEE supply to accommodate the wind up of the WEEE program. OES will continue with these functions even after the EEE fee has been reduced to zero. Supply information will be required to monitor program performance and the identification of obligated stewards will identify organizations that will likely be obligated to register under the RRCEA regulatory framework with respect to EEE supply.

OES will continue to follow-up with stewards where they have failed to submit supply reports and pay any related steward fees in accordance with program requirements.

As noted in WUP Section 1, OES is implementing an EEE fee reduction to zero effective for February 1, 2019. All stewards will be required to submit supply reports and pay existing EEE fees for January 2019 by February 28, 2019. Stewards will be permitted to submit adjustments or corrections to these reports until April 30, 2019.

As noted in the operational plan, following program termination on December 31, 2020 stewards will have until January 31, 2021 to submit final supply reports (this applies to all stewards whether they report on a monthly, quarterly, half-year or full-year basis). Stewards will be given until March 15, 2021 to make any final adjustments or corrections to these final supply reports.

In the case of program termination, OES will increase steward communication activities and expedite steward follow-up compliance to ensure OES final financial and program reconciliations can be completed in a reasonable time frame.

With respect to verifying the accuracy of steward reports, OES conducts both risk-based assessments (stewards with a history of non-compliance are audited more frequently) and random steward assessments. This pattern will continue throughout the wind up period with a stronger emphasis on risk-based accuracy verifications following the program termination date on December 31, 2020.

### ***Annual Reports***

During the wind up period OES Annual Reports will be prepared and submitted in accordance with historical practice and existing statutory requirements. The schedule for submission of OES Annual Reports is the following:

2018 Annual Report – Submission to RPRA by April 1, 2019;

2019 Annual Report – Submission to RPRA by April 1, 2020;

2020 Annual Report - Submission to RPRA by April 1, 2021;

2021 Annual Report – Submission to RPRA by April 1, 2022.

### ***Final Financial Audit***

Following the submission of final steward supply reports (and any corrections and adjustments) and the final processing of payments to OES service providers, OES will be in a position to conduct final financial reconciliations related to both 2020 program operations and the full term of the overall WEEE program. These final financial audits are scheduled to be conducted in the spring/summer of 2021 once final stakeholder reports have been received and processed. The final financial audit of the program will be conducted in accordance the audit process currently used for OES Annual Reports.

### **3.4, 3.5 Stakeholder Communications Mechanisms**

A number of OES wind up communication related activities will be common to all stakeholders. These include the following activities along with targeted time frames related to such activities.

April 2019 – Publication of 2018 OES Annual Report (On-line posting)

August 2019 – (or earlier dependent upon RPRA approval process) Notification of Approval of OES Wind Up Plan (Special Email Communications)

July 2020 – Wind Up Notification Reminders (Special Email Communications)

April 2020 – Publication of 2019 OES Annual Report (On-line posting)

November/December 2020 – Wind Up Notification Reminders (Special Email Communications)

April 2021 – Publication of 2020 OES Annual Report (On-line posting)

OES communication mechanisms related to various stakeholder groups and initial timeframes for activities are outlined below.

<b>Table 7: Summary of OES Communications by Stakeholder Group</b>		
<b>Stakeholder</b>	<b>Communication Mechanisms</b>	<b>General Schedule</b>
Stewards	Email Blasts Steward Newsletter Letters Information Sessions (Webinars) Phone Calls Website Posts Web Portal: ontarioelectronicsstewardship.ca Website Notifications/Links: recyclemyelectronics.ca Call Centre access throughout wind up period	<i>November 2018</i> Notification of EEE Fee reduction to zero Webinar sessions - re fee reduction process, continued reporting obligations. <i>February 2019</i> Implementation of EEE fee reduction to zero. <i>February-April 2019</i> Final steward EEE fee payments and adjustments – individual steward follow up as required. <i>July 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval. <i>TBD</i> Notice of timing for termination of OES-remitter- steward agreements. <i>Spring 2020</i> Notification of MTS Availability Information Sessions. <i>July 2020</i> WEEE Wind Up Reminders. <i>October-November 2020</i> WEEE Wind Up Reminders - re final reporting requirements – timing re termination of OES- remitter steward agreements. <i>January-March 2021</i> Reminder of final reporting due dates, follow-up reminders where required. Individual steward follow-up as required. <i>TBD</i> Final program reconciliation notices for WEEE program. Letters to stewards – end of program obligations.

<b>Table 7: Summary of OES Communications by Stakeholder Group</b>		
<b>Stakeholder</b>	<b>Communication Mechanisms</b>	<b>General Schedule</b>
Processors	Email Blasts Letters Phone Calls In person Meetings Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	<i>August 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval. <i>Before January 31, 2020</i> Formal notice of upcoming contract terminations. <i>Spring 2020</i> Notification of MTS Availability Information Sessions. <i>July 2020</i> WEEE Program Termination Reminders. <i>October - December 2020</i> One on One Information Sessions re WEEE termination processes and Timeframes. <i>January – March 2021</i> Reminder of final reporting due dates, follow-up where required – scheduling of final mass balance site visits. <i>Spring 2021 TBD</i> Issuance of final processor payments – termination of OES-processor relationships.
Collectors Generators	Email Blasts Letters Phone Calls Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	<i>August 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval. <i>Before January 31, 2020</i> Formal notice of upcoming contract terminations (where applicable). <i>July 2020</i> WEEE Program Termination Reminders. <i>October-December 2020</i> One on One contact re wind up dates – arrangement for pickup of OES materials (where applicable). <i>January-February 2021</i> Reminder of final reporting due dates, follow-up where required. <i>Spring 2021 TBD</i> Issuance of final collector payments – termination of OES-collector relationships.

<b>Table 7: Summary of OES Communications by Stakeholder Group</b>		
<b>Stakeholder</b>	<b>Communication Mechanisms</b>	<b>General Schedule</b>
Municipalities	Email Blasts Phone Calls Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	<i>August 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval. <i>Before January 31, 2020</i> Formal notice of upcoming contract terminations (where applicable). <i>July 2020</i> WEEE Program Termination Reminders. <i>October-December 2020</i> One on One contact re wind up dates – arrangement for pickup of OES materials (where applicable). <i>January-February 2021</i> Reminder of final reporting due dates, follow-up where required. <i>Spring 2021 TBD</i> Issuance of final collector incentive payments – termination of OES-municipal agreements.
Refurbishers	Email Blasts Phone Calls Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	<i>August 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval <i>Before January 31, 2020</i> Formal notice of upcoming contract terminations (where applicable). <i>July 2020</i> WEEE Program Termination Reminders. <i>October-December 2020</i> One on One contact re wind up dates – arrangement for pickup of OES materials (where applicable). <i>January-February 2021</i> Reminder of final reporting due dates, follow-up where required. <i>Spring 2021 TBD</i> Issuance of final refurbisher reporting payments – termination of OES-refurbisher relationships.
Transporters, Consolidators, Re-packers	Email Blasts Phone Calls Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	<i>August 2019 (or earlier)</i> Notification of WEEE Wind Up Plan Approval. <i>July 2020</i> WEEE Program Termination Reminders. <i>October-December 2020</i> One on One contact re wind up dates – arrangement for pickup of WEEE materials and OES branding materials (if applicable). <i>January-February 2021</i> Issuance of final transporter, consolidator, re-packer payments – termination of OES-relationships with these service providers.

<b>Table 7: Summary of OES Communications by Stakeholder Group</b>		
<b>Stakeholder</b>	<b>Communication Mechanisms</b>	<b>General Schedule</b>
Public	Website Posts Web Portals: ontarioelectronicsstewardship.ca recyclemyelectronics.ca Call Centre access throughout wind up period	As noted in Section 1, OES is proposing to continue promotional and education activities in 2019 consistent with its historical practice. Throughout 2019 and 2020, OES will continue to participate in community and municipal events and programs which support public awareness of WEEE recycling. Messaging in support of WEEE recycling will be adjusted to reflect the impending termination of the OES program and transition to WEEE recycling under the RRCEA framework. Members of the public interested in OES wind up activities will be directed to its website and the wind up web portal for more information on how the program is being wound up (See WUP Section 1: Operational Plan for more details of proposed OES Promotional and Educational activities during wind up.)
OES dedicated Staff	Meetings (monthly or more frequently as required)	Staff administering the WEEE wind up program will be kept informed of all OES communications activities throughout the wind up period.
RPRA	Emails Phone Calls Letters Meetings	Throughout the wind up period RPRA will be provided with key wind up communication materials produced and issued by OES and kept informed regarding OES stakeholder outreach. OES-RPRA liaison will be ongoing throughout the wind up period.

**Stakeholder Feedback**

Throughout the wind up period, stewards, service providers and other interested parties who have questions about the OES wind up process will have the ability to ask questions, raise concerns through a variety of communications mechanisms. These include:

- Phone calls;
- Emails;
- Web portal inquiries;
- Letters;
- In person meetings.

Proposed time frames for OES responses to various stakeholder feedback mechanisms are identified in the Table below.

<b>OES Stakeholder Feedback Mechanisms</b>	
<b>Type of Stakeholder Inquiry</b>	<b>Proposed Response Timeframe</b>
Direct Phone Call	Immediate
Phone Call – Message	24 Hours
Direct Email Inquiry	48 Hours
Web Portal Inquiry	48 Hours
Letter to OES	10 Business Days

## SECTION 4: FINANCIAL FORECAST AND BUDGET

Forecasts of cash inflows and outflows and current account statements are confidential and provided to RPRA.

A summary of overall revenue projections and forecasts for 2019, 2020 and 2021 is provided in Table 8 below.

Table 8: OES Wind Up Financial Forecast 2018 – 2021\*

Revenue:	2018 Actual	2019 Budget	2020 Budget	2021 Budget
EEE Fee Revenue	\$51,309	\$3,327	\$0	
EHF Fee Refund		(\$500)		
Tax Refund	\$60,840			
Interest	\$936	\$545	\$250	
	\$113,084	\$3,372	\$250	\$0
Expenses:				
Processing	\$27,142	\$26,013	\$26,013	
Handling	\$6,103	\$6,231	\$5,795	
Transportation/Storage	\$6,236	\$6,419	\$6,419	
Direct Program Costs:	\$39,481	\$38,663	\$38,227	\$0
Other:				
Promotion and Education	\$2,885	\$2,860	\$1,800	
Administration	\$3,101	\$3,370	\$3,370	
Wind-up Fees	\$150	\$1,700	\$1,700	\$1,520
RPRA Fees	\$1,256	\$1,800	\$2,100	\$750
Indirect Costs:	\$7,392	\$9,730	\$8,970	\$2,270
Total Costs:	\$46,874	\$48,393	\$47,197	\$2,270
Surplus/(Deficit)	\$66,210	(\$45,021)	(\$46,947)	(\$2,270)
Tonnage (metric tonnes)	47,711	45,684	43,857	0
Closing Reserve	\$109,813	\$64,792	\$11,607	\$3,099
Drawdown on Reserve for HST		(\$6,238)	(\$6,238)	\$0
Closing Reserve		\$58,554	\$5,369	\$3,099

\* Updated July 2019

Key assumptions regarding OES financial forecasts for 2019, 2020 and 2021 are provided below:

### ***Projected Revenue Assumptions***

With the implementation of an EEE fee reduction to zero as of February 1, 2019, OES steward fee revenues for 2019 will be limited to January 2019 EEE supplies and related fees. OES has projected January 2019 EEE fee revenues to represent approximately 7% of forecast 2018 levels based on historical EEE supply reports for January 2018.

January EEE fee revenues will be offset by OES EEE fee rebates provided to retailers for EEE fees paid on retailer inventories which have not yet been sold to the public as of February 1, 2019. OES's estimate of the total cost of EEE fee rebates is \$0.5 million.

Following the collection of January 2019 EEE fees from stewards, OES remaining revenue projection for steward fee revenues in budgetary forecasts for 2019 and 2020 is zero.

OES's other source of revenue in 2019 and 2020 is interest accrued on cash reserves. OES may receive more HST refunds, and if so, this will be reflected in the financial statements. With respect to forecasting these amounts, OES is forecasting interest revenue in 2019 that is 30% less than the 2018 forecast. This interest revenue will continue to decline in 2020 as OES's cash reserves are depleted to finance program expenses.

### ***Projected Expense Assumptions***

With respect to direct collection, processing and transportation costs, the key assumptions related to expense forecasting are the following:

- OES Processing costs will decline by approximately 3% in 2019 and again in 2020 due to continued light weighting trends and a similar drop in the tonnage of WEEE collected for recycling. [Note: While the projected tonnage decline included in OES financial forecasts is less than the program tonnage reductions experienced in the last few years, OES anticipates that the tonnage decline due to product light weighting trends is currently slowing.];
- OES handling, transportation and storage costs are forecast to increase by approximately 5% in 2019 and 2020. Although light weighting will decrease direct costs, variable items like fuel surcharges may increase costs. Forecasts for 2019 and 2020 are allowing room for potential cost increases, ensuring that a move to \$0 revenue in February 2019 will be manageable.

OES spending on promotional and educational (P&E) activities in 2019 will be consistent with 2018 expenditures. P&E spending for 2020 is forecast to decline by about a third which reflects the fact that the program will be scaling back these activities

toward the end of the year. There will be an anticipated reduction in OES sponsored events preceding the program termination date;

OES administration expenses are forecast to remain the same in 2019 and 2020 as 2018. Costs specific to wind up activities are forecast to be \$1.7 million in both 2019 and 2020. Wind up cost forecasts include items like additional legal fees, administrative costs, IT costs to prepare MTS for distribution, segregating the OES activities and systems from EPRA, and additional communication and consultation.

Wind up costs in 2021 are forecast at \$1.5 million reflecting the need for OES to perform a number of administrative functions for approximately six to nine months after program termination to complete wind up activities;

OES is projecting that RPRRA related fees will be \$1.8M in 2019, \$2.1M in 2020 and \$0.75M in 2021.

Although the steward fee is reduced to zero effective February 1<sup>st</sup>, 2019, OES is continuing to provide a taxable service to stewards that is funded through the steward earlier contributions. As such, HST is owed on these services. OES can remit these payments on behalf of stewards which are shown as a drawn down on reserve for HST in Table 8 above.

### ***Other Financial Issues***

As noted in Table 8 above, OES began 2019 with cash reserves of \$109.8 million based on CRA refunds received. OES reserves will enable the EEE fee reduction to zero for February 1, 2019 and the continued financing of operations until program termination and beyond. OES cash reserves are not restricted and will remain available to fund operations throughout program wind up. OES is not anticipating any cash shortfalls or need to borrow money during the wind up period.

With respect to proceeds from the sale of capital assets, as noted in WUP Section 1: Operational Plan, OES does not expect assets disbursement to generate significant revenues (projected to be less than \$2000, see WUP Section 5: Assets for more detail).

Legal fees associated with program termination have been included in OES estimates of wind-up fees and program administration costs noted in Table 8. A full discussion of legal issues and related costs is included in WUP Section 11: Legal Considerations.

Total OES wind up costs associated with termination of existing service agreements and contracts, including lease terminations, are included in wind up costs in Table 8 above.

### ***Excess Funds Following Program Termination***

Current budget forecasts and financial estimates suggest that OES will retain approximately \$3.1 million in residual funds following the resolution of all financial obligations after program termination. The exact amount associated with residual funds will be subject to financial fluctuations and contingencies related to a number of financial forecasts.

The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

The RPRA Registrar has confirmed that the transfer of residual funds is consistent with the current Subsections 35 (2) and 33 (5) of the WDTA which enable OES to fund costs associated with operating and winding up the existing WEEE program.

## **SECTION 5: ASSETS**

### **5.1 Cash**

#### **A. Cash and Short-term Investments**

A list of OES bank accounts along with account balances, account numbers, institution, currency and type of account is confidential and provided to RPRA.

#### **B. Short term investments requiring liquidation**

OES does not have any cash or short-term investments in accounts which cannot be easily liquidated.

#### **C. Monies held in trust**

OES does not have any monies held in trust.

OES does hold \$76,500 in processor letters of credit, that under current contractual terms, must be provided back to processors following the termination of processor service agreements assuming required processor contractual requirements have been complied with. OES proposes to return processor letters of credit in the fall of 2020 following the completion of processor final mass balance reports.

### **5.2 Accounts Receivable**

As the Wind Up Plan includes implementation of a steward fee reduction to zero effective for February 1, 2019, OES anticipates that receivables related to collection of steward fees will be resolved in the spring of 2019.

Stewards will be required to submit fee payments for EEE supplied into the Ontario market in January by February 28, 2019 with any adjustments or corrections to previous EEE supply reports required by April 30, 2019. As noted in WUP Section 4, OES is forecasting total steward fees payable in January 2019 to be approximately \$3.3 million. Collectability risk related to this amount is relatively low as typically 98% of Accounts Receivable are current.

While steward fee receivables are uninsured, stewards have a legislative obligation to report EEE supply and pay related fees. OES steward rules also subject stewards that fail to pay required fees before the required deadline to a number of penalties and potential costs described below:

## 8) Penalties, Interest and Back Fees (From OES Steward Rules)

(1) Stewards who fail to pay Steward's Fees with respect to any Data Period before the Deadline Date or to pay the Reconciliation Fees on or before their due date shall pay a penalty equal to 10% of the unpaid Steward's Fees or Reconciliation Fees.

(2) If the amounts reported in a Steward's Report are inaccurate, any deficiency in Steward's Fees paid resulting from such inaccuracies shall be immediately due and payable from the date of the filing of the correcting Steward's Report, and, if not paid within 30 days, the Steward shall pay a penalty equal to 10% of such Steward Fee deficiency.

(3) Interest on the amounts payable under Rules 8(1) and 8(2) shall accrue from the respective Deadline Date or due date for the Reconciliation Fees at the Interest Rate. In addition, a Steward in default shall pay all collection costs, including all proper and reasonable legal fees, incurred by OES, whether or not an action has been commenced. If an audit under Rule 9 reveals that a Steward has under-reported the amount of Steward's Fees due by more than 10% in any Data Period, in addition to any other sums payable, the Steward shall pay the costs of such audit, as reasonably determined by OES.

(4) OES may waive all or part of any penalty, interest or charges otherwise payable under this Rule 8.

Given that final steward corrections or adjustments related to EEE supply which requires fee payments are due by April 30, 2019, OES anticipates that virtually all steward fee payment issues should be resolved by June of 2019.

Other than steward fees payable for January 2019, OES does not anticipate any other revenues associated with accounts receivable during the wind up period.

### 5.3 Prepaid Assets

<b>Table 9: OES Prepaid Assets as of December 31, 2018</b>	
<b>Description of Assets</b>	<b>Estimate as of December 31, 2018</b>
Commercial/General Insurance	\$854
Consolidation/Repack Deposit	\$71,190
Office Rent	\$9,821
Furniture Rental	\$12,200
<b>Total</b>	<b>\$93,866</b>

## 5.4 Capital Assets

### ***Material Tracking System***

As noted in Section 1: Operational Plan, OES main asset is its Material Tracking System (MTS) which is a proprietary software developed by OES to manage the collection, transportation, consolidation and processing of material across the OES allocation and processor incentive programs. The system is coded in Microsoft .net framework 4.0 and runs on Microsoft Server, with a Microsoft SQL Server database.

For OES purposes, the useful life of the MTS system extends to program termination. The system's useful life is limited to the wind up period as system models the current business processes and controls under the current program.

The system is the sole property of Ontario Electronic Stewardship. The system was built, supported and implemented by OES. The OES book value of the MTS system is \$0. The system was fully amortized in 2017. As the system is custom and proprietary to OES business processes, significant modification would likely be required to use MTS for other purposes.

Ministerial wind up direction included a requirement for OES to outline how it would deal with information technology systems to ensure fair and equitable access to all users as an alternative to disposing of these assets for fair market value.

OES WUP proposes to make the MTS available to stewards and potential RRCEA producer responsibility organizations as free software. OES will hold information sessions for interested organizations in the spring of 2020 outlining system operating requirements and capabilities. A clean version of the software, excluding any historic data or company specific information would be made available to interested parties as of July 2020.

The OES Material Tracking System will be packaged into a white label version of the system with all OES data and configuration removed. The system will be bundled into a zip folder containing the application code, a copy of an empty database and sample configuration file for secure file transfer to the authority. Also included in this package will be basic documentation of how to setup the system.

Following program termination, OES proposed to transfer the MTS to RPRA to act as the trustee of the MTS source code (as it exists on the date of transfer from OES) and enable RPRA to continue to make instances of MTS available to users after the wind up of OES.

OES estimates that its costs related to making a version of the MTS available to potential users will be approximately \$250,000. These costs have been included in wind up costs as part of 2019 and 2020 financial forecasts.

### ***Other Capital Assets***

Other OES capital assets include the MTS logistics software, a WEEE container, a refrigerator and leasehold improvements (network and electrical wiring in current space). OES estimates that the book value of other capital assets will be approximately \$375 as of the program termination date December 31, 2020.

OES proposes to auction these capital assets off following program termination. OES estimates that the total proceeds related to this auction audit will be relatively minimal. A list of OES assets along with a preliminary estimate of auction value is provided in Table 10 below. OES branded materials collection materials that cannot be auctioned off will be recycled.

<b>Table 10: OES Capital Assets</b>			
<b>Description</b>	<b>Number of Items</b>	<b>Net Book Value December 31, 2018</b>	<b>Estimated Auction Value December 31 2020</b>
Collection Bin (20 ft)	1	\$1,610	\$375
Refrigerator	1	\$0	\$0
Leasehold Improvement	Wiring	\$8,931	\$0
MTS Software	NA	\$0	NA
<b>Total Auction Value (Estimated)</b>			<b>\$375</b>

## **5.5 Leased Assets**

### ***Collection Materials***

OES rents 40-yard bins, sea containers, wheelie bins and trailers that are located at collection sites across the province. E-waste must be sheltered from the environment to ensure hazardous substances do not leach into the ground and surrounding waters. Bins are also used to protect e-waste from the elements.

