

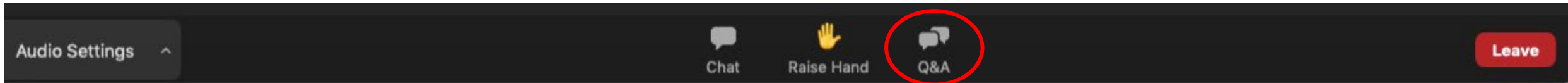


Proposed 2021 Registry Fees for Blue Box and Hazardous and Special Products

Consultation webinars
July 7 and 8, 2021



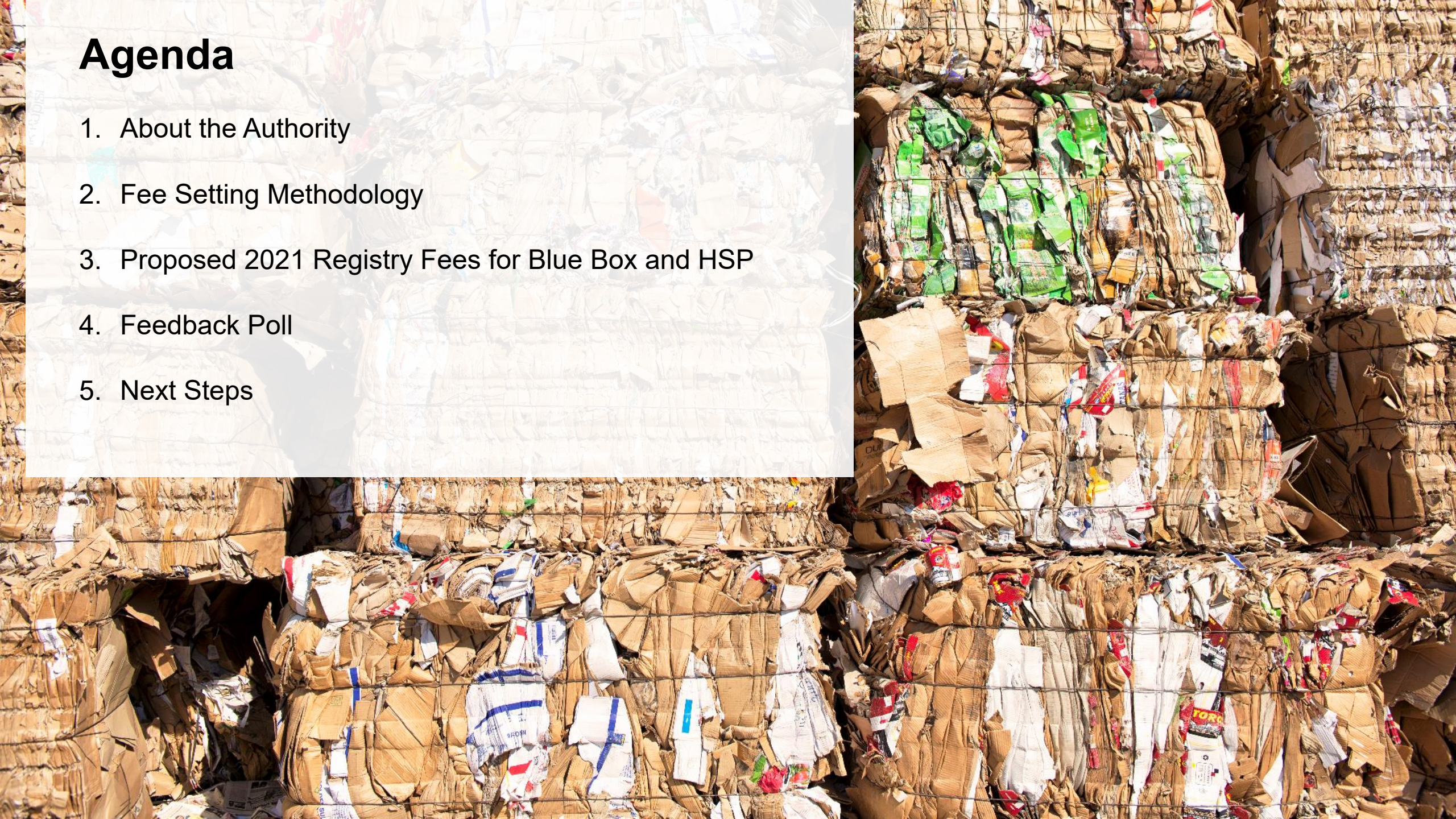
How to ask a question



To ask a question at any time during the presentation or for technical assistance, click on the Q&A tab, type your question in the text box and click “send”.

