

# General Fee Setting Policy and Tire Fees Proposal

## Round Two Consultations

December 18 & 19, 2017



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# Purpose

- Engage stakeholders in the development of the Authority's General Fee Setting Policy.
- Solicit feedback on components of a methodology to develop material-specific fees.

# RPRA's Mission & Vision

**Mission:** To promote and enforce accountability for the reduction and management of packaging and products

**Vision:** A waste-free Ontario where all resources are reused and recycled

# Authority's Mandate

- Oversight under the WDTA
  - Oversee operation of programs until wind up
  - Approve wind up plans developed by IFOs and oversee implementation
- Operate a registry to:
  - Register and receive information from obligated parties as set out in regulations
  - Use the information to:
    - Support compliance and enforcement activities
    - Report on progress toward a circular economy
    - Support government to develop evidenced-based policies
- Undertake compliance of regulated parties under WDTA and RRCEA

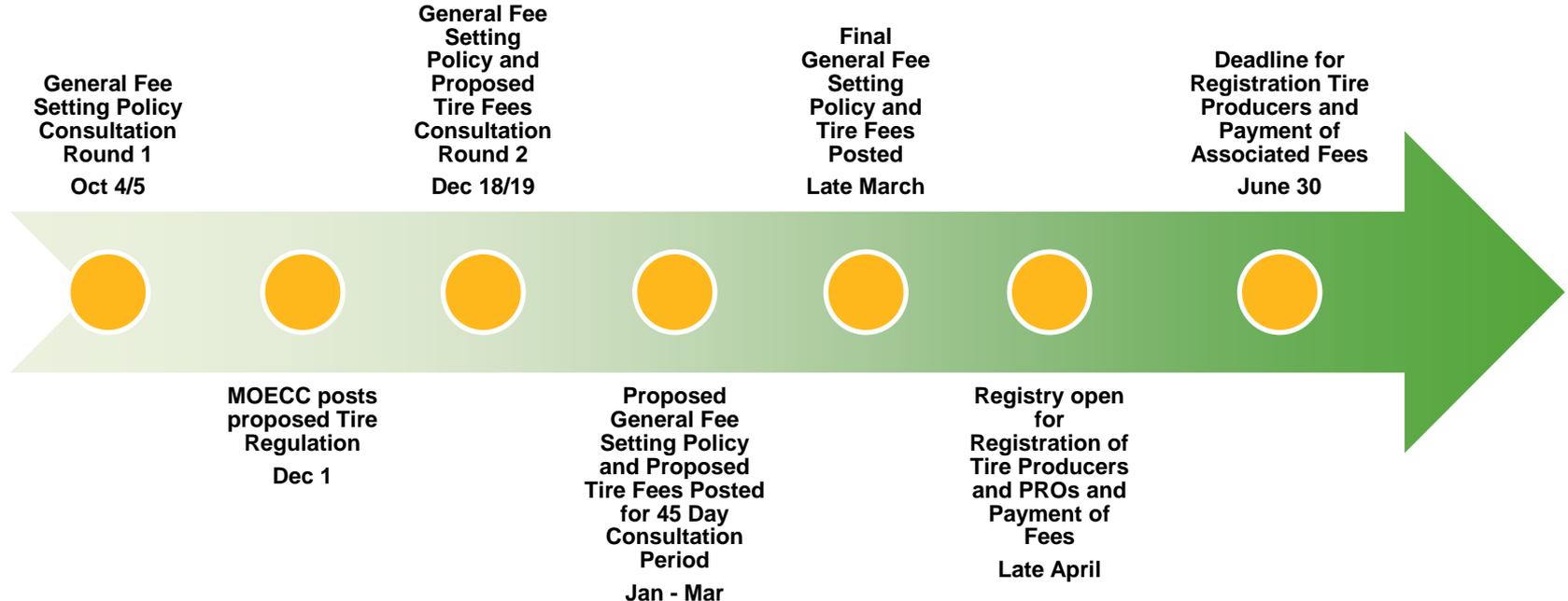
# Legislative Context

## The Authority's Responsibilities Around Fees

- Authority is self-funded
- Authority may set and collect fees, costs or other charges to recover costs to exercise its mandate
  - Under WDTA: by recovering costs from industry funding organizations (IFOs) and industry stewardship organizations (ISOs)
  - Under RRCEA by charging fees to obligated parties
- Authority is required to consult on fees or other charges

# Timeline

## Development, Consultation and Implementation of General Fee Setting Policy and Tire Fees



# Round 1 Consultation Topics

## General Fee Setting Policy Principles, Categories and Review Process

### Principles

- Cost-effective
- Transparent
- Predictable
- Equitable
- Minimal administrative burden
- No cross-subsidization

