

## Introduction

This General Fee-Setting Policy sets out the principles and rules that the Resource Productivity and Recovery Authority (the Authority) applies in setting fees under the [Resource Recovery and Circular Economy Act, 2016 \(RRCEA\)](#).

The RRCEA permits the Authority to “set and collect fees, costs or other charges due to the Authority related to the performance of its duties and exercise of its powers under this Act or any other Act in accordance with processes and criteria established by the Authority.”

The Authority was established on November 30, 2016 with the proclamation of the RRCEA, along with the [Waste Diversion Transition Act, 2016 \(WDTA\)](#), both enacted by the [Waste-Free Ontario Act, 2016 \(WFOA\)](#).

The RRCEA sets out a producer responsibility framework and a mandate for the Authority to provide registry and information services related to resource recovery and waste. The WDTA sets out requirements for the continuation of existing waste diversion programs and outlines the process for their eventual wind up along with their associated industry funding organization<sup>1</sup>(IFO).

Before the Authority can establish or amend fees and charges, it is required under the RRCEA to consult with stakeholders. The Authority must also post any fee or charge proposal on its website for public comment for at least 45 days. Following public consultation, the fee or charge must be posted on the Authority’s website, along with a description of how the Authority considered public comments in determining the final fee or charge. The fee or charge comes into effect 30 days after its publication or on a later date specified by the Authority.

The Authority is an administrative authority established by the Government of Ontario with responsibilities related to the government’s efforts to advance a circular economy and achieve a waste-free Ontario. These responsibilities include developing and operating an electronic registry to effectively monitor producer performance, provide registry services to support programs administered by the Ministry of the Environment, Conservation and Parks (MECP), oversight of programs under the WDTA, including their eventual wind up, and compliance of obligated parties under both the WDTA and the RRCEA.

The Authority receives no funding from the Government. Material changes to this policy will be consulted on before approval.

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<sup>1</sup> The Authority oversees three IFOs: Stewardship Ontario, Ontario Tire Stewardship and Ontario Electronic Stewardship.

## **Cost Recovery under the WDTA**

The General Fee-Setting Policy applies to costs recovered under the RRCEA. It is not applicable to waste diversion programs and oversight and wind up of industry funding organizations operating under the WDTA.

Under the WDTA, the Authority recovers its oversight costs from the IFOs and industry stewardship organizations<sup>2</sup> (ISOs) that, in turn, recover their costs as fees from stewards.

The Authority's costs to oversee current waste diversion programs and IFOs and ISOs under the WDTA are recovered from IFOs as set out in WDTA Section 33 (5) (vi) and from ISOs as set out in WDTA Section 41.

The Authority has previously consulted with IFOs and ISOs on the methodology to recover these costs. The methodology is as follows:

- Direct costs are tracked separately and allocated to the respective IFO or ISO; and
- Costs that cannot be attributed directly to an IFO or ISO are divided in half with 50% pro-rated across the programs based on direct costs and 50% divided equally among the designated materials.

The Authority will continue to charge IFOs and ISOs for its costs allocated to the WDTA. The methodology which applies 50% of the WDTA allocation using direct costs will continue without change as programs and IFOs are wound up. The methodology to allocate the 50% of unattributable costs divided equally across the designated materials will be adjusted, as programs and IFOs are wound up, to reflect the declining number of designated materials to ensure both fairness in apportioning those costs and full cost recovery.

## **Cost Recovery under the RRCEA**

Section 41 of the RRCEA gives the Authority the ability to set and collect fees, costs or other charges to recover costs related to the exercise of its mandate. Fees collected by the Authority under the RRCEA are to be used exclusively to offset operating costs related to its duties and responsibilities under the RRCEA and any other Act, including:

- Administration costs including a prudent operating reserve
- Establishing, maintaining and operating a registry
- Management of information in the registry
- Registry support services to registrants and MECP
- Compliance and enforcement activities including inspections and investigations
- Stakeholder engagement and communications

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<sup>2</sup> The Authority oversees three ISOs: Product Care Association, Automotive Materials Stewardship and SodaStream.

Registry and other capitalized expenses will be amortized to apportion costs to future registrants through fees under the RRCEA. Further details on RRCEA and WDTA segregated budgets are available in the Authority's Business Plan.

## General Fee-Setting Policy

Producers of materials regulated under the RRCEA are responsible for the costs associated with collecting and managing those materials.

The Authority sets fees to recover its costs according to the following objectives, principles and rules.

### Objectives, Principles, and Rules

Objective	Principle	Description
<b>Transparent fee setting process</b>	<b>Clear legal authority</b>	The Authority has legal authority to set and collect fees and charges to recover the costs of carrying out its mandate.
	<b>Transparency and consultation</b>	The Authority is committed to open communication and transparent consultation with stakeholders on proposed fees. The Authority will describe the rationale for proposed fees and final decisions and will also describe how consultation informed the final determination of fees.
<b>Fees are reasonable and reflect costs incurred by the Authority</b>	<b>Determine and fairly allocate full costs</b>	The Authority is guided by a set of overarching procedures that provide consistency in fee setting decisions.
		<p>The Authority fairly and reasonably allocates its costs between programs. This allocation includes direct costs attributable to specific programs, as well as common costs which are allocated equitably between programs.</p> <p>Users of digital services for programs under the <i>Environmental Protection Act</i> pay fees that reflect the amount of waste they generate.</p>

Objective	Principle	Description
	<b>Commitment to continuous improvement</b>	The Authority is committed to regularly reviewing and refining its business processes to promote both efficiency and effectiveness in executing its mandate. The Authority will continually seek to refine its approach to cost allocation between programs over time as costs to support new programs become more stable and predictable.
	<b>Recognize equity considerations</b>	<p>The Authority aims to promote an equitable approach to determining fees, costs and other charges that considers the impact of fees on regulated parties in support of a robust Ontario marketplace.</p> <p>Fees are designed to minimize marketplace distortions and fairly reflect higher volume producers' share.</p>
<b>Fees are predictable and easily understood</b>	<b>Simplicity and predictability</b>	The Authority aims to establish fees that are simply understood and result in predictable costs for fee payors.
<b>Long-term financial sustainability of the Authority</b>	<b>Sustainability and agility</b>	Fees enable the Authority to effectively and efficiently carry out its mandate. The Authority will also maintain prudent reserves to provide it with the operational agility to respond to emerging risks and priorities.

The fee-setting *principles* are adapted from the [OECD's Guidelines for User Charging \(1997\)](#).

Six overarching *rules* currently apply to fee setting. Additional rules may be identified, and rules may be modified, as other programs are implemented.

The rules are:

1. No proration – fees charged are for the 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 future calendar years
3. Fee payors will pay fees in each program they register for
4. Annual costs are borne by the parties responsible for supplying regulated materials into the marketplace or for generating the material required to be managed

## Review Timeline

Date	Revisions Made
April 2018	Policy created, along with a separate Fee Setting Methodology.
April 2022	Revisions and additions to consolidate with Fee Setting Methodology and reflect the Authority's expanded operations and mandate.