

2021 Registry Fees for Blue Box and Hazardous and Special Products

Consultation Report

August 24, 2021

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Executive Summary

This report details the Authority's consultation process, the feedback received and how the Authority incorporated the feedback into its decision making on 2021 Registry fees for Blue Box materials and Hazardous and Special Products (HSP). Questions about this report can be emailed to consultations@rpra.ca.

Producers obligated under the Blue Box Regulation and the HSP Regulation are required to pay Registry fees in 2021. These are fees that registrants pay to the Authority annually to cover the Authority's costs under the Resource Recovery and Circular Economy Act, 2016 (RRCEA).

From June 18, 2021, to August 3, 2021, the Authority consulted registrants and other interested stakeholders on its proposed 2021 Registry fees for Blue Box and HSP, as well as 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 Authority received extensive comments during the consultation, which are summarized in Appendix B of this report. All questions received during the consultation webinars and responses provided by the Authority are detailed in Appendix C of this report.

Feedback received included concerns with the use of variable fees and the use of supply weight to assign variable fees. The Authority considered all feedback received in setting the 2021 Registry fees for Blue Box and HSP. The Authority will further consider the feedback received during the consultation when it reviews its cost allocation and fee setting methodology in Q3/Q4 2021, in advance of setting 2022 fees. Feedback from past fee consultations will also be considered during the review.

The final fees for Blue Box did not change from what was proposed in the consultation. The threshold for flat fee eligibility within the Blue Box fee structure was lowered from 100,000 kg to 50,000 kg to align with other RRCEA thresholds, and to make the fee structure more equitable for smaller producers.

The final fees for HSP Categories A and B (non-refillable pressurized containers, oil filters; antifreeze, oil containers, paints and coatings, pesticides, solvents, refillable pressurized containers excluding propane) did not change from what was proposed during consultation.

The fees for HSP Categories C (mercury-containing barometers, thermometers, thermostats), E (refillable propane containers), and D (fertilizers) did change to reflect stakeholder feedback and new information received since the start of the consultation.

For more information on the final fees, review the 2021 Registry Fee Schedule for Blue Box and

The fees were approved on August 19, 2021. The Authority posted the final fees to its website on August 24, 2021, and stakeholders were notified the same day.

Introduction

About the Authority

The Authority is the regulator created by the Ontario government to enforce the requirements of the RRCEA and the Waste Diversion Transition Act, 2016 (WTDA).

The RRCEA establishes a resource management regime where producers are individually responsible and accountable for their products and packaging, recovering resources and

reducing waste. The WDTA 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 WDTA 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:

- WDTA: Charges to industry funding organizations (IFOs) and industry stewardship organizations for the Authority's oversight and wind-up of current waste diversion programs and the IFOs that operate the 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 activities.

Before setting RRCEA fees, the Authority must engage in public consultation and post the fees on its website for comment for at least 45 days.

Principles for public consultation

The Authority's consultations are guided by the following best practice 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

Consultation on the Authority's proposed 2021 Registry fees for Blue Box materials and HSP began on June 18, 2021 and ran for 45 days to August 3, 2021. A dedicated web page was created on the Authority's website with background information on the consultation, registration links for the webinars and presentation materials.

On June 18, 2021, the Authority emailed current Blue Box Program and Municipal Hazardous or Special Waste Program stewards announcing the consultation period and how to participate. The Authority also notified its general mailing list (approximately 1500 subscribers), and a reminder was included in its July newsletter. Stakeholders were invited to submit feedback on the proposed fees via email or by attending one of two webinars hosted on July 7 and July 8.

Additionally, on July 21, stakeholders representing the material groups impacted by the 2021 Registry Fees were invited to present directly to the Authority's Finance and Technology Committee of the Board.

What we heard

The Authority received feedback through all its consultation channels:

- There were 113 participants in the Authority's webinar on July 7 and 78 participants in the July 8 session. Webinar presentations and recordings can be found here.
- Three stakeholders representing producer associations presented at the Authority's Finance and Technology Committee meeting.
- Fifteen written submissions were received via email.

The feedback received from all channels is summarized and categorized into themes below:

General fee related

- Some stakeholders were concerned that the Authority's fees are too high because the Authority's costs are too high.
- Some stakeholders recommended that the Authority leverage the work being done by PROs (e.g., existing tracking systems, data collection, etc.) to help find efficiencies and reduce costs.
- Some stakeholders believe that the Authority's Registry fees should be bundled or discounted for producers who are obligated in more than one material category.
- There were some concerns with the overall timing of the consultation process, with a preference for consulting on fees prior to the start of the fiscal year.