All rentals are on a month-to-month basis. Bins can be removed at any point in time, however, if the site has no other means of sheltering collected WEEE materials they are in breach of the collection site agreement and the risk for contaminants entering the ground is significant.

OES will make arrangements to collect and return leased assets to suppliers following program termination. Suppliers will be given advance notice of termination of rental arrangements. OES will also work closely with collection sites that utilize leased OES

assets for WEEE collection so that those locations can plan alternate collection arrangements if they chose to continue collecting WEEE materials under the RRCEA legislative framework. OES anticipates that all leased assets related to collection sites will be returned to suppliers by February 1, 2021.

### ***Other Leased Assets***

OES rents a storage unit in which historical files are retained for tax purposes. Following program termination, the OES liquidator will make whatever arrangements are necessary with respect to these files for OES to comply with records retention requirements for tax purposes. The storage unit operator will be given notice of lease termination in accordance with existing contractual provisions.

OES will also consult with RPRA regarding file contents to determine whether any should be transferred to RPRA as part of OES WEEE program data transfer steps.

OES has leased premises at 5750 Explorer Drive, Suite 302, with obligation until October 31, 2020 in the amount of \$ 8,500 per month. OES intends to negotiate an extension of the lease to enable it to provide program services until December 31, 2020 and take steps following the program termination date to wind up the program. Anticipated lease related amounts have been included in 2020 and 2021 financial forecasts.

## **5.6 Intellectual Property**

### ***OES Material Tracking System***

See Section 5.4 for a description of the proprietary OES MTS software and its proposed method of transfer to RPRA.

### ***Other Intellectual Property***

OES's additional intellectual property includes the domain name for the OES website: ontarioelectronicstewardship.ca and the trademark for the business name Ontario Electronic Stewardship. OES will continue to utilize these trademarks and domain names throughout the wind up period. Following program termination, the legal ownership rights to the OES trademark and website domain name will be transferred to RPRA.

OES also has a dormant website, recycleyourelectronics.ca, which has no content and has not been in use for approximately 3 years. The website ownership will be transferred to RPRA upon OES entity dissolution.

## **5.7 Investments**

OES does not hold any funds in long-term investments. Reserve funds are held in accounts identified in Section 5.1

## **5.8 Internally Restricted Assets**

Not applicable to OES operations or financial forecast.

## **SECTION 6: LIABILITIES**

### **6.1 Accounts Payable and Accrued Liabilities**

#### **A. Current Accounts Payable**

A list of current accounts payable and accrued liabilities is confidential and provided to RPRA. Related costs and financial implications are included in wind up plan budget summaries provided.

#### **B. Future Accounts Payable**

##### ***Collection Incentive Accounts Payable Forecasts***

##### ***Processing Incentive Accounts Payable Forecasts***

##### ***Re-use and Refurbish Reports Accounts Payable***

##### ***Transportation, Re-pack and Consolidation Accounts Payable***

Accounts Payable forecasts are based on prior year trending and adjusted for current year run rates.

#### **C. Key Suppliers**

Termination notification periods for OES processor and collector contracts are described, and proposed OES processes for notification of contract terminations in WUP Section 2: Implementation Plan and Timeline.

Key Suppliers whom OES directly compensates include:

- Collectors;
- Transporters;
- Processors;
- Administrative Service Providers such as IT services; and
- Marketing and Communication Service Providers such as Media Organizations.

All service providers will be given a minimum 90 days of notice, or notice per the contractual arrangement, should the contractual notice exceed 90 days.

### **6.2 Debt**

OES does not carry debt. OES does not anticipate any need to source additional funding over the wind-up period.

## SECTION 7: CUT-OFF DATES

### 7.1 A. Key Wind Up Cut-Off Dates

Table 11: Key OES Wind Up Cut-Off Dates	
Cut-Off Date	Wind Up Plan Measure
December 31, 2020	<ul style="list-style-type: none"> <li>- Program termination date;</li> <li>- Final date for collection of WEEE materials under program;</li> <li>- Final date for submission of MTS BOLs by collectors and generators;</li> </ul>
January 15, 2021	<ul style="list-style-type: none"> <li>- Final date for transportation pick up of WEEE from collector and generator sites;</li> <li>- Final date for submission of re-use and refurbish reports to OES;</li> </ul>
February 1, 2021	<ul style="list-style-type: none"> <li>- Final date for submission of claims for collection incentives to OES from collectors;</li> <li>- Final date for submission of steward supply reports to OES for the period ending December 31, 2020;</li> </ul>
February 15, 2021	<ul style="list-style-type: none"> <li>- Final date for processing of WEEE collected prior to December 31, 2020 and submission of processor incentive claims to OES;</li> </ul>
March 15, 2021	<ul style="list-style-type: none"> <li>- Final date for completion of final processor mass balance reports under WEEE program;</li> <li>- Final date for steward submission of corrections or adjustments to EEE supply reports provided earlier under the program.</li> </ul>

Based on consultation feedback, OES is comfortable that the proposed key cut-off dates can be implemented with minimal disruption to stakeholders.

### B. WEEE Inventory Management and Cut-off Dates

During consultation some service providers raised concerns about the risk of being saddled with stranded inventory at program termination. OES's proposed time lines related to service provider cut-offs and payments ensure that all WEEE material collected by December 31, 2020 will be eligible for a full range of incentives under the program.

Time lines allow processors up to six weeks to process WEEE materials that they have in inventory as of December 31, 2020 and materials collected from generation and collection sites that were collected by December 31, 2020. As most processors currently submit claims for PI incentives within two weeks of receiving WEEE materials, six weeks will allow for the final processing of existing WEEE inventories as of the program termination date.

For a brief transitional period collectors (January 1 to January 15) and processors (January 1 to March 15) will maintain separate inventories of WEEE materials collected before and after the December 31 program termination date.

Under the allocation model, data records in the MTS will provide OES will real time inventory forecasts of WEEE materials as of December 31, 2020. Only those WEEE materials collected by June 30 will be eligible for OES incentives. OES will also increase the frequency of processor mass balance reports shifting to monthly mass balance reports no later than the 4th quarter of 2020. OES will monitor both collection and processing incentive claims volumes closely throughout the wind up period and where necessary implement additional verification processes to ensure that incentive claims are consistent with program requirements.

Some collectors and processors may fail to or choose not to submit incentive claims for WEEE materials collected prior to December 31, 2020. Any WEEE material collected prior to December 31, 2020 for which collection incentive claims have not been submitted to OES by January 31, 2021 or for which processing incentive claims have not been submitted to OES by March 15, 2021 will not be eligible for respective OES program collection or processing incentives.

## **7.2 Revenue**

As noted in WUP Section 1, OES implemented a reduction of steward EEE fees to zero as of February 1, 2019.

## SECTION 8: RESERVES

### 8.1 Reserves

#### A. Reserve Fund Balances

As of December 31, 2018, OES had a total reserve fund balance of \$109.8 million. Table 12: outlines estimates of operating deficits for 2019, 2020 and 2021 and the related impact on OES reserve fund estimates.

<b>Table 12: OES Reserve Fund Estimates 2018 – 2021*</b>	
OES Reserve Fund Balance December 31, 2018	\$109.8 Million
Projected OES Operating (Deficit) 2019	(\$51.3 Million)
OES Projected Reserve Fund Balance December 31, 2019	\$58.6 Million
Projected OES Operating (Deficit) 2020	(\$53.2 Million)
OES Projected Reserve Fund Balance December 31, 2020	\$5.4 Million
Projected OES Operating (Deficit) 2021	\$2.3 Million
Preliminary Estimate of OES Surplus Funds Remaining Post-Program Termination, prior to surplus distribution.	\$3.1 Million

\* Updated July 2019

The OES reserve fund balance for 2018 is calculated by beginning with prior year ending reserve, adding current year operating surplus or deficit and any one-time items like a tax refund, to arrive at the ending year reserve.

Estimates of operating deficits for 2019 and 2020 and the subsequent reduction in OES Reserve Funds are based on assumptions in OES Financial Forecast and Budget described in detail in WUP Section 4: Financial Forecast and Budget.

#### B. Reserve Fund Management Plan

As noted in Section 1: Operational Plan, OES reserve fund balances enable a reduction of steward EEE fees to zero as of February 1, 2019.

OES proposals for financing operations through the reduction of reserve funds is consistent with Ministerial direction related to program wind up. OES also worked with RPPA to consult on and receive support to implement this EEE fee reduction prior to formal approval of the full OES Wind Up Plan in order to minimize any surplus remaining at program wind up.

### **C. Targeting a Nil Balance**

As noted earlier, a Tax Court of Canada ruling in 2018 resulted in an HST tax refund to OES, which increased the OES existing reserve fund balance by \$60.8 million.

With the extension of the program until December 31, 2020, OES is currently budgeting to a residual fund balance of approximately \$3.1 million following program termination and the resolution of outstanding financial obligations. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

### **D. Reserve Fund Risks and Compliance with WDTA**

Given the length of time between the submission of this WUP plan and program termination, forecasts related to reserve fund balances for 2019, 2020 and 2021 are subject to a number of financial contingencies associated with OES operating expenses for these years. Variations in actual WEEE tonnage recycled in relation to current forecasts could create significant cost variations in the OES program.

Actual residual fund balances following program termination in 2021 may vary significantly from the current forecasts. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

The WUP plan strategy to fund program operations from reserve fund balances during program wind up and the transfer of residual funds to RPRA following program termination are both consistent with Ministerial wind up direction and WDTA provisions.

With respect to the EEE fee reduction to zero, the Ministerial direction instructed OES to, where possible, reduce the EEE steward fee in order to minimize any remaining surplus funds including any reserves when the program ceases operations. This use of reserve funds to finance program operations is also consistent with WDTA provisions which limit the use of program reserves to the following purposes:

### ***Purposes of fund (Subsection 35 (2) WDTA)***

(2) The fund [*in this case OES reserve funds*] shall be held in trust by the industry funding organization and shall only be used for the following purposes:

1. To pay the costs of operating the program.
2. To pay the costs of developing and implementing changes to the program.
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.
6. To pay the costs incurred by the Authority in exercising its powers and carrying out its duties as they relate to the industry funding organization.
7. To pay the costs incurred by the Crown in administering this Act and the regulations, as the costs relate to the industry funding organization and the Authority's oversight of it, including costs associated with appeals to the Tribunal of the Authority's orders.

## **8.2 Funds**

### **Fund Restrictions**

OES reserve funds are not subject to any specific restrictions other than the spending parameters for program spending created by the WDTA and related regulations and requirements.

### **Transfer of Residual Funds to RPRA**

The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

## **SECTION 9: DATA**

### **9.1 Security/Privacy**

Through the operation of the WEEE program, OES has accumulated data pertaining to the operation of the program from stewards, service providers, stakeholders and the general public. This data falls into the following categories:

- Steward and service provider contact information;
- Steward put on market data;
- Supplier contact information;
- Supplier banking information;
- Pricing and volume data;
- Tax information;
- Operational information, audit results and open issues

Consumer data collected would only include information gathered to support the validation of WEEE Program material claims by a processor, to investigate and/or respond to a concern, question or statements addressed to OES by a consumer, or as a result of consulting on program planning with a consumer.

Collected information is only used for the administration of the WEEE program and validation of claims. This data contains information that is commercially sensitive and highly confidential. OES exercises extreme care in the management of this data through its operation of the program and through the wind up process.

All authorized OES resources have signed covenant agreement which requires resources to act in a manner which protects all information including that which is commercially sensitive. Contractors and IT service providers sign non-disclosure agreements which similarly protect OES information.

#### ***OES/EPRA Data Segregation***

OES data is protected through a combination of physical system segregation and in-system access controls.

The key OES data solutions (steward, service provider and accounting ledgers) are separate and distinct from EPRA solutions. These separate modules have been configured to limit access to the dedicated OES authorized resources only.

IT administration of OES systems is provided by a third-party IT firm that is contracted to provide IT support and systems development for OES. This third party has signed confidentiality agreements with OES.

Access to local data is protected as OES-dedicated staff and operations are managed from a separate office with separate card key access during wind up.

## **9.2 Data Destruction**

As noted in WUP Section 1: Operational Plan, OES proposes to destroy all historic WEEE recycling data in its possession following transfer of program data to RPRA (see Section 9.4 Data Transfer below).

Following confirmation of receipt of data by RPRA, OES will commence the following process to shut down and destroy systems and cancel IT contracts:

- OES will notify its third-party IT firm and provide a date for the OES systems to be shut down;
- The third party will execute the shutdown of all internal systems and accounts and purge all data;
- For any physical data storage devices, data will be removed according to current department of defense standards and the devices disposed of according to this Wind Up Plan;
- The third party will verify by manual inspection that OES data has been removed and will issue a formal letter attesting to the deletion of OES data;
- For systems hosted by third parties, the third-party IT firm will contact service providers to ensure all accounts are closed and data has been purged from the providers' servers;
- For systems hosted by EPRA, the third-party IT firm will close all OES accounts and purge data from EPRA servers.

For physical files held at the OES office and OES off-site storage location, a similar process will be used. OES will notify its IT firm and provide a date for the OES physical documents to be destroyed:

- The third party will coordinate and oversee the onsite shredding of all remaining physical document;
- The third party will verify by manual inspection that OES data has been destroyed and will issue a formal letter attesting to the destruction of OES data.

### **9.3 Data Retention and Sharing**

#### ***Post Program Data Retention***

Following program termination, OES will take steps to ensure that data retention required to ensure compliance with residual program obligations, any outstanding *Corporations Act* or taxation requirements, will be retained in a manner consistent with those obligations.

Any materials provided to RPRA that have to be retained for a period of time to ensure compliance with residual OES obligations will be clearly marked and identified with retention time frames explicitly identified. If RPRA cannot act as the repository for certain OES data requirements, the OES appointed liquidator will take steps necessary to ensure the retention of such data for the periods required.

#### ***Data Safeguards***

OES employs a secure cloud document management system (Box) which is used to house electronic copies of OES documents. This system ensures that data is encrypted while at rest and while being transferred to/from the system. Throughout the windup this secure system will be used for data transfer with RPRA.

#### ***Public Information***

Throughout the wind up period, OES will continue to publish Annual Reports which include aggregated non-commercially sensitive information about OES stewards, and program recycling volumes.

OES is not proposing to release any additional public information data about WEEE recycling other than the annual data summations included in those reports.

#### ***Confidential Information***

Confidential information submitted to RPRA as part of this WUP submission is provided as appendices to this report with such information clearly marked as confidential for RPRA. This information will not be included for publication as part of the public OES WUP.

OES will consider a steward request for the release of their own OES-held data to a third party of the steward's choice, subject to signing of an appropriate authorization by the steward and the reasonable availability of requested data in the OES steward reporting system.

OES may also provide commercially sensitive and confidential information to RPRA as part of the transfer of historic WEEE recycling data (see 9.4 below). OES will clearly identify any confidential or commercially sensitive data transferred to RPRA as such so that RPRA can take appropriate measures to safeguard such data in accordance with its confidentiality guidelines for such data.

#### **9.4 Data Transfer**

As part of the wind up process, OES will provide historic and current WEEE program data to RPRA. OES and RPRA will work together to develop a formalized Data Transfer Plan. Most of this information will be provided to RPRA in digital format with measures taken to ensure no access by third parties during the transfer process.

Once program data has been transferred to RPRA and all necessary OES post-program termination administrative tasks have been completed, OES will engage a third-party IT firm to destroy remaining data and ensure all such data is cleansed from OES devices before any such devices are auctioned off

Following termination of the EPRA-OES operating agreement, OES-dedicated staff employed by EPRA will not have access to any OES program data.

## **SECTION 10: HUMAN RESOURCES**

### **10.1 Employees**

OES does not have employees. Services are provided by EPRA staff, and the EPRA contract allows for provision of OES to pay severance for any OES supporting staff that are terminated as a result of program wind up or contract cancellation with EPRA. These potential costs are included in wind up budget forecasts.

Additional staff that may be required to handle an influx of administrative activity during wind up have been built into the wind up plan and costs. Additional staff may be required for handling calls, processing claims and compliance activities.

### **10.2 Sub-Contractors**

OES subcontracts administration to EPRA. Reference to the EPRA staffing is in previous section, 10.1

### **10.3 Pension and RRSPs**

Not applicable to OES operations

### **10.4 Communications with Personnel**

OES dedicated staff are informed regularly on program updates regarding regulatory information, news from RPRA, wind up activities and next steps.

## **SECTION 11: LEGAL CONSIDERATIONS**

### **11.1 Litigation**

#### **A. Ongoing Litigation**

There is one case currently under legal guidance. Due to the confidential nature, it is not disclosed here.

#### **B. Legal Wind Up Risks**

OES compliance with contractual terms of all stakeholder agreements should minimize legal risks that may arise during wind up.

#### **C. Mitigation of Legal Risks**

Any legal claims or actions that arise during program wind up will be managed on an ad hoc basis. OES does not anticipate that run-off insurance will be required in relation to managing these risks.

### **11.2 Contracts**

#### **A. OES Contracts**

OES obligations and termination processes for collector and processor contracts are described in WUP Sections 1 and 2: Operational Plan and Implementation Plan and Timelines. These contracts do not generate termination costs given appropriate notice, which can be achieved within the wind up timelines.

Other Contracts: OES has contracts providing administration services, IT services, and marketing services with various providers. All contracts have normal notification terms that are well within the 12-month period of wind up plan and therefore no unusual termination costs are forecasted.

#### **B. Contractual Terminations, Timing and Costs**

OES will provide notice of contractual terminations in relation to all commercial agreements or contracts in a manner that meets or exceeds those contractual provisions. All costs associated with anticipated contractual terminations have been factored into OES budgetary forecasts (WUP SECTION 4) and where applicable have been identified in relation to specific contracts in subsection A above.

### **11.3 Legal Contingency Costs**

Legal contingency costs associated with ongoing litigation and other potential legal issues have been factored into OES estimates of wind up costs included its budgetary forecast.

### **11.4 Environmental Issues**

#### **A. Need for Environmental Review**

WEEE is not considered a hazardous material until it is broken down or processed. As such, collectors and transporters of WEEE do not require environmental approvals from the MECP. Processors who undertake the processing of WEEE must hold valid Environment Certificates of Approvals and are regulated by the MECP. Processors are required to provide financial assurance to the MECP to cover any costs associated with site contamination or clean up.

OES processors operate under the ERS 2013 Standard. The standard outlines the safe handling and operations requirements for processors and is administered by the RQO. Processors are obligated to provide OES with Mass Balance Reports which outline where their outputs are delivered. OES validates that the appropriate volume of material is being shipped to approved downstream processors.

A formal environmental review is not required to be conducted by OES as the MECP has jurisdiction over processor operations.

Environmental insurance is addressed through letters of credit that Processors are required to issue in order to handle the potential of an environmental cleanup. Letters of Credit may be issued to the Ministry of Environment or the OES Program.

### **11.5 Key Contracts**

As noted in the Operation Plan, the OES program is delivered through a service agreement with the EPRA. The OES-EPRA service agreement will be terminated following the completion of OES administrative functions after the program termination date. OES may incur some labour-related costs following termination of the agreement which are described in Section 10 and which have been factored into wind up plan financial forecasts.

## **SECTION 12: TAX**

### **12.1 Harmonized Sales Tax**

OES provides a service to stewards in managing the waste recycling program that the stewards are legally obligated to fund in Ontario. OES collects and remits Harmonized Sales Tax (HST) on fees charged to stewards.

Early in the program, the Canada Revenue Agency (CRA) ruled that Industry Funding Organizations (IFOs), such as OES, were not allowed to claim Input Tax Credits (ITCs) for the HST paid to third parties for services provided in operating the recycling program (such as processors and collectors).

In 2017, Stewardship Ontario and OES filed appeals with the Tax Court of Canada challenging the CRA ruling with respect to the eligibility of ITCs.

In April 2018, the Tax Court of Canada overturned the ruling for Stewardship Ontario. In June 2018, the CRA and Tax Court of Canada consented to allow the SO ruling to apply to OES, meaning ITCs were allowed for the HST which had been paid on services and goods received.

As a result, OES in 2018 and early 2019 received CRA HST refunds in the amount of \$60.8 M. and is permitted to claim ITCs on HST payable on a go forward basis.

As noted in previous WUP sections, the ability of OES to claim ITCs on program expenses in 2018 shifted the OES 2018 budget forecast from a deficit to surplus position.

As noted in the OES Financial Forecast and Budget, OES will continue to remit HST to the CRA on the program services as the OES program continues to fulfill the program obligation on behalf of stewards until wind up.

### **12.2 Employee Source Deductions**

Not applicable to OES financing. OES pays EPRA for services provided. Employee related expenses are managed directly by EPRA and all EPRA employee related costs and related OES financial obligations have been factored into OES estimates related to the operation and termination of the OES-EPRA agreement. These costs are referenced in WUP Sections: 4 Financial Forecast and Budget and 10: Human Resources

## **12.3 Other Tax Considerations**

### **A. Final Tax Return**

The final OES tax return for 2021 will be filed by the liquidator.

### **B. Record Keeping**

CRA related tax records are required to be kept for a period of seven years. OES or its liquidator will contract with a third party to manage and retain all required tax records. After the required seven-year retention period these records will be destroyed.

As part of winding up OES as a corporate entity, the liquidator will be required to file a final tax return and obtain a Clearance Certificate from the CRA before final disbursements of any remaining cash that remains in OES accounts at the point of corporate dissolution.

## **12.4 HST Rulings**

See Section 12.1 above.

