

Use of Administrative Penalty Revenues Policy			
Policy Number:	RPRA-Board-FTC-007		
Review Frequency:	Every two years	Date Last Reviewed:	February 2025
Responsible Executive:	Chief Financial and Administrative Officer	Date Last Revised:	February 2025

Purpose:

This policy outlines how funds derived from administrative penalties issued under the *Resource Recovery and Circular Economy Act, 2016* and O. Reg. 558/22, the Administrative Penalties Regulation, will be used and managed by RPRA.

Context:

Under the [Resource Recovery and Circular Economy Act, 2016](#) (RRCEA) and the [Administrative Penalties Regulation](#) issued under the RRCEA, RPRA has the power to impose monetary administrative penalties for certain contraventions under the RRCEA and its associated regulations.

Any obligated person who fails to comply with requirements identified in the schedules to the Administrative Penalties Regulation may be subject to an administrative penalty. This includes both corporations and individuals.

Information about how administrative penalties are issued and assessed under the RRCEA can be found in RPRA's [Administrative Penalty Guideline](#).

The purposes of an administrative penalty as outlined in s. 89 of the RRCEA are to ensure compliance and to prevent a person from deriving any economic benefit, directly or indirectly, from the contravention.

The penalty amount is divided into two components: the base penalty amount and the economic benefit penalty amount.

The base penalty is subject to a maximum amount set out in the regulation. The economic benefit penalty has no pre-set maximum because it is intended to recover whatever costs were delayed or avoided, or whatever gains were accrued by the person or business subject to the penalty. These two components of the penalty, taken together, help ensure that a regulated entity does not benefit from choosing not to comply.

Under the regulation, the total amount of a penalty (the base amount combined with the economic benefit amount) cannot exceed \$1 million per contravention per person or business. Additionally, a person or business cannot be subject to more than \$1 million in penalties in the same year for the same continuing contravention.

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Administrative penalties can only be issued by the Registrar or Deputy Registrar, exercising their independent statutory authority.

Application:

This policy applies to all RPRA staff and board members.

Policy:

The following principles and provisions apply to RPRA's use and management of administrative penalty funds:

Principle/Provision	Description and rationale
<p>1. RPRA will not set annual revenue targets for potential administrative penalty revenues and will only budget administrative penalty revenues collected in previous years.</p>	<ul style="list-style-type: none"> • No target for potential administrative penalty revenues helps ensure the independence of compliance decision making. • RPRA will seek board approval for the use of administrative penalty revenues collected, which will be consulted on during the annual business planning, budgeting and fee-setting processes.
<p>2. Administrative penalty revenues collected, including interest, will be held in a segregated account, invested in accordance with RPRA's Investment Policy, and publicly reported in RPRA's annual report.</p>	<ul style="list-style-type: none"> • Segregated accounts support the tracking and reporting of administrative penalty revenues. • Segregated funds will be able to earn interest. • Public reporting of administrative penalty revenues helps ensure transparency and accountability.
<p>3. The proposed use and allocation of collected administrative penalty revenues will be consulted on and determined during RPRA's business plan and fee-setting processes.</p>	<ul style="list-style-type: none"> • Budgeted expenditure of previously collected administrative penalty revenues in accordance with this policy will be consulted on with RPRA's advisory councils during the annual business planning process. • Producer responsibility program registrants and stakeholders will also be consulted during the fee-setting process to ensure transparency on the use and allocation of administrative penalty revenues in accordance with this policy.

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Principle/Provision	Description and rationale
4. Administrative penalty revenues may be used to offset RPRA’s annual producer responsibility programs’ revenue requirements.	<ul style="list-style-type: none"> Administrative penalty revenues may be used to reduce revenue requirements of producer responsibility programs during the annual budget and fee-setting processes. Administrative penalty revenues may be allocated among producer responsibility programs based on each program’s share of the budgeted cost recovery target. Administrative penalty revenues may be used to directly offset the costs of administering an administrative penalty.
5. Administrative penalty revenues may be used to create incentives to comply with producer responsibility programs.	<ul style="list-style-type: none"> Supports RPRA’s risk-based compliance outcomes and is consistent with s.10.5 of RPRA’s Operating Agreement with the Minister of the Environment, Conservation and Parks, which states that RPRA should “consider incentives to encourage compliance.”
6. Up to 10% of administrative penalty revenues may be used to support RPRA’s First Nations initiatives.	<ul style="list-style-type: none"> These revenues may be used to support outreach and engagement with Ontario’s First Nations communities to support recycling and waste management initiatives, consistent with RPRA’s First Nations engagement strategy. This recommendation aligns with key recommendations of the Truth and Reconciliation Commission of Canada.

Related Policies:

This policy should be read in conjunction with:

[Resource Recovery and Circular Economy Act, 2016](#)

[O. Reg. 558/22: ADMINISTRATIVE PENALTIES](#)

[RPRA Administrative Penalties Guideline](#)

[RPRA General Fee Setting Policy](#)