Fee setting methodology

- Some stakeholders commented that the weight-based approach to setting the variable fee is flawed, for reasons including:
 - o Producers with greater supply do not necessarily receive more services/take up more of the Authority's time and resources.
 - o A weight-based approach is unfair to producers of relatively heavier material.
 - A weight-based approach penalizes producers of heavy but easy-to-recycle materials such as glass, while benefiting producers of light but hard-to-recycle materials such as plastic.
 - If the variable fee needs to be weight-based, it should be based on the weight of the material managed, not the weight of the material supplied.
- There was one stakeholder recommendation to consider tiered flat fees (e.g., one fee for small producers, a larger fee for large producers), and another recommendation for a combination of multi-tiered flat fees and a weight-based fee above a higher tonnage threshold than currently proposed.
- There was some concern with the lack of transparency and detail provided by the Authority with regards to its fee setting methodology (i.e., how program weight allocations were calculated).

Proposed fees for Blue Box materials

- One stakeholder suggested specific modifications to the Authority's methodology to ensure reasonable fees across all material categories for Blue Box, including:
 - Setting fees per material category in the regulation (e.g., glass, flexible plastic. paper)

- Consider requiring PROs to add a percentage increase on their invoices to producers rather than a per kilogram fee
- One stakeholder suggested that all Blue Box producers should be charged the same flat fee rather than basing the fee on supply data.

Proposed fees for HSP

- Stakeholders suggested variable fees should be based on units, rather than weight.
- One stakeholder was concerned with paying 2021 fees for HSP so late in the year and recommended delaying charging fees until 2022.
- There were concerns with program weight allocations and high fees for HSP, especially for those categories that will require less effort/oversight.
- Multiple stakeholders believed the Authority underestimated the number of producers in Categories D and E and that the Authority will be over-collecting for those material categories.

The Authority's regulatory function

- One stakeholder noted the Authority's growing regulatory oversight function and responsibilities during the transition from legacy waste diversion programs to the RRCEA and the implementation of new regulations under the RRCEA and encouraged the Authority to set Registry fees that ensure the Authority is appropriately resourced to fulfill the full scope of its regulatory mandate.
- There were some comments suggesting the Authority needed to take more action on free riders (i.e., obligated parties that avoid registration and compliance, including paying fees to the Authority), and one suggestion that any costs related to enforcement actions for non-compliance should be charged to those who are out of compliance.

Feedback that was not relevant to this consultation has been excluded from the summary.

For a list of stakeholders that submitted written feedback and presented at the Authority's Finance and Technology Committee meeting, see Appendix A of this report.

Appendix B outlines the Authority's responses to comments that arose during the consultation.

For a list of all questions received and answers provided, see Appendix C.

Evaluation

To help the Authority improve future consultations and communications, participants were invited to complete a short survey following the consultation webinars. Of the 191 webinar attendees, 84, or 44%, completed the survey.

In response to the guestion, "Overall, how would you rate the consultation?", 82% of respondents ranked the session "Excellent", "Good" or "Average" (based on a scale of Excellent, Good, Average, Fair, Poor).

31% of respondents said the information provided by the presenter was "Extremely or Very helpful", and 57% said it was "Somewhat helpful". The remaining 12% said it was "Not so helpful". Outside of the survey, one stakeholder commented that the details shared in the consultation webinar were unclear and created confusion.

Majority of respondents (88%) ranked the presentation slides and question and answer portion of the webinars as "Excellent", "Good" or "Average".

Conclusion

The 2021 Registry fees for Blue Box and HSP were approved on August 19, 2021. The Authority posted the final fees to its website on August 24, 2021, and stakeholders were notified the same day.

The Authority appreciates the thoughtful feedback provided through the consultation process and considered each submission in setting the 2021 Registry fees for Blue Box and HSP. The final fees for Blue Box and HSP Categories A and B (non-refillable pressurized containers, oil filters; antifreeze, oil containers, paints and coatings, pesticides, solvents, refillable pressurized containers excluding propane) did not change from what was proposed during consultation.

The Authority lowered the Blue Box material supply threshold for flat fee eligibility from 100,000 kg to 50,000 kg to close the gap between the flat \$75 fee and the variable per kilogram fee assigned to producers whose supply is close to but exceeds the threshold.

The fees for HSP Categories C (mercury-containing barometers, thermometers, thermostats), E (refillable propane containers) and D (fertilizers) changed to reflect stakeholder feedback and new information considered during the consultation period about the estimated number of producers:

- The flat fee for Category D producers decreased from \$4,000 to \$1,000
- The flat fee for Category E producers decreased from \$7,500 to \$1,000
- A \$75 flat fee has been assigned to Category C, D and E producers with an annual revenue of less than \$2 M

Stakeholder feedback about the perceived shortcomings of assigning a variable fee based on weight were considered. The Authority has maintained a mixed variable and flat fee model because:

- It protects small businesses from undue financial burden
- It is aligned with the objectives of the government's producer responsibility regulatory framework to hold producers individually accountable and financially responsible for the totality of the products and packaging they supply into the market
- Using weight to assign variable fees aligns with the regulations' reporting requirements for supply and management of HSP and BB materials and does not unduly burden small producers in any category

See Appendices B and C for more detailed responses to stakeholder feedback about variable weight-based fees.

The Authority will be engaging in a review of its cost allocation and fee-setting methodology in the coming months in advance of setting 2022 fees. Feedback from this consultation and past fee consultations will be considered during the review. Different cost allocation and fee-setting models adopted by different jurisdictions and regulators will be explored as part of this review.

