



2019 RRCEA Fees for Tires Consultation Report

January 21, 2019

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Introduction and context

From November 5, 2018 to December 19, 2018 the Authority consulted on its proposed 2019 RRCEA Fees for Tires. RRCEA fees are fees registered parties pay to the Authority to cover the costs of building and operating the Registry and conducting compliance and enforcement activities. The proposed 2019 fees were developed according to the Authority's [General Fee Setting Policy](#) and the [Fee Setting Methodology](#), which were consulted on and approved in early 2018. This report provides an overview of the consultation process and a summary of the feedback received.

The Authority will consider the feedback received during the consultation as it finalizes the 2019 fees. The final fees will be posted to the Authority's website in February 2019 and registrants and stakeholders will be notified that the fees have been posted.

Questions about this report can be emailed to consultations@rpra.ca.

About the Authority

The Authority is a regulatory body created by the Ontario government in November 2016 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 regime where producers are responsible and accountable for their products and packaging, recovering resources, and reducing waste. The WTDA allows for the continuation of waste diversion programs and sets out provisions to wind up those programs as directed by the Minister of the Environment, Conservation and Parks.

The Authority does not receive any government funding. The WTDA and RRCEA allow the Authority to set and collect fees to recover its costs from regulated parties. The Authority's revenues come from two sources:

- **WTDA:** Charges to industry funding organizations and industry stewardship organizations for the Authority's oversight of programs.
- **RRCEA:** Charges to parties required to register or report to the Authority to cover the development and operation of the Registry and compliance and enforcement costs.

Principles for public consultation

The Authority's consultations are guided by the following 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.

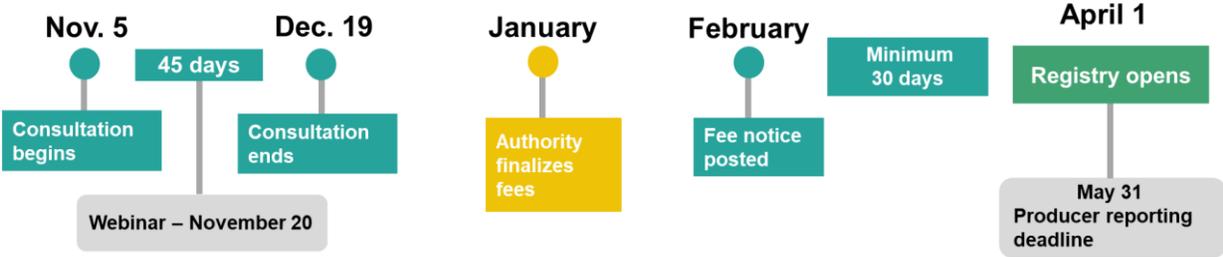
Balance: Provide opportunities for diverse perspectives and opinions to be heard and considered.

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

The Authority emailed its general stakeholder list and all tire registrants (producers, collectors, haulers, retreaders and processors) notice of the consultation on November 5, 2018 and a reminder email was sent on December 11, 2018. A [dedicated page](#) on the Authority’s website was created to promote the consultation. Stakeholders were invited to submit feedback via Survey Monkey or via email to consultations@rpra.ca. A webinar was held on November 20, 2018 for participants to provide feedback and ask questions. A [consultation backgrounder](#) was also developed to explain the Authority’s rationale for the proposed fees and posted to the Authority’s website. Below is the timeline for the consultation.