Agenda

1. About the Authority
2. Fee Setting Methodology
3. Proposed 2021 Registry Fees for Blue Box and HSP
4. Feedback Poll
5. Next Steps



About the Authority



About the Authority

- The Resource Productivity and Recovery Authority (the Authority) is the regulator mandated by the Government of Ontario to administer the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA), and their associated regulations.
- The RRCEA and WDTA outline the legislative framework for winding up and transitioning legacy waste diversion programs to Ontario's new producer responsibility regulatory framework for waste diversion and resource recovery.
- The new regulatory framework requires producers to be individually accountable and financially responsible for their products and packaging once consumers dispose of them.
- To date, the Authority has overseen the wind up and transition of three waste diversion programs:
 - The Used Tires Program operated by Ontario Tire Stewardship transitioned January 1, 2019.
 - The Batteries portion of the Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario transitioned July 1, 2020.
 - The Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship transitioned January 1, 2021.

About the Authority

- In June 2021, the government released two new regulations, which will see the two remaining legacy waste diversion programs transition to the new regulatory framework:
 - On June 3, the government released the final [Blue Box Regulation](#). The current Blue Box Program administered by Stewardship Ontario on behalf of stewards and operated by municipalities will transition to the new framework between July 1, 2023 to December 31, 2025.
 - On June 8, the government released the final [Hazardous and Special Products \(HSP\) Regulation](#). The current Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario will wind up September 30, 2021 and transition to the new framework on October 1, 2021.
- These RRCEA regulations require obligated parties to register and report to the Authority through its Registry system.
- The Registry is an online platform that allows the Authority to securely and confidentially collect information from obligated parties and monitor performance.

The Authority's finances

- As an administrative authority of the Government of Ontario, the Authority does not receive any government funding and funds its operations through fees charged to regulated parties on a cost-recovery basis.
- The WDTA and RRCEA allow the Authority to set and collect fees to recover its costs. Fee revenues come from two sources:
 1. RRCEA: Annual fees to obligated parties required to register
 2. WDTA: Monthly cost recovery charges to industry funding organizations, industry stewardship organizations and other WDTA activities
- RRCEA fees (i.e. Registry fees) cover the Authority's costs to develop and operate the Registry and carry out compliance and enforcement activities.
- WDTA monthly charges cover the Authority's costs to oversee the operation of IFO/ISO based programs and their wind up.
- Legislation requires that the Authority must:
 - Consult on proposed fees for at least 45 days
 - Post the approved fees for at least 30 days before the fees take effect

Consultation scope

- This consultation outlines the Authority's revised 2021 budget and the allocation of RRCEA program costs to all four active Registry programs (Tires, Batteries and EEE, HSP, and Blue Box).
- The fees outlined in this presentation are the fees proposed to be charged to producers under the Blue Box Regulation and HSP Regulation. 2021 is the first year that producers obligated under these RRCEA regulations are required to pay Registry fees to the Authority.
- From March 30 to May 14, 2021, the Authority consulted on its proposed 2021 Registry fees for tires and batteries and EEE, which were based on the 2020 fees for these materials. The fees were approved on May 18, 2021. The Authority posted the final fees for tires and batteries and EEE to its website on May 25, 2021 and notified stakeholders the same day.
- Now that the Blue Box and HSP regulations have been finalized, the Authority has allocated the 2021 RRCEA budget across all programs, including the Tires and Batteries and EEE programs. Any reconciliation between actual 2021 program expenses and the fees collected in 2021 will occur when 2022 Registry fees are set.
- The Authority is also reviewing its General Fee Setting Policy and Methodology, and any necessary adjustments to align the policy and methodology with the 2021 fees will be consulted on as part of the 2022 fee-setting process, which is anticipated to occur in fall/winter 2021.