Appendix A: Stakeholders that submitted feedback

The fifteen written submissions were submitted by the following stakeholders:

- Canadian Paint and Coatings Association
- Canadian Propane Association
- Canadian Vehicle Manufacturers' Association
- City of Toronto
- Costco
- Cvcle Environment
- Electronic Products Stewardship Canada
- Fertilizer Canada
- Heating, Refrigeration and Air Conditioning Institute of Canada
- MTY Group
- Premier Tech Home & Garden
- Retail Council of Canada
- Rust-Oleum Canada
- Scotts Canada Limited
- The Ontario Produce Marketing Association

The following three stakeholders representing producer associations presented at the Authority's Finance and Technology Committee meeting:

- Shelagh Kerr, Electronic Products Stewardship Canada
- Mark Kohorst, National Electrical Manufacturers Association
- Sebastian Prins, Retail Council of Canada

Appendix B: Response to stakeholder comments

The Authority considered all feedback received during the consultation period. Key comments received and the Authority's responses are included below and categorized into the following themes:

- General fee related
- Fee setting methodology
- Proposed fees for Blue Box materials
- Proposed fees for HSP
- The Authority's oversight

General fee related

- Some stakeholders were concerned that the Authority's fees are too high because the Authority's costs are too high.
- Some stakeholders recommended that the Authority leverage the work being done by PROs (e.g., existing tracking systems, data collection, etc.) to help find efficiencies and reduce costs.
- Some stakeholders believe that the Authority's Registry fees should be bundled or discounted for producers who are obligated in more than one material category.
- There were concerns with the overall timing of the consultation process, with a preference for consulting on fees prior to the start of the fiscal year.

The Authority's response

As an administrative authority of the Government of Ontario, the Authority does not receive any government funding and funds its operations solely through fees charged to registrants. The Authority operates on a cost-recovery basis and its budget reflects costs necessary to deliver its legislated mandate. The Authority's budgets are set through the annual Business Planning process, which the Authority's Board and the Ministry of the Environment, Conservation and Parks oversees. The ministry has an opportunity to review and comment on a draft plan before the final plan is approved by the Board. Additionally, the Authority consults stakeholders throughout the business planning process via the newly established Industry Advisory Council, and the previously established Service Provider Advisory Group.

The Authority has robust financial controls policies and processes in place to ensure all spending decisions are appropriately overseen and a procurement policy that aligns with government best practices to ensure services and products are obtained at market competitive rates. The Authority also publicly reports on its activities, including presenting audited financial reports, through its Annual Report published June 1 each year and its Annual Public Meeting held in June of each year.

The Authority seeks to align Registry and compliance-related activities with the business practices of PROs and other registrants where possible to make procedures easier and more efficient (e.g., with respect to audit procedures). However, PROs and the Authority have fundamentally different mandates and therefore system requirements. The Authority regulates producers to ensure compliance. PROs are businesses operating in a competitive market providing services to producers to help them meet their performance obligations. It is not practical or appropriate for the Authority to rely on PROs to deliver any part of its mandate or utilize their systems instead of its own registries. The Authority's compliance and enforcement mandate requires reporting systems designed to meet the detailed requirements of regulations issued under the RRCEA and support the Authority in undertaking compliance-related activities. The Authority has reviewed alternative options to building and operating its own registries. including assessing IFO systems and systems developed by organizations in other jurisdictions, and has concluded that the cost of purchasing, licensing, retrofitting and operating existing systems would exceed the cost of building and operating purpose-built systems adapted to the specific requirements of Ontario's regulatory requirements.

At this time, there are no fee deductions for producers that participate in multiple programs. The Authority's current rules for fee setting outline that fees apply to each program (Note: batteries and electronics are treated as one program), and not to each producer. Regulations establishing the programs have different requirements for producers in terms of registering, reporting and other obligations, and therefore different requirements for the Authority. Each program's Registry is purpose-built to facilitate producer registration and reporting requirements outlined in the regulations and RPRA compliance activities for each regulatory program.

The Authority schedules fee consultations in order to set fees within legislated timelines. Consultation cannot begin before the Ministry releases final regulations. The Authority will endeavour to consult on and set fees before or as soon as possible after the start of the year in which the fees apply. The Authority expects to consult on 2022 fees beginning in December 2021.

Fee setting methodology

- Some stakeholders commented that the weight-based approach to setting the variable fee is flawed, for reasons including:
 - Producers with greater supply do not necessarily receive more services/take up more of the Authority's time and resources.
 - A weight-based approach is unfair to producers of relatively heavier material
 - A weight-based approach penalizes producers of heavy but easy-to-recycle materials such as glass, while benefiting producers of light but hard-to-recycle materials such as plastic.
 - If the variable fee needs to be weight-based, it should be based on the weight of the material managed, not the weight of the material supplied.
- There was one stakeholder recommendation to consider tiered flat fees (e.g., one fee for small producers, a larger fee for large producers), and another recommendation for a combination of multi-tiered flat fees and a weight-based fee above a higher tonnage threshold than currently proposed.
- There was some concern with the lack of transparency and detail provided by the Authority with regards to its fee setting methodology (i.e., how program weight allocations were calculated).