What we heard

Feedback from Survey Monkey

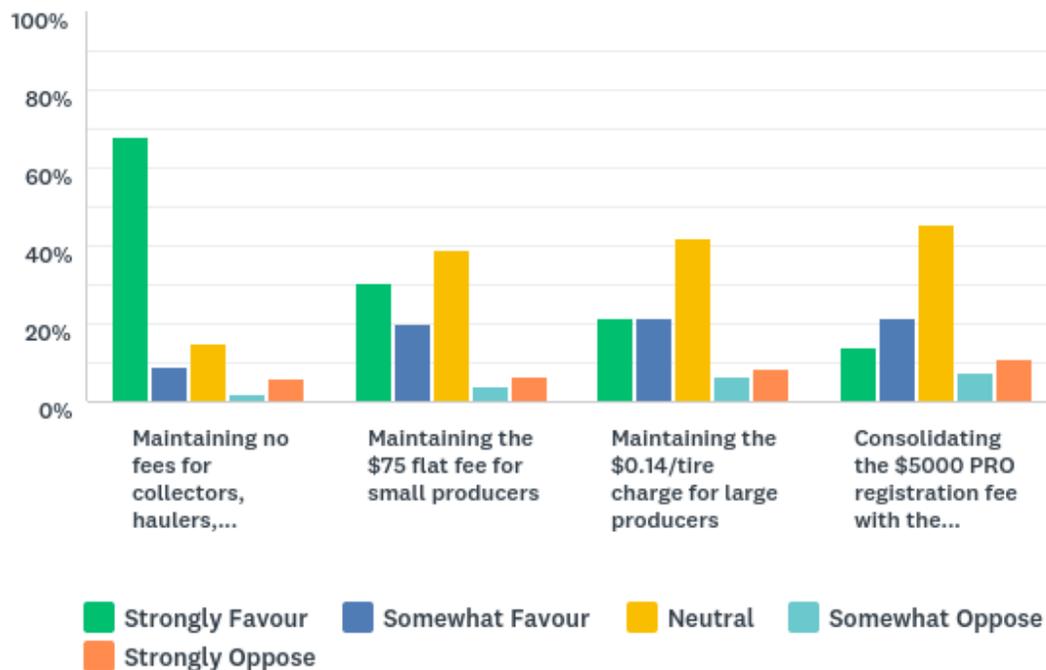
During the consultation period, a survey was available on the Authority’s website to help gather feedback on the proposed 2019 fees. 104 respondents completed the survey.

The survey asked respondents to rank their support for the following proposals:

- Maintaining the \$75 flat fee for small producers.
- Maintaining the \$0.14/tire fee for large producers.
- Consolidating the \$5000 PRO registration fee with the Registry license fee into a \$7500 flat fee.
- Maintaining no fees for collectors, haulers, retreaders and processors.

Majority of respondents were either in favour of or neutral on the proposed changes. The chart below shows how respondents ranked their support.

Q2 Rate your support with the following proposals.



Respondents were asked to provide any other feedback on the proposed 2019 fees. [View the responses.](#)

Feedback from the webinar

One webinar was held on November 20, 2018. The webinar was facilitated by Authority staff: Ryan Pestana, Communications Advisor, and Geoff Rathbone, Director of Transition. 52 individuals registered and 38 attended. The webinar presentation can be found [here](#) and the webinar recording can be found [here](#).

Below are all the questions received during the webinar and the Authority's response. The questions were edited for clarity.

Question	Response
<p>Has there been any consideration to having a lower rate for smaller tires that are now obligated under the revised regulation (i.e. wheelbarrow, handcart, etc.)? These are less than three kilograms on average and really don't belong in the same fee category as vehicle tires.</p>	<p>The Authority did not specifically consider tires that weigh significantly less than the average</p> <p>2019 is the second year of fees for tire producers and producer responsibility organizations and we are seeking to minimize changes for registrants.</p> <p>In 2020 it is also likely that the new producers (of electronic waste and possibly of hazardous or special waste) will be paying RRCEA fees and the Authority will need to consider a new metric(s) for setting fees for these materials.</p> <p>The Authority received feedback in 2018 that stakeholders would prefer a weight-based metric to set RRCEA tire fees. This will be taken into consideration when 2020 fees are set.</p>
<p>As a new car dealership, how will this change affect us? Do we need to register? And, will we still receive compensation from collectors for our used tires?</p>	<p>Staff followed up with this individual directly.</p>
<p>Which of these fees are considered one-time payment and which are the continuous fees?</p>	<p>These are annual registration fees. If the registrant – producer or PRO – is required to register or report, then the fees apply on an annual basis.</p>

How much will a hauler receive per tire or per kilogram from a processor?

