

RPRA consultation on proposed 2025 Blue Box and Hazardous and Special Products (HSP) program fees

October 22, 2024



About RPRA

The Resource Productivity and Recovery Authority (RPRA) is a regulator mandated by the Ontario government to:

1. Support the transition to a circular economy by winding up and transitioning legacy waste diversion programs under the *Waste Diversion Transition Act, 2016* (WDTA) and implementing a producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA)
2. Provide digital registration and reporting services for the province's Excess Soil and Hazardous Waste programs under the *Environmental Protection Act* (EPA), as directed by the Minister

As an administrative authority of the Government of Ontario, RPRA does not receive any government funding and funds its operations through fees charged to regulated parties to recover its costs to deliver its mandate.

Proposal scope

- This proposal is provided for information and to obtain feedback on proposed 2025 Blue Box and Hazardous and Special Products (HSP) program fees.
- Fees are being proposed in advance of the calendar year in which they will apply.
- Final RPRA program fees will be posted on **December 1, 2024**, and will take effect on **January 1, 2025**.
- RPRA's 2025 budget, on which all 2025 RPRA program fees are based, has been finalized as part of the [2025 Business Plan](#).
- This presentation provides key financial information excerpted from the [2025 Business Plan](#) that will provide stakeholders with financial and contextual information to inform feedback.

Consultation process

- RPRA's legislative framework requires RPRA to consult on proposed program fees for 45 days and post the final fees for 30 days before they come into effect.
- The consultation on proposed 2025 program fees began on **September 27** and ends on **November 12, 2024**.
- You can send feedback to consultations@rpra.ca anytime until **November 12, 2024**.
- The recording will be posted to the [consultation webpage](#) on RRPA's website following the webinar.
- The finalized 2025 program fees and a consultation report summarizing feedback received during the consultation will be posted to RPRA's website on or before **December 1st**, and stakeholders will be notified of the posting.
- For more information on the consultation process, visit RPRA's [consultation webpage](#).

What do RPRA's fees support?

RPRA's program fees support the delivery of RPRA's mandate, which consists of the following overarching deliverables:

- **development and ongoing maintenance of registries**
- **operating registries and support to registrants**
- **compliance and enforcement of resource recovery requirements**
- **public reporting of registry data and RPRA's compliance activities**
- **oversight of the operation and wind up of legacy waste diversion programs and industry funding organizations under the *Waste Diversion Transition Act (WDTA)***

[RPRA's Strategic Plan](#) contains RPRA's overarching strategic goals and objectives, and the strategies employed to achieve those goals and objectives.

RPRA's strategic goals

RPRA's budget is driven by its strategic goals:

- **Accessible registry services that provide value to registrants**
- **Effective enforcement that supports waste reduction and a healthy resource recovery sector**
- **Trusted and useful public information about resource recovery, waste and RPRA activities**
- **A connected culture where employees can grow and do meaningful work**
- **Robust internal systems and processes that remain innovative and adaptable to change**

Select new 2025 planned activities supported by RPRA program fees

The full list of RPRA's key new planned activities for 2025 is published in [RPRA's 2025 Business Plan](#). A selection of activities is summarized below:

- Finalize and implement a registry service delivery model, including proposed service standards
- Improve the efficiency of RPRA's billing and payment processes
- Open new Blue Box facilities registry portal
- Develop a learning and management program to inform ongoing compliance and registry employee training
- Establish working groups for collaboration with other Canadian producer responsibility regulators
- Develop and implement new collection and performance-related system guidelines
- Develop and launch new public-facing website about Ontario's circular economy
- Develop and implement audit procedures, in consultation with stakeholders

The noted new activities are in addition to ongoing improvements to day-to-day service delivery across all our departments, including registrant support, data analytics, finance, and IT.

RPRA's approach to fee setting

RPRA's [General Fee Setting Policy](#) provides guidance for setting fees.