The Authority's response

The Authority is using a weight-based approach to fee setting in 2021 because:

- A weight-based variable fee is consistent with the HSP and Blue Box regulations, which requires both supply and performance to be reported and measured on a weight basis.
- A weight-based variable fee can be applied consistently to material categories with multiple material types, including materials that do not have a common measure for units. HSP, for example, encompasses a variety of different materials, including antifreeze, paints, coatings, solvents, pesticides, oil containers and refillable pressurized containers.

- A weight-based fee matches the framework of the Blue Box and HSP regulations, which measure environmental burden and benefit by the weight of material supplied or managed.
- In regulations for all the Authority's Registry programs other than Tires, reporting is required to be weight based. To align with these regulations, the variable fee is weightbased. Under the Tires Regulation, producers are required to report both weight and units supplied, which is why fees can be based on units.

The Authority acknowledges that weight is not a perfect indicator of the amount of oversight effort required for a regulated material and that weight places relatively more burden on producers supplying heavier materials.

Alternative measures of supply, however, pose challenges for Blue Box and HSP fees. A unitbased measure can be subject to distortion because there is no consistent definition of units across all Blue Box and HSP material types. Many of the different material types covered by both the Blue Box and HSP regulations cannot be efficiently converted into a common measure of units to which fees could be applied. Additionally, using relative recyclability, or relative program costs, as a measure instead of weight would require the Authority to collect large data sets it does not already have access to, and this data would be subject to changing market pressures that may also appear to advantage some producers over others. It would also substantially increase the Authority's effort in administering fees, which would in turn add regulatory burden and cost on producers.

Instituting single flat or tiered flat fees would benefit large producers at the expense of small businesses. Assigning variable fees to producers based on weight of supply is aligned with the objectives of the government's producer responsibility regulatory framework to hold producers individually accountable and financially responsible for the totality of the products and packaging they supply into the market. A flat fee below a certain supply volume or annual revenue avoids over-burdening small businesses.

The Authority provided a detailed explanation of its fee setting policy and methodology during both consultation webinars. With regard to program weight allocations for determining shared costs (i.e., functions common to all programs), these were allocated using the baseline set by the Authority's first RRCEA regulatory program for Tires. Based on the level of effort required for each regulatory program (Blue Box, HSP, B/EEE) relative to the Tires program, a weight allocation was assigned. Several factors are considered for common cost allocation weights including the number of regulations, registration and reporting requirements, material categories' complexity, regulatory complexity to enforce, and number of producers.

The Authority will be reviewing its cost allocation and fee-setting methodology in the coming months to ensure its regulatory mandate and fee setting objectives continue to be met. The feedback received through this consultation will be considered as part of that exercise. Adjustments to cost allocations may be considered during the 2022 consultation on fees.

Proposed fees for Blue Box materials

- One stakeholder suggested specific modifications to the Authority's methodology instead of a weight-based approach for all materials, including:
 - Setting fees per material category in the regulation (e.g., glass, flexible plastic, paper).

- Consider requiring PROs to add a percentage increase on their invoices to producers rather than a per kilogram fee.
- One stakeholder suggested that all Blue Box producers should be charged the same flat fee rather than basing the fee on supply data.
- One stakeholder suggested that there was too big a 'jump' between the de minimis \$75 fee and the variable per kg fee.

The Authority's response

The Authority has established a single weight-based fee rate across all material categories in a program rather than establishing multiple fees across different material categories to simplify fee calculation and administration.

Including Blue Box material-type as a factor in determining fees would require extensive and ongoing research into each material category in order to develop an evidence-based rationale for apportioning costs to each material category to recover the Authority's total program costs. A complex fee methodology would result in higher administrative costs for the Authority, which in turn would be reflected in higher Registry fees. Nonetheless, this approach will be further assessed as part of the Authority's review of its fee setting methodology, which will be undertaken later this year ahead of setting 2022 Registry fees.

PRO invoices and fee structures are a business decision for PROs and may be affected by market pressures that are unrelated to the Authority's regulatory work or its fee setting objectives. Additionally, as a regulator, the Authority would not use a third party such as a PRO to implement its fee schedule.

Instituting single flat or tiered flat fees would favour large producers at the expense of small businesses. Variable fees for producers with larger supply is aligned with the objectives of the government's producer responsibility regulatory framework to hold producers individually accountable and financially responsible for the totality of the products and packaging they supply into the market, by making them pay based on quantity (units or weight).

The Authority lowered the Blue Box material supply threshold for flat fee eligibility from 100,000 kg to 50,000 kg to close the gap between the flat \$75 fee and the variable per kilogram fee assigned to producers whose supply is close to but exceeds the threshold. The new 50,000 kg threshold also aligns with other RRCEA program thresholds for assigning flat fees.