Payments to haulers, processors, etc. will become business-to-business decisions among PROs, producers and service providers, separate from the RRCEA fees.

Emailed submissions

Stakeholders emailed their feedback and comments until December 19, 2018. The table below provides a list of all comments received via email and the Authority’s response. The comments were edited for clarity.

Comment	Response
<p>I am a horse trailer dealer. My operation is simple – each trailer has 5 tires. I collect the tire fee and remit it. Am I now having to pay \$75.00 for doing this?</p>	<p>The Authority’s proposed 2019 Registry Fees for Tires includes a \$75 registration fee for producers who supply less than 1000 tires into the Ontario market in order to minimize cost burdens on small producers. The proposed fee is unchanged from the \$75 registration fee in 2018.</p> <p>The registration fee covers the Authority’s costs related to building and operating the Registry, supporting registrants, engaging in education and awareness activities, and undertaking enforcement activities to ensure compliance with the regulatory requirements and to maintain a level playing field for all registrants.</p>
<p>What will the fee be for very small tires used for agriculture equipment, maybe 12” in diameter for a feed cart? It is only worth about \$30 so a \$75 fee is atrocious.</p>	<p>The Authority’s proposed fees for producers are based on the number of tires supplied into the Ontario market. Small producers (those who supply less than 1000 tires) are proposed to pay a flat fee of \$75. Large producers (those who supply more than 1000 tires) are proposed to pay \$0.14 per tire supplied.</p> <p>The proposed fee amount and structure is unchanged from 2018.</p> <p>The two-tier registration fee was structured to minimize the cost burden on small producers.</p> <p>The registration fee covers the Authority’s costs related to building and operating the Registry, supporting registrants, engaging in education and awareness activities, and undertaking enforcement</p>

	<p>activities to ensure compliance with the regulatory requirements and to maintain a level playing field for all registrants.</p>
<p>We are disappointed that RPRA has chosen to charge only tire producers to fund your needs, and not the full value chain. RPRA's refusal to recognize that other major economic players should have a financial role in funding the Authority is disappointing to us, but also sends a very cynical message about RPRA. In our view, a modest \$100.00 per non-Producer registrant, who have legal obligations to register and report, would net RPRA approximately \$400-\$500,000, which would then signal that all economic actors have an important role in sharing end-of-life tire stewardship responsibilities.</p>	<p>The Authority's proposed 2019 Registry Fees for Tires are based on Ontario's individual producer responsibility (IPR) framework outlined in the <i>Resource Recovery and Circular Economy Act, 2016</i> (RRCEA), which holds producers directly responsible and accountable for ensuring their products and packaging are managed at end-of-life.</p> <p>Based on the IPR framework, the Authority established a General Fee Setting Policy in April 2018 that established the principle of responsible parties (producers) bearing the primary costs of regulatory compliance and enforcement.</p> <p>Additionally, in establishing the General Fee Setting Policy, the Authority undertook extensive consultations in 2018 and received feedback indicating strong support for the fee structure proposed in the 2019 Registry Fee for Tires on the following basis:</p> <ul style="list-style-type: none"> • Consistent with IPR framework outlined in the RRCEA to have producers primarily bear the cost of regulatory compliance and enforcement • Reduce financial burden for collectors, haulers, retreaders and processors, many of which are small businesses • Reduce the Authority's administrative costs in administering fee collection <p>In 2020 it is also likely that the new producers (of electronic waste and possibly of hazardous or special waste) will be paying RRCEA fees. The Authority will review and consult again on the question of</p>