### General Fee Categories

- Proposed fee categories, such as registration, audit or late fees
- Consideration of variable fees based on, for example, quantity marketed or collected, etc.
- The frequency of fee payments (e.g. installments)

### Fee Review Process

- How often the Authority should review fees
- How often the Authority should review its General Fee Setting Policy
- What criteria should be used to review the Policy

# Round 1 Consultation Feedback

## What We Heard

Comments	Questions
Fees should be commensurate with RPRA's level of effort to administer registrant	Who will be charged fees?
Include geographical considerations	What fees will be charged?
Variable fees should consider provincial sales, not national	Who pays for activities associated with future work?
Consider incentives for stewards in good standing	How is RPRA estimating number of future parties?

# Questions

# Ontario's Policy Framework

## Strategy for a Waste-Free Ontario – Building the Circular Economy

Provincial government's Strategy sets out:

- Objectives
  - Enhance provincial direction and oversight
  - Enable efficient and effective recovery systems
  - Increase waste reduction, improve resource productivity
  - Create conditions for sustainable end-markets
- Targets
  - 30% diversion by 2020
  - 50% diversion by 2030
  - 80% diversion by 2050



# Ontario's Policy Framework

## Strategy for a Waste-Free Ontario – Building the Circular Economy

The government will transition current waste diversion programs to the new producer-responsibility framework under the *Resource Recovery and Circular Economy Act, 2016* and designate new materials under the Act. For materials not suitable for producer responsibility, generators will be responsible.

### Producer Responsibility

*Producers will be subject to regulatory requirements for the material under the Resource Recovery and Circular Economy Act.*

Materials may include:

- Tires
- Blue Box
- Electronics (small appliances, electrical tubes, etc.)
- Household Hazardous waste
- Fluorescent bulbs and tubes
- Textiles
- Mattresses

### Generator Responsibility

*Generators may be subject to regulatory requirements for the material under the Environmental Protection Act.*

Materials may include:

- Organics
- Construction and demolition waste

# The Authority's Role

The Authority's responsibilities are mandated by the *Resource Recovery and Circular Economy Act* (RRCEA) and the *Waste Diversion Transition Act* (WDTA). The Authority's activities under the RRCEA vary based on the designation of the material as Producer or Generator responsibility.

## Producer Responsibility Materials

*The Authority is responsible for oversight of the requirements for obligated parties under the RRCEA. These may include:*

- Registration with the Authority
- Waste reduction
- Collection of waste
- Management of waste
- Promotion and education
- Reporting to the Authority
- Record keeping and auditing