Fee Setting Methodology



Fee Setting Policy

- In 2017, the Authority developed, consulted on and approved its [Fee Setting Policy](#), which includes:
 1. Objectives
 2. Principles for establishing RRCEA fees
 3. Rules to guide fee setting methodology
 4. Fee setting methodology
- The Authority's General Fee Setting Policy and Methodology will be consulted on during 2022 fee setting and updated to reflect the structure of the final fees.

1. Objectives

1. Transparent fee setting process
2. Fees, costs and other charges are reasonable and reflect costs incurred by the Authority
3. Long-term financial sustainability of the Authority
4. Fee predictability for regulated parties
5. Fair allocation among fee-paying entities

2. Principles

RPRA's General Fee Setting Policy Principles are based on the OECD's Best Practice Guidelines for User Charging established in 1997.

The best practices address the nine key factors for implementing effective and efficient user charging systems.

1. Clear legal authority
2. Consultation with users
3. Determine full costs
4. Effective and efficient collection system (e.g. clear instructions for payment and defined payment system)
5. Improve and monitor organizational performance (e.g. in setting fees, costs and other charges)
6. Treatment of receipts (e.g. fees are booked as revenues to offset costs)
7. Appropriate pricing strategies
8. Recognize equity considerations
9. Consider the effect of fees in the competitive marketplace

3. Current rules

1. No proration – fees charged are for calendar year in which the fees are paid
2. No in-year adjustments – any adjustment required will be reflected in the calculation of fees for the next calendar year
3. Fees apply to each program (e.g. a producer of tires and electronics will pay two fees)