	<p>whether some or all service providers should be charged RRCEA fees, as well as on other questions such as fee metrics and de minimis.</p>
<p>We presume you are now doing meaningful work on the Electronics Producers' file (you have received their transition letter from the Minister), yet you plan to charge only tire producers for your 2019 fees. We remind you RPRA charged Tire Producers a full year of fees in 2018, even though our program doesn't officially start until January 2019.</p>	<p>The Authority's activities related to the wind up of the Waste Electrical and Electronic Equipment Program and Ontario Electronic Stewardship (OES) are funded through charges to the industry funding organization (OES).</p> <p>Additionally, the Authority's anticipated work in developing the electronics Registry in 2019 will be financed through a banking facility that will be repaid through fees to be developed and charged to electronics producers over the amortization period beginning in 2020.</p> <p>As such, tire producers are not funding the Authority's activities related to the Minister's directions on winding up the current electronics recycling program and tire producers will not be funding the Authority's future activities on developing the electronics Registry.</p>
<p>In reviewing the RPRA Business Plan 2019-2021, we note the expected fees to cover your RRCEA costs go from \$1.75 million in 2019 to \$4.4 million in 2020, with addition of the Electronics and MHSW Programs. Are we to assume the \$1.75 million charge to tire producers will be your expected annual charge in 2020 and 2021? If so, this is an outrageous sum. It is one thing to expect the tire program to bear the full burden of the RPRA start-up, but it</p>	<p>The Authority's budget forecasts for 2020 and 2021, as outlined in the Authority's 2019 Business Plan published in October 2018, was developed using best available information at the time, including key assumptions related to government decisions. As such, the forecasts have a high degree of uncertainty and are subject to revision as more information becomes available. As noted in the 2019 Business Plan: "...RRCEA revenue amount in the following table are not indicative of future fees, which will be set by the Authority Board each year after consultation with stakeholders."</p>

<p>is quite another to think this tire fee structure is sustainable or reasonable.</p>	<p>As an administrative authority mandated by the Government of Ontario to enforce the RRCEA and the <i>Waste Diversion Transition Act, 2016</i> (WDTA), the Authority does not receive any government funding and charges fees to regulated parties to fund its activities. The Authority operates on a cost-recovery basis and seeks to ensure one sector/material does not cross subsidize another.</p> <p>As such, fees charged to tire producers reflect the Authority's activities related to tires, including building the Registry for tires and undertaking compliance and enforcement activities related to enforcing regulatory requirements outlined in the Tires Regulation. Tire producers are not bearing the full burden of the Authority's start up and are bearing only their proportionate share of the Authority's start up costs.</p> <p>As more materials are designated for transition to individual producer responsibility, the Authority will review its fees and fee setting methodologies and consult on its proposals. The amount the tires sector pays to the Authority is subject to change and is dependent on the number of tire registrants, the Authority's activities related to tires, and the Authority's fee structure.</p>
<p>The decision to shift from the previous system, managed by Ontario Tire Stewardship, which consistently reached its goals of collecting and recycling waste tires, to the new system, appears to have been made with market economics in mind. But taxing industry in an unfair and burdensome fashion won't bring us closer to a true circular economy, in which end-of life tires become a valuable raw</p>	<p>As an administrative authority mandated by the Government of Ontario to enforce the province's circular economy laws, the Authority does not receive any government funding and charges fees to regulated parties to fund its activities.</p> <p>Ontario's circular economy framework does not contemplate a taxation regime and the Authority does not have taxation powers.</p>