## **SECTION 13: MANAGEMENT OF OTHER RISKS**

### **13.1 Public Perception: Potential Wind Up Risks**

#### *Public Awareness of WEEE Recycling*

OES does not anticipate any significant negative consumer impacts associated with program wind up. OES will monitor consumer access to WEEE drop off locations through the wind period to ensure that consumer WEEE returns are convenient and in keeping with historic program performance metrics.

One potential risk associated with the OES wind up plan relates to the reduction of steward EEE fee to zero after February 2019. OES anticipates that consumer EHF fees may also be removed as of February 1, 2019. The change to zero of EHF fees for some consumers may create the impression that WEEE materials are no longer being recycled. This may be particularly true for consumer items where EHF fees are more significant such as those applied to large TVs and monitors.

To ensure that consumer awareness of WEEE recycling is maintained, OES will continue with promotional and education programs throughout the wind up period to support public awareness of WEEE recycling. OES will also conduct polling related to consumer awareness in the summer or fall of 2019 following the elimination of EHF fees to assess whether there has been any reduction in consumer awareness in relation to WEEE recycling (in comparison to historical norms).

#### *Disruption of WEEE Recycling*

As noted throughout the WUP, OES is not proposing any changes to program incentive rates throughout the wind up period. It is also proposing that all WEEE collected as of December 31, 2020 will be eligible for a full range of incentives under the program. As such OES does not anticipate that there will be any disruption to WEEE recycling during the wind up period. In the view of OES, its recommendations to continue with a business as usual approach to managing WEEE recycling should minimize the likelihood of any disruptions to WEEE recycling prior to December 31, 2020.

However, OES will monitor WEEE product flows closely throughout the wind up period to ensure continued program performance is maintained. As noted earlier if OES determines that significant backlogs related to WEEE recycling are emerging it will consider implementation of additional measures to address those backlogs.

## *Transfer of Residual Funds to RPRA Following Program Termination*

With the extension of the program to December 31, 2020, OES is now budgeting to a residual fund balance of approximately \$3.1 million following program termination. The RPRA Registrar has confirmed that OES may transfer residual funds to RPRA to offset RRCEA Registry-related expenses. Accordingly, OES will transfer the residual funds remaining in OES after wind up activities are completed to RPRA.

### **13.2 Conflict of Interest**

#### **A. OES Governance and Operations During Wind Up**

As noted in WUP Section 1: Operation Plan, a new OES Board was appointed in August 2018 to manage the OES program including the development and submission of this WUP. Unlike previous OES boards, the new OES board does not have any members whom are also members of the EPRA Board of Directors.

The new OES Board was appointed in accordance with WDTA regulatory requirements with members appointed by the Retail Council of Canada and Electronic Product Stewardship of Canada. The new OES Board includes members with extensive senior management experience in variety of national corporations, including members with previous OES experience and backgrounds related to corporate product stewardship responsibilities.

OES By-laws obligate members and officers to avoid and declare conflict of interest situations and conduct Board business in accordance with high governance standards (See section 13.3 below for more details on Board conflict of interest guidelines). As noted earlier, OES utilizes EPRA services to administer the WEEE program. It is anticipated that EPRA will likely apply to operate programs on behalf of stewards under the RRCEA framework. The separation of OES and EPRA board memberships during the wind up period will ensure that OES Board wind up activities are directed independently of EPRA Board considerations.

Operationally, OES will engage an independent Wind Up Program Manager to oversee OES dedicated staff who will be segregated from EPRA staff through operations in separate office facilities. OES data-containing applications relating to stewards, service providers and the corresponding accounting ledgers will be segregated and accessed only by the OES dedicated staff. EPRA senior management will not have system or data access and will only be available for guidance as called upon by the OES Board or in general consultation by the OES dedicated staff. Dedicated managers of Finance and Operations will be put in place to manage the OES daily activities and information

and report to the Wind Up Program Manager. In addition, a third-party consultant was engaged to facilitate the wind up consultations and draft the wind up plan for the OES Board.

Following program termination, all OES WEEE recycling data will be destroyed (see WUP Section 9: Data). EPRA staff utilized to deliver the OES program will be prohibited from retaining, communicating or transferring any OES related WEEE recycling data to EPRA or any other parties.

## **B. Legal Advice and Governance Issues**

To prepare for program wind up and ensure that conflict of interest (COI) issues are managed appropriately, OES engaged legal counsel with expertise in governance issues to advise the OES Board throughout the wind up period.

Legal counsel attends all OES Board meetings to address any potential conflict of interest issues that are flagged and to help ensure that Board decisions are made in compliance with conflict of interest by-laws and high corporate governance standards.

Each Board meeting begins with a reminder regarding COI obligations. Any Board member who has questions about whether a personal situation creates a conflict of interest problem or issue for OES operations, has direct access to legal counsel for advice on the matter.

## **C. Third Party Transactions**

As noted above, OES administers the WEEE program through a service agreement with EPRA. See Subsection A above for a description of OES-EPRA arrangements during program wind up.

## **D. Prior Transactions**

Not applicable to OES operations.

## **E. Governance Documentation**

OES Corporate By-law Number 1 General By-Law governing Board and Committee operations and procedures is attached as Schedule B to this WUP Plan. This By-law will be in force during the wind up period.

OES By-Law Number 2: A by-law related to Code of Conduct of OES is attached as Schedule C to this WUP. This By-law will be in force during the wind up period.

### **13.3 Board of Directors**

#### **Conflict of Interest Provisions**

As noted in section 13.2 above, in anticipation of program wind up a new OES Board was appointed in August 2018 to manage the development and administration of the OES WUP.

OES By-Law Number 2, attached as Schedule C, establishes code of conduct provisions that apply to all Board members and officers of the corporation.

By-Law No. 2 defines real, potential and apparent conflict of interest situations for OES Board members and officers of the corporation:

- Real conflict of interest is defined as an indirect personal or business interest (financial or non-pecuniary) that is sufficient to influence the exercise the board member's or officer's duties or responsibilities;
- Potential conflict of interest is defined as an interest which could affect duties or responsibilities but where those duties or responsibilities have not yet been exercised; and,
- Apparent conflict of interest is defined as existing where a reasonable well-informed person could have a reasonable belief that a Board member or officer was in a direct or indirect conflict of interest situation even if there was no conflict of interest in fact.

Under By-Law No. 2, Board members are obligated to conduct themselves to avoid conflict of interest situations. They are obligated to declare any conflict of interest situations and must remove themselves from participation in Board activities where a conflict of interest is deemed to exist. Board members and officers are also prohibited from using confidential or commercial OES information for any purpose other than the conduct of their OES duties. They are also prohibited from releasing such information to third parties.

Board members and officers, upon appointment, must sign declarations indicating that to the best of their knowledge, they or any persons related to them, have no direct or indirect conflict of interest situations related to OES operations. Where a potential conflict does exist with respect to a particular OES contract or transaction, Board members must declare their connection or interest that gives rise to a conflict of interest with respect to OES operations.

Board members and officers agree to abide by OES conflict of interest provisions and agree to disclose any new conflict of interest situations that might arise subsequent to their appointments.

## **Board and Committee Meetings During Wind Up**

OES will provide RPRA with copies of all OES Board and Committee minutes during the wind up period.

**SCHEDULE A: DETAILED OES IMPLEMENTATION PLAN AND TIMELINES**

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
<b>1. Implementation of Steward OES Fee Reduction to Zero on February 1, 2019</b>			
<b>OES Notice to Stewards re Proposed Fee Reduction Via Steward Webinar Session - email blast invitation (November 19, 2018)</b>		<ul style="list-style-type: none"> <li>- November 23, 2018 Webinar updating OES Financials and providing notice of EHF fee reduction to zero for February 1, 2019;</li> <li>- Identification of continuing supply reporting obligation;</li> <li>- Posting of webinar on OES website (consultation update);</li> </ul> <p><b>November 23, 2018</b></p>	Completed
<b>Formal OES notification of EHF fee reduction to zero</b>		<ul style="list-style-type: none"> <li>- Website posting;</li> <li>- Steward email blast;</li> <li>- Identification of key dates for final fee payments to OES along with final dates for any fee adjustment corrections;</li> <li>- OES contact information/process re questions;</li> </ul> <p><b>December 3, 2018</b></p>	Completed
<b>Implementation of Steward Fee Reduction</b>		<ul style="list-style-type: none"> <li>- Update EHF fee rates and references throughout OES website;</li> </ul> <p><b>February 1, 2019</b></p>	Completed
<b>Final Date for Submission of Steward Reports requiring fee payments</b>		<p><b>February 28, 2019</b></p> <ul style="list-style-type: none"> <li>- OES staff follow-up as required.</li> </ul>	Completed
<b>Final date for Stewards to Report any corrections to supply reports and associated fee adjustments.</b>		<p><b>April 30, 2019</b></p> <ul style="list-style-type: none"> <li>- OES staff follow-up as required.</li> </ul>	Completed

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Deadline for submission of inventory adjustment claims from retailers		- February 28, 2019 deadline for submission of claims; - April 30, 2019 deadline for adjustments to claims; - One on one staff follow-up as required	
<b>2. Notice to Stakeholders re RPRA Approval of OES Wind Up Plan</b> <ul style="list-style-type: none"> <li>• General notification of approval of wind up plan;</li> <li>• Confirmation of key WUP dates and deadlines;</li> <li>• Link to copy of full WUP;</li> <li>• Identification of process for contacting OES re information and questions of clarification</li> </ul>			
Stewards		Preparation and release of notification materials: <ul style="list-style-type: none"> <li>- Website update;</li> <li>- Steward Newsletter;</li> <li>- Email Blast;</li> </ul> <b>Target Date: August 31, 2019 or earlier.</b>	
Collectors		Preparation and release of notification materials: <ul style="list-style-type: none"> <li>- Website update;</li> <li>- Email Blast;</li> </ul> <b>Target Date: August 31, 2019 or earlier.</b>	
Transporters		Preparation and release of notification materials: <ul style="list-style-type: none"> <li>- Website update;</li> <li>- Email Blast;</li> </ul> <b>Target Date: August 31, 2019 or earlier.</b>	
Processors		Preparation and release of notification materials: <ul style="list-style-type: none"> <li>- Website update;</li> <li>- Email Blast;</li> </ul> <b>Target Date: August 31, 2019 or earlier.</b>	
Generators		Preparation and release of notification materials: <ul style="list-style-type: none"> <li>- Website update;</li> <li>- Email Blast;</li> </ul> <b>Target Date: August 31, 2019 or earlier.</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Re-use and Refurbishers		Preparation and release of notification materials: - Website update; - Email Blast; <b>Target Date: August 31, 2019 or earlier.</b>	
Municipalities		Preparation and release of notification materials: - Website update; - Email Blast; <b>Target Date: August 31, 2019 or earlier.</b>	
Public		Preparation and release of notification materials: - Website update; <b>Target Date: August 31, 2019 or earlier.</b>	
<b>3. Formal Notification to Service Providers of Contract Terminations</b>			
Stewards-Remitters		<ul style="list-style-type: none"> <li>- Preparation of contract termination notice (email/letter);</li> <li>- Identification of date on which OES service contract will be terminated;</li> <li>- Reference to key submission dates re finalization of contract obligations;</li> <li>- OES contact information/process re questions.</li> </ul> <b>Target Date: January 2020</b>	
Collectors		<ul style="list-style-type: none"> <li>- Preparation of contract termination notice (email/letter);</li> <li>- Identification of date on which OES service contract will be terminated;</li> <li>- Reference to key submission dates re finalization of contract obligations;</li> <li>- OES contact information/process re questions.</li> </ul> <b>Target Date: January 2020</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Municipalities		<ul style="list-style-type: none"> <li>- Preparation of contract termination notice (email/letter);</li> <li>- Identification of date on which OES service contract will be terminated;</li> <li>- Reference to key submission dates re finalization of contract obligations;</li> <li>- OES contact information/process re questions.</li> </ul> <p><b>Target Date: January 2020</b></p>	
Refurbishers		<ul style="list-style-type: none"> <li>- Preparation of contract termination notice (email/letter);</li> <li>- Identification of date on which OES service contract will be terminated;</li> <li>- Reference to key submission dates re finalization of contract obligations;</li> <li>- OES contact information/process re questions.</li> </ul> <p><b>Target Date: January 2020</b></p>	
Processors		<ul style="list-style-type: none"> <li>- Preparation of contract termination notice (email/letter);</li> <li>- Identification of date on which OES service contract will be terminated;</li> <li>- Reference to key submission dates re finalization of contract obligations;</li> <li>- OES contact information/process re questions.</li> </ul> <p><b>Target Date: January 2020</b></p>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
<b>4. Making MTS tracking software available to Program Participants</b>			
Notification to Stewards, Service Providers of OES MTS Information Session		<ul style="list-style-type: none"> <li>- Letter indicating time and date of session to provide briefing on MTS requirements, process for transfer.</li> </ul> <b>Target Date: March 2020</b>	
Conduct MTS Information Session		<ul style="list-style-type: none"> <li>- Development of briefing materials for information session</li> </ul> <b>Target Date: April 2020;</b>	
MTS software available for transfer		<ul style="list-style-type: none"> <li>- Development of internal process, software modifications, instructions, necessary to facilitate transfer</li> </ul> <b>Target Date: July 2020 – software available until December 31, 2020</b>	
Provision of MTS Software to RPRA for potential transfer to WEEE recyclers post-program termination.		<ul style="list-style-type: none"> <li>- After December 31, 2020 MTS software transferred to the RPRA.</li> <li>- Date to be determined in consultation with RPRA.</li> </ul>	
<b>5. Submission and publication of OES 2019 Annual Report</b>			
Draft and Submit Annual Report		<ul style="list-style-type: none"> <li>- Compile data;</li> <li>- Draft Report;</li> <li>- Engage Auditor complete financial statements;</li> <li>- Submit report to RPRA;</li> </ul> <b>By April 1, 2020</b>	
<b>6. Implementation of Process for Finalization of OES Steward Supply Reports</b>			
Notification of Wind Up processes and deadline to Stewards-Remitters		<ul style="list-style-type: none"> <li>- Preparation and release of wind up reminders;</li> <li>- Newsletters;</li> <li>- Email blasts;</li> <li>- Website postings;</li> </ul> <b>July 2020 to December 2020</b>	
Transition of Steward reporting/registration link from recyclemyelectronics.ca to ontariostewardship.ca		<ul style="list-style-type: none"> <li>- January 1, 2021</li> <li>- Implementation of IT adjustments;</li> <li>- Implementation of changes to both websites.</li> </ul>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Follow up one on one contact with Stewards as required		<ul style="list-style-type: none"> <li>- Staff contact any stewards which have not submitted final reports or submitted deficient reports by February 1st deadline;</li> </ul> <b>February 2021</b>	
Additional one-on-one steward follow-up as required		<ul style="list-style-type: none"> <li>- Staff contact stewards to resolve correction or adjustment to reports issues with September 15 steward adjustments to reports;</li> </ul> <b>March-April 2021</b>	
Final OES Steward Supply Report Reconciliations		<ul style="list-style-type: none"> <li>- OES finalizes steward supply reports for 2020 operating period.</li> </ul> <b>March-April 2021</b>	
<b>7. Implementation of process for finalization of collector (including municipalities) incentive payments</b>			
Reminder Notifications of Wind Up Processes and Deadlines to Collectors		<ul style="list-style-type: none"> <li>- Preparation and release of wind up reminders;</li> <li>- Email blasts;</li> <li>- Website postings;</li> <li>- Direct staff contact;</li> </ul> <b>July 2020 to December 2020</b>	
Arrangement of final collector WEEE pickups		<ul style="list-style-type: none"> <li>- Staff arrangement of final collector pickups;</li> </ul> <b>By January 15, 2021</b>	
One on one follow-up with collectors as required		<ul style="list-style-type: none"> <li>- Staff contact any collectors to resolve any issues with claims submissions due by January 31, 2021;</li> </ul> <b>February 2021</b>	
Processing of final collection incentive payments to collectors		<ul style="list-style-type: none"> <li>- Processing of final collector incentive payments;</li> </ul> <b>February-March 2021</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
<b>8. Implementation of process for finalization of processor incentive payments</b>			
Reminder Notification of Wind Up Processes and Deadlines to Processors		<ul style="list-style-type: none"> <li>- Preparation and release of wind up reminders;</li> <li>- Email blasts;</li> <li>- Website postings;</li> <li>- Direct staff contact;</li> </ul> <b>July 2020 to December 2020</b>	
One on one work with processors re additional audit/verification requirements re wind up requirements		<ul style="list-style-type: none"> <li>- OES Identification of additional verification requirements/ revised time frames for documentation, etc.;</li> <li>- Additional site visits as required;</li> </ul> <b>November 2020 – January 2021</b>	
One on one follow up with processors as required		<ul style="list-style-type: none"> <li>- Follow up with processors re final incentive claims submissions due February;</li> </ul> <b>February – March 2021</b>	
Final Processor Site Visits – Completion of Mass Balance Reports		<ul style="list-style-type: none"> <li>- Final staff processor site visits and completion of mass balance reports – final adjustments to incentive claims volumes;</li> </ul> <b>March 2021</b>	
Processing of Final OES Processor Incentive Payments		<ul style="list-style-type: none"> <li>- Processing of final processor incentive payments;</li> </ul> <b>April/May 2021</b>	
<b>9. Finalization of OES Transporter, Re-Packer and Consolidator Arrangements</b>			
Reminder Notification of Wind Up Processes and Deadlines to Processors		<ul style="list-style-type: none"> <li>- Preparation and release of wind up reminders;</li> <li>- Email blasts;</li> <li>- Website postings;</li> <li>- Direct staff contact;</li> </ul> <b>July 2020 to December 2020</b>	
Final Purchase Orders for Services		<ul style="list-style-type: none"> <li>- Staff processing of final purchase orders for services;</li> </ul> <b>January 2021</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Processing of payments for final purchase orders		- Processing of payment for final purchase orders; <b>February 2021</b>	
<b>10. Implementation of process for Finalization of Re-use and Refurbisher Reports</b>			
Reminder Notification of Wind Up Processes and Deadlines to Processors		- Preparation and release of wind up reminders; - Email blasts; - Website postings; - Direct staff contact; <b>July 2020 to December 2020</b>	
One on one follow up with Refurbishers		- Staff follow-up with refurbishers as required re submission of final reuse and refurbish reports (due by January 15, 2021); <b>January-February 2021</b>	
Processing of final OES payments for reuse and refurbish reports		- Staff processing of final payments for last reuse and refurbish reports <b>February – March 2021</b>	
<b>11. Collection of OES Branded Materials Used by Collectors or Processors (Note to be completed in conjunction with WUP Tasks 6 – 10 above as applicable).</b>			
Reminder Notifications of Wind Up Processes and Deadlines to Collectors		- Direct staff contact with collectors re inventories of OES materials <b>November-December 2020</b>	
Arrangement of collection of OES branded materials from collectors in conjunction with final WEEE pickups		- Staff arrangement of final material pickups; <b>December 2020-January 2021</b>	
Arrangement of collection of OES branded materials form processors		- Staff arrangement of final material pickups; <b>February-March 2021</b>	
Auctioning off of any OES branded materials with value		- Materials to be auctioned off in conjunction with dispersal of other remaining OES assets (possibly by OES appointed liquidator (see below)); <b>March-April 2021</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
Arrangement for recycling of OES branded materials with no material value		- Staff arrangement of branded materials recycling; <b>February-March 2021</b>	
<b>12. Final Program Financial Reconciliation</b>			
Program reconciliation for January – December 2020		TBD –	
Processing of Payments to Stewards if applicable		TBD –	
<b>13. Finalization Arrangements re OES DATA</b>			
Final WEEE Data Transfers from OES to RPRA		- Consultation with RPRA; - Transfer of any remaining program data to RPRA; - Arrangements any additional information to be transferred to RPRA following appointment of liquidator;	
Destruction of WEEE program data		- Once all OES data requirements met, including those necessary for completion of 2020 Annual Report, implementation of arrangements to destroy remaining data. <b>TBD</b>	
<b>14. Appointment of OES Liquidator</b>			
Consultation with RPRA		OES Board consults with RPRA re appointment of liquidator <b>Fall 2020</b>	
Selection of Liquidator		OES Board selection of liquidator subject to RPRA approval; Assignment of liquidator functions; <b>April-May 2021</b>	
Resignation of OES Board		Board resignation and transfer of duties to liquidator <b>Spring-Summer 2021</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
<b>15. Termination of OES-EPRA Service Agreement</b>			
Termination of OES consumer functions on EPRA recyclemyelectronics.ca website		- January 1, 2021; - preparation and implementation of necessary IT and website changes; - links to OES ontarioelectronicstewardship.ca website	
Final arrangements for termination of OES-EPRA service agreement		<b>Spring 2021</b>	
Shut down of OES Website		<b>Spring 2021</b> Transition of domain name and trademarks to RPRA - preparation of necessary legal documents; - preparation and implementation of necessary IT changes.	
<b>16. Submission of Wind Up Report to Minister</b>			
Draft and submit wind up report as required by WDTA section 14		TBD – Target Date October 2021	
<b>17. Dissolution of OES as Corporation</b>			
Notices under Corporations Act as Required		Filed by liquidator TBD	
Arrangement for required record keeping		Made by liquidator	
Corporate Dissolution		Final paperwork submitted by liquidator <b>TBD</b>	

Wind Up Task	Personnel Responsible (ADD NAMES THROUGHOUT)	Key Tasks/Dates	Status Update
<b>18. Submission and Publication of OES 2020 Annual Report</b>			
Draft and Submit Annual Report		<ul style="list-style-type: none"> <li>- Compile data;</li> <li>- Draft Report;</li> <li>- Engage Auditor to complete financial statements;</li> <li>- Submit report to RPRA;</li> </ul> <b>By April 1, 2021</b>	
<b>19. Submission and Publication of OES 2021 Annual Report</b>			
		<ul style="list-style-type: none"> <li>- Compile data;</li> <li>- Draft Report;</li> <li>- Engage Auditor to complete financial statements;</li> <li>- Submit report to RPRA;</li> </ul> <b>By April 1, 2022</b>	



# **OES Wind-Up Plan Consultation Report**

**June 19, 2019**

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## Introduction and context

In February 2018, the then Minister of the Environment and Climate Change directed the wind up of the Waste Electrical and Electronic Equipment (WEEE) Program on June 30, 2020. The program is operated by Ontario Electronic Stewardship (OES), which manages electronics recycling in the province on behalf of the electronics industry. The wind up of the program will enable the transition of WEEE to individual producer responsibility.