Proposed fees for HSP

- Some stakeholders suggested variable fees should be based on units, rather than weight
- One stakeholder expressed concern with paying 2021 fees for HSP so late in the year and recommended delaying charging fees until 2022.
- There were concerns with program weight allocations and high fees for HSP, especially for those categories that will require less effort/oversight.
- Multiple stakeholders believed the Authority underestimated the number of producers in Category D and that the Authority will be over-collecting for that material category.

The Authority's response

The Authority's response with respect to the use of weight-based fees is set out above (see Fee Setting Methodology section).

The Authority's Registry fees cover expenses in a given year (e.g., 2021 fees cover 2021 expenses). Deferring 2021 fees to 2022 would require the Authority to debt finance HSP program costs, which would entail interest charges, and require registrants to pay fees for both 2021 and 2022 in 2022.

2021 fees for HSP cover the Authority's costs to undertake activities to implement the regulation in 2021, which include:

- helping obligated producers and service providers understand their requirements
- ensuring producers register and report their supply data by the deadline in the regulation
- ensuring service providers register by the deadline in the regulation
- compliance, enforcement, and communication activities.

Apportioning of these costs to producers in the form of fees attached to HSP material categories was done according to our fee-setting principles of reasonableness, transparency, and equity. If underlying assumptions are incorrect, the Authority conducts an annual true-up process, and any reconciliation (e.g., credits to be applied) will occur in the following year's fee-setting process. Feedback asserting the Authority underestimated the number of HSP producers caused the Authority to alter its per producer fees for Categories D (fertilizers) and E (refillable propane containers):

- The flat fee for Category D producers decreased from \$4,000 to \$1,000
- The flat fee for Category E producers decreased from \$7,500 to \$1,000
- A \$75 flat fee has been assigned to Category C, D and E producers with an annual revenue of less than \$2 M

The Authority's oversight

- One stakeholder noted the Authority's growing regulatory oversight function and responsibilities during the transition from legacy waste diversion programs to the RRCEA and the implementation of new regulations under the RRCEA and encouraged the Authority to set Registry fees that ensure the Authority is appropriately resourced to fulfill the full scope of its regulatory mandate.
- There were some comments suggesting the Authority needed to take more action on free riders (i.e., obligated parties that avoid registration and compliance, including paving fees to the Authority), and one suggestion that any costs related to enforcement actions for non-compliance should be charged to those who are out of compliance.

The Authority's response

The Authority operates on a cost recovery basis and sets fees required to support activities necessary to fulfill its legislated mandate. The Authority seeks to operate cost-effectively and demonstrate value-for-money.

Bringing free riders into compliance is a key focus of the Authority's compliance program. The Authority's Compliance and Registry Team has had a number of successes identifying both large and small free riders, bringing them into compliance and requiring them to pay fees owed. The Authority continues to devote resources to identifying and responding to high-priority free rider cases in 2021.

Appendix C: Questions and answers

Below are the questions received during the consultation period and the Authority's responses in setting the final fees.

Questions have been organized by the topics below, and questions not relevant to this consultation have been excluded. Some questions were edited for length and clarity, and similar questions were grouped together.

- General fee related
- RPRA's role
- Registry, registration and reporting requirements
- Proposed fees for Blue Box materials
- Proposed fees for HSP

General fee related

Question	Response
Have you considered only asking producers who are not participating in a stewardship program run by a PRO to pay a registration fee directly to RPRA?	All producers obligated under the Blue Box or HSP regulations are required to register, report, and pay their Registry fee to RPRA, whether or not they were obligated as stewards under the existing legacy waste diversion programs (Blue Box Program or the Municipal Hazardous or Special Waste Program), and whether or not they have contracted with a PRO to provide services under the new regulations.
Producers (e.g., paint) are trying to calculate their weight supplied. When will the conversion factors be available in order to calculate the weight supplied?	RPRA will provide the weight conversion factors to producers of HSP sufficiently ahead of the registration/initial reporting deadline to enable producers to comply. For more information on how to determine supply data, review our Registry Procedure – Verification and Audit.
If RPRA is providing services related to service providers, has it been considered to have them register and pay for those services provided by RPRA as you outlined?	The decision in 2021 and previous years to require only producers to pay fees and cover the Authority's costs was made to reflect the producer responsibility framework set out in the <i>Resource Recovery and Circular Economy Act, 2016</i> (RRCEA). Although producers may hire PROs or service providers to help meet their obligations, the responsibility for performance under this framework remains with the producer. Not requiring fees from service providers also supports competitive markets for resource recovery services by reducing barriers to entry for small service providers, benefitting producers who need such services in order to comply. Restricting the number of fee-paying registrants to only producers also provide efficiencies to RPRA operations, which creates overall savings to the budget when compared to charging service providers as well as producers.
What does the fee cover? Can we get a breakdown of what it covers apart from the administrative costs of RPRA?	RPRA's Registry fees cover all the costs related to compliance and enforcement and other activities required to administer the regulations under the RRCEA and building and operating the Registry. The annual Business Plan provides a comprehensive description of those activities.