There are four main steps to determining program fees:

- 1. Annual budget setting**
- 2. Allocation of costs to individual programs**
- 3. Subtraction or addition of programs' prior year surplus or deficit**
- 4. Application of each program's fee model**

For more information about RPRA's approach to fee setting, visit the [fees webpage](#) on the RPRA website.

RPRA's cost allocation methodology

The cost allocation methodology distributes RPRA's annual total cost recovery target between programs to fairly recover costs related to each program, and to avoid registrants from any one program subsidizing the costs of another program.

RPRA's cost allocation methodology divides the organization's overall costs into two categories:

- **Direct costs** are attributable to a specific program, including registry amortization and interest, registry foundational costs and interest, professional fees, and certain IT and registry-related expenses.
- **Common costs** cannot be directly attributed to a program as they are either indirect costs or shared service costs. Common costs are divided up among the programs using key cost drivers, such as number or registrants (for HWP and excess soil registries) or number of producers (producer responsibility programs)
 - **Indirect costs** include board remuneration, non-registry amortization, leadership and certain administrative salaries, and office supplies
 - **Shared service costs** include staff salaries and benefits, IT services and support, and software licenses.

Annual contribution to RPRA's contingency reserve is allocated to each program based on the program's share of total budgeted cost recoveries.

Fee revenue sources

RPRA recovers its costs by setting and collecting program fee revenues from three sources:

1. **Producer responsibility program registrants**

Fees to producers that are required to register and report to RPRA under the RRCEA regulations.

2. **Excess Soil and Hazardous Waste Program registrants**

Fees to parties obligated to register and report through RPRA's Excess Soil and Hazardous Waste Program (HWP) registries. The Ministry of the Environment, Conservation and Parks is responsible for compliance activities related to these programs.

3. **Waste Diversion and Transition Act, 2016 (WDTA) programs**

Monthly cost recovery charges to industry funding organizations (IFOs).

Questions?



2025 budget, program cost recovery targets, and surplus/deficit applications



2025 budgeted revenue requirement excluding surplus or deficit adjustments

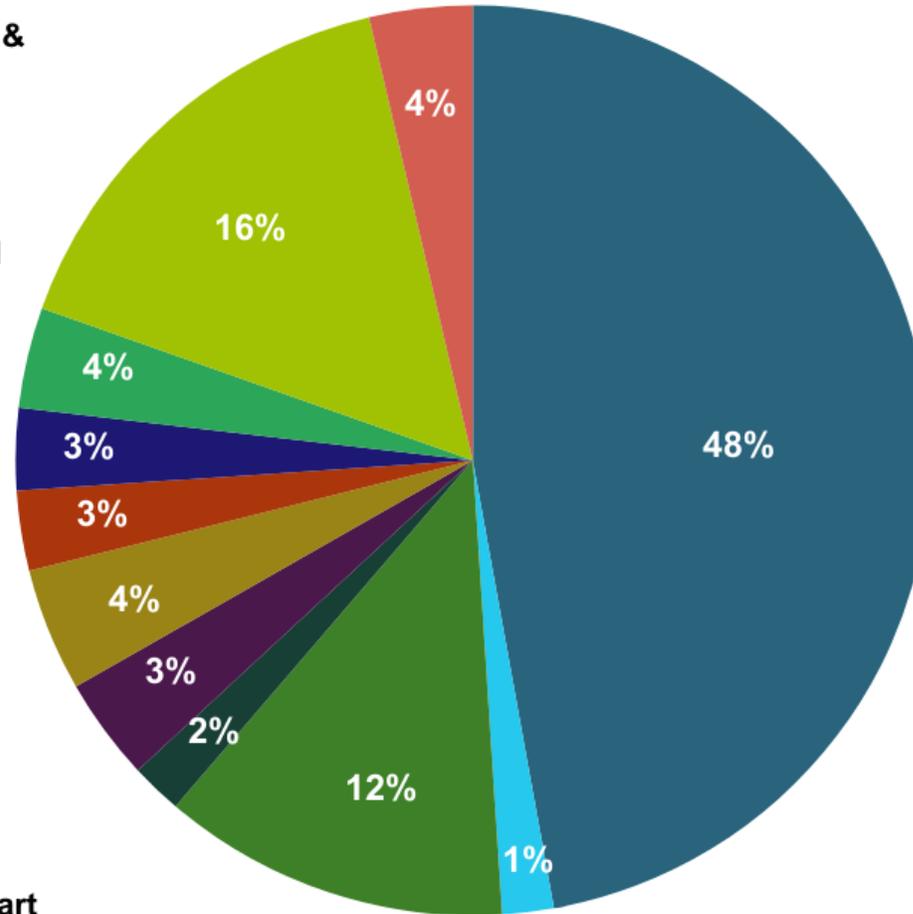
Program allocations	2024 budgeted revenue requirement	2025 budgeted revenue requirement	Notes
Producer responsibility programs (tires, batteries, electronics, hazardous and special waste (HSP), lighting, Blue Box materials)	\$15.2 M	\$16.8 M	The increase in cost recovery targets for registry programs reflects the increased resourcing costs for service and administration of the registry, increased resources to support compliance and enforcement activities, and required technology investments. The Blue Box program needs have driven \$1.2M of \$1.4M increase in the producer responsibility program increase.
Excess soil and hazardous waste registry programs	\$8.9 M	\$9.1 M	
Sub-total – registry programs	\$24.1 M	\$25.9 M	
WDTA programs	\$1.7 M	\$1.3 M	Cost recovery target for WDTA programs will eventually reach zero in future years, once all programs are fully wound-up.
Total RPRA Budget	\$25.8M	\$27.2M	RPRA's budget increased by 5% compared to the 2024 budget – in line with the 2025 forecast published in RPRA's 2024 business plan .