The Minister directed OES to submit a wind-up plan to the Authority for approval by December 31, 2018. OES consulted on the development of its plan in the fall of 2018 before submitting the plan on December 21, 2018. As part of its approval process, the Authority consulted on the proposed plan from March – April 2019. This report details the Authority's consultation process and the feedback received.

Questions about this report can be emailed to [consultations@rpra.ca](mailto:consultations@rpra.ca).

## About the Authority

The Authority is a regulatory body created by the Ontario Government to enforce the requirements of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WTDA).

The RRCEA establishes a new resource management system where producers are individually responsible for their products and packaging at end-of-life by recovering resources and reducing waste. The Ontario Government designates products and packaging for individual producer responsibility. Producers responsible for designated products and packaging must register with the Authority and report on their progress towards meeting mandatory collection and reuse targets. The RRCEA gives the Authority enforcement powers to ensure producer compliance.

The WTDA allows for the continuation of existing waste diversion programs and sets out requirements to wind up those programs as directed by the Minister of the Environment, Conservation and Parks.

## Principles for public consultation

The Authority's consultations are guided by the following best practice principles developed by the Organization for Economic Cooperation and Development:

***Inclusiveness and openness:*** *Engage broadly with a wide variety of stakeholders, provide clear and understandable information, and make the consultation process accessible, comprehensible and responsive.*

***Timeliness:*** *Engage stakeholders early before decisions are made and provide regular opportunities for engagement on key program and policy matters.*

**Accessible and cost effective:** Consider a variety of tools and methods to gather feedback that promote efficient and cost-effective consultations.

**Balance:** Provide opportunities for diverse perspectives and opinions to be heard and considered.

**Transparent:** Record feedback, report back a summary to stakeholders, and synthesize feedback into programs and policies as appropriate.

**Evaluation:** Demonstrate the impact of public consultations on program delivery and policy development.

## Consultation process

Consultation on [OES's Wind-Up Plan](#) began on March 7, 2019. The Authority emailed its general mailing list on March 7 and reminder emails were sent throughout the consultation period. Authority staff worked closely with OES staff to inform OES program participants. A [dedicated web page](#) was created on the Authority's website with background information on the consultation, how to register for a session, and presentation materials and recordings. Stakeholders were invited to submit feedback on the plan via email, online survey or by attending a session. Below is a table that shows the Authority's consultation sessions and the number of participants:

Location	Date	Participants
Webinar	March 21	139
London	March 22	6
Ottawa	April 3	13
North Bay	April 4	8
Toronto	April 9	38
Webinar	April 10	126
		<b>Total: 330</b>

On April 2, the Authority [received a new request](#) from the Minister of the Environment, Conservation and Parks. OES was anticipating a significant surplus in the WEEE Program following wind up, and the Minister requested that the Authority consult on options for the use of these surplus funds. The request indicated that the options should directly benefit Ontario consumers and the Authority was to report back to the Minister by April 30 on the results of the surplus funds consultation.

The Authority amended its consultation process to include a discussion on surplus funds. Stakeholders were notified of this development and invited to attend the Toronto session or register for the April 10 webinar to review and provide comment on the surplus options. The deadline to submit feedback on the Wind-Up Plan was extended from April 18 to April 25.

## What we heard

The Authority received 12 submissions via email, 22 responses to an online survey (see [Appendix A](#) for the survey questions), and several comments were recorded during the in-person sessions and webinars.

Feedback received is summarized below and categorized by the following themes:

- Conflict of interest
- Use of surplus funds
- Availability of the Material Tracking System (MTS)
- Audit proposal
- Proposals specific to stewards
- Proposals specific to service providers (processors, generators, collectors, etc.)
- Promotion and education
- Data migration
- Other feedback and general comments

For a list of question and answers received, see [Appendix B](#).

For feedback from the online survey, see [Appendix C](#).

### Conflict of interest

Participants expressed concerns with the Electronic Products Recycling Association's (EPRA), perceived advantage in the new world of individual producer responsibility. OES administers the WEEE Program through a service agreement with EPRA and EPRA has indicated its desire to become a producer responsibility organization. Concerns were raised about:

- There not being enough separation between EPRA and OES staff.
- OES's continued use of EPRA's Recycle My Electronics branding to promote consumer awareness of electronics recycling.
- EPRA's direct relationship with and access to steward information from the current program that may make it easier for EPRA to establish itself as a producer responsibility organization (PRO) in the new world.

Some participants felt that the Authority should continue its oversight of OES to ensure the steps OES and EPRA have taken to avoid the perception of or actual conflict of interest are followed.

### Use of surplus funds

The Authority presented three options for the use of OES's surplus funds that would directly benefit Ontario consumers:

1. Modify the current elimination of consumer Electronic Handling Fee (EHF) at point of sale to provide a consumer rebate.

2. Extend the current fee elimination period by extending the wind-up date.
3. Credit consumers at point-of-waste or product return.

Option 2 was the preferred option among all stakeholders. Options 1 and 3 were strongly opposed by stewards, retailers and municipalities because it would be burdensome to implement. Participants favoured Option 2 because it:

- Is the simplest and lowest cost option to implement.
- Has the lowest risk and burden on businesses and municipalities.
- Gives consumers more time to benefit from not paying the EHF.
- Gives program participants and municipalities more time to prepare for transition to individual producer responsibility.

### **Availability of the Material Tracking System (MTS)**

Participants were split on whether they would use or find value in a clean version of MTS, which OES proposed to make available for free before program wind up. Many respondents felt that despite a free, clean version of the system being offered, there would be significant costs to develop MTS for new regulatory requirements. Respondents felt that these development costs may be a barrier for the entry of new PROs into the marketplace. The example of the high cost to customize Ontario Tire Stewardship's TreadMarks system after it was made available for free was noted several times.

### **Audit proposal**

Majority of respondents supported OES's proposal to increase the number of audits conducted before wind up. Some respondents expressed concern with what EPRA would do with data from the increased audits.

### **Proposals relating to stewards**

Majority of respondents expressed no concerns with the proposals relating to stewards, including the proposed reporting requirements.

### **Proposals relating to service providers**

Majority of respondents were concerned with the proposed July 10, 2020 deadline for the pick up of materials received by June 30, 2020. Respondents noted that the program would end a day before a holiday and that many people will be on vacation. Some respondents noted that it can take more than a week to receive a bill of lading. Majority of respondents felt that more time was needed to get WEEE picked up after June 30, 2020.

Comments were also raised about the Processor Incentive Program (PIP). Some respondents felt that if there is no adjustment in the processor incentive rates, it will be extremely difficult for processors to operate until the program winds up. Other respondents felt that OES was not clear in how it was addressing the PIP.

### **Promotion and education**

Comments related to promotion and education were mostly centred around OES's continued use of EPRA's Recycle My Electronics branding. However, some respondents felt that the

promotion and education efforts proposed by OES support competition and maintain and improve program performance. Some municipalities noted that they do not see much of EPRA's marketing efforts (some noted that marketing is more prominent in the Greater Toronto Area). There were comments indicating promotion and education efforts should focus on letting consumers know that a program still exists to recycle electronics, and that the environmental handling fee (EHF) for electronics was reduced to \$0 on February 1, 2019.

### **Data migration**

Some stakeholders raised concerns about the migration of OES data to the Authority and how that data will be secured. It was noted that company sales data is private except in aggregate form, and stakeholders wanted assurances that data will be safeguarded. They called on the Authority to disclose its standards to secure and manage this data.

### **Other feedback and general comments**

Some common questions or comments that emerged during consultation include:

- Who will become a PRO for electronics?
- How will producers meet their WEEE targets?
- Will there be accessibility requirements for WEEE collection?
- Will reuse and refurbishment continue?
- Municipalities were concerned about service disruptions and whether they would still need to collect WEEE. It was noted that the challenge with WEEE is that most people will go to their municipality. Municipalities wanted more information to ensure a smooth transition.
- There is no plan to address processor capacity issues and the Authority should request this from OES.

In some cases, the Authority could not address the comment or question because the new WEEE regulation was not posted for feedback. The Authority committed to informing stakeholders of the release of the regulation and how to provide feedback.

# Consultation evaluation

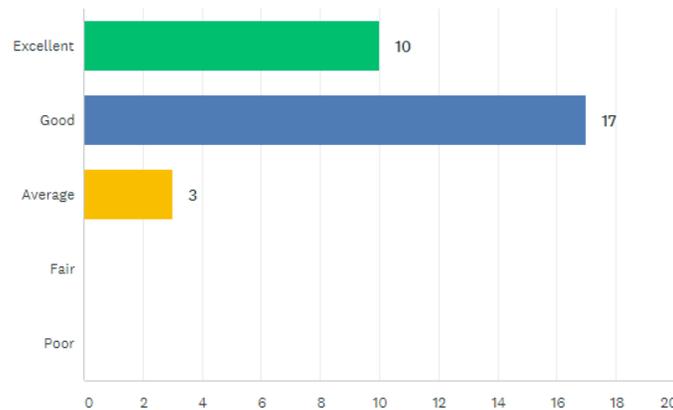
All consultation participants were emailed a survey asking them to provide feedback on the Authority's consultation. The following questions were asked:

1. Which session did you attend?
2. Overall, how would you rate the session?
3. How would you rate the presentation slides?
4. How would you rate the information provided by the presenter?
5. How would you rate the question and answer portions of the session?
6. Was the information you reviewed before the session (e.g. website) helpful?
7. How can we improve future consultations?

30 participants completed the survey and majority of respondents found the sessions good or excellent:

Overall, how would you rate the session?

Answered: 30 Skipped: 0



Majority of respondents rated the presentation slides, the information presented, and the question and answer portion as good or excellent. Majority of respondents also found the information they reviewed beforehand as good or excellent.

To improve future consultations, respondents suggested beginning each in-person session with an introduction of participants, and to continue offering in-person sessions to provide information.

## Appendix A: Online survey questions

**Q1. Please provide the following information. This information will not be shared publicly.**

Name / Organization / Email Address

**Q2: Does the Conflict of Interest Mitigation Plan support competition and prevent conflict of interest?**

Yes / No / Additional feedback

**Q3: Do you support the plan's budget and EHF proposal?**

Yes / No / Additional feedback

**Q4: Which of the options for the surplus would be most cost and resource efficient? [Select one]**

- Option 1: Modify the current elimination of consumer Electronic Handling Fee to provide a consumer rebate
- Option 2: Extend the current fee elimination period by extending the wind-up date
- Option 3: Credit consumers at point-of-waste or product return
- Additional feedback

**Q5: Would any of the options for the surplus have a negative impact on competition in the WEEE marketplace?**

Yes / No / If you answered yes, please explain

**Q6: Would any of the options for the surplus have a potential negative impact on the program?**

Yes / No / If you answered yes, please explain

**Q7: Would you use a clean version of the Materials Tracking System (MTS)?**

Yes / No / Additional feedback

**Q8: Do you support the audit proposal?**

Yes / No / Additional feedback

**Q9: For stewards: Does the proposed reporting schedule and process align with your business operations?**

Yes / No / N/A (I am not a steward) / Additional feedback

**Q10: For service providers: Do the proposed operational deadlines work when thinking about your business processes?**

Yes / No / N/A (I am not a service provider) / Additional feedback

**Q11: Do the proposed promotion and education activities support competition following wind up?**

Yes / No / Additional feedback

**Q12: Do the proposed promotion and education activities maintain and improve program performance?**

Yes / No / Additional feedback

**Q13: Do you feel that the plan included enough information for you to prepare for the wind up of the program?**

Yes / No / Additional feedback

**Q14: From your perspective, does the plan meet the requirements of the Minister's direction?**

Yes / No / Additional feedback

**Q15: Provide any other feedback on OES's draft Wind-Up Plan. [Comment box]**

## Appendix B: Questions and answers

Below are the comments and questions received during the webinars and in-person sessions, and the Authority’s response. The questions were edited for clarity and are organized into the following topics:

- [Audit proposal](#)
- [Availability of the Material Tracking System \(MTS\)](#)
- [Conflict of interest](#)
- [Data migration](#)
- [Promotion and education \(P&E\)](#)
- [Proposals specific to service providers \(processors, generators, collectors, etc.\)](#)
- [Proposals specific to stewards](#)
- [Use of surplus funds](#)
  - [Use of surplus funds- Option 1](#)
  - [Use of surplus funds- Option 2](#)
  - [Use of surplus funds- Option 3](#)
- [Other feedback and general comments](#)

### Audit proposal

Question or Comment	Answer
We question the increase in audits and frequency of mass balance in the last six months of the program. A monthly mass balance is achievable; however, it is excessive, burdensome and costly. Perhaps the processing community should be reimbursed for the additional work involved.	Thank you for your comment. We will consider this feedback as we approve the plan.
We support the audit proposal if it doesn’t disrupt and slow down operations.	Thank you for your comment.
Can you explain the “additional compliance activities?” Is this specific to wind up? If so, are you compressing the audit timeline?	The additional compliance activities are in consideration of wind up (e.g. more pre-checking of both paperwork and more site visits). We are not compressing timelines, just moving them forward.

### Availability of the Material Tracking System (MTS)

Question or Comment	Answer
I think the use of MTS is valuable. Not sure how we will use it, but it’s a nice gesture.	Thank you for your comment.
What would MTS be used for?	MTS is a tool that has logistics and claims functionality. OES would provide a clean version

	of the software for use by any interested stakeholders.
Could MTS be used for other waste streams (e.g. textiles)?	MTS was designed for electronics, but it could be modified with investments from interested stakeholders.
Problem I heard from tires was you would need to heavily customize their version of MTS to make it useful.	Thank you for your comment.
Interested to know if there have been any exercises to see the costs of spitting out a clean system (MTS) / scope of work? I think it would be helpful for the PROs to know the costs behind the scrubbing of the system, etc. and what the costs may be to run it in the new world.	Thank you for your comment. We will consider this feedback as we approve the plan.
Collectors/municipalities have never been asked if we liked the current OTS system. Municipalities tend to work on a very different type of (data) system. You should consider speaking directly with municipalities about this.	Thank you for your comment. This consultation is one of the ways we're engaging with stakeholders as we consider approving OES's plan.
It is unclear at this time if we would use MTS, but a clean version should be made available to all stakeholders.	Thank you for your comment.
If the Region were to continue operations as a collector in the new regime and work with one or more producer responsibility organizations (PROs), then MTS would be an efficient way to document transactions and provide reporting opportunities.	Thank you for your comment.
There is lots stacked against the new PROs. TreadMarks was not designed for the new world and there were significant costs to modify it.	Thank you for your comment. We will note this in the feedback.
TreadMarks is good, but it became a cost liability to re-brand, re-configure. This has stilted competition because cost is a barrier.	Thank you for your comment. We will note this in the feedback.
TreadMarks changed so much that the original version became useless.	Thank you for your comment.

**Conflict of interest**

Question or Comment	Answer
Does EPRA do all downstream auditing? This area was not part of the conflict of interest mitigation plan. Who will do this?	The Recycler Qualification Office (RQO), operating under EPRA organization, audits processors to ensure compliance with ERS2010. These audits include paper reviews of some downstream processing.

<p>Does allowing the Retail Council of Canada and Electronics Product Stewardship Canada to continue to appoint members to the OES and EPRA board of directors not present a real, apparent, or potential conflict of interest?</p>	<p>Any conflict of interest activities we looked at apply only to OES. The Minister's direction was to ensure that there are no real, potential or apparent conflicts of interest when developing and implementing OES's wind-up plan. We brought in a governance expert to help us look at the governance structure of OES and EPRA. In the opinion of that expert, there was potential for conflict of interest with EPRA's observer status on OES's Board. As a result, a new Board was implemented. All new members assured that they had no cross-membership with EPRA's Board. Observers from EPRA's Board are no longer be allowed at OES Board meetings.</p>
<p>Based on what is written in the wind-up plan and what has happened, it appears that OES is complying with their conflict of interest mitigation plan.</p>	<p>Thank you for your comment.</p>
<p>RPRA should acknowledge that while there has been significant changes and separation at the board level, at an operational level, there still appears to be much overlap in staff between OES and EPRA. These conflicts need to be identified and addressed through active management by RPRA.</p>	<p>Thank you for your comment. We are monitoring OES's adherence to the Conflict of Interest Mitigation Plan closely and are continuously looking for ways to strengthen that plan.</p>
<p>We believe that EPRA has an unfair advantage over other service providers, leading into the new program.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>If the new board of directors includes all new members without any cross-membership linkages to EPRA, as well as a new third-party program manager, a conflict of interest does not appear to exist. RPRA will have to demonstrate that they have verified that no cross membership exists. We do not believe that OES's proposal creates a preferential treatment scenario nor creates barriers to competition between stewards.</p>	<p>Thank you for your comment. RPRA will continue to ensure that no cross-membership exists on OES's Board.</p>
<p>There is concern about the branded EPRA collection website <a href="http://Recyclemyelectronics.ca">Recyclemyelectronics.ca</a>. If this has been considered the main portal for providing collection information, it could give EPRA an unfair advantage post transition. As keepers of the registrations for all programs, RPRA</p>	<p>Thank you for your comment. We are monitoring OES's adherence to the Conflict of Interest Mitigation Plan closely and are continuously looking for ways to strengthen that plan.</p>

should operate a “one stop” portal for all programs.	
<p>EPRA has access to information and historical data from the existing program, that other PROs will not have access to. They also have direct relationships with all the stewards because of the requirements of the existing program. These relationships make it more convenient for EPRA, than other service providers, to have discussions with stewards about being a PRO for them under the new program. Destroying existing data doesn't eliminate the EPRA's current knowledge and established relationships. We believe that there is a conflict of interest where OES intends to utilize the EPRA recyclemyelectronics.ca website as a platform to promote consumer awareness. This could be confusing to anyone who doesn't have a complete understanding of all the players in the industry. It might appear that EPRA has simply replaced the OES after the wind up.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>If EPRA can continue with Recycle My Electronics brand, they will receive a huge advantage as a PRO. The brand should be eliminated following the wind up.</p>	<p>Thank you for your comment. We will consider this feedback as approve the plan.</p>
<p>Who was the governance expert RPRA engaged to help develop the conflict of interest plan? What were their credentials? Would the Ontario government not have this expertise?</p>	<p>RPRA retained Transform Management Consulting to develop the conflict of interest plan.</p>

**Data migration**

Question or Comment	Answer
<p>What existing data from OES will be transferred? Aggregated data only? What are the specific protections for the data?</p>	<p>As part of the wind-up process, OES will provide historic and current WEEE Program data to RPRA. Once the data has been transferred to RPRA, OES will engage a third-party IT firm to destroy the data. Any data that is transferred to the Authority will be stored in a secure fashion. Additionally, the Authority has adopted an Access and Privacy Code, available on its website, that outlines how the Authority will protect privacy while balancing public access to information.</p>

<p>We are concerned about the data migration from OES to RPRA and how the data will be secured.</p> <p>Company sales data is private except in aggregate. We require assurances that it will be safeguarded with a high level of security. RPRA has not disclosed what standards will be put in place to secure and manage this data appropriately. Manufacturers' data cannot be made public under any circumstances as it could be used as competitive intelligence with damaging results. If the intent is to use three years worth of data in order to create targets, no more than three years of data should be transferred from OES to RPRA to further protect manufacturers private information. That data set should be limited to obligated products only rather than all products.</p> <p>If sales data is used in audits, disputes or enforcement orders, it should be protected and never made public.</p>	<p>As part of the wind-up process, OES will provide historic and current WEEE Program data to RPRA. Once the data has been transferred to RPRA, OES will engage a third-party IT firm to destroy the data. Any data that is transferred to the Authority will be stored in a secure fashion. Additionally, the Authority has adopted an Access and Privacy Code, available on its website, that outlines how the Authority will protect privacy while balancing public access to information.</p>
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### Promotion and education (P&E)

Question or Comment	Answer
Can municipalities go to OES for funding for promotion and education?	Municipalities would need to check with OES on that.
How is EPRA spending \$2-3 million dollars on promotion and education? We don't see much advertising in smaller municipalities.	You can contact EPRA for more information on their advertising efforts.
Who will advertise in the new world? Consumers may be confused about the changes.	At this time, we can only draw on the example of tires. Producers or producer responsibility organizations (PROs) are responsible for P&E.
There should be a central source for recycling information. This is a huge gap for consumers.	Thank you for your comment.
Were people broadly notified of the EHF elimination? The average person is not aware.	No, the public was not notified of the EHF fee reduction to \$0. OES only notified all stewards in December 2018 of the need to remove the EHF effective February 1, 2019.
Is RPRA doing any P&E? Or screening of P&E?	Currently, we have no plans to engage in P&E activities. As our mandate increases, this may change. We do not screen other organizations' P&E.