Question	Response
question	The costs are further broken down into direct costs and common, or shared, costs. Direct costs are allocated to each program and include the cost and interest of building the program-specific Registry portal, as well as foundational expenses that are related to general Registry platform components and not specific to any one program, such as system security and log in functions. Shared costs are related to the compliance, administrative, communications, support and other functions that are common to all material groups.
Are the Registry fees paid annually?	Yes. Our current approach is for obligated parties to report and pay their Registry fee to RPRA annually, which covers the annual cost of administering the regulations. The current approach also involves consulting on and setting our Registry fees annually. We are setting 2021 Registry fees for Blue Box and HSP now due to the timing of the release of the final regulations, which were published in June. We intend to consult on 2022 Registry fees later this year.
Can the producer/brand owner pass on RPRA's Registry fee to consumers (i.e., as a separate line item at the Point of Sale)?	Yes. It is up to producers whether they choose to charge a separate fee (e.g., environmental fee, eco-fee, etc.) to consumers at the point of sale. These fees may be applied at the discretion of businesses to cover their costs related to recycling their products. RPRA does not mandate businesses to charge environmental fees, nor do we set the amount of the fee to be charged. The regulations under the RRCEA also do not require the use of these fees. If a producer chooses to charge a separate fee related to resource recovery, specific rules under the Tires and HSP regulations will apply. See the RPRA website for more information.
Are there any deductions made for producers that participate in all/multiple programs?	There are no fee deductions for producers that participate in multiple programs. Fees apply to each program in order to recover costs associated with that program. (Note: batteries and electronics are considered one program for the purposes of 2021 fee setting).

RPRA's role

Response
RPRA is the regulator established by the Government of Ontario to enforce the requirements of the new regulatory framework under the RRCEA. RPRA is not responsible for providing recycling services or arranging for the collection or recycling of end-of-life products or materials in Ontario. Under the new framework, producers are responsible for establishing collection and management systems to meet their requirements under the regulation. Most producers will work with PROs (or producer responsibility organizations) who will establish these systems on their behalf. Producers are free to make their own commercial arrangements with PROs and other service providers.
CSSA provides services to Stewardship Ontario, which is the industry funding organization that operates the current Blue Box Program on behalf of industry stewards under the Blue

RPRA? Do I have to report and pay fees to both CSSA and RPRA?	Box Program Plan and <i>Waste Diversion Transition Act, 2016</i> (WDTA).
	RPRA's Registry fees do not go towards establishing or implementing collection and management systems. RPRA's Registry fees cover the costs related to building and operating the Registry, which includes publicly reporting on performance, and compliance and enforcement activities required to administer the regulation under the RRCEA. Producers are obligated under the law to register, report and pay Registry fees to RPRA.
	During the Blue Box Program transition (ending December 31, 2025), stewards will still be obligated and have to meet their requirements (e.g., reporting to Stewardship Ontario) under the Blue Box Program Plan and the WDTA. At the same time, producers will be required to meet their obligations under the new Blue Box Regulation under the RRCEA, which includes registering, reporting and paying their Registry fee to RPRA.
Can you further explain how	Our Compliance Team has the powers of a provincial
compliance and enforcement	regulator: inspections and audits, investigations, compliance
functions will work? What is the	orders, administrative penalty orders and prosecution. The
function of the inspectors?	primary function of the Compliance Team is to ensure that
	producers and other obligated entities comply with their
	obligations under the RRCEA and WDTA and associated
	regulations. Our approach to compliance begins with
	communications, or Communicating for Compliance (C4C),
	where we use communication tools to proactively support registrants in understanding and complying with the new
	regulations.
There may be some businesses	Yes, RPRA is responsible for ensuring obligated parties meet
obligated to register but may not	their requirements under the regulation, which includes
register on time. Is it RPRA's	registering and reporting with RPRA. Our approach to
responsibility to enforce compliance?	compliance begins with communications, for example,
	communicating directly with obligated parties and informing
	them of their requirements and when they must complete their
	requirements.
Are there fines set for free riders?	Fines can be imposed through prosecution. To date, RPRA
Are there lines set for free flucis:	has relied on identifying free riders and bringing them into compliance without enforcement action. The RRCEA also gives the government the power to approve an administrative penalty regulation that would give RPRA the authority to impose administrative penalties, which are a monetary penalty that does not require prosecution.
	Bringing free riders – companies that meet a definition (e.g.,
	producer, hauler) in the regulation but have not registered or reported to RPRA – into compliance is a key focus of RPRA's compliance program. RPRA's Compliance and Registry Team
	has had a number of successes identifying both large and small free riders, bringing them into compliance and requiring
	them to pay fees owed. RPRA continues to devote resources
	to identifying and responding to high-priority free rider cases in 2021.