RPRA's 2025 and 2024 Budgets

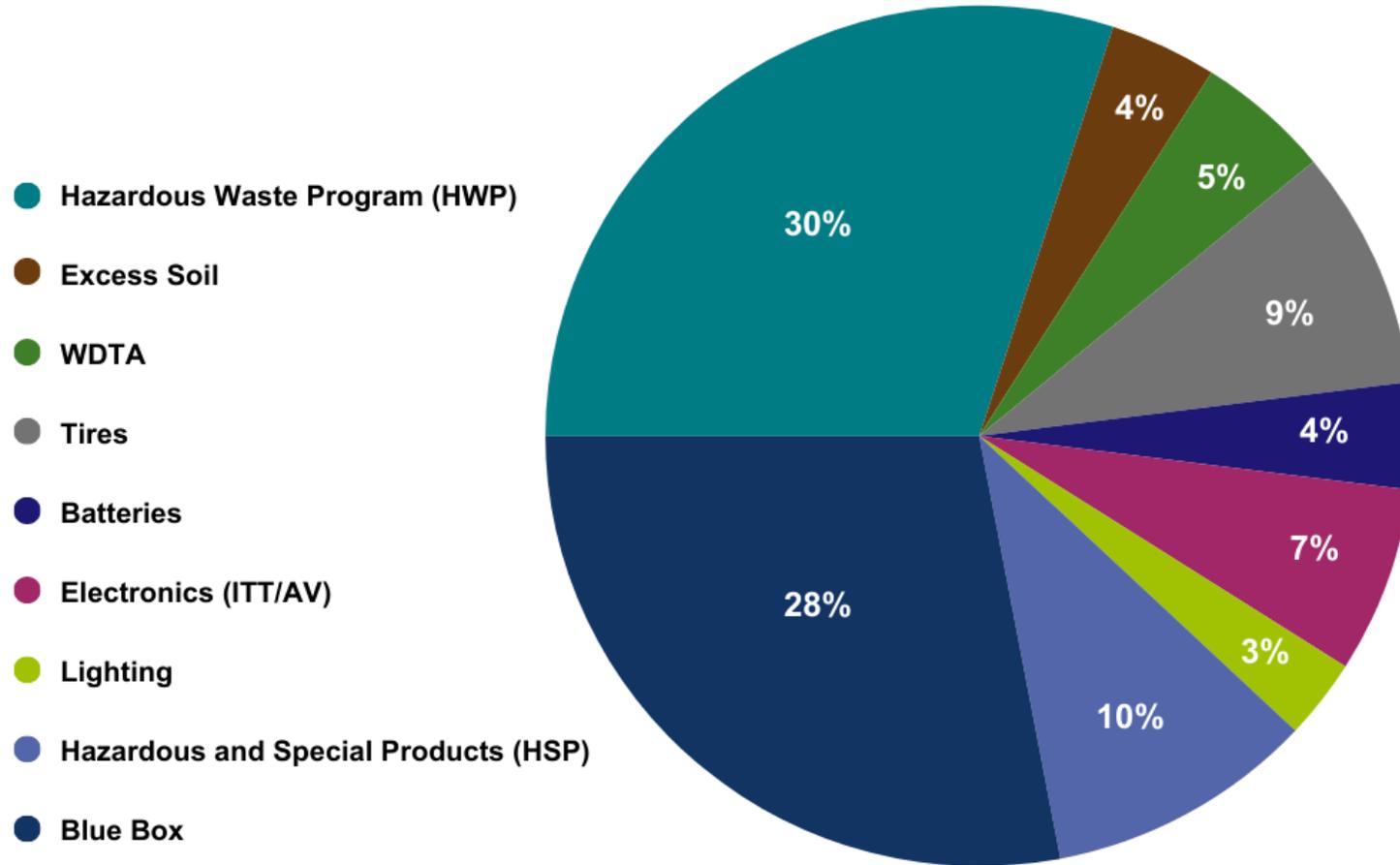
	2024 Business Plan	2025 Business Plan
In Millions \$	2024 Budget	2025 Budget
Revenues		
Cost recovery	24.6	26.1
Recovery of reserve contribution	1.2	1.0
Recovery of start-up costs	0.1	0.1
Interest income	-	0.2
Recovery of prior year's expenses	0.5	0.3
Total Revenues	26.4	27.8
Expenses - Direct, Indirect and Shared		
Salaries and benefits	11.5	12.9
Communications, data analytics & stakeholder engagement	0.4	0.3
Amortization	3.3	3.4
Board compensation and related expenses	0.5	0.5
Rent	0.9	0.9
Interest	1.4	1.2
Other operating	0.7	0.8
Professional fees	1.1	1.0
Compliance and registry support	0.8	0.8
Registry and IT	4.0	4.4
Total Expenses	24.6	26.1
Excess of Revenues over Expenses	1.8	1.6
Total Expenses	24.6	26.1
Reserve recovery and RRCEA start up recovery (add to total expenses)	1.3	1.1
Total Revenue Requirement (including contribution to reserve and RRCEA start up deficit)	25.8	27.2

2025 budgeted expenses (\$26.1 Million)

- Salaries and benefits
- Communications, data analytics & stakeholder engagement
- Amortization
- Board compensation and related expenses
- Rent
- Interest
- Other operations
- Compliance and support
- Professional fees
- Registry and IT
- Reserve recovery and RRCEA start up recovery



2025 program cost allocations



62% - producer responsibility programs

33%- Excess soil and HWP registries

5% - WDTA

Application of program surplus or deficit

- Program surpluses or deficits occur when annual revenue for a program (the amount of fees collected from registrants) exceeds or falls short of the program's cost recovery target.
- Surpluses and deficits for each program are usually applied to the cost recovery target two years after they occur and may be applied over the span of one or more years, with a goal of minimizing annual fee fluctuations for the program.

Blue Box surplus/deficits:

- 2023 surplus of \$917K is proposed to be applied in 2025 to reduce the Blue Box program cost recovery target.
- If there is determined to be a surplus or deficit in the Blue Box program for 2024, RPRA will consider applying it to the Blue Box program cost recovery target for 2026, and the amount will be communicated in the 2026 fees proposal for consultation released next fall.