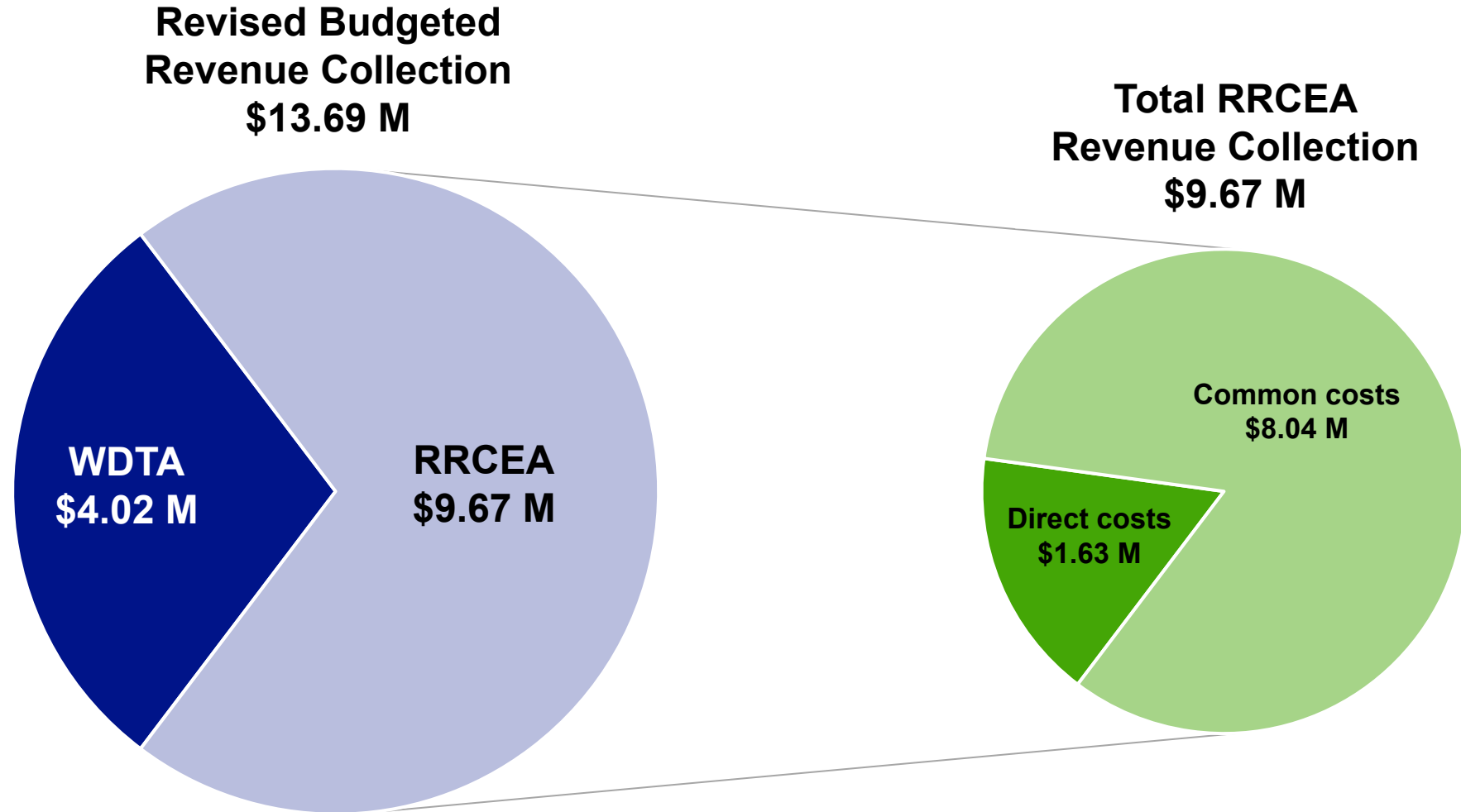
4. Current fee setting methodology

- A. Determine RPRA's annual budget
- B. Allocate budget to RRCEA and WDTA
- C. Allocate RRCEA expenses by program
 - Considering direct costs and share of common costs
- D. For each program, allocate RRCEA expenses by type of regulated party (e.g., producer, PRO, service provider)
- E. Determine type of fee – fixed or variable

2021 revised RRCEA/WDTA budgeted revenue collection

- 2021 budgeted RRCEA revenue increased by \$2.29M compared to what was published in the [2021 Business Plan](#).
- Increases to RPRA's budget in 2021 resulted from changes to the assumptions underlying the 2021 Business Plan, published last fall, including the Blue Box Regulation coming into force in 2021 earlier than expected, and RPRA being directed to develop and operate the Excess Soil Registry.
- In addition to increasing mandated delivery expectations in 2021, these changes meant that RPRA would be starting up multiple new Registry projects in 2021, including three major Registry portal development projects and overlapping registration and compliance campaigns for two new programs on top of the two existing programs.
- As a result, resourcing plans were adjusted. Among other things, resource growth planned for later in 2021 and 2022 to accommodate new programs was accelerated in 2021.
- The revised budget has resulted in allocated RRCEA revenues increasing from \$7.38 M predicted in the 2021 Business Plan to \$9.67 M to accommodate increased delivery expectations.

2021 RRCEA/WDTA revenue collection



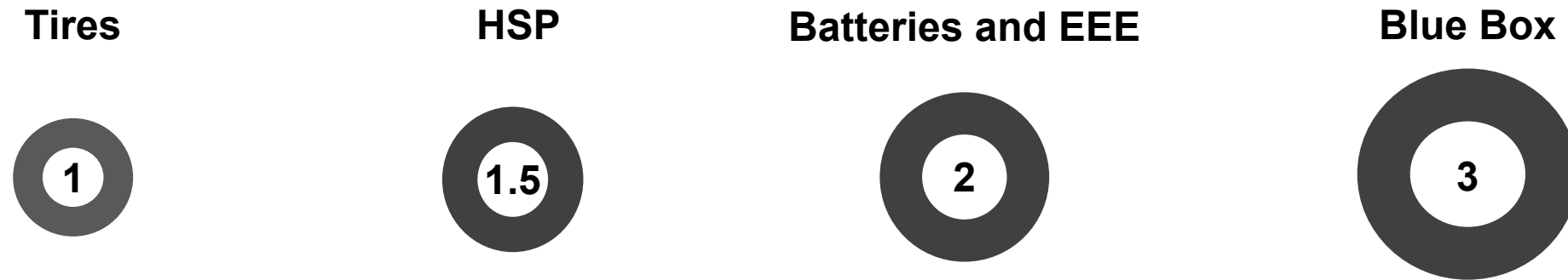
Cost allocation methodology by RRCEA program