Registry, registration and reporting requirements

Constitution and repo	<u> </u>
Question Why doesn't RPRA use Excel Spreadsheets for manual operations? It has worked well for years, and PROs will still have that info if RPRA needs to continue over the year or in years to come, but the only difference is having to pay the Registry fee.	RPRA is obligated under the RRCEA to establish, maintain and operate an electronic public Registry. Spreadsheets do not provide the security and functionality required to operationalize the requirements outlined in RRCEA regulations in an efficient and secure way, including fee payment and assessing performance and compliance. Spreadsheets would inevitably have to be integrated into a data management system to support the compliance function and meet the statutory mandate to operate an electronic public Registry on behalf of the people of Ontario.
What will the Registry deliver that the current PROs now, and in future, will not be able to?	RPRA's Registry fee covers more than just the cost to build and operate the Registry. Our Registry fees also cover the compliance and enforcement activities required to administer the regulations under the RRCEA, and all of the support functions related to those activities. In addition to compliance and enforcement activities, we are required to publicly report on performance data that is submitted through the Registry. We also support the ministry in their policy development by providing the data we collect when needed.
Is it correct that there are thresholds that can remove the obligation to register? For example, if under the threshold, a producer needs to keep track of their waste but does not need to report?	Yes, that is correct, however, the details of the exemption depend on the specific regulation. Producers who think they may be exempt under a regulation are encouraged to confirm with the Compliance Team at 833-600-0530 or registry@rpra.ca. If you are a producer who is required to register with the Authority under the regulation, you will be required to pay a Registry fee. If you are a producer that is exempt from registering, you will not be required to pay the associated Registry fee.
Can our PRO pay RPRA registration fees on behalf of our company (and the PRO invoices us with our regular fees)?	That is up to the producer and their PRO. RPRA's Registry fees must be paid through the producer's Registry account, but the producer has the freedom in terms of how they manage their account (i.e., adding their PRO as an account user). Regardless of the arrangement between a producer and their PRO, it is the producer's obligation to ensure that the fee gets paid.
Will we receive guidance on how to transition to RPRA and a recap of reporting obligations? If we are obligated under the Blue Box and HSP regulations, will we be notified?	As part of the registration campaigns for both Blue Box and HSP, we will be providing detailed guidance to parties obligated under the regulations on how to register, report and pay fees. We will also continue to develop supporting materials like registration/reporting guides, FAQs and compliance bulletins and make them available on our website. While the Authority will undertake an outreach campaign to notify obligated parties of their regulatory requirements under the Blue Box and HSP regulations, the responsibility to comply rests with the producer. Producers who do not fulfill their regulatory responsibilities will be subject to graduated

	compliance action, starting with direct engagement, support and assistance in registering and reporting, reminders and warning, before more direct compliance actions are taken such as formal orders and inspections.
When is the registry fee invoice due to RPRA once a producer has registered?	Registry fee invoices are considered due on receipt. This means that once a registrant has completed an activity in the Registry with which a fee is associated, such as an initial registration or submitting their annual supply report, payment for the related invoice is due immediately. Clear payment instructions will be provided by RPRA at the time of registration/reporting.
Can you share the cost-benefit analysis we are told was completed for the Registry? If not, why not in	The Authority's legislative framework (s. 50 of the RRCEA) requires the Authority to establish and operate an electronic Registry system.
the context of OECD principles of 'transparency', especially those who have to pay 100% of the costs, that is of course, 'producers' - the obligated stewards under the Act?	The Authority retained outside experts to help determine what platform should be used to build the Registry required by the RRCEA. This included reviewing existing data systems operated by Industry Funding Organizations and other regulators in different jurisdictions. The review concluded the cost to adapt an existing system would exceed the cost of building out a new system that could address the Authority's requirements for scalability, flexibility, and security.
	Following the review, the Authority initiated a procurement process for prospective vendors to propose Registry solutions that could effectively and efficiently address the Authority's regulatory mandate.
	With regard to the OECD principles, the transparency principle refers to the Authority's consultations and specifically a commitment to "Record feedback, report back a summary to stakeholders, and synthesize feedback into programs and policies as appropriate," which this Consultation Report will do.
Why not allow stewards to report and pay the Registry Fee through their PRO? It seems like double reporting (RPRA and PRO) is unnecessary red tape.	RPRA's Registry fees must be paid through the producer's Registry account, but the producer has the freedom in terms of how they manage their account (i.e., adding their PRO as an account user). Regardless of the arrangement between a producer and their PRO, it is the producer's obligation to ensure that the fee gets paid.
What is your timeline for delivering online portals?	We are currently in the final development phase of the electronic Registry portals for batteries and information technology, telecommunications and audio-visual (ITT/AV) equipment. The portals are scheduled to be operational in August.
	We are in the early project phases for the remaining programs – lighting, HSP and Blue Box – and will update stakeholders as these portal projects progress.