<p>Tires and electronics are very different. Electronics and hazardous household waste are very similar. You need to trigger people to recycle electronics and hazardous household waste. You also need to educate retailers about their responsibilities. RPRA should be doing this.</p>	<p>Thank you for your comment.</p>
<p>Most residents receive e-waste recycling updates via municipalities, meaning if the Recycle My Electronics brand discontinues, it shouldn't affect how people are receiving the important information.</p>	<p>Thank you for your comment.</p>
<p>The requirements of the Minister's direction on the wind-up plan states that "spending should be limited to program expenditures necessary to maintain or exceed current program performance for both collection and processing until the WEEE Program ceases operation". Page 25 of the wind-up plan states that promotional and education campaigns "will be assessed on a case-by-case basis to determine whether the benefits are still applicable in light of the pending program termination". The wind-up plan highlights improved consumer awareness of the WEEE recycling program in 2018 over the year prior. It is possible that reduced promotion and education campaigns will decrease consumer awareness of WEEE recycling in Ontario.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>Consumers should be properly educated to understand how and where to access recycling for WEEE materials. It should also be made clear to consumers that they will not be charged an EHF, and if they are, how to remedy these charges.</p> <p>Municipal governments should also have easy access to any communications material, studies, reports and market information when the existing program ceases to operate.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>Municipal governments support programs that continue to ensure Ontarians understand they can recycle</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>

<p>these materials. It is recommended that these programs also ensure consumers understand that they should not be charged environmental handling fees and be provided direction on remedies if they are charged these fees. This would be a far better use of surplus funds than consumer awareness polling that seems, in our opinion, to be aimed at legitimizing the use of visible environmental handling fees (e.g. Page 66 of the Wind-up Plan).</p>	
<p>We would also request that municipal governments have access to any communication materials, studies, reports and market information when the program ceases to operate.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>Competition is largely dependent upon the details of the WEEE regulation, and no longer on the OES wind-up plan. It is difficult to say without knowing the details of the regulation whether competition will be supported following the OES wind up. From a collector perspective, OES's proposal maintains program performance. Improvements on program performance are seen primarily in the areas of other service providers such as processors (i.e. OES proposing to conduct additional onsite processor visits to validate inputs and outputs related to processor reports).</p>	<p>Thank you for your comment.</p>
<p>Now people go to epra.ca for recycling information. When will this stop?</p>	<p>OES uses the EPRA owned recyclemyelectronics.ca website for providing information on WEEE recycling in Ontario and proposes to do so until the wind-up date. After that, the recyclemyelectronics.ca/on website will revert to EPRA</p>

### Proposals specific to service providers

Question or Comment	Answer
<p>Will there be issues with processing backlogs of WEEE given China's bans on imports?</p>	<p>This remains to be seen, but OES and the Authority will monitor and respond to reports of backlogs as needed.</p>
<p>What happens if municipalities don't collect or if someone charges for collecting?</p>	<p>Given that the WEEE regulation is still in development, we can only use the example of tires. The Tires Regulation makes clear that no one can charge for collecting.</p>

<p>Will this change end up being like tires where we collect but get no money for it?</p>	<p>Whether or not incentives will be paid is up to producers and producer responsibility organizations (PROs) when they enter contractual relationships with municipalities.</p>
<p>Some stewards now are rejecting things like batteries from us because they've met their collection targets. Will this happen in the new world?</p>	<p>Given that the WEEE regulation is still in development, we can only use the example of tires. With the Tires Regulation, producers and PROs cannot reject tires even if they've met their target and they must collect tires from across the province.</p>
<p>What will WEEE and MHSW targets be based on?</p>	<p>The Ministry of the Environment, Conservation and Parks is developing the Electronics Regulation. We will provide more information as it becomes available.</p>
<p>What happens if I can't get everything collected by June 30, 2020?</p>	<p>WEEE not collected by the wind-up date would be processed under the new regulatory framework.</p>
<p>Will we be grandfathered into the new program?</p>	<p>After July 1, 2020, electronics collection and recycling will become a business-to-business relationship. You will need to sign up with a PRO for collection and management. They will very likely be coming to you to sign you up. RPRA's role is to regulate those involved in electronics production and recycling; it will not facilitate these relationships or pay incentives.</p>
<p>September 2020 for the final adjustment – this timeline is kind of short as returns from customers takes about six-nine months (for normal circumstances and business nature). It will take time for accounting, tax and finance teams to calculate and sort these adjustments before we can request from OES. Can this date be moved to a later date to provide allowances for the finalization of adjustments?</p> <p>The same scenario for April 30 final date for adjustment for February's obligation. This will create a gap in the adjustment as we will only receive returns from customers in the next six-nine months typically. Do the end dates of April and September just mean for adjustment of submission, but not to apply for credit from the returns? If so, that's fine if we have time for managing the returns.</p>	<p>Thank you for your comment. We will consider this feedback as we approve the plan.</p>
<p>Under the new tire program, municipalities are no longer required to</p>	<p>The Ministry of the Environment, Conservation and Parks is developing the Electronics</p>

be collectors, but tire sellers are. Who will be obligated to collect WEEE under the new electronics program?	Regulation. We will provide more information as it becomes available.
Is it possible to find out how there will not be any interruptions to service when municipalities haven't even been mentioned?	Building on the experience with the wind up of the tires program, the Authority will work closely with OES to monitor the market and intervene as required to ensure a smooth wind up and transition to the new regulatory framework.
How will marketplace-type internet sellers be captured? This is a growing business that will be disruptive to a LPF.	We will be in a better position to answer this question when the regulation is posted for comment.
Who do we report to and how do we report if WEEE collection service levels erode as the programs wind up?	Contact OES or the Authority with any concerns regarding collection issues during the wind-up period.
What mitigation plans are in place if processors cannot receive generator materials by July 10, 2020?	<p>July 10, 2020 is the proposed date from OES, so we would appreciate your feedback on its feasibility.</p> <p>The Authority can modify the plan (i.e. changing dates) to ensure a smooth wind up and transition to the new regulatory framework.</p> <p>We will consider this feedback as we approve the plan.</p>
Some municipalities act as collectors. How should they best service their residents after June 30, 2020?	<p>Municipalities will be in a better position to answer this question when the regulation is posted for comment</p> <p>We will continue to provide updates as information becomes available.</p>
Will there be collection incentives in the new wind-up plan?	Incentives are part of the current program. During the wind-up period, incentives will continue to be paid. In the new world there will be PROs and business-to-business agreements. Incentives, if any, will be the result of those agreements, though they will probably not be called incentives.
Are there additional costs budgeted for the increased OES on-site visits to service providers? If so, where do they fall in the forecast?	OES has budgeted for additional on-site visits and these costs fall under OES's administration line.
What do you mean by "competitive"? Will we get money for collection?	Competitive means that multiple organizations, called PROs, will compete to provide services to producers for the collection and management of electronics. The contractual terms PROs establish with producers and service providers, including collection services provided by municipalities, will be a business-to-business arrangement.

<p>The challenge with electronics is that a lot of collection is handled by municipalities. People are conditioned to go to those depots.</p>	<p>Thank you for your comment.</p>
<p>Municipalities think that they can wash their hands of electronics recycling now that there will be no incentives.</p>	<p>Thank you for you comment.</p>
<p>Why would you collect if you get no money? Can you charge a fee for collection?</p>	<p>We know from the Tires Regulation that you cannot charge a fee to collect tires. This will likely be the same for electronics. The Ministry of the Environment, Conservation and Parks is developing the Electronics Regulation. We will provide more information as it becomes available.</p>
<p>Regarding the statement “OES will monitor applications for additional service providers during this period in light of maintaining current program performance and streamlining program wind up.” Will new applications not be approved?</p>	<p>What this means is there would not be a sudden increase of tonnage and collection events in final months of the program. If OES brought on new a collector/generator in final months, it could impact the wind up. The plan is to keep operations as consistent as possible.</p>
<p>How will transition occur? I am concerned that the market will bust apart on July 1, 2020 because service providers are no longer getting credits and don't know what's going on.</p>	<p>RPRA and OES will continue communicating changes in electronics recycling in Ontario with program participants and any new stakeholder groups. Processors play an important role in their supply systems to communicate the upcoming changes.</p>
<p>I have concerns with the July 1, 2020 deadline as this is a peak time for collection and processing, plus it's a holiday. The 10-day window seems to be quite tight, especially since there are typically delays at that time of year in the current system.</p> <p>I am further concerned with remuneration if there happens to be transporter delays, for example.</p> <p>Suggestion to shift the wind-up date to July 2 (versus June 30) to avoid the holiday weekend.</p>	<p>We greatly appreciate your feedback on the timelines. We will raise the idea of a contingency plan to OES and otherwise consider this feedback in approving the plan.</p>
<p>The deadlines in the current OES Wind-Up Plan are during the busiest time of the season (Summer 2020). Claim and reporting times in the plan are shorter than current deadlines which could be difficult for processors to meet, especially during the high-volume peak season.</p>	<p>Thank you for your feedback. We will consider this as we approve the plan.</p>

Processors who receive material from other processors cannot have the same deadline for mass balance reporting.	Thank you for your feedback. We will consider this as we approve the plan.
With the current program ending on Tuesday June 30, 2020 the proposed final date for pick-up from collection sites of Friday, July 10, 2020 is unmanageable for a municipality. Municipalities require more time to get all eligible materials offsite, especially when the transition occurs during high season and before a statutory holiday. We will be closed on Canada Day and it is unclear how vendors will address the statutory holiday and if it may have additional impacts on pick-up from collection sites. We recommend that the Authority request amending the timelines to successfully manage the transition to the new program.	Thank you for your feedback. We will consider this as we approve the plan.
The wind-up plan does not adequately address how OES intends to handle the processor incentive program. Under this program, the processor is responsible for submitting the bill of lading and incentive claims. We are one of the municipalities participating in this program and we will be unable to move the materials offsite to a processor on June 30, 2020 to ensure that the processor meets the proposed deadline for the bill of lading to receive the incentive.	Thank you for your feedback. We will consider this as we approve the plan.
There is no plan to address processor capacity issues (backlogs) towards the end of the program. We recommend that the Authority request how OES plans to deal with unexpected processor capacity issues towards the end of the program. This was a key issue in the used tires transition that should be mitigated.	Thank you for your feedback. We will consider this as we approve the plan.
We understand that during the OTS wind up, there was an email sent from the equivalent of MTS to every service provider and this appeared as if the email came direct from OTS; however, it was in fact a new PRO. We highly encourage RPRA to implement controls	Thank you for your comment. We will consider this comment in approving and when monitoring and overseeing implementation of the plan.

against something like this happening in the OES wind-up.	
Maintaining the existing collection program at our depots after June 30, 2020 depends largely on the contracts negotiated with PROs as the program winds up, and on the details of the MECP regulation; however, at this time the current deadlines for the wind up appear to be acceptable.	Thank you for your feedback.
OES also collects WEEE from multi-residential properties in some municipalities. Will PROs include service options such as cart collection from multi-residential properties for end of life electronics?	These decisions will be up to each individual producer or PRO.
It may not be possible to upload documents to MTS by the June 30, 2020 deadline (i.e. the difference between CREATING the waybill versus UPLOADING the waybill), if the same system is no longer accessible post-July 1.	Thank you for your comments. We will clarify these dates in the wind-up plan, specifically if the plan distinguishes between the creation and upload steps.
As a collector, we do not support the timelines proposed. The proposed wind-up plan requires collectors to produce a final bill of lading (BOL) by end of day June 30, 2020. When we request a pickup, it can take more than a week to receive a BOL. Our collection site closes at 6PM on June 30, leading into a statutory holiday, which may create a further delay. The deadline for producing a final BOL should be pushed back at least two weeks after final collection on June 30, providing collectors more time to receive and submit a final BOL.	Thank you for your feedback. We will consider this as we approve the plan.
Do I need to differentiate “old” and “new” material?	Yes, service providers will need to separate material collected by June 30, 2020 with materials collected after June 30, 2020. Only material collected by June 30, 2020 will be eligible for incentives.
When the bins are picked up for the final date, what are the plans for future pick ups regarding bins?  Many small municipalities use the roll-off bin system from haulers. Any insight as to how this aspect of program	The new regulatory framework for individual producer responsibility is based on commercial arrangements between producers and/or producer responsibility organizations (PROs) and service providers, including municipalities, to meet mandated resource collection and management requirements. The specific terms of

support will roll over at the end/beginning of new program?	<p>those commercial arrangements such as schedules, materials provided and financial terms will have to be negotiated between parties.</p> <p>Based on the experience with the tires program, as soon as the Tires Regulation was released PROs began to establish themselves and reach out to the producers (stewards) to provide services and to service providers to procure services for the producers.</p> <p>This process occurred well before the wind-up date of the Used Tires Program.</p>
I find the date of June 30 to July 10 a bit tight considering we have staff away on vacation	Thank you for your comment. We will consider this feedback as we approve the plan.
Switching systems will be felt more on the administrative side, but service providers will not feel difference if their bills remain the same.	Thank you for your comment.

**Proposals specific to stewards**

Question or Comment	Answer
How will producers of electronics meet their new target? With tires, do they collect tonnage or just their brands?	<p>With tires, producers must collect a minimum weight of used tires each year. The minimum weight is calculated based on the average of three years' tire supply data and multiplied by 0.85 to account for tire wear. Producers must ensure that 85% of the tires they collected in a year are reused, retreaded or turned into processed material. The Tires Regulation also includes an accessibility target that states producers must collect tires from across the province.</p> <p>The Ministry of the Environment, Conservation and Parks is currently developing the Electronics Regulation. We will provide more information as it becomes available.</p>
I'm curious about WEEE targets since WEEE doesn't lose weight like a tire.	The new targets will be set out in regulation. The Ministry of the Environment, Conservation and Parks is developing the regulation. We will provide more information as it becomes available.
The ISPs (PCA, AMS) are not winding up. What's happening with them?	The ISPs will likely become producer responsibility organizations (PROs) in the new world.
Are manufacturers only responsible for collecting their products?	Using the example of the Tires Regulation, collection targets are based on the average weight of tires the producer supplied in reporting

	<p>years. Tire producers can collect eligible tires of any brand to meet their collection target.</p>
<p>It's great that a focus of the new program is on compliance, but what about support for the stewards? The abundance of programs and regulations across the country is overwhelming and difficult to keep up with. Does the new program address the need for support for stewards? Will the information be straight forward or buried in legislations and up for interpretation?</p>	<p>Yes, the Authority is committed to supporting stakeholders through the wind up and transition process by providing clear, consistent and timely information.</p> <p>The Authority uses a broad range of communication channels and tools to educate stakeholders and ensure their awareness of their regulatory obligations, including emails, newsletters, consultations, webinars, compliance bulletins, meetings, presentations, and social media, as well as leveraging industry partnerships to amplify its communications.</p> <p>The Authority is also receptive to specific suggestions to enhance its public education and awareness initiatives.</p>
<p>On the coming changes to the producer responsibility model, will there be any options for stewards to join "organizations" or create our own program? When are we able to know the list of "organizations" who will act as a collective but although individual producer is still responsible for our own volume/report/payment/governance?</p>	<p>Yes, producers will have the opportunity to choose to operate their own program or join the network of a PRO, and the two options are not mutually exclusive (i.e. you can do part of your program on your own and part of it with a PRO).</p> <p>As a starting point, we suggest looking at the list of tire PROs on our website and reaching out to them. Three of the six are considering becoming PROs in the new electronics recycling program (and potentially MHSW as well). We would also encourage anyone considering setting up a PRO who is interested in meeting us for a briefing on the new program to contact us.</p> <p>Once the Electronics Regulation is finalized, the Authority will initiate work on developing a Registry. Once the Registry is completed and registration begins, a list of all registered PROs will be made available on the Authority's website.</p>
<p>Regarding the transition to multiple competing producer responsibility organizations, do you anticipate a cap on the number of such systems that will be allowed to be implemented and or any minimum/maximum tonnages to be managed by any single entity?</p>	<p>The Ministry of the Environment, Conservation and Parks is developing the Electronics Regulation. We will provide more information as it becomes available.</p> <p>Using the example of tires, there is no cap on the number of PROs. There is also no minimum or maximum tonnage that PROs can have under their system.</p>
<p>If the regulation is not finalized until July 1, 2020 on what basis can the registry</p>	<p>The regulation will be finalized well before July 1, 2020 to enable us to begin the Registry build and</p>

work? There needs to be certainty on legal definition of a steward.	oversee the wind up of the WEEE Program by June 30, 2020.
If company A sells 5000 tonnes of monitors into Ontario per year, under a producer responsibility would their obligation be to manage an equal amount (5000 tonnes) of monitors or an equal amount of a broader based type of e-waste material(s).	Collection, recycling and management targets will be identified in the new regulation. The Ministry of the Environment, Conservation and Parks is currently developing the Electronic regulation. We will provide more information as it becomes available.
How is OES planning to address Individual Producer Responsibility and absolute liability with the existing agreements for stewards? The existing agreements address the current regulations as is.	OES is responsible for operating the current WEEE Program and will be wound up soon after the program is wound up on June 30, 2020. OES will have no role under the new regulatory framework.
If a municipality issues an RFP seeking individual producer management of the WEEE that they collect anticipating costs to be X per tonne, if actually bids come in at a cost of X plus ????, will municipalities be required to proceed to implement a program regardless (and pay applicable amounts) via backdrop legislation or could they simply eliminate the service?	Collection, recycling and management targets will be identified in the new regulation. The Ministry of the Environment, Conservation and Parks is developing the Electronic regulation. We will provide more information as it becomes available.  Based on the Tires Regulation, municipalities are not required to register with the Authority and pay registration fees as a collector. Municipalities are also not required to collect tires. However, many municipalities continue to collect tires and have entered into contractual arrangements with PROs.
OES is proposing steward reports be submitted through a new web portal starting July 1, 2020, and the six-month report is due July 31. Are stewards going to be required to learn how to use a new portal for only one final submission?	Stewards will be asked to log in from a different link. Essentially, the current system will transfer to a new site, but all functionality remains the same. Stewards will not need to learn any new functionality.

**Use of surplus funds**

<b>Question or Comment</b>	<b>Answer</b>
What will happen with the surplus? Will it be transferred to RPRA?	The Minister directed that RPRA consult on options for the surplus that directly benefit Ontario consumers.
Can another option for the surplus be to educate the consumer? This is one of our greatest challenges with the program – getting the right information to the customer before they call to complain about the fee, especially when it goes to zero then back to a fee.	Thank you for your comment. While this was not one of the options listed for consultation, we will provide this feedback to the Minister.
So, stewards are not to be part of the reimbursement?	No, they will not be. The Minister asked that the surplus funds be used to benefit Ontario consumers, not stewards.

<p>Can you provide more details on how the options for the surplus were developed? Can you speak about the rationale for each option?</p>	<p>The Minister's direction required the option to benefit Ontario consumers. The Ministry defined 'consumers' to mean both retail/residential and business-to-business consumers.</p> <p>The rationale in the Minister's letter (posted on our website) is that because consumers were paying the EHF, which was passed on by the stewards, they should be the ones to benefit from the surplus. The options presented for consultation all directly benefitted consumers. Timing, operational considerations and implementation costs were other consideration factors.</p>
<p>Surplus is due to input tax credits (ITCs), which would have lowered steward costs. Are there other options other than the three you presented?</p>	<p>The three options presented were all consistent with the Minister's directions, which required the surplus be used to the benefit of Ontario consumers.</p>
<p>What are the estimated RPRA fees for WEEE (the tire fees are \$0.14/tire)? It would be feasible to use the surplus to offset the RPRA fees until surplus is exhausted.</p>	<p>The three options presented were all consistent with the Minister's directions, which required the surplus be used to the benefit of Ontario consumers. Using the surplus funds to offset future fees that RPRA charges to producers did not meet the primary requirement of the Minister's direction to directly benefit Ontario consumers.</p>
<p>Can you give some of the surplus back to collection sites so that they can expand?</p>	<p>The three options presented were all consistent with the Minister's directions to use the surplus to the direct benefit of Ontario consumers.</p> <p>Using the surplus funds to support collection site expansion does not meet the Minister's directions to use the surplus to the direct benefit of Ontario consumers.</p>
<p>Has "consumer" been defined in terms of who benefits from surplus funds? Does B2B count or is it just retail consumers?</p>	<p>Consumer in this context means both retail and B2B consumers.</p>
<p>Why did the surplus change from \$33 M in the wind-up plan?</p>	<p>For those who reviewed wind-up plan previously, up until February the reserve was forecast at \$34 M. It was lowered to \$26 M as a result of an additional legal tax opinion that OES received in March. The opinion is that the remittance of HST continues to be required during the fee elimination period.</p>
<p>Are there other options that can be considered?</p>	<p>RPRA is open to hearing other ideas. Please provide them via email or online survey.</p>
<p>The intent of the regulation is against Option 1. Option 3 is too complex to administer to be beneficial. But with Option 1 there is a misconception that</p>	<p>Thank you for your comment. We will we will provide this feedback to the Minister.</p>

there is an environmental benefit to purchasing electronics.	
Encouraging consumers to purchase new electronics (as in Option 1) is not in keeping with the intent of the regulation. Have you considered innovation grants?	We have explored other options, including innovation grants. However, innovation grants do not meet the Minister's direction to use surplus funds to the direct benefit of Ontario consumers.
How about something like Alberta's investment matching program?	An investment matching program is not consistent with the Minister's direction to use surplus funds to the direct benefit of consumers.
Can you put surplus funds to use to ensure competition in the new system?	Using surplus funds to ensure competition in the new system is not consistent with the Minister's direction to surplus funds to the direct benefit of Ontario consumers.
This a pretty low-level surplus and you've given most of it back. Why not stop?	Following the most recent Canada Revenue Agency, the surplus is expected to be considerable at wind up. The Minister's direction is clear in his requirement that the surplus funds be eliminated to the direct benefit of consumers.
With respect to the surplus benefitting consumers, could the benefit be something like promotion and education, or building the Registry?	Using the surplus funds for promotion and education or building the Registry is not consistent with the Minister's direction to eliminate the surplus to the direct benefit of Ontario consumers.
In other jurisdictions, surplus money from such wind ups has gone to accounting firms in a trust who then distribute money to PROs to carry out their activities. Is this not feasible here?	Distributing surplus funds to PROs is not consistent with the Minister's direction to eliminate the surplus to the direct benefit of Ontario consumers.
Can we get a summation of the assessment RPRA conducted when analyzing the options to see which were viable, so we better understand the barriers?	The Authority's assessment of the three options for the use of surplus funds were presented as part of the consultation presentations. Consultation materials, including recordings of the webinars, are available on the Authority's website.
The surplus is not that big and implementing some of these options will be costly.	Following the most recent Canada Revenue Agency, the surplus is expected to be considerable at wind up. The Minister's direction is clear in his requirement that the surplus funds be eliminated to the direct benefit of consumers.
Suggestion to reimburse municipalities instead, so they in turn can provide tax credits to their residents/consumers.	Reimbursing municipalities so that they can provide tax credits to their residents is not consistent with the Minister's directions to eliminate the surplus to the direct benefit of consumers.
Option 1 to modify the current elimination of the consumer EHF to provide a rebate, and Option 3 to credit consumers at point of waste or product return, could potentially have a negative impact on the program. Both options	Thank you for your comment. We will provide this feedback to the Minister.