1. **Apply forecasted direct expenses** to each program, including:
 - A. Amortized Registry costs and interest for the program portal
 - B. Amortized Registry foundational costs and interest
 - Foundational costs are related to general Registry platform components that are not specific to any one material portal, such as system security and log in functions
2. **Allocate RRCEA shared common costs** based on “program weight” approach
 - Shared common costs are related to the administrative, communications, compliance and other functions common to all programs

Amortization of Registry foundational costs

- Total Registry foundational costs to date = \$4.7 M
- Registry foundational costs are amortized over 10 years and programs begin paying their annual share of the costs once active.
- At the end of the amortization period, all programs will have paid the same amount of foundational costs.
- Additionally, in 2018 and 2019, programs under the WDTA paid a portion of the amortized foundational costs.
- 2021 portion of foundational costs equally divided among Tires, Batteries and EEE, Blue Box, and HSP.

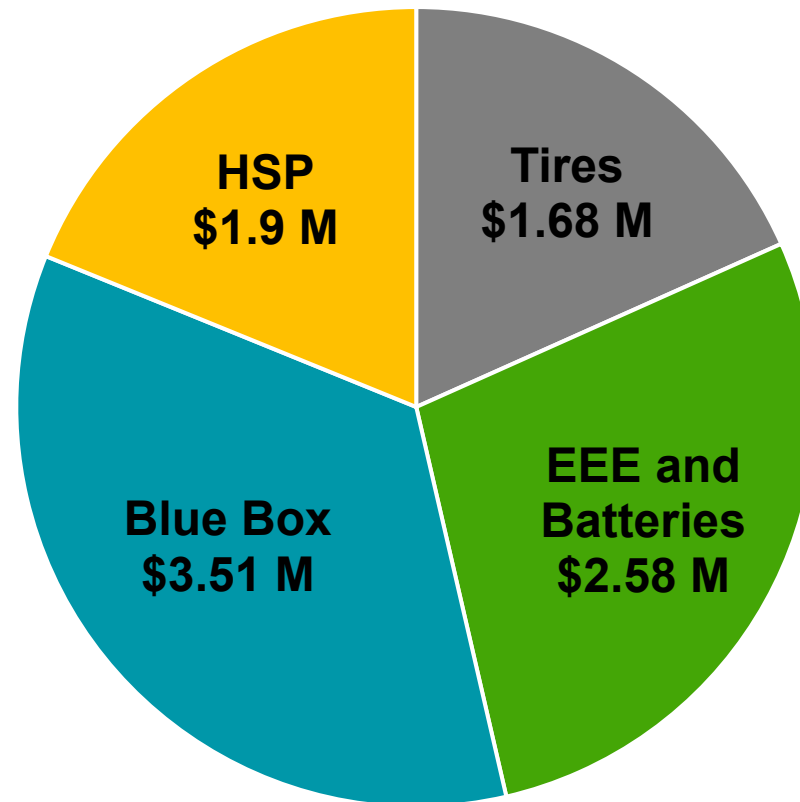
Program weights for allocating common costs



- For program weight allocations, the first Registry program – Tires – serves as the benchmark and has a program weight of one.
- Other programs are scaled up or down relative to Tires, taking into account the number of producers, the number and complexity of the regulations, and the effort required to oversee material categories and collection networks.

2021 revenue collection allocation

RRCEA Revenue Collection = \$9.67 M



A large stack of newspapers is shown, tied together with a thick, light-brown rope that runs vertically through the center. The newspapers are stacked in a way that their edges are visible, showing various headlines and text. The background is a blurred outdoor setting with some greenery. Overlaid in the center of the image is the word "Questions?" in a large, bold, black sans-serif font.