HSP surplus:

- HSP program had a surplus of \$120K in 2023, however RPRA is proposing to defer the refund, pending confirmation of supply volumes for 2024, to provide a source of revenue to support fee stability in future years.

2024-2025 program recovery targets, including surplus-deficit application

Program	2024 program allocation	2024 recovery of prior year deficit / refund of prior year surplus	2024 recovery target	2025 program allocation	2025 recovery of prior year deficit / refund of prior year surplus	2025 Recovery Target
Tires	\$2.37M	(\$43,891)	\$2,327,553	\$2,490,919	\$(94,715)	\$2,396,204
Batteries & ITT/AV	\$2.92M	(\$367,469)	\$2,559,514	\$3,080,626	\$(617,382)	\$2,463,244
Lighting	\$0.90M	\$318,471	\$1,220,144	\$920,965	\$ - *	\$920,965
HSP	\$2.49M	\$74,118	\$2,568,958	\$2,559,771	\$ - *	\$2,559,771
Blue Box	\$6.52M	(\$597,025)	\$5,921,321	\$7,721,814	\$(917,523)	\$6,804,291
Excess Soil	\$1.14M	\$1,105,745	\$2,241,916	\$1,138,659	\$793,756	\$1,932,415
HWP	\$7.81M	\$517,823	\$8,331,344	\$8,012,790	\$318,242	\$8,331,031

* No program surplus or deficit amount applied to the recovery target of these programs in 2025

Breakdown of the HSP program revenue requirement

HSP	
Direct costs	\$0.5M
Indirect and Shared costs	\$2M
Reserves and Start-up recovery	\$0.1M
Surplus/deficit	-
Total revenue requirement	\$2.6M

Breakdown of the Blue Box program revenue requirement

Blue Box	
Direct costs	\$1.48M
Indirect and Shared costs	\$5.95M
Reserves and Start-up recovery	\$0.29M
Surplus/deficit	(\$0.92)
Total revenue requirement	\$6.8M

Proposed 2025 fees for Blue Box producers



Proposed 2025 fee model for producer responsibility programs

- **RPRA's producer responsibility program fee model**, unchanged from 2024, consists of:
 - a **nominal fixed flat fee** for small producers (under a program-specific supply threshold)
 - a **variable per kg or per tire rate** for all other producers
- By including variable quantity-based rates, RPRA's proposed fee model is aligned with the government's objective to hold producers responsible for the products and packaging they supply into the market when consumers are finished using them.
- The proposed fee model follows **RPRA's General Fee-Setting Principles**, outlined in the [General Fee Setting Policy](#), including:
 - **Equity:** Protects small producers and registrants from excessive burden, ensures large producers and registrants pay fees that reflect the relative quantity of material they supply into the Ontario marketplace, and ensures that no producers have a competitive advantage on a per product basis.
 - **Simplicity and Predictability:** Per kg/unit variable fees are aligned with regulatory requirements for producers to report by weight/unit and enable revenue estimates based on estimates of future supply volumes.

2025 Blue Box program fees proposed for consultation

Program	Registrant	Proposed 2025 Fee	2024 Fee	Change
Blue Box	Producer: 50,000 kg or less	\$95 flat fee	\$90	5.6%
	Producer: > 50,000 kg	\$0.0076 per kg	\$0.0062 per kg	23.3%

Key take-aways

- RPRA is proposing a 5.6% increase in the flat fee for small producers in RRCEA programs, reflecting the overall the budget increase
- The variable fee for large blue box producers is proposed to increase by 23.3% over 2024, driven by a 22% increase in blue box program allocation and a 7% decrease in estimated supplied tonnage.
- The producer and volume estimations used to set fees for 2025 will be based on reporting submitted in 2024, consistent with how fees are set according to the Blue Box regulation
- Supply volume predicted for 2025:
 - 879 small producers (up to 50,000 Kg)
 - 693 large producers (> 50,000 Kg): 879,012,790 Kg (decrease of 7% - subject to change with further analysis)