<p>material for other purposes without subsidies. The tire industry would ideally like to work in partnership with the government to help create self sustaining, productive free markets, but this will be difficult if we are crippled by taxes and bureaucracy and put in a defensive position.</p>	<p>Rather, the circular economy framework is operationalized through the concept of individual producer responsibility, which adopts the polluter pay principle and requires producers to be responsible and accountable for their products and packaging at end of life.</p> <p>Ontario’s circular economy framework does not prescribe how businesses achieve new recycling, reuse and reintegration targets for materials and allows for businesses to leverage free market principles to achieve environmental and economic outcomes.</p>
<p>Registration fees should be:</p> <ul style="list-style-type: none"> • in the \$100- \$200 range for obligated stewards, as benchmarked against comparable registration authorities, not a per tire or a per product rate; • based on one registration per company to be discharged individually or through a collective; • fixed not variable fees. Variable suggests a higher level of activity than anticipated; • charged to collectives or individual obligated stewards, but not double charged. 	<p>As an administrative authority of the Government of Ontario mandated to enforce the regulatory requirements of Ontario’s circular economy framework, the Authority operates on a cost-recovery basis through fees charged to regulated parties.</p> <p>As the fee proposal outlines, the total fees sought are based on the funds required for the Authority to fulfill its mandate, including building the Registry for tires and undertaking compliance and enforcement activities.</p>
<p>Our concerns remain that:</p> <ul style="list-style-type: none"> • RPRA is vulnerable to escalating costs without a mechanism or benchmarking requirements to establish constraints; • RPRA activities are seen to be duplicative of business accountabilities for registration and auditing. A mechanism to transfer this information from collectives to RPRA would be efficient; 	<p>As an administrative authority of the Government of Ontario mandated to enforce the regulatory requirements of Ontario’s circular economy framework, the Authority operates on a cost-recovery basis through fees charged to regulated parties.</p> <p>The Authority is governed by an 11-member Board of Directors and is overseen by the Ministry of the Environment, Conservation and Parks.</p>

<ul style="list-style-type: none"> • RPRA budget remains higher than those of government oversight agencies for waste/recycling in other jurisdictions; • RPRA as a service organization requires a customer service focus, including a cost/benefit review for Ontario stewards/consumers based on the most efficient processes to achieve the Authority's remit. 	<p>The Authority operates on a transparent basis and is accountable to the Minister of the Environment, Conservation and Parks and is required to publicly report on its activities, including its financials, and is obligated to consult extensively with stakeholders.</p>
<p><i>Budget Limits</i> In our view it is key for obligated stewards and their consumers to understand the extent of their financial obligations to the Authority. Specific metrics to measure cost efficiency and management of stewards', and ultimately consumers', resources are required.</p>	<p>The Authority's General Fee Setting Policy includes fee predictability for regulated parties and transparency in the fee setting process as two of its key objectives. In developing the proposed 2019 Registry Fees for Tires, Authority staff sought to limit changes in the overall fee structure and amounts from 2018 to support fee predictability for the tire sector. Further, the RRCEA requires the Authority to consult extensively with stakeholders in developing its fees, including consulting for 45 days and posting fees for 30 days before fees can come into effect, in order to support stakeholders' understanding of their fee obligations to the Authority.</p> <p>The Tires Regulation also outlines specific disclosure requirements for any fees related to tire recycling to ensure consumer awareness. The Authority will ensure compliance with this requirement to support transparency and consumer awareness of any fees related to recycling.</p> <p>Regarding specific metrics to measure cost efficiency, the Authority publishes its audited financial statements in an annual report in June every year. Additionally, the Authority's annual report provides</p>