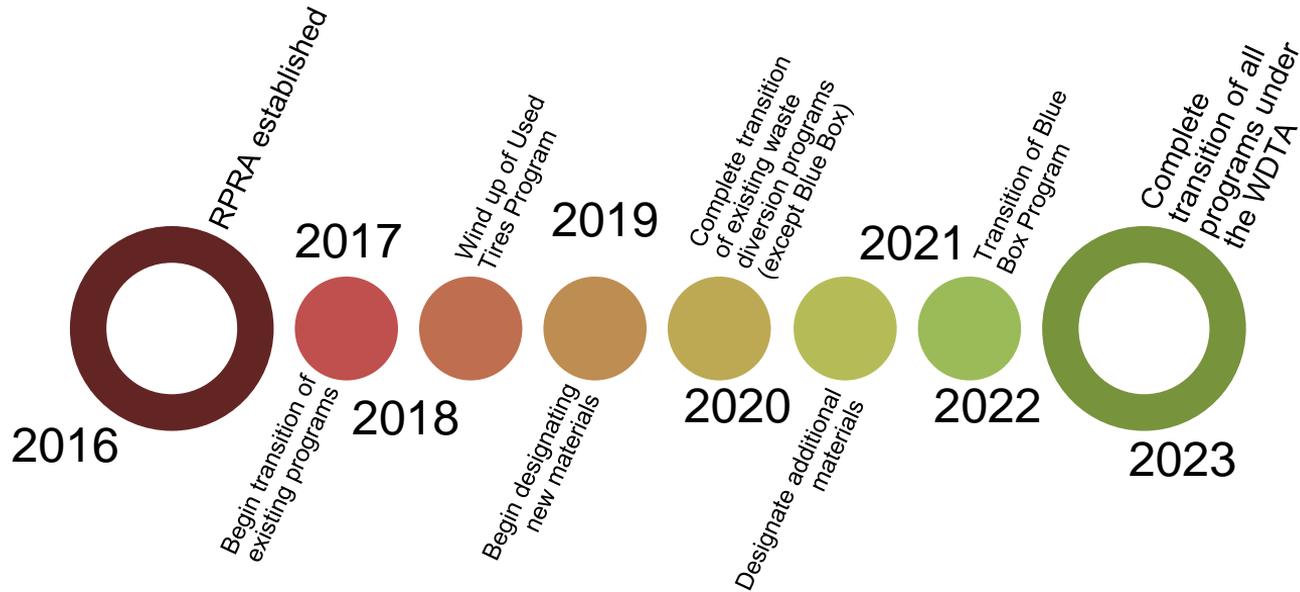
## Generator Responsibility Materials

*The Authority is responsible for oversight of the requirements for obligated parties under the RRCEA or other Acts. These may include:*

- Registration with the Authority
- Waste reduction
- Collection of waste
- Management of waste
- Promotion and education
- Reporting to the Authority
- Record keeping and auditing

# Legislative Context

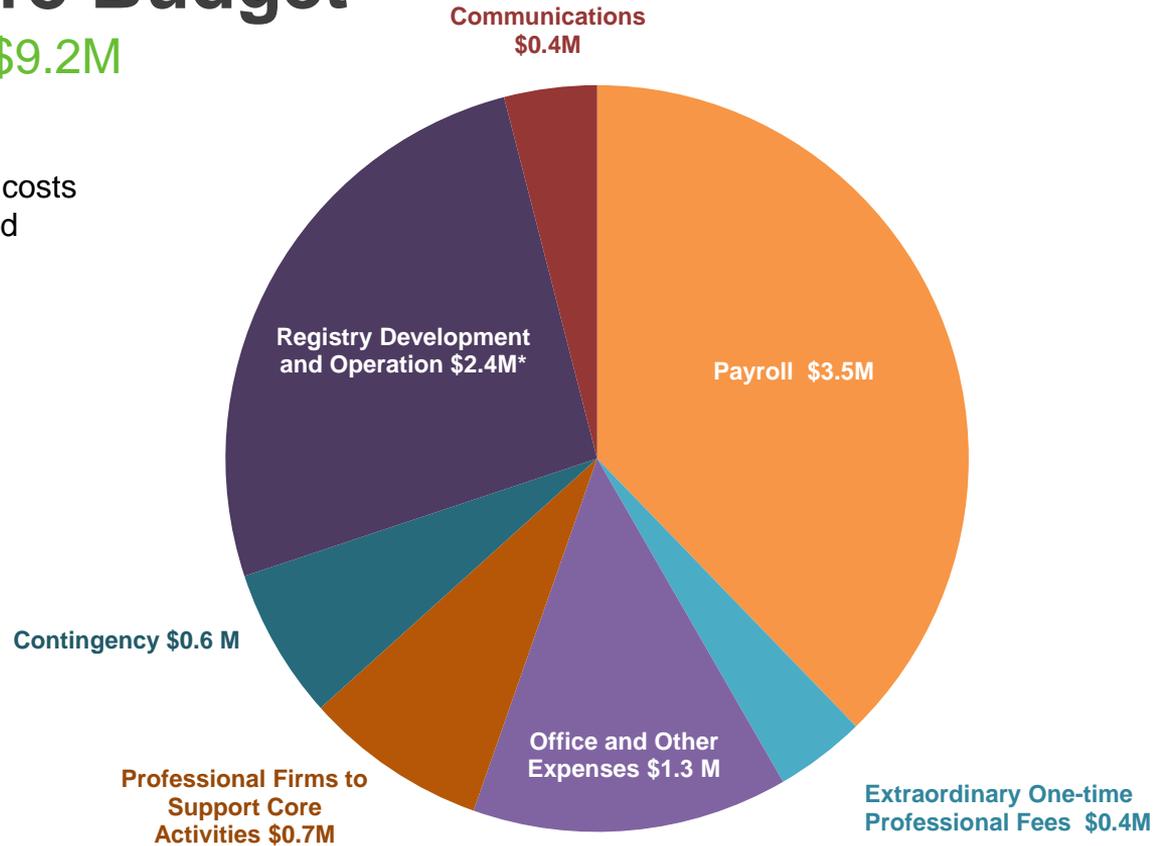
Timeline of Transition from Current Waste Diversion Programs (under WDTA) to Individual Producer Responsibility (under RRCEA) and New Designations (Source: *Strategy for a Waste-Free Ontario – Building a Circular Economy*)



