

Proposed 2021 Registry Fees for Blue Box and Hazardous and Special Products

June 18, 2021



Background

- The Resource Productivity and Recovery Authority (the Authority) is the regulator mandated by the Government of Ontario to administer the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA), and their associated regulations.
- The RRCEA and WDTA outline the legislative framework for winding up and transitioning legacy waste diversion programs to Ontario's new producer responsibility regulatory framework for waste diversion and resource recovery.
- The new regulatory framework requires producers to be individually accountable and financially responsible for their products and packaging once consumers dispose of them.
- To date, the Authority has overseen the wind up and transition of three waste diversion programs:
 - The Used Tires Program operated by Ontario Tire Stewardship transitioned January 1, 2019.
 - The Batteries portion of the Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario transitioned July 1, 2020.
 - The Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship transitioned January 1, 2021.

Background (continued)

- In June 2021, the government released two new regulations, which will see the two remaining legacy waste diversion programs transition to the new regulatory framework:
 - On June 3, the government released the final [Blue Box Regulation](#). The current Blue Box Program administered by Stewardship Ontario on behalf of stewards and operated by municipalities will transition to the new framework between July 1, 2023 to December 31, 2025.
 - On June 8, the government released the final [Hazardous and Special Products \(HSP\) Regulation](#). The current Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario will wind up September 30, 2021 and transition to the new framework on October 1, 2021.
- These RRCEA regulations require obligated parties to register and report to the Authority through its Registry system.
- The Registry is an online platform that allows the Authority to securely and confidentially collect information from obligated parties and monitor performance.

The Authority's finances

- As an administrative authority of the Government of Ontario, the Authority does not receive any government funding and funds its operations through fees charged to regulated parties on a cost-recovery basis.
- The WDTA and RRCEA allow the Authority to set and collect fees to recover its costs. Fee revenues come from two sources:
 1. RRCEA: Annual fees to obligated parties required to register
 2. WDTA: Monthly cost recovery charges to industry funding organizations, industry stewardship organizations and other WDTA activities
- RRCEA fees (i.e. Registry fees) cover the Authority's costs to develop and operate the Registry and carry out compliance and enforcement activities.
- WDTA monthly charges cover the Authority's costs to oversee the operation of IFO/ISO based programs and their wind up.

Proposal scope

- This proposal outlines the Authority's revised 2021 budget and the allocation of RRCEA program costs to all four active Registry programs (Tires, Batteries and EEE, HSP, and Blue Box).
- The fees outlined in this proposal are the fees proposed to be charged to producers under the Blue Box Regulation and HSP Regulation. 2021 is the first year that producers obligated under these RRCEA regulations are required to pay Registry fees to the Authority.
- From March 30 to May 14, 2021, the Authority consulted on its proposed 2021 Registry fees for tires and batteries and EEE, which were based on the 2020 fees for these materials. The fees were approved on May 18, 2021. The Authority posted the final fees for tires and batteries and EEE to its website on May 25, 2021 and notified stakeholders the same day.
- Now that the Blue Box and HSP regulations have been finalized, the Authority has allocated the 2021 RRCEA budget across all programs, including the Tires and Batteries and EEE programs. Any reconciliation between actual 2021 program expenses and the fees collected in 2021 will occur when 2022 Registry fees are set.
- The Authority is also reviewing its General Fee Setting Policy and Methodology, and any necessary adjustments to align the policy and methodology with the 2021 fees will be consulted on as part of the 2022 fee-setting process, which is anticipated to occur in fall/winter 2021.

Consultation process

- The Authority's legislative framework requires the Authority to consult on its fees for 45 days.
- The Authority's legislative framework also requires its fees to be posted for 30 days once finalized.
- The consultation on the proposed 2021 Registry Fees for Blue Box and HSP begins on **June 18 and ends on August 3.**
- Feedback about the proposed fees can be sent to consultations@rpra.ca on or before August 3.
- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca.
- Additionally, two webinars will be held on July 7 and July 8. [Register here](#).
- Feedback from the consultation will be summarized in a report that will be posted to the Authority's website.
- The final fees will be posted to the Authority's website and stakeholders will be notified when they have been posted.
- The Authority will communicate with producers on how and when they can complete their annual reporting requirements and pay their Registry fee once the fees have been finalized.
- For more information on the consultation process, [visit the Authority's website](#).