Questions?

Proposed 2021 Registry fees for Blue Box and HSP



Setting the proposed 2021 Registry fees

- As with tires and batteries and EEE, the proposed 2021 Registry fees for Blue Box and HSP only include fees for producers. There are no fees proposed for service providers or PROs.
- Batteries and EEE will continue to be treated as one program for fee setting consistent with 2020.
- The proposed fees for Blue Box and HSP use a variable and flat fee structure, similar to tires and batteries and EEE.
- Due to the structure of the HSP Regulation, the proposed fees for HSP differ by material category:
 - Category A and B, includes non-refillable and refillable pressurized containers, oil filters, antifreeze, oil containers, paints and coatings, pesticides, and solvents.
 - Category C, includes barometers, thermometers, and thermostats.
 - Category D, includes fertilizers.
 - Category E, includes refillable propane containers.

Proposed 2021 Registry fees for Blue Box

Registrant	Proposed 2021 Registry fees
Producer: less than 100,000 kg paper/packaging supplied	\$75 flat fee
Producer: \geq 100,000 kg paper/packaging supplied	\$0.0038 (0.38¢) per kg supplied

Assumptions for stakeholder feedback:

- Total # of producers: approximately 1800
 - # of producers that supply $<$ 100,000 kg: approximately 1200
 - # of producers that supply \geq 100,000 kg: approximately 600
- Total paper/packaging supplied by producers \geq 100,000 kg: approximately 930,000 tonnes
- Contingency built into the fee above budgeted revenue collection: \$118 K

Proposed 2021 Registry fees for HSP

- The HSP Regulation identifies 5 different categories of material groupings with differing regulatory requirements.
- Similar to program share allocations among programs, the Authority is proposing to allocate the budgeted HSP revenue collection among the HSP categories.
- The overall HSP 2021 revenue collection was budgeted at \$1.9 M. Proposed allocation among categories below:

Material category	% allocation	Revenue collection allocation
Category A and B (includes non-refillable and refillable pressurized containers, oil filters, antifreeze, oil containers, paints and coatings, pesticides, and solvents.	83%	\$1.58 M
Category C and E (includes barometers, thermometers, thermostats and refillable propane containers)	15%	\$285 K
Category D (includes fertilizers)	2%	\$32 K

Proposed 2021 Registry fees for HSP


Material group	Registrant	Proposed 2021 Registry fees
Category A and B	Producer: < 10,000 kg HSP supplied	\$75 flat fee
	Producer: >10,000 kg HSP supplied	\$0.013 (1.3¢) per kg supplied
Category C and E	Producer	\$7,500 flat fee
Category D	Producer	\$4,000 flat fee

Assumptions for stakeholder feedback:

- Category A and B
 - Total # of producers: approximately 225
 - # of producers supply < 10,000 kg: approximately 65
 - HSP supplied by producers \geq 10,000 kg: approximately 123,000,000 kg
- Category C and E
 - # of producers: approximately 40
- Category D
 - # of producers: approximately 8
- Contingency built into the fee above budgeted revenue collection: \$40 K