# RPRA 2018 Budget

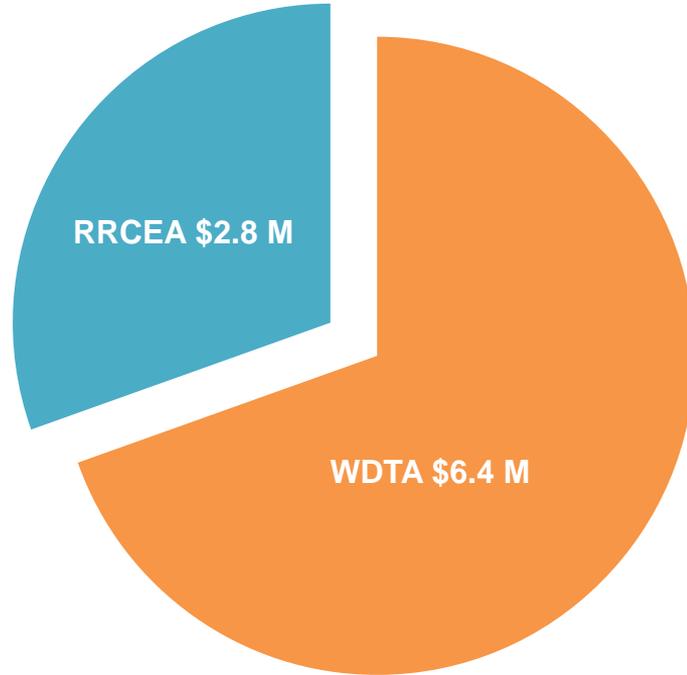
Total Budget ~ \$9.2M

\*Registry development costs include amortization and licensing

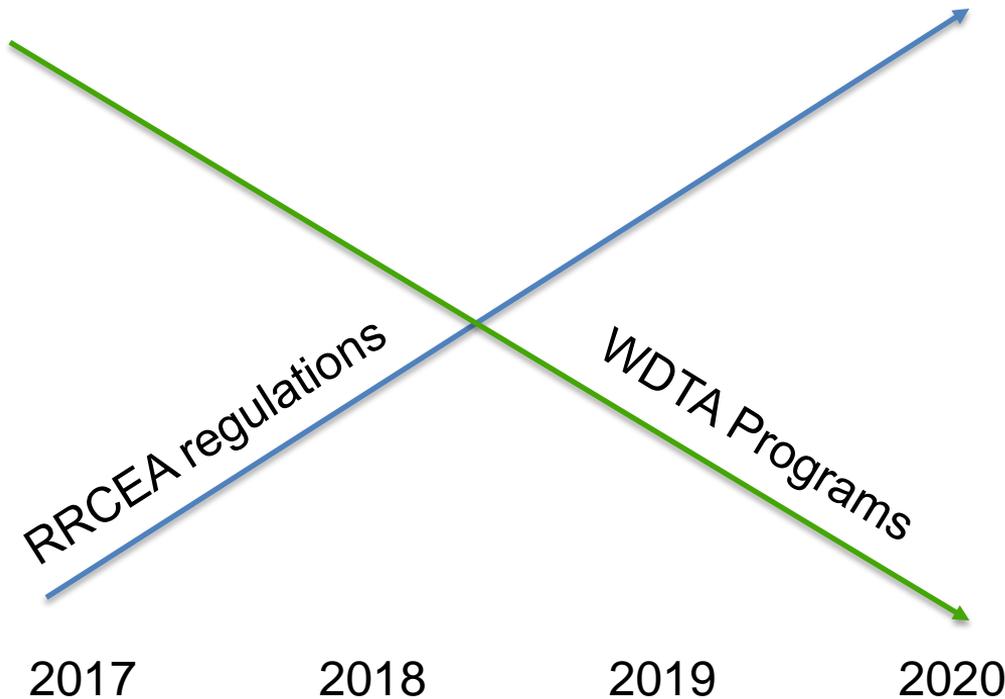


# RPRA 2018 Budget

Cost/Reserve Allocation for RRCEA and WDTA Activities



# RPRA Costs



As programs regulated under the WDTA are wound up, costs will increasingly be allocated to the RRCEA

Registry build costs are being amortized to spread across near-term and future obligated parties

# Questions

# Proposed Tire Regulation

Ontario's Ministry of the Environment and Climate Change is proposing a regulation under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) that would make tire producers environmentally accountable and financially responsible for recovering resources and reducing waste associated with tires that they supply into the Ontario market.