<p>could yield negative reactions from consumers who previously paid the EHF and are not receiving the credit because they are not purchasing new electronic equipment. Rewarding a consumer for purchasing electronics is counterintuitive.</p> <p>Additionally, the administrative complexities of issuing rebates or credits to consumers in a timely manner that does not put additional requirements on retailers and collectors may be costly and challenging. The time to develop and implement such a program may result in a small window of time for consumers to benefit from the proposed rebate or credit. It would also entail program development and administrative costs which may eat into the reserve funds.</p>	
<p>Additional surplus funds could be utilized by OES or by RPRA to ensure that recycling fees are not being improperly levied to Ontario consumers, as has been the case in the past.</p>	<p>RPRA compliance staff have been checking in on retailers at stores and online to determine if EHF's continue to be collected from consumers</p>
<p>We strongly recommend that a portion of the surplus funds be utilized by OES or by RPRA to assess the current baseline amount of WEEE ending up in landfill or as contamination in the Blue Box program. There is significant environmental and financial risk associated with WEEE ending up in landfill or the blue box/cart and municipalities should not be responsible to bear these costs. A series of baseline audits, representing the various types of municipal programs, should be undertaken in order to properly assess the current state and serve as a comparison for future program changes. The proposed WEEE audits should be undertaken to understand current diversion status, prior to any program changes taking place.</p>	<p>Collection and management targets for electrical and electronic equipment are expected to be included in the Electronics Regulation, which is currently being developed by the Ministry. We will share more information once it is finalized.</p>
<p>Even though the Minister has given direction on how the surplus should be used we would like to take this opportunity to outline some of the</p>	<p>Using surplus funds to provide rebates to processors is not consistent with the Minister's direction to eliminate the surplus to the direct benefit of Ontario consumers.</p>

<p>challenge's processors are facing. The OES PIP rates have not changed since 2012 but processors have endured many changes that include the following:</p> <ul style="list-style-type: none"> <li>• Light Weighting - Weight of Electronic devices is decreasing</li> <li>• Less intrinsic Precious Material value and greater plastic content</li> <li>• Precious material values have fallen (Copper, Gold) – see example chart below</li> <li>• Freight Rates have increased</li> <li>• Prevalence of LI-ion batteries are harder to separate and more dangerous to handle</li> <li>• Ontario Minimum Wage increased substantially</li> <li>• Commodity downstream constraints driving lower costs, or higher charges (Plastic, Glass)</li> <li>• Increase in compliance complexity</li> <li>• Increased Audits</li> <li>• Insurance Premiums rapidly increasing</li> <li>• Packaging complexity</li> </ul> <p>What better use for the surplus than to use it for its original intention. If there is no adjustment in the PI rates, it will be extremely difficult for processors to operate until the program winds up. There is concern that an increase in PI rates would be passed on the generators, which in turn would create a false market for e-waste. A suggestion would be to offer a rebate to processors at the end of the program.</p>	
<p>Some of these surplus funds could also be utilized by OES or by RPRA in its stead to ensure that recycling fees are still not being improperly levied to consumers.</p>	<p>The Authority is currently undertaking compliance and enforcement activities to monitor compliance with OES' program plan requirement for stewards to reduce the EHF to \$0.</p>
<p>Municipalities are fully supportive of the Minister's direction on April 2, 2019 that any surplus funds be used in a manner that is beneficial to Ontario consumers.</p>	<p>Thank you for your comment.</p>
<p>The recent steward fee holiday implemented in February 2019 is the</p>	<p>Thank you for your comment.</p>

appropriate action to credit stewards, and by extension consumers, with the benefit, and correct the past.	
<p>We call on RPRA to consider including the following strategies should a surplus remain after December 31, 2020:</p> <ul style="list-style-type: none"> <li>• Collection events should be organized in remote Ontario where there is less accessibility or in urban areas where residents do not have vehicles to get to local drop-off points.</li> <li>• Partner with municipalities and retail locations to increase customer education in an additional effort to get electronics out of landfill.</li> <li>• Potential technological partnerships to improve collection and processing including exploring chemical/molecular recycling for hard to recycle plastics, for instance.</li> <li>• Develop additional support for greater reuse of electronics before they are sent for recycling.</li> </ul>	Thank you for your feedback.
Should there be a different option for residential and IC&I sectors?	As per the Minister's direction letter, the definition of consumers includes all consumers, both residential and IC&I.

### Use of surplus funds- Option 1

Question or Comment	Answer
Preliminary thoughts on Option 1: It should not be hard to implement rebate at point of sale since it would be the same process as collecting the EHF. Option 1 is as elegant as Option 2.	Thank you for your comment. We will provide this feedback to the Minister.
Option 1 also encourages purchase of new electronics, which benefits us in the long run.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
This option may raise issues because it might encourage consumers to purchase more electronics during this period, which doesn't align with the "resource recovery" vision (i.e. it may have an impact on increased purchases and subsequent disposals).	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.

<p>From a retailer's perspective, Option 1 is the most complicated. We could structure a rebate like a coupon, but even then, we would need to determine which items the coupon would apply to and whether there would be a flat rebate across these items. It would also be difficult to know when to pull the coupon (i.e. to end the rebate once funds are used up). Our system would also limit us to a 10-character maximum for the rebate description on the consumer's receipt. The consumer rebate option is possible within very specific parameters, but even then, would require a high level of administrative coordination.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Option 1 has the potential to frustrate consumers who have paid a fee and frustrate consumers who miss the rebate cut-off.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>As an industry we do not support rebates or discounts to consumers who may not have participated in creating the surplus. This is a costly proposition that has the potential to defraud the surplus funds and may leave the impression that the program is not being continued.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>It is impossible to credit, rebate, refund or correct the excessive fees to those specific consumers who purchased products at a time when the ITCs were not allowed. Providing a consumer rebate to current purchasers places the benefit of the surplus in the hands of consumers who are very likely not those who paid the higher fees in the first instance. Offering a rebate to new consumers rewards new consumers with the sins of the past: consumers who were "taxed" more heavily earlier might rightly complain that others are receiving the benefit. This is inequitable. OES is not in the business of incenting consumer purchases of new electronics. It has no mandate to do so. How would OES or RPRA make up a shortfall if a steward exceeded expected sales, and spent more than the funds allotted to them by OES?</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

Conversely, what is a steward to do if sales fall short for other reasons, and their allotted funds remain unspent?	
People who receive the rebate may not have paid the EHF in the past; credit is not going back to the appropriate people.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
On Option 1, this would this mean that a customer making a purchase tomorrow will be benefiting from a fee paid by a steward three years ago.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.

### Use of surplus funds- Option 2

Question or Comment	Answer
What was the basis of the decision to wind up the program by June 30, 2020? Would there be any factors (legal, contractual, financial, etc.) that would impede the extension of the program? If not, would the current program participants be able to continue as per usual if an extension was made? What would the new wind-up date be considering the additional operating cost?	<p>The June 30, 2020 wind-up date was set by the former Minister of the Environment and Climate Change.</p> <p>Under Option 2, the current surplus could fund a 4 to 6-month program extension. A program extension has been assessed to be legally and financially viable but would be the Minister's sole prerogative. Under a program extension, participants are assumed to continue as per usual.</p>
The extension of the EHF elimination is tied to the wind-up date. Is this necessary? Could the fee elimination extend into the new system? We need to consider this option because we need to consider how we are going to transition and how we are going to promote competition in the new world.	The surplus is related to the current WEEE Program, which poses legal barriers to resolving the surplus outside of the program.
Is a legislative change required for Option 2?	No, Option 2 could be achieved through a new direction from the Minister.
Would it be a defined extension date?	Yes, it will be predefined, which is why a contingency would be considered.
Feels like Option 2 is easiest to implement.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 2 has the least chance of causing headaches. Does not require more work. Simplest to implement.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Would an extension allow for renegotiation of contracts? In current plan, terms and conditions remain the same. Should this be reconsidered if there is an extended wind-up period?	The extension of the program will not impact existing contracts.

<p>If the wind-up date is extended, we'll need to ensure we have enough money to run the program for at least four- six months.</p>	<p>Correct. The analysis of Option 2 is based on sufficient funds to continue to operate the program for an additional four-six months.</p>
<p>The success of this option will depend on the notice period – collectors are already preparing for the June 30, 2020 deadline.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan..</p>
<p>We would like to see the programs wind up as soon as possible, as WEEE is not the only program we deal with (i.e. there is an overlap of multiple programs).</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>In our opinion, extending the fee elimination period and wind-up date would be by far the most efficient and cost-effective option, meaning that it best serves the interests of consumers.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>We believe that Option 2 would be the most cost and resource efficient. Extending the wind-up date provides the least amount of resources as a new process or program would not have to be developed and implemented. This option would allow current and future consumers to continue to benefit from the elimination of the EHF seamlessly and without confusion.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>We support the transition of all the current waste diversion programs to individual producer responsibility but require that the programs transition smoothly. Given that a draft regulation has not yet been posted, we are concerned that the transition of the WEEE program could be rushed. We strongly support that a portion of the OES surplus funds collected at point-of-purchase be used to extend the transition deadline in order to ensure a smooth program transition.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Option 2 is our strong preference. It is administratively inexpensive, meaning more of the surplus can be used for the benefit of consumers. Additionally, this option offers low potential for consumer confusion. And unlike the option to credit consumers at the point of return, there is no need for accompanying promotion and education measures.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

<p>Option 2 would be the most cost and resource efficient. Option 2 will extend the wind-up deadline which may not be a negative for the program itself but a negative for some service providers including processors.</p>	<p>Thank you for your comment. We will consider this in the feedback and as we approve the plan.</p>
<p>We support extending the wind-up date to year end 2020 to use up the surplus funds as intended when they were collected. If the wind-up date cannot for some reason be changed, then we support the surplus being held by an accounting firm and dispensed pro rata in the years ahead, to competing PROs managing electronics or the funds being used for the common educational needs of all competing programs.</p>	<p>Thank you for your comment. Disbursing surplus funds to PROs is not consistent with the Minister's direction to eliminate surplus funds to the direct benefit of Ontario consumers.</p>
<p>The most efficient way to handle the surplus is simply to allow the program to operate for an extended period, three to six months, spending the surplus on recycling WEEE, consistent with OES's mandate, providing consumers with a trusted process for handling WEEE, and allowing all parties, including RPRA, to refine its processes to ensure a smooth transition later. A further benefit might be extended by asking OES to host special collection days, beyond its current schedule, to maximize the amount of WEEE that consumers deliver; stewards who would otherwise bear the costs of recycling WEEE later might agree. In sum, the Minister asks only that any surplus not needed for program operations or windup costs be used for the benefit of consumers. Extending the program so that substantially all the funds are spent on the program is the sensible course of action.</p>	<p>Thank you for your comment. We will consider this in the feedback and as we approve the plan.</p>
<p>We believe alternatives to a December 31, 2020 wind-up date be considered, for the following reasons:</p> <p>Winding up the program over the holidays seems destined to be a bumpy ride considering how many people are on vacation at that time of year. We believe all hands need to be on deck</p>	<p>Thank you for your comment. We will consider this in the feedback and as we approve the plan.</p>

<p>across the industry on the day wind-up occurs and in the weeks following.</p> <p>Surprisingly, January is a pretty busy month for electronics recycling as people replace their old gear with newly acquired holiday presents. On the flip side, February is the slowest month of the year for WEEE recycling. With the above in mind, we recommend, in order of preference, the following wind-up dates:</p> <ul style="list-style-type: none"> <li>• January 31, 2021</li> <li>• November 30, 2020</li> <li>• October 31, 2020</li> <li>• December 31st, 2020</li> </ul> <p>This is subject to having available funds.</p>	
<p>We are concerned that given a draft regulation has not been posted yet that the transition of the WEEE program to the RRCEA could be rushed. Municipalities would support the use of OES surplus funds to extend the transition deadline to ensure the program transitions smoothly.</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>From a retailer perspective, you have to move the date to wind up the batteries program back. It's a huge effort to educate retailers on these changes.</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>We'll need to look at batteries. Is the Ministry married to the June 30, 2020 wind-up date for batteries?</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>Extending the wind-up date to December 2020 would have fewer impacts on operations than the alternative proposals. The timeline for the publication of the new electronics regulation would also support the extension of the current program. At this point, we would be only 14 months away from the launch of the new framework. In part due to the variety of products supplied on the market, electronics are much more complex to manage than tires. It would be prudent for the government to ensure producers have enough time to prepare for their</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

<p>new obligations and avoid rushing the process as it was done for tires.</p> <p>We recommend that the Ministry of the Environment, Conservation and Parks carefully drafts the new regulation, takes the appropriate time to consult on its content and finally publish a definitive version considering all comments received. This cannot be done within a pressed timeline such as what we experienced with tires. Finally, cost-effectiveness and harmonization are among our top priorities when discussing recycling programs and the extension of the program and fee holiday would best achieve these priorities.</p>	
<p>We support extending the wind-up date beyond June 30, 2020. This would likely involve the least amount of notice, and logistical modifications as the current system of operation would not have to be changed – instead the same program would be extended under the same operating style.</p>	<p>Thank you for your feedback. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>October- December is a blackout period for most retailers</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>December 31, 2020 for a wind-up date is better. It's easier on a calendar year.</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>These changes are costing us a lot of money. And they are a burden. Our year end is December 31, and this makes things difficult as we prepare for the Christmas rush.</p>	<p>Thank you for your comment. We will note this in the feedback to the Minister and as we approve the plan.</p>
<p>January or February would be best time for transition because it is the quiet season. Summer is a busy season, and there is higher likelihood of disruption.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>If the wind-up date for electronics is extended to December 31, 2020, can RPRA handle two program wind ups at the same time, since MHSW winds up on that date too?</p>	<p>RPRA will make the staffing changes and adjustments in its work to meet the timelines directed by the Minister.</p>
<p>We raise this issue in relation to RPRA's consultation on the OES Wind-Up Plan as it has come to industry's attention that there is a possibility the</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

<p>wind-up timeline for the battery stewardship program could be affected if the wind-up schedule for the WEEE program is amended to manage that program's higher-than-anticipated surplus</p>	
<p>We support – and advise against any changes to – the wind-up and transition plan for used batteries that would “sunset” the existing battery stewardship program under Stewardship Ontario on June 30, 2020, as directed by the Minister.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>The battery program run by Stewardship Ontario can wind-up independently of the WEEE program because it is a separate program run by a different operating authority. Furthermore, a future regulation that addresses both used batteries and WEEE can incorporate distinct, coming-into-force dates for applicable sections. With these considerations, alignment between WEEE and used battery wind-up timelines is not required.</p> <p>Should RPRA recommend to the Minister that OES's surplus be utilized to extend the length of the program, we strongly recommend that the current battery program wind-up timeline be maintained and that RPRA continue working to meet the deadlines prescribed by the Minister.</p> <p>Battery manufacturers have long been prepared to assume full responsibility for recycling their products in Ontario and could do so prior to June 30, 2020, if allowed. These companies should not be penalized due to issues associated with a program over which they have no control or operational authority.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

### Use of surplus funds- Option 3

Question or Comment	Answer
Option 3 is not feasible for stewards.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
All three options have merits, but Option 3 goes with OES's objectives of removing unusable equipment from consumers' homes and put it up for recycling.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 3 makes the most sense in terms of moving the needle on consumer behaviour and incentivizing them to recycle. Surplus funds could also then be used to educate and possibly create new opportunities for recycling such as community round up events.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 3 will bring a shortfall if it happens at program end. Would it be possible to do the rebate in the middle of the transition period?	Yes, it would be a possibility to do the rebate in the middle of the transition period.
Option 3 creates expectation of a permanent rebate for the return of products. There is already a perception among consumers that e-waste is valuable.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 3 has the highest potential for fraud	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 3 will create customer dissatisfaction once the rebate ends.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
How can you prevent fraud? E.g. how will you prevent people who work at transfer stations from pocketing coupons or giving them to family/friends?	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
If Option 3 is for a limited time, it would cause confusion for consumers not paying attention.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
I could see a lot of confusion with Option 3 and people thinking that the program has ended.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
I strongly object to Option 3. This would lead to fraudulent returns. I like the idea of a trust.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.
Option 3 is a burden on retailers.	Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.

<p>This would resolve the conflict of wrongful crediting (i.e. the credit going to consumers who didn't pay the EHF).</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>There are concerns with variable fees as they may favour some sites over others, because not all sites distinguish/sort different electronic products. A similar concern regarding communicating about the rebate, as some sites cannot afford to advertise the rebate therefore less people will drop off products.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>This option is a burden on the collector; ONLY benefits the consumer</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Concerns with the lack of transactional mechanisms in place at some municipalities (i.e. at municipal collection events, there is no exchange of money; only products). This will create a huge administrative burden on municipalities. The amount of time to reimburse consumers (on average 500-600 per event) would not be feasible. Municipalities would need to be compensated accordingly as they would require more staff, resources, etc.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Will the incentive/rebate be enough to encourage the customer to return their products?</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Do the producers have the historical information to determine who receives the return?</p>	<p>This option would provide rebates for any consumer returning used electronics. Producers would not require historical information to issue rebates.</p>
<p>This option could be adapted to resemble the Loblaws bread refund, but there would need to be a claims review process the claims (e.g. take a photo of the serial number or receipt)</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>It doesn't seem like the Ministry cares that the wrong consumers may be receiving the credit.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Our second choice would be to credit consumers at the point-of-return (Option 3). The advantage of this solution is that it reimburses the consumers who already paid for the cost of recycling their electronic item,</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

<p>but it also comes with moderate administrative challenges and complexities.</p>	
<p>Paying consumers for WEEE is a program that is fraught with risk and the potential for fraud on a large scale. No doubt RPRA is aware of enforcement actions undertaken by OES in the past with regard to the Processor Incentive Program (“PIP”) where OES enforcement staff discovered WEEE that had been imported into Ontario solely to take advantage of the PIP monies available here.</p> <p>There would be no way to track the source of consumer WEEE, other than by demanding consumers to furnish original purchase invoices (which few would have) or signing affidavits as to the source, both tactics which are likely to generate displeasure at collection sites.</p> <p>As this practice was not adopted for tires and is unlikely to be adopted for hazardous waste or batteries, the government would be open to a charge of unfairness.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Option 3 is promoting opposite behaviours to that of the circular economy because it is promoting the recycling and purchase of new without reuse. It could lead the consumer to believe e-waste has even more value than they already think it does.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Offering credits to consumers at point of product return seems even less workable as many depots have no structure in place to pay consumers back. Offering appropriate equipment for all drop-off points would be cost-prohibitive for a rebate program to last less than year. This may also create confusion for consumers as this system would be available only over a certain number of months. We feel that OES should not risk creating more issues with a program that is meant to benefit consumers.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

<p>The surplus could be monitored after each month, considering seasonal variations from previous years, to see when the program should be terminated. It would be difficult to ensure that there are exactly zero dollars at the end and to avoid a negative funds scenario, so RPRA and OES would need a hold back to ensure sufficient funds are available to get to the end of the wind-up plan, including any administrative wind up/closure/legal costs. Will the credit be great enough on a voluntary program to ensure people lug their electronics to a return location? It may be challenging to ensure the credit is large enough to entice participation of returns, while still small enough to make the surplus last for the desired amount of time.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Distribution of a credit upon waste or product return, like the bottle deposit program, is also a great idea, but if this would be in place for only a short period of time to draw down the surplus, it may not be as effective as a long-term program. Consumer habits need to be developed, and if the surplus is depleted after four months, then consumers could be disappointed that the return program is not a long-term program.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>
<p>Option 3 is not feasible for municipalities. Our community recycling centres do not charge a disposal fee for electronics, do not have any off-setting revenue, and the associated paperwork and tracking would be onerous. We, also, must contend with existing by-laws that may limit the implementation of this option. If this option receives more consideration, and for this to work, OES should reimburse municipalities for the rebates.</p>	<p>Thank you for your comment. We will consider this in the feedback to the Minister and as we approve the plan.</p>