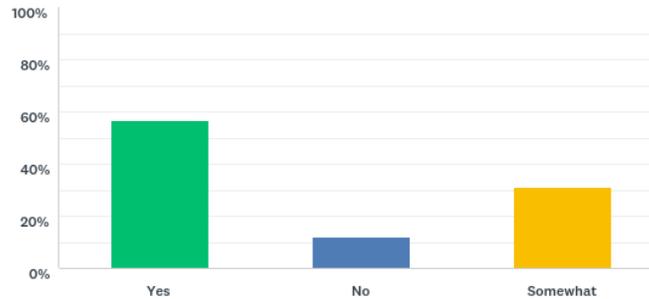
	<p>a corporate scorecard, which assesses the Authority's performance against a comprehensive set of objectives and measures.</p>
<p><i>General Fee Categories- Fixed or Variable Rate Fees with Allocation by Material Type</i></p> <p>We support there being a single fee per steward for multiple product categories. A single steward could be obligated in 3-4 programs. They should only pay one registration fee. Having variable fees and allocations by material type does not align with the purpose of the agency, which is to register and aggregate data as well as conduct audits.</p>	<p>The Authority's General Fee Setting Policy, which was developed through extensive consultations with stakeholders, established as one of its six rules that fees would apply to each material in order to avoid cross-subsidization of one material group by another. This issue will be the subject of further consultation for the 2020 RRCEA fees.</p>
<p><i>Cost Efficiency</i></p> <p>We are concerned about duplication between the Authority's data collection and auditing role and that of brand holders. Industry funding organizations invested significant resources to capture data – e.g. sophisticated steward registration and sales tracking tools as well as auditing systems. Going forward this investment needs to be leveraged and not rebuilt within the Authority. It is costly and unnecessary for consumers to pay to rebuild systems that already exist. RPRA and organizations representing obligated stewards should cooperate to reduce unnecessary duplication.</p>	<p>The Authority's registration, audit and data collection requirements differ from those of both businesses as well as industry funding organizations (IFOs).</p> <p>A data collection system that meets the Authority's needs is necessary for the Authority to achieve its legislated mandate. The Authority undertook with the support of third-party experts a review of existing IFO systems and concluded that the cost of modifying existing systems would not be cost effective.</p>

Consultation evaluation

The charts below show how participants rated the consultation process.

Background information

Q4 Was the information you reviewed (e.g. backgrounder) clear and concise?

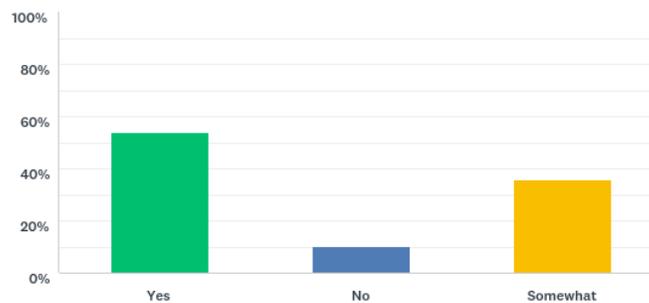


Webinar

Respondents were asked if the webinar was a useful resource to support consultation activities. Because this question was asked as part of the survey that was available throughout the consultation period, majority of respondents had not watched the webinar and answered the question regardless. For future consultations, the Authority will ask this question after the webinar to gather better results.

The overall consultation

Q6 Does the consultation provide a meaningful opportunity for you to provide feedback?



Improving consultations

Respondents were asked how the Authority could improve future consultations. [View the responses.](#)

Appendix A: Survey questions

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

Name / Organization / Email Address

Q2. Rate your support with the following proposals

	Strongly Favour	Somewhat Favour	Neutral	Somewhat Oppose	Strongly Oppose
Maintaining the \$75 flat fee for small producers					
Maintaining the \$0.14/tire charge for large producers					
Consolidating the \$5000 PRO registration fee with the Registry license fee into a \$7500 flat fee					
Maintaining no fees for collectors, haulers, retreaders and processors					

Q3. Provide any other feedback on the proposed 2019 fees. [Comment box]

Q4. Was the information you reviewed (e.g. backgrounder) clear and concise?

Yes / No / Somewhat / Comments

Q5. If you watched the webinar, was it a useful resource?

Yes / No / Somewhat / Comments

Q6. Does the consultation provide a meaningful opportunity for you to provide feedback?

Yes / No / Somewhat / Comments

Q7. How can we improve future consultations? [Comment box]