Fee Setting Methodology

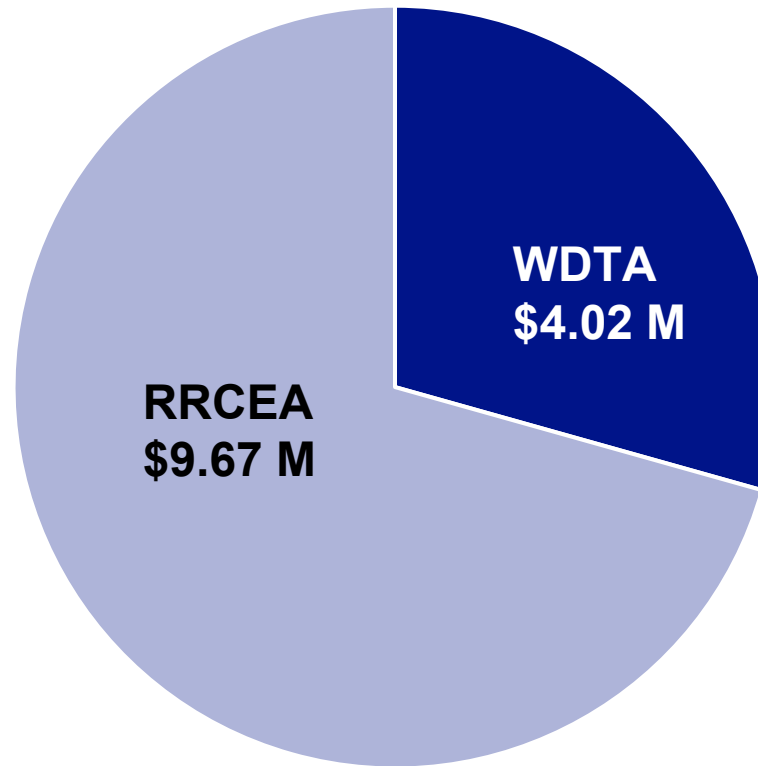


2021 revised RRCEA/WDTA budgeted revenue collection

- 2021 budgeted RRCEA revenue increased by \$2.29M compared to what was published in the [2021 Business Plan](#).
- Increases to the Authority's budget in 2021 resulted from changes to the assumptions underlying the 2021 Business Plan, published last fall, including the Blue Box Regulation coming into force in 2021 earlier than expected, and the Authority being directed to develop and operate the Excess Soil Registry.
- In addition to increasing mandated delivery expectations in 2021, these changes meant that the Authority would be starting up multiple new Registry projects in 2021, including three major Registry portal development projects and overlapping registration and compliance campaigns for two new programs on top of the two existing programs.
- As a result, resourcing plans were adjusted. Among other things, resource growth planned for later in 2021 and 2022 to accommodate new programs was accelerated in 2021.
- The revised budget has resulted in allocated RRCEA revenues increasing from \$7.38 M predicted in the 2021 Business Plan to \$9.67 M to accommodate increased delivery expectations.

2021 RRCEA/WDTA revenue collection

Revised Budgeted Revenue Collection = \$13.69 M



Setting the proposed 2021 Registry fees

- As with tires and batteries and EEE, the proposed 2021 Registry fees for Blue Box and HSP only include fees for producers. There are no fees proposed for service providers or PROs.
- Batteries and EEE will continue to be treated as one program for fee setting consistent with 2020.
- The proposed fees for Blue Box and HSP use a variable and flat fee structure, similar to tires and batteries and EEE.
- Due to the structure of the HSP Regulation, the proposed fees for HSP differ by material category:
 - Category A and B, includes non-refillable and refillable pressurized containers, oil filters, antifreeze, oil containers, paints and coatings, pesticides, and solvents.
 - Category C, includes barometers, thermometers, and thermostats.
 - Category D, includes fertilizers.
 - Category E, includes refillable propane containers.