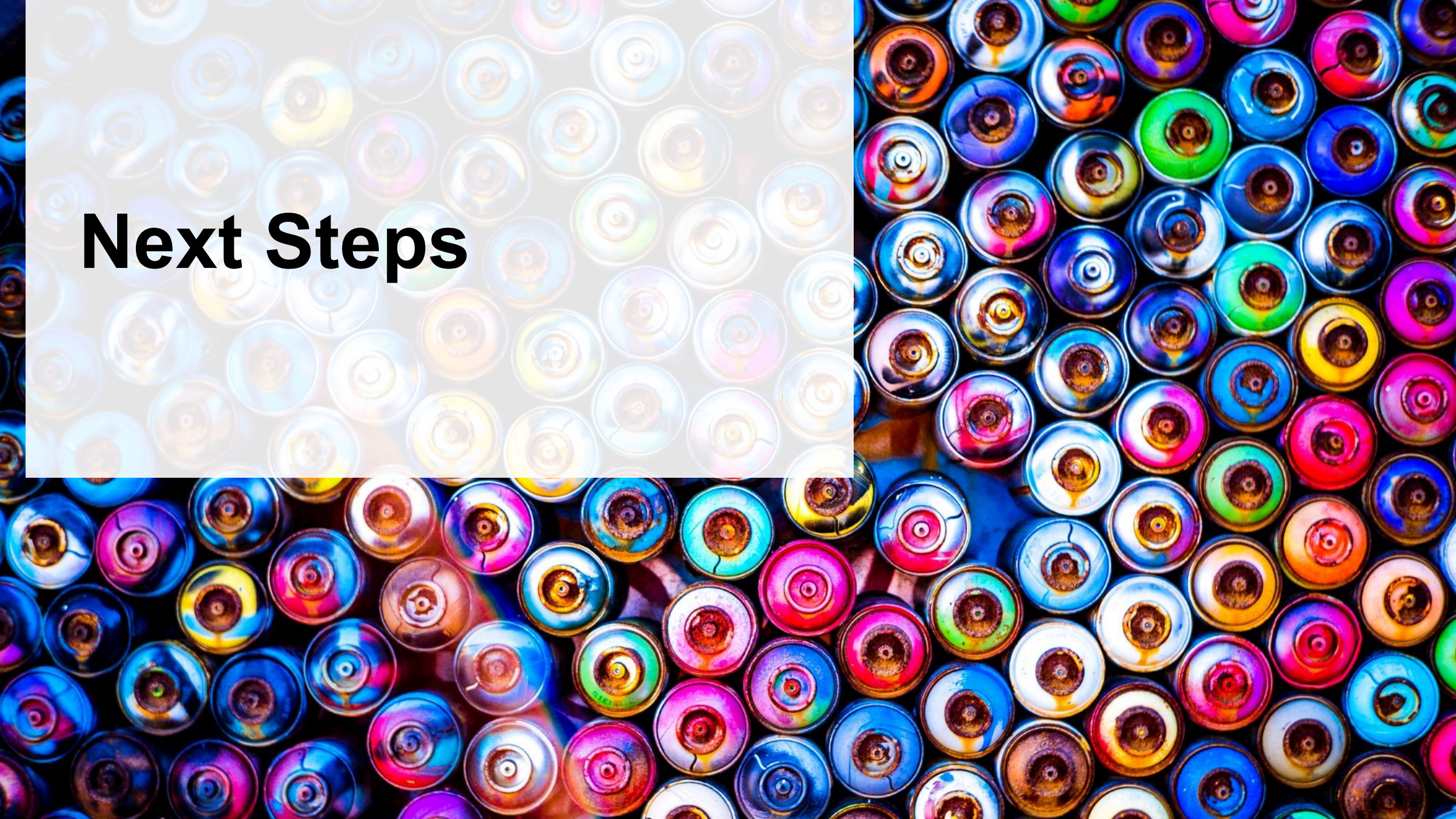
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Questions?

A close-up photograph of a person's hands typing on a silver laptop keyboard. The laptop screen is black and displays a semi-transparent grey rectangular box containing white text. The background is blurred, showing a window with white curtains and some green foliage. The person's left hand is on the left side of the keyboard, and their right hand is on the right side, with fingers positioned over the keys. The text is centered within the grey box and reads "Help us improve our consultations".

**Help us improve
our consultations**

Next Steps



Next steps

- This presentation deck and a recording of both webinars will be posted to our [consultation webpage](#).
- Email your feedback to consultations@rpra.ca on or before **Tuesday, August 3, 2021**.
- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca.
- Feedback from the consultation will be summarized in a report that will be posted to the Authority's website.
- The final fees will be posted to the Authority's website and stakeholders will be notified when they have been posted.
- The Authority will communicate with producers on how and when they can complete their annual reporting requirements and pay their Registry fee once the fees have been finalized.

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Questions?