## Responsible Parties

- Producers
- Persons hired by producers to arrange for services (PROs)
- Service providers:
  - Collectors
  - Haulers
  - Processors

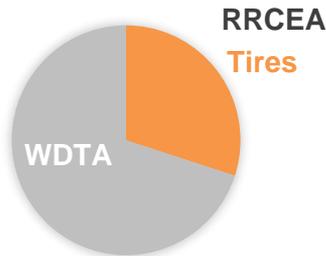
## Responsibilities for Registering/Reporting

- Register with the Authority
- Keep records that relate to accepting, storing, handling, transferring, processing and disposing tires in Ontario
- Submit reports through the Authority's Registry
  - Producers' reports to include an independent audit verifying sales data and the destination and end-use of the processed materials

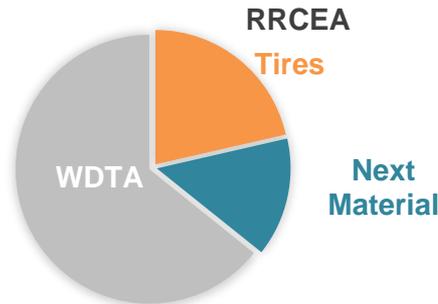
# Allocation of Costs by Material

In 2018, tires will likely be the only material designated under the RRCEA. Therefore, tires will cover 100% of RRCEA-related costs associated with tires. In future years, annual costs will be allocated among all designated materials.

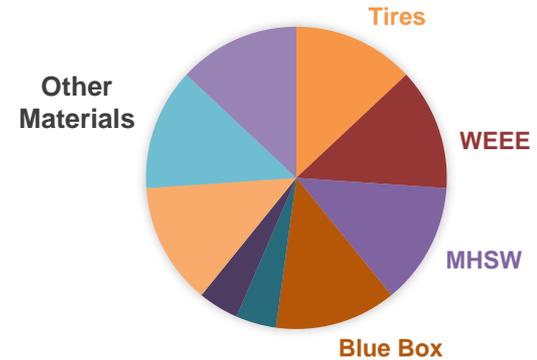
2018



2019



2025



# Allocation of Costs by Material

## Consultation Questions

- If the Authority has additional activities related to a material, should more of the Authority's costs be allocated to that material?
- Should a material group with a larger number of registrants be allocated a larger share of the costs? Or, should all material groups have the same share?
- What other approaches should the Authority consider?

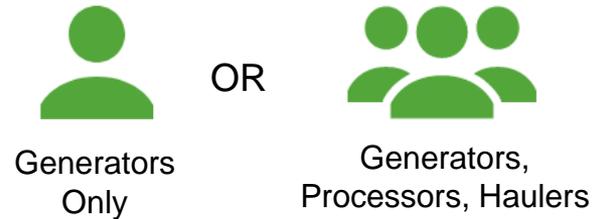
# Allocation of Costs by Registrant

Obligated parties for a material may be required to either: 1. Register and report; or 2. Register, report and meet targets. Options range for allocating costs from some to all obligated parties:

## Producer Responsibility



## Generator Responsibility



# Allocation of Costs by Registrant

## Tire Example



Producers Only

- 700 players
- Simple to administer
- Does not capture all parties obligated to register



Producers; PROs



Producers; PROs;  
Processors; Haulers



Producers; PROs;  
Processors; Haulers;  
Collectors

- 8000 players
- More administratively complex
- Captures all parties obligated to register



# Allocation of Costs by Registrant

## Consultation Questions

- Should all parties who are required to register with the Authority pay a fee?
- If not, what factors should the Authority consider to determine who pays a fee?

# How are Fees for Registrants Calculated?

There are a range of possible models the Authority can use to calculate individual fees:

## Fixed Fees

*Obligated parties pay the same flat fee*

- The fee would be calculated based on the number of parties expected to register.
- There could be a different fee amount for each category of registrant e.g. producers, PROs, etc.

## Variable Fees

*Obligated parties pay a fee based on a factor e.g. quantity marketed, quantity collected*

- Fee / unit; or
- Fee / unit thresholds e.g.
  - \$1 for 0 to 1000 units
  - \$2 for 1001 to 5000 units

## Fixed + Variable Fees

*Obligated parties pay a fixed fee plus a variable fee*

- E.g. 50% of costs recovered through a fixed fee and 50% of costs recovered through a variable fee.

# How are Fees for Registrants Calculated?

## Consultation Questions

- Should the Authority develop one fee model for all materials?
- If not, what factors should the Authority consider when developing a fee model for each designated material?
- Do you support a fixed, variable, or fixed + variable fee model?

# Next Steps

- Comments from these consultations are recorded, and will be synthesized into a report and posted on our website: [rpra.ca](http://rpra.ca)
- Feedback can also be provided by email to [consultations@rpra.ca](mailto:consultations@rpra.ca)
- Our final round of consultations on the General Fee Setting Policy and Proposed Tire Fees will take place February 2018

# Questions