## Other feedback and general comments

Question or Comment	Answer
Will the Datacall end?	No, the Datacall will continue. However, the Datacall may change if the government releases a new regulation on Blue Box.
We know that people are breaking into sites and stealing scrap tires. This may happen with WEEE.	Thank you for your comment.
PROs will need to set incentives.	Thank you for your comment.
Cities in this area are seeing a seepage of value over to Quebec. Valuable materials are being taken.	Thank you for your comment.
Have PROs started “attacking”?	We understand some tire PROs are considering expanding into electronics. And, we are aware that other players are exploring opportunities to establish themselves as a PRO for electronics.
Is there a plan to stay current with advancements in electronics?	The Ministry of the Environment, Conservation and Parks is currently developing the Electronic regulation. We will provide more information as it becomes available.
Are there accessibility requirements for the PROs?	<p>Accessibility requirements will be outlined in the new electronics regulation, which is being developed by the Ministry of the Environment, Conservation and Parks.</p> <p>Under the Tires Regulation, producers have to operate a collection system based on either population and/or retail location.</p>
Will individual producer responsibility (IPR) apply to Blue Box as well?	Ontario’s regulatory framework for IPR includes provisions for the wind up of the Blue Box program and the transition of Blue Box materials to IPR. The Ministry’s recent discussion paper on reducing waste and litter seeks input on the wind up of the Blue Box Program.
Who defines what goes in the Blue Box?	This varies by program, and there are over 230 Blue Box programs across the province. Harmonizing the list of Blue Box materials across the province is one of the discussion points in the Ministry’s discussion paper on reducing waste and litter.
Does RPRA have the same enforcement authority as the Ministry of the Environment?	RPRA is mandated to enforce regulatory requirements outlined in the <i>Waste Diversion Transition Act, 2016</i> and the <i>Resource Recovery and Circular Economy Act, 2016</i> and its associated regulations. The Authority is empowered with a range of enforcement and compliance tools and is staffed with inspectors.
When will we get more information on the changes coming? We need to prepare.	The Ministry of the Environment, Conservation and Parks is developing the new WEEE

	regulations. We will provide more information as it becomes available.
All this wind-up information is great, but we need to know what's going to happen next.	The Ministry of the Environment, Conservation and Parks is developing the new WEEE regulations. We will provide more information as it becomes available.
Do we know what the fee visibility requirements will be?	The Ministry of the Environment, Conservation and Parks is developing the new WEEE regulations, which will cover things like visible fees. We will provide more information as it becomes available.
Who would validate claims that something is made of recycled material?	Currently, recycled content requirements are not part of Ontario's waste management framework. This may change with the release of new regulations and a move to individual producer responsibility.
Kindly clarify the timing required by producers to confirm their decision to join a PRO or create own program?	The Ministry of the Environment, Conservation and Parks is developing the new WEEE regulations, which will cover things like deadlines. We will provide more information as it becomes available.
When you say RPRA can forward OES's wind-up plan to its board "as is" or with conditions, how are those conditions developed? What is the scope of the type of changes that RPRA can recommend? Can the Minister provide any direction regarding conditions at this point?	RPRA has broad authority to impose conditions on a wind-up plan to ensure consistency and alignment with the Acts, the wind-up guidelines and the Minister's directions.  The Minister can provide additional direction at any time.
Should consumers be paying any recycling fees on electronics after February 1, 2019 at the time of purchase?	Consumers should not be paying an environmental handling fee (EHF) after February 1, 2019. If you are aware of an instance of someone being charged a fee, contact RPRA or contact OES with the specific information.
The OES Program Plan reserve was shown as \$34 million, yet you showed a figure of \$26 million. What happened to \$8 million?	For those who reviewed wind-up plan previously, up until February the reserve was forecast at \$34 M. It was lowered to \$26 M as a result of an additional legal tax opinion that OES received in March. The opinion is that the remittance of HST continues to be required during the fee elimination period.
Will Reuse and Refurbishment continue in a similar fashion? (i.e. reporting reuse through the OES portal?)	The answer to this question will become clear when we see the regulation released by the Ministry.
Is OES a part of government? What will happen to their staff?	OES as a corporation will shut down. OES has very few direct staff since the program is managed through a service agreement with the Electronic Products Recycling Association (EPRA), which provides staff for the program.

Some electronic sites are already closing.	OES noted that the allocation side is still accepting new applications.
OES has so much money and it seems like this was a successful program.	Thank you for your comment.
What is the core component of the required legislative change to extend the EHF elimination into the new system?	EHFs are a feature of the WDTA program operated by OES. Under the RRCEA, the delivery of resource recovery services to producers occurs in a competitive market. Producers will determine how they recover the cost associated with the end-of-life management of the products they supply into Ontario.
Given the result of tire transition, with the former IFO morphing into eTracks who has 85% market share, is RPRA concerned about the level of competition in the new system?	OTS and eTracks are separate organizations. Ensuring a level playing field and a competitive PRO market is an important objective for the Authority during wind-up and transition. Competitive markets evolve over time and the Authority will actively monitor markets and take required and appropriate action to support competitive markets for PRO services.
Was the CRA ruling specific to Ontario?	Yes.
On reporting timelines: A 45-day window to do all reporting will be tight given it is a busy time (in the summer).	Thank you for your comment. We will consider this feedback as we approve the plan.
Will OES be ready for the massive influx of data at that time (June 30, 2020 deadline)?	Yes, OES has provided assurances that it will ensure sufficient capacity to support a large influx of data.
I heard there were no fees or penalties if a tire producer didn't meet their collection targets.	The Registrar, who is responsible for RPRA's compliance and enforcement function, has the power to levy administrative monetary penalties on registrants who do not comply with their requirements and escalate enforcement actions in the event of ongoing non-compliance.
Will the environmental handling fee (EHF) be around after July 1, 2020?	The EHF funds the current WEEE Program operated by OES. Following the wind up of the WEEE Program on June 30, 2020, the OES EHF will no longer exist.
We were worried that you were getting rid of the program and no recycling will happen.	The WEEE Program managed by OES will end on June 30, 2020. Starting July 1, 2020, electronics recycling requirements will be outlined in the new Electronics Regulation the Ministry is currently developing.
What are the WEEE designated materials and how many processors are there?	The following materials are accepted in the OES Program: Display devices (e.g. TVs); non-cellular telephones; desktop computers; portable computers, computer peripherals (e.g. keyboards); desktop printers; personal/portable/audio/video systems; home audio/video systems; home theatre in-a-box systems; floor-standing photocopiers/multi-function devices; vehicle audio/video systems;

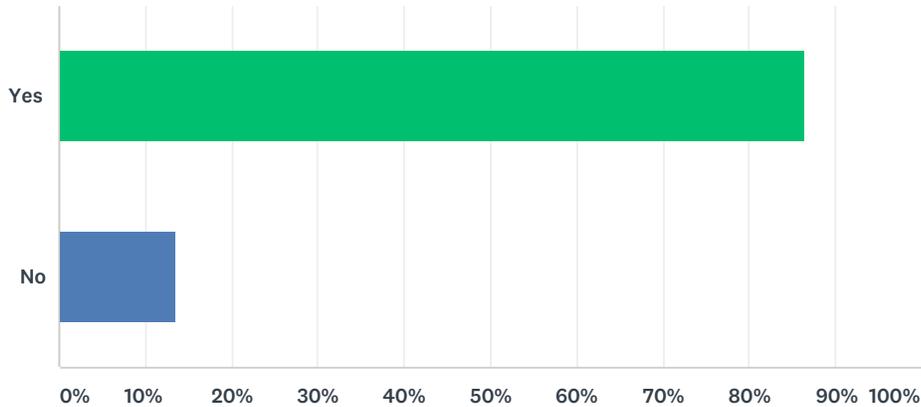
	and cellular devices. There are 12 processors in the program.
Who are the PROs in the new world? Will it be processors? Will it be OES under a different name?	Once the electronics regulation is released and we learn more about the requirements to become a PRO, that will become clearer and organizations will start making their intentions known. With tires, we have six PROs and some have indicated that they may manage multiple materials. EPRA, which currently is contracted by OES to operate the WEEE Program, has indicated its intention to establish itself as a PRO under the new Electronics Regulation.
Can we expect processors to become PROs?	This is possible.
How will you know there are issues in electronics recycling? Will you wait for the PROs to tell you?	The Authority will build on reports submitted by producers annually, inspections, and signals, complaints or reports from system participants including PROs to monitor electronics recycling.
Do you foresee a situation where, for example, a store that only sells cameras needs to collect those cameras?	This would be up to the individual store and whether they have the infrastructure to do this.
Where are PROs coming from?	The PROs will be organizations interested in managing the recycling of electronics. EPRA has indicated interest in becoming a PRO and some of the tire PROs have indicated that they may manage multiple materials.

## **Appendix C: Online survey feedback**

The following pages show responses received on the Authority's online survey. The first three pages were removed because they contain identifying information.

## Q2 Does the Conflict of Interest Mitigation Plan support competition and prevent conflict of interest?

Answered: 22 Skipped: 0

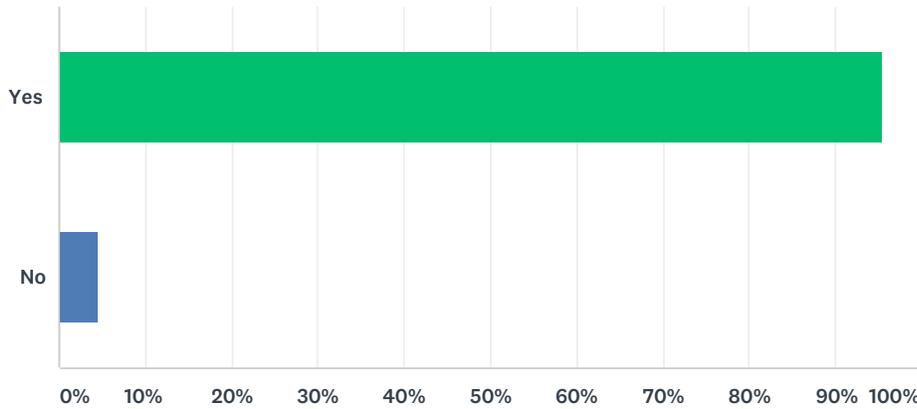


ANSWER CHOICES	RESPONSES
Yes	86.36% 19
No	13.64% 3
TOTAL	22

#	ADDITIONAL FEEDBACK	DATE
1	On the surface, the actions taken to prevent Conflict of Interest during the transition of the WEEE program appear adequate, however ongoing oversight should continue to ensure no conflicts of interest as a result of an individuals' change to employment/board obligations, etc.	4/25/2019 9:15 AM
2	N/A	4/5/2019 4:12 PM
3	I didn't pay particular attention, not what i was interested in. But i will assume yes because it's similar to the OTS Wind Up.	3/22/2019 11:13 AM

### Q3 Do you support the plan's budget and EHF proposal?

Answered: 22 Skipped: 0

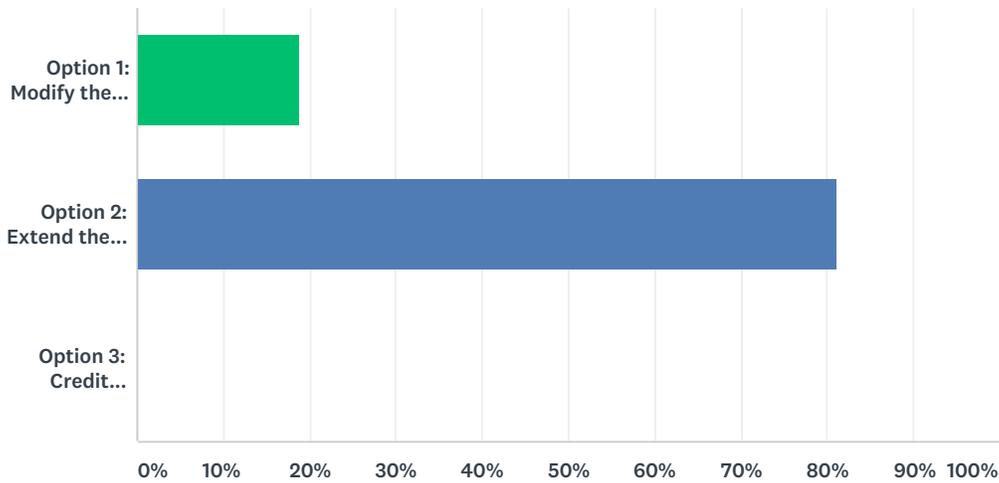


ANSWER CHOICES	RESPONSES	
Yes	95.45%	21
No	4.55%	1
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	However, the County has a limited understanding of the budget and EHF proposal.	4/25/2019 9:15 AM
2	There was no mention on how this would reflect on Municipalities!! If there is supposed to be a smooth transition, how will this happen for small rural municipalities?	4/10/2019 2:49 PM
3	n/a	4/5/2019 4:12 PM
4	I didn't pay particular attention, not what i was interested in.	3/22/2019 11:13 AM

## Q4 Which of the options for the surplus would be most cost and resource efficient?

Answered: 16 Skipped: 6



ANSWER CHOICES	RESPONSES	
Option 1: Modify the current elimination of consumer Electronic Handling Fee to provide a consumer rebate	18.75%	3
Option 2: Extend the current fee elimination period by extending the wind-up date	81.25%	13
Option 3: Credit consumers at point-of-waste or product return	0.00%	0
<b>TOTAL</b>		<b>16</b>

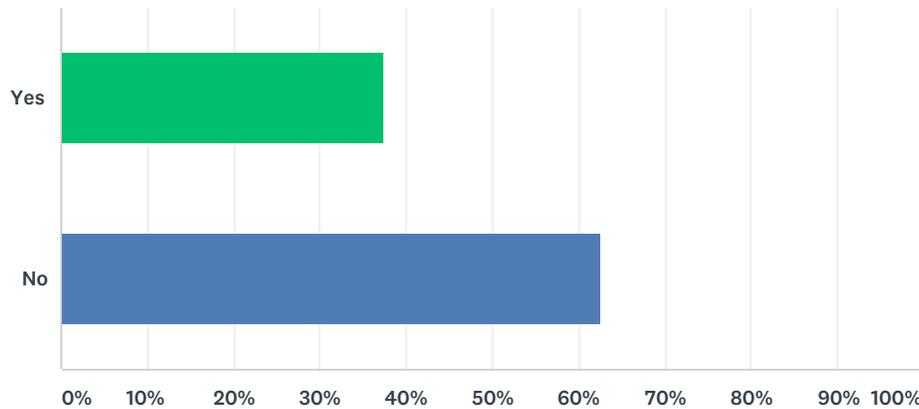
#	ADDITIONAL FEEDBACK	DATE
1	This seems to me the most logical and time effective way to proceed.	4/25/2019 4:28 PM
2	We believe that this is the best solution considering all options. We do request that this extension does not delay the draft regulation being released in Spring 2019 and finalized in Autumn 2019. We would also request that this does not delay the OES Wind-up plan being finalized in June 2019. Business needs certainty and we need clarity on the future details of the program. We also suggest that some of the surplus be used to pay for all fees that service providers would incur for the first two (2) years of the new program. This will ease a smooth transition and save consumers money since the producers will not have to increase pricing in these first two years in order to cover the costs of the program. Finally, we would encourage that any expansion to the list of obligated products be implemented when the program transitions. This will avoid the constant confusion with confusion with consumers and service providers regarding what is eligible and ineligible. It will also encourage investment in the industry as this will offset the annual decline in mass associated with electrical and electronics equipment in general.	4/25/2019 12:09 PM
3	If Option 3 is selected, the County would be unable to be administer credits if a credit had to be applied at point of return.	4/25/2019 11:27 AM

## Comment on OES's Draft Wind-Up Plan

4	<p>Option 1 only encourages the “disposable society” by providing an incentive to consumers to purchase an item. We feel this is contrary to the goals outlined in the Waste Free Ontario Act and as such, providing rebates does not align with the intended outcome of waste reduction programs. Option 2 is likely the easiest option to implement and administer. Anecdotally, the County cautions that this may not benefit the consumers. There is a potential for consumers to still pay a fee if the producer of the product has registered with a new PRO and is paying fees to that organization (which they would look to recoup through sales. We share this insight only because an employee in the Waste Management Division at the County of Peterborough experienced this during the Tire Wind Up. The employee notified OTS of the charge and the retailer was then informed to change the description from 'OTS Fee' to what was appropriate for their business. In the end the consumer was not reimbursed and the fee charged was higher than the original OTS fee. Option 3 is a reasonable option however it may be difficult to manage the integrity of the retail and/or waste site employees involved in the handling and distribution of the coupons. Further, it adds an administrative burden to electronics drop-off locations that may not be set-up to manage this type of incentive. Proposed alternative Option: Anyone in Ontario that purchased an electronic item in the past 3-4 years (2015, 2016, 2017, 2018) is eligible to receive \$XX.XX from OES. This concept is similar to Loblaw's bread rebate. To ensure that an over-subscription is avoided, there could be a sign up period (for example September 1, 2019 to December 31, 2019) and funds could be distributed based on the number of persons/hhlds.</p>	4/25/2019 9:15 AM
5	<p>Options 1 and 3 would seem beneficial but create substantial logistical challenges. Option 2 appears to provide a benefit to consumers while utilizing an existing process which will save time and money.</p>	4/24/2019 3:09 PM
6	<p>Option 2 : -Cost effective. Option suggested : -Offer the best end-of-life electronic program to the Ontarians, by expanding education and awareness to the customers, increase collection events, support the social and solidarity economy, invest in search and development and promote eco-design/ life cycle assessment, and develop an recycling circular economy.</p>	4/18/2019 1:05 PM
7	<p>This is already in place and would be a lot easier for retailers to implement</p>	4/10/2019 3:23 PM
8	<p>I do not think you can properly give out a consumer rebate given that the fees are affecting sales back to 2009. Returning credits to customers at the point of return is difficult and will not help everyone who has already disposed of older equipment. Extending the current fee elimination period at least gives consumers additional time to benefit if buying new equipment in Ontario.</p>	4/10/2019 2:50 PM

## Q5 Would any of the options for the surplus have a potential negative impact on competition in the WEEE marketplace?

Answered: 16 Skipped: 6

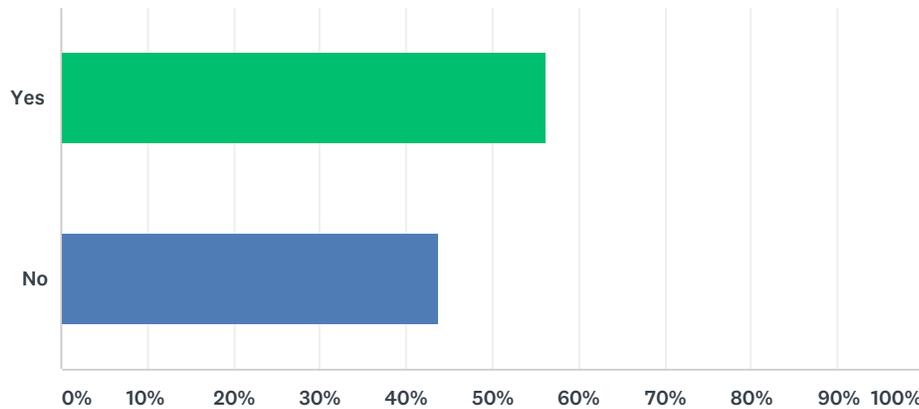


ANSWER CHOICES	RESPONSES	
Yes	37.50%	6
No	62.50%	10
TOTAL		16

#	IF YOU ANSWERED YES, PLEASE EXPLAIN OR PROVIDE ADDITIONAL FEEDBACK	DATE
1	Option 3 represents an opportunity for fraud. If collectors and generators get access to coupons or some other mechanism to credit consumers, there is no way to control that these credits would legitimately go to consumers recycling electronics and not be managed for their own benefit.	4/25/2019 12:09 PM
2	The County does not feel qualified to comment on the potential impacts to the competitive market.	4/25/2019 9:15 AM
3	If anything, options 1 and 3 should stimulate competition in the WEEE marketplace, ie: 1) Making replacement of current equipment more affordable (older equipment moved into WEEE collection sites) 3) Convincing people to appropriately dispose of end of life electronics to collect return value Option 2 would theoretically keep a "business as usual" model until the surplus runs out	4/24/2019 3:09 PM
4	Option 1 : -No added value created -Cost involved for producers (short-term additional resource to hire) -May be perceived as unfair for previous consumers who have been charged ecofees -Give the feeling that ecofees have been are not being properly managed so far -Present a bad public image of the end-of-life electronics program -Increase the sense of mistrust, of the Ontarians, to the general end-of-life products programs -Does not respond to the primary objective of the regulation who's to ensure an efficient end-of-life electronics program Option 3 : -Basically a deposit system -Cost involved for producers (short-term additional resource to hire) In a consumer point of view, move from a system based on ecofee to finance an end-of-life electronics products program, to a program at no cost (Ecofee at 0\$), than a deposit system for a couple of month, than a future new program with a new system, all within the space of a year, is not serious. -Give the feeling that ecofees have been are not being properly managed so far -Present a bad public image of the end-of-life electronics program and increase the sense of mistrust, of the Ontarians, to the general end-of-life products programs	4/18/2019 1:05 PM
5	1 and 3 - consumers can go through the their attics and basements looking for recyclable product. Also the WEEE fee changed several times and how do you tell one customer you get back this amount and they paid more and another customer paid less	4/12/2019 10:37 AM
6	I believe that attempting to give a credit back at the time of return would put unnecessary pressure and complication into the return process and collection points.	4/10/2019 2:50 PM
7	Op 3 frau8ght with the possibility of fraud OP 1 Rebates are unmanageable	4/10/2019 11:29 AM