Breakdown of Blue Box program variable fee rate change

Blue Box	
Factors affecting fee rate	Impact to fee rate
Increase in 2025 program allocation	↑ 22.1%
Estimated supply volume decrease	↑ 7.3%
Change in surplus from prior year	↓ -5.9%
2025 small producer count	↓ -0.5%
Total increase in Blue Box 2025 fee rate	23.3%

Proposed 2025 RPRA program fees for HSP producers



2025 HSP program fees proposed for consultation

HSP material	Registrant	Proposed 2025 fee	2024 fee	Change
Category A and B Automotive materials – oil filters	Producer: > 10,000 kg	\$0.071 per Kg	\$0.074 per Kg	-4.4%
	Producer: < 10,000 kg	\$95 flat fee	\$90	5.6%
Category A and B Automotive materials – oil containers	Producer: > 10,000 kg	\$0.103 per Kg	\$0.094 per Kg	9.5%
	Producer: < 10,000 kg	\$95 flat fee	\$90	5.6%
Category A and B Automotive materials – antifreeze	Producer: > 10,000 kg	\$0.025 per Kg	\$0.025 per Kg	0%
	Producer: < 10,000 kg	\$95 flat fee	\$90	5.6%
Category A and B Paints and coatings, solvents, pesticides, and pressurized containers	Producer: > 10,000 kg	\$0.0108 per Kg	\$0.013 per Kg	-16.6%
	Producer: < 10,000 kg	\$95 flat fee	\$90	5.6%
Category C – Mercury-containing barometers, thermometers, thermostats	Producer	\$7,500 flat fee	\$7,500 flat fee	None
Category D – Fertilizers	Producer	\$1,000 flat fee	\$1,000 flat fee	None
Category E – Refillable propane containers	Producer	\$1,000 flat fee	\$1,000 flat fee	None

2025 HSP program fees proposed for consultation

Key take-aways

- Fee structure is unchanged from 2024
- RPRA is proposing a 5.6% increase in the flat fee for small producers in RRCEA programs, reflecting the overall the budget increase
- The supply data used to determine the proposed 2025 fee is the average of 2021, 2022 and 2023 Kgs supplied (reported to RPRA in 2024)
- Rolling average supply volumes of A & B category materials predicted for 2025:
 - Paints, coatings, solvents, pressurized containers: 109,970,834 (increase of 13%)
 - Antifreeze: 16,705,300 (decrease 1%)
 - Oil filters: 5,971,880 (increase 4%)
 - Oil containers 4,104,395 (decrease 9%)

Breakdown of HSP program variable fee rate change

HSP – Automotive materials	
Factors affecting fee rate	% change to fee rate
Decrease in 2025 program allocation	↓ -0.3%
Estimated supply volume decrease	↑ 1%
Surplus applied from prior year	0%
2025 small producer count	↑ 0.1%
Total change in HSP – automotive materials 2024 Fee	1.0%

HSP – Paints and coatings, solvents, pesticides, non-refillable pressurized containers	
Factors affecting fee rate	% change to fee rate
Decrease in 2025 program allocation	↓ -2.5%
Estimated supply volume increase	↓ -11%
Surplus from prior year	0%
2025 small producer count	↑ 0.2%
Total change in HSP – paints and coatings, solvents, pesticides, and non-refillable pressurized containers 2025 fee	-13.5%

Feedback

- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca.
- All feedback received will be considered in our decision-making process for setting the fee rates.
- The finalized 2025 program fees and a consultation report summarizing feedback received during the consultation and how RPRA considered that feedback will be posted to RPRA's website on or before **December 1st**, and stakeholders will be notified of the posting.
- **Email your feedback to consultations@rpra.ca on or before November 12, 2024**

A close-up photograph of a person's hands typing on a silver laptop keyboard. The laptop screen is dark and occupies the upper half of the frame. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing white text. The background is blurred, showing what appears to be an indoor setting with a window and some greenery.

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our webinars**



Questions?