Cost allocation methodology by RRCEA program

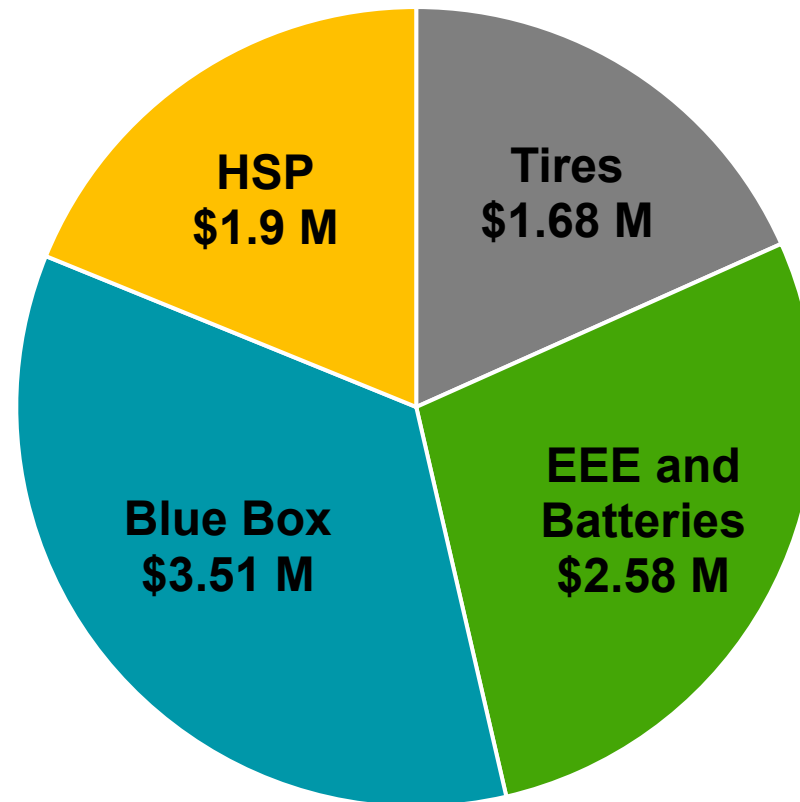
1. **Apply forecasted direct expenses** to each program (e.g., Registry amortization and interest)
2. **Apply annual share of amortized Registry foundational costs** to each program
 - Foundational costs are related to general Registry platform components that are not specific to any one material portal, such as system security and log in functions
 - 2021 portion of foundational costs equally divided among Tires, Batteries and EEE, Blue Box and HSP
3. **Allocate RRCEA shared common costs** based on “program weight” approach
 - Shared common costs are related to the administrative, communications, compliance and other functions common to all programs
 - For program weight allocations, the first Registry program – Tires – serves as the benchmark
 - Other programs are scaled up or down relative to Tires, according to estimated compliance and registration activity and ongoing oversight effort

Considerations to determine program weights

- Factors considered for common cost allocation weights include:
 - Tires is used as the baseline program representing 1 program share
 - Number of producers
 - Number of regulations
 - Material categories complexity and regulatory complexity to enforce

2021 revenue collection allocation

RRCEA Revenue Collection = \$9.67 M



Proposed 2021 Registry fees for Blue Box and HSP



Proposed 2021 Registry fees for Blue Box

Registrant	Proposed 2021 Registry fees
Producer: less than 100,000 kg paper/packaging supplied	\$75 flat fee
Producer: \geq 100,000 kg paper/packaging supplied	\$0.0038 (0.38¢) per kg supplied

Assumptions for stakeholder feedback:

- Total # of producers: approximately 1800
 - # of producers that supply $<$ 100,000 kg: approximately 1200
 - # of producers that supply \geq 100,000 kg: approximately 600
- Total paper/packaging supplied by producers \geq 100,000 kg: approximately 930,000 tonnes
- Contingency built into the fee above budgeted revenue collection: \$118 K

Proposed 2021 Registry fees for HSP

- The HSP Regulation identifies 5 different categories of material groupings with differing regulatory requirements.
- Similar to program share allocations among programs, the Authority is proposing to allocate the budgeted HSP revenue collection among the HSP categories.
- The overall HSP 2021 revenue collection was budgeted at \$1.9 M. The chart below outlines the proposed allocation among categories:

Material category	% allocation	Revenue collection allocation
Category A and B (includes non-refillable and refillable pressurized containers, oil filters, antifreeze, oil containers, paints and coatings, pesticides, and solvents.	83%	\$1.58 M
Category C and E (includes barometers, thermometers, thermostats and refillable propane containers)	15%	\$285 K
Category D (includes fertilizers)	2%	\$32 K

Proposed 2021 Registry fees for HSP

Material group	Registrant	Proposed 2021 Registry fees
Category A and B	Producer: < 10,000 kg HSP supplied	\$75 flat fee
	Producer: >10,000 kg HSP supplied	\$0.013 (1.3¢) per kg supplied
Category C and E	Producer	\$7,500 flat fee
Category D	Producer	\$4,000 flat fee

Assumptions for stakeholder feedback:

- Category A and B
 - Total # of producers: approximately 225
 - # of producers that supply < 10,000 kg: approximately 65
 - HSP supplied by producers \geq 10,000 kg: approximately 123,000,000 kg
- Category C and E
 - # of producers: approximately 40
- Category D
 - # of producers: approximately 8
- Contingency built into the fee above budgeted revenue collection: \$40 K

Next steps

- Feedback on the proposed fees can be sent to consultations@rpra.ca on or before **August 3** when the consultation closes.
- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca.
- Additionally, two webinars will be held on **July 7 and July 8**. [Register here](#).
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