## Q6 Would any of the options for the surplus have a potential negative impact on the program?

Answered: 16 Skipped: 6



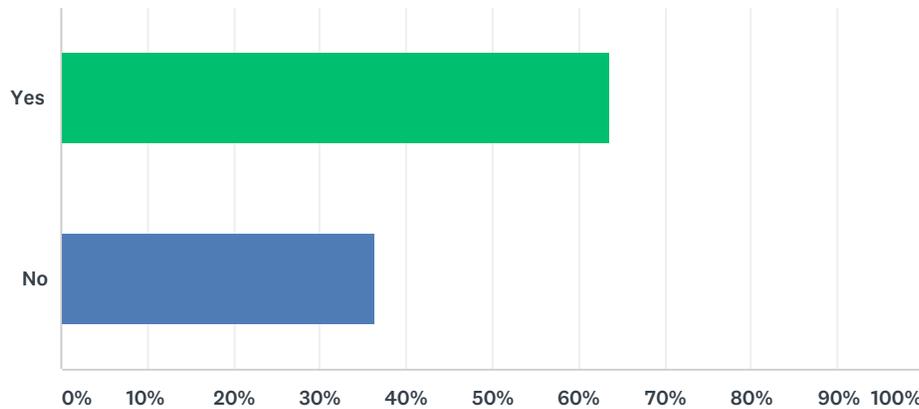
ANSWER CHOICES	RESPONSES	
Yes	56.25%	9
No	43.75%	7
TOTAL		16

#	IF YOU ANSWERED YES, PLEASE EXPLAIN OR PROVIDE ADDITIONAL FEEDBACK	DATE
1	The potential for fraud with Option 3 could generate negative publicity in the press which could discredit the electronics program and all recycling programs.	4/25/2019 12:09 PM
2	Should Option 1, credit at point of purchase or Option 3 credit at point of return be selected consumers that had not received the credit in the past may perceive this as unfair if they had recently purchased or disposed of WEEE material and did not receive a credit at that time.	4/25/2019 11:27 AM
3	Option 2 will negatively impact the consumer if the retailer ends up charging a fee under the new PRO Option 3 will negatively impact the consumer if the credit/coupon was not correctly distributed to them at point of return.	4/25/2019 9:15 AM
4	Options 1 and 3 could be costly to organize and implement, wasting surplus dollars vs the efficiency of option 2. Option 3 could be specifically detrimental to existing programs as it would require new processes and staff time at the collection level.	4/24/2019 3:09 PM
5	Option 1 : -No added value created -Cost involved for producers (short-term additional resource to hire) -May be perceived as unfair for previous consumers who have been charged ecofees -Give the feeling that ecofees have been are not being properly managed so far -Present a bad public image of the end-of-life electronics program -Increase the sense of mistrust, of the Ontarians, to the general end-of-life products programs -Does not respond to the primary objective of the regulation who's to ensure an efficient end-of-life electronics program Option 3 : -Basically a deposit system -Cost involved for producers (short-term additional resource to hire) In a consumer point of view, move from a system based on ecofee to finance an end-of-life electronics products program, to a program at no cost (Ecofee at 0\$), than a deposit system for a couple of month, than a future new program with a new system, all within the space of a year, is not serious. -Give the feeling that ecofees have been are not being properly managed so far -Present a bad public image of the end-of-life electronics program and increase the sense of mistrust, of the Ontarians, to the general end-of-life products programs	4/18/2019 1:05 PM
6	2 - extension very hard to estimate time	4/12/2019 10:37 AM
7	I think that some methods of attempting to give a credit are either going to be unfair to impacted consumers or very difficult and costly to the program.	4/10/2019 2:50 PM



## Q7 Would you use a clean version of the Materials Tracking System (MTS)?

Answered: 22 Skipped: 0

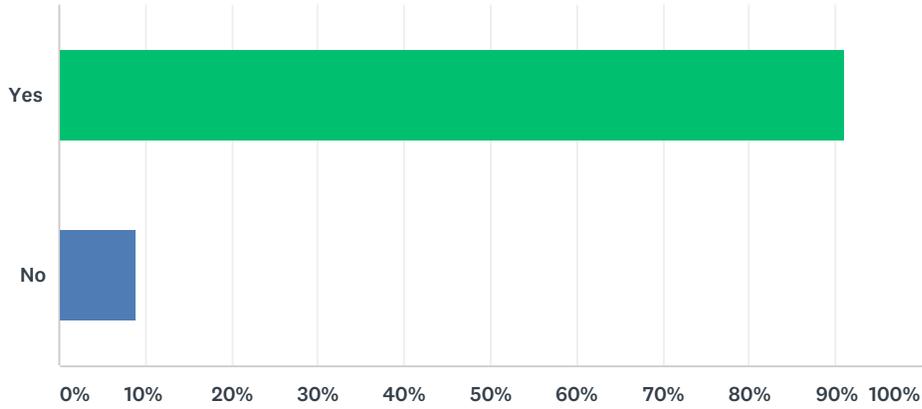


ANSWER CHOICES	RESPONSES	
Yes	63.64%	14
No	36.36%	8
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	We would evaluate a clean version of the MTS. We could not confirm whether we would use it or not until we complete an evaluation.	4/25/2019 12:09 PM
2	But the initial MTS was a disaster - it took almost 1 year before we were able to use both the tracking for outgoing materials and the Reuse reporting portion of the site. It would also be nice if organizations we able to manage their own users of MTS rather than having to call OES when users leave our organization.	4/18/2019 1:27 PM
3	if it is simple to use - right now too much back and forth between collector/shipper and OES	4/12/2019 10:37 AM
4	Yes if it included all diversion programs not just WEEE	4/10/2019 2:49 PM
5	Would like to have history transferred over	4/5/2019 4:12 PM
6	Would we have a choice ?	4/5/2019 7:54 AM
7	the MTS is a specialty program. created by those using it and it doesn't fully work now. Even when cleaned, if the program needs to be 'personalized', my guess is that the programmers that created would have to be used. as such, no choice and high cost. given the vast availability of commercial software that can be easily accessed, this will be option used.	4/4/2019 11:46 AM
8	I didn't pay particular attention, not what i was interested in.	3/22/2019 11:13 AM

## Q8 Do you support the audit proposal?

Answered: 22 Skipped: 0

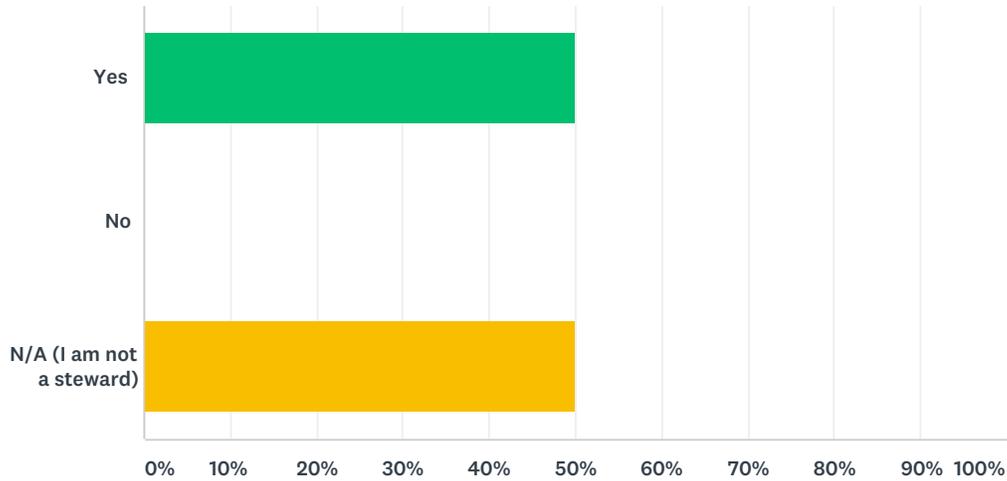


ANSWER CHOICES	RESPONSES	
Yes	90.91%	20
No	9.09%	2
TOTAL		22

#	PROVIDE ADDITIONAL FEEDBACK	DATE
1	However, the County has a limited understanding of the audit proposal.	4/25/2019 9:15 AM
2	n/a	4/5/2019 4:12 PM
3	I didn't pay particular attention, not what i was interested in.	3/22/2019 11:13 AM

## Q9 For Stewards: Does the proposed reporting schedule and process align with your business operations?

Answered: 22 Skipped: 0

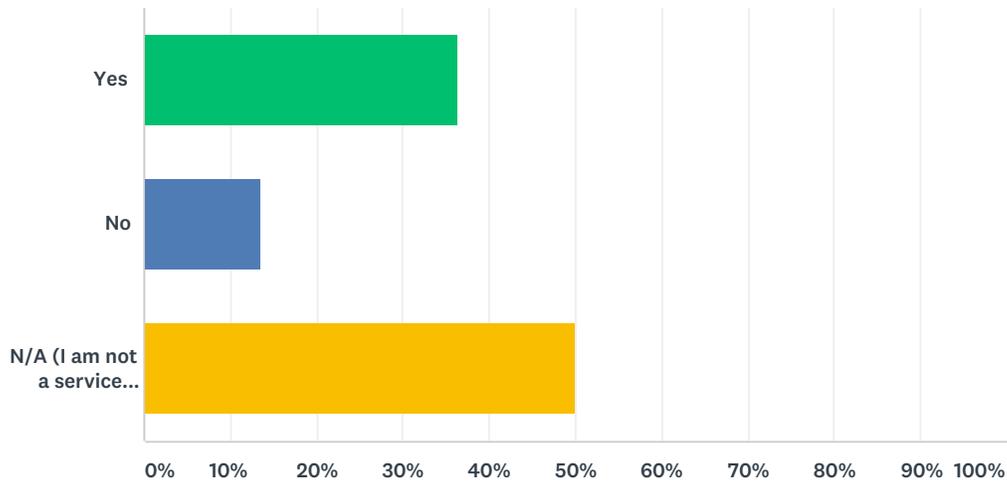


ANSWER CHOICES	RESPONSES
Yes	50.00% 11
No	0.00% 0
N/A (I am not a steward)	50.00% 11
<b>TOTAL</b>	<b>22</b>

#	ADDITIONAL FEEDBACK	DATE
1	The only item I have a problem with is the cut off date to revised previous reports as the end of April 2019. My problem is that as a distributor we offer our customers up to 2 years to return faulty product for a refund. The current proposal eliminates our company from processing return refunds for WEEE fees collected and paid to OES.	4/25/2019 4:28 PM
2	n/a	4/5/2019 4:12 PM

## Q10 For service providers: Do the proposed operational deadlines work when thinking about your business processes?

Answered: 22 Skipped: 0

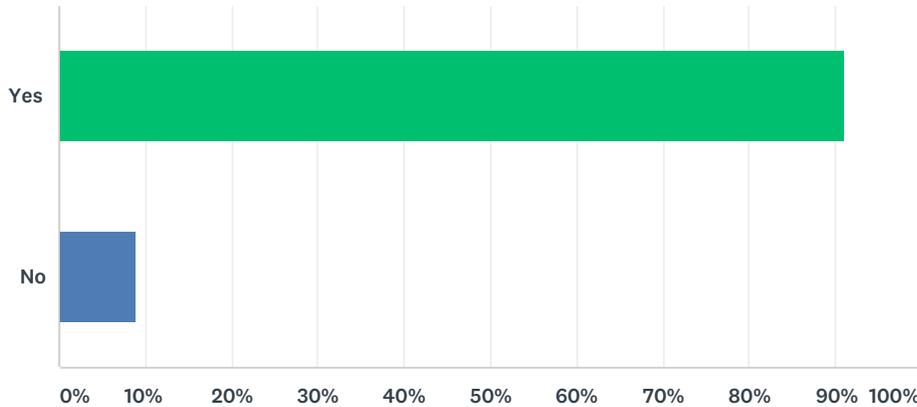


ANSWER CHOICES	RESPONSES	
Yes	36.36%	8
No	13.64%	3
N/A (I am not a service provider)	50.00%	11
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	It is a very busy time of year for the rural and seasonal areas. Service providers will have to move all of the bins/materials within 7 business days during one of the busiest logistical times of the year. It may be improved if this period was extended by one additional week to allow for new business arrangements to occur, this may alleviate some frustrations for all parties. These concerns arise from our municipality in particular, as it has 12 bins located at 12 different locations scattered throughout a 3,800km <sup>2</sup> region of which takes a truck to travel 2.5 hours one way. Even with the capability to haul 2 bins at once, it would take approximately 6 business days to service our municipality.	4/25/2019 9:15 AM
2	The June 30th end with collection by July 10th is very tight due to the summer period for vacation. Also, what if the bin isn't full? We've been purposely maximizing our collection bin capacity for efficiency's sake, I do not want to be penalized for a half-full bin.	3/22/2019 11:13 AM

## Q11 Do the proposed promotion and education activities support competition following wind up?

Answered: 22 Skipped: 0

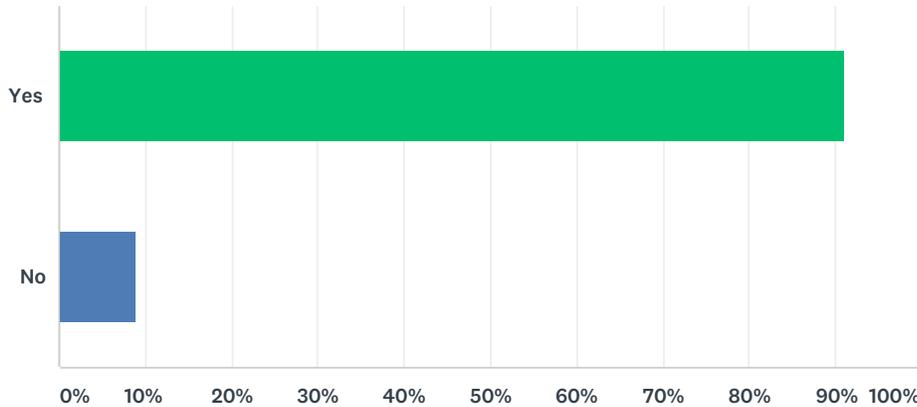


ANSWER CHOICES	RESPONSES	
Yes	90.91%	20
No	9.09%	2
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	Competition starts with producers having a choice of using different PROs or even operating their own program. The promotion and education activities are related to ensuring that consumers know about electronics recycling and their local collection options. They are not related and every effort to inform consumers should be maintained and actually increased to continually increase awareness.	4/25/2019 12:09 PM
2	The County does not feel qualified to comment on the potential impacts to the competitive market.	4/25/2019 9:15 AM
3	Because residents in Grey Highlands won't receive any of the P&E	4/10/2019 2:49 PM
4	n/a	4/5/2019 4:12 PM
5	Yes - but they could use more of the left over money to advertise the benefits of recycling electronics as opposed to promoting the organization and what the organization does.	4/5/2019 7:54 AM
6	I didn't pay particular attention, not what i was interested in.	3/22/2019 11:13 AM

## Q12 Do the proposed promotion and education activities maintain and improve program performance?

Answered: 22 Skipped: 0

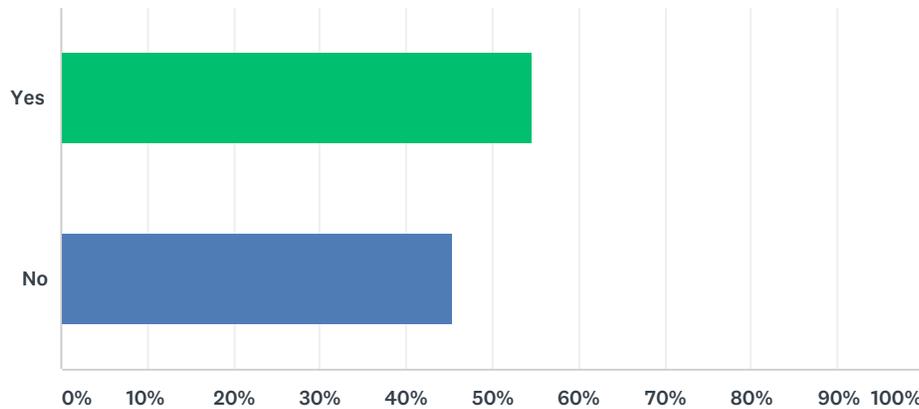


ANSWER CHOICES	RESPONSES	
Yes	90.91%	20
No	9.09%	2
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	As mentioned above, every effort should be made to continually inform and educate consumers that electronics recycling options exist within their community. We would actually recommend that these promotion and education activities be increased in order to make the new program even more successful in the future.	4/25/2019 12:09 PM
2	The County does not feel qualified to comment on the promotion and education activities' impacts on program performance.	4/25/2019 9:15 AM
3	Potentially.	4/24/2019 3:09 PM
4	However, when residents are asked to change their diversion pattern they may not divert.	4/10/2019 2:49 PM
5	It keeps the concept of re-use, re-direct, re-cycle in the minds of the consumer	4/5/2019 4:12 PM
6	Yes but could spend more - see previous question	4/5/2019 7:54 AM
7	existing P&E is poor, doubt the new P&E will be better	3/22/2019 11:13 AM

## Q13 Do you feel that the plan includes enough information for you to prepare for the wind up of the program?

Answered: 22 Skipped: 0

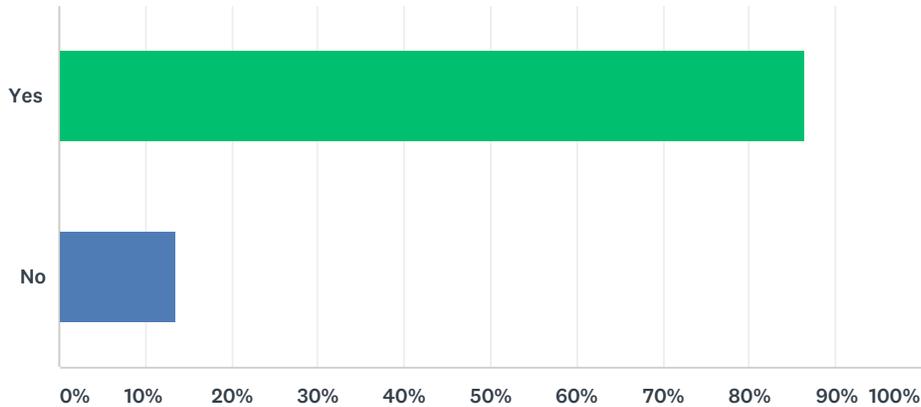


ANSWER CHOICES	RESPONSES	
Yes	54.55%	12
No	45.45%	10
TOTAL		22

#	ADDITIONAL FEEDBACK	DATE
1	The County of Simcoe currently receives incentives towards the collection of WEEE materials. While the incentives remain in place during the wind-up period there is no indication that collectors will receive any incentives in the new program. The County does incur costs through staff time, storage, reporting and packaging of these materials and should there no longer be an incentive that cost will be borne by the taxpayers of the County of Simcoe. As well, the County receives pallets, Gaylord boxes, and shrink wrap from the processor in order to package and transport the material, it is not clear that this will continue to be a requirement of stewards in the new program.	4/25/2019 11:27 AM
2	From the perspective of a collection service provider, we feel the plan provides enough information for us to understand how the old program will wind-up and what needs to be done in preparation for the wind-up.	4/25/2019 9:15 AM
3	There is sufficient information to understand the wind up process. However, to appropriately prepare for the wind up of the program we would need to know what happens once the current systems end.	4/24/2019 3:09 PM
4	But it's getting closer, some concerns about the new MTS system, but other than that yes.	4/18/2019 1:27 PM
5	The plan should be updated and include proposals to manage the surplus funds	4/18/2019 1:05 PM
6	There is not enough information about what is happening afterwards	4/10/2019 3:23 PM
7	Nothing about municipalities and the way they will be affected has been mentioned.	4/10/2019 2:49 PM
8	Need more information on the transfer of files and how new reporting requirements will affect work flow	4/5/2019 4:12 PM
9	it will be more helpful to see the coming regulations.	4/4/2019 11:46 AM
10	very high-level. no info on incentives for collectors. I agree that this is only the beginning of the plan.	3/22/2019 11:13 AM

## Q14 From your perspective, does the plan meet the requirements of the Minister's direction?

Answered: 22 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	86.36% 19
No	13.64% 3
TOTAL	22

#	ADDITIONAL FEEDBACK	DATE
1	Yes, however the tight operational timelines may impact service levels at collection sites. Feedback on this was provided in response to question 10.	4/25/2019 9:15 AM
2	Except for the surplus funds	4/18/2019 1:05 PM
3	The majority does; however, the question still relates on next steps - I can't close until I know what is the next requirement	4/5/2019 4:12 PM
4	I didn't pay particular attention, not what i was interested in.	3/22/2019 11:13 AM

## Q15 Provide any other feedback on OES's draft Wind-Up Plan.

Answered: 7 Skipped: 15

#	RESPONSES	DATE
1	Business needs clarity and certainty to make business investments. In eCycle's case, we have made a multi-million dollar investment in a new state-of-the-art facility in Mississauga, Ontario in order to support the transition to the RRCEA. Below is a summary of our recommendations: 1) The schedule to finalize the OES windup plan and the new regulation are not delayed. 2) Some portion of surplus goes to funding the first two years of the service provider fees in the new program to smooth the transition. 3) Any planned product expansion occurs on the first day of the new program in order to eliminate consumer confusion. 4) The current promotional and educational activities are maintained and even increased in order to make the new program even more successful. We thank you for this opportunity to provide feedback. Michael Collins, President & CEO eCycle Solutions Inc.	4/25/2019 12:09 PM
2	Sufficient job with clarity, options and following regulated requirements for wind up process, but insufficient information on what comes after to effectively prepare for wind up. Draft regs should have been available prior to end of consultation to evaluate wind up process and prepare for future obligations.	4/24/2019 3:09 PM
3	If there is a new MTS handing system it really would be nice to manage our own users.	4/18/2019 1:27 PM
4	Would appreciate more info. as to the changes that will occur on the 1st of July 2020 so we can adjust budget/employees as soon as possible.	4/10/2019 2:55 PM
5	Why is nothing done to prepare municipalities to prepare for the short fall of income and diversion programs.	4/10/2019 2:49 PM
6	N/A	4/5/2019 4:12 PM
7	It's too bad OES had to end. Compared to the cluster-fuck of what was OTS, the OES was simple to manage.	3/22/2019 11:13 AM