Proposed fees for Blue Box materials Question Response Is the ">=100,000kg of The Blue Box Registry fees are for all materials that are obligated paper/packaging" threshold under the Blue Box Regulation, which includes materials currently referring to only "paper/packaging" reported to Stewardship Ontario. However, the regulation or does it include all materials obligates new materials as well (e.g., unprinted paper, packagingcurrently reported to Stewardship like products, service accessories, etc.). Ontario (i.e., including all other materials e.g., plastic, steel, glass, aluminum, etc.)? While weight is one cost driver RPRA's proposed Registry fees are weight-based because under behind the Blue Box recycling the Blue Box and HSP regulations producers are obligated to system, it is not the main cost report by weight, which makes it an efficient way to assign a driver under the current SO variable fee to producers for all material categories covered by formula and is unlike to be the those regulations. The regulations do not require that cost-ofmain driver behind PRO pricing. recycling information be reported into the Registry. To put a point on that – the 2017 RPRA will continue to consider other approaches to fee setting. Pay-in-Model highlights how and we encourage stakeholders to submit comments and paper's aggregated tonnage is alternative approaches for us to consider. 64.7% but pays only 47.9% of costs. Similarly, the much lighter plastics weight only 21.5% of aggregated tonnage but pay 46.1% of today's system costs. This cost/weight discrepancy is to reflect that curbside collection fills up based on volume of material. and not simply based on a materials density. A flat fee by kg harms paper, at the expense of lighter weight materials. In addition, a flat fee by kg is counter to the principal of EPR, as easy-to-recycle materials generally have a higher density than hard-to-recycle materials. Would RPRA consider assigning the fee as a percentage cost increase on the bill, rather than by tonne? My quick math shows the 0.38 cents/kilo fee equates to a 3.2% increase to bills. As Ontario municipalities transition Under Stewardship Ontario's Blue Box Program Plan, the amount to full EPR over a three-year stewards pay each year is calculated using information obtained period and continue to pay 50% of from the Datacall, which surveys municipalities, First Nation Blue Box costs until they transition, communities and recycling associations on costs and amount of

material collected through the Blue Box Program. As

municipalities transition to the new framework/RRCEA, they will

how will RPRA determine steward

dues? Will fees be pro-rated as

additional municipalities transition? Or, will all stewards simply start paying based on 100% EPR effective July 1, 2023?	no longer report into the Datacall, which will have an impact on the overall cost of operating the program. For more information on the transition, including impacts on steward payments, visit Stewardship Ontario's website , or direct any operational inquiries to: werecycle@stewardshipontario.ca . During transition, producers obligated under the new Blue Box Regulation will also be required to meet their obligations under the RRCEA, which includes registering, reporting and paying their Registry fee to RPRA.
Is it correct that Blue Box stewards will pay \$3.51 million in 2021 alone? If so, what do the blue box stewards get for \$3.5 million? I did not think the Registry is developed yet. Same question for the HSP stewards, as we thought it was an Excel sheet for the Registry to date.	Yes, \$3.51 M is the allocated budget for Blue Box in 2021. This covers the cost of administering the Blue Box Regulation in 2021, which includes helping obligated producers understand their requirements, ensuring producers register and report their supply data by the deadline in the regulation, ensuring municipalities understand what they need to report and submit the correct information as outlined in the regulation, the associated compliance, enforcement and communication activities, and a share of RPRA common costs.
	We are using a manual registration process in 2021 for both Blue Box and HSP as those online registries are not yet built, so the recovery of costs of the online registries will not begin until 2022.
My organization has been already registered as a producer under the Blue Box Program since 2018. Do we need to register again and pay the \$75 flat fee / \$0.0038 per kg fee in 2021? If so, how should we do so?	Yes, producers obligated under the new Blue Box Regulation must register and pay their associated Registry fee (based on 2020 supply data) to RPRA by October 1, 2021. RPRA will provide detailed guidance to producers on how to register, report and pay their Registry fee ahead of the deadline. During the Blue Box Program transition (ending December 31, 2025), stewards will still be obligated and have to meet their requirements (e.g., reporting and paying fees) under the Blue Box Program Plan and the WDTA, as well as their requirements under
If I did the math right, 101,000 kg would pay \$380 but 99,000 kg would pay \$75. Is that reasonable?	the Blue Box Regulation. The Authority maintains a mixed variable and fixed fee model because it believes this fee structure supports equity in fees, in particular for small and medium-sized businesses. The fixed fee cut-off seeks to achieve fairness for small businesses by reducing regulatory burden associated with fees on small businesses. A difference between the fixed fee amount and the variable amount at the cutoff is inevitable. Stakeholders are encouraged to submit alternative thresholds for the Authority to analyze and consider.
What is the ratio of current Blue Box costs in terms of Registry development costs and transition costs being charged to producers until the start of the program in 2023?	RPRA's Registry fees for Blue Box in 2021 are based on the RRCEA budget for the program in 2021 of \$3.51 M. No Registry development costs are included in 2021 because the developments will not be completed until 2022. The Registry fees for 2022 will be consulted on later this year. The ratio in future years is not yet determined.
As we work through our budgeting processes, how can we determine how much we will pay over the	We expect that 2022 fees will be consulted on before the end of 2021. It is difficult to predict outer year fees accurately, in particular because the program is new. The Authority seeks to support predictability in its fees and as the Blue Box Program

next few years for Blue Box fees in Ontario?

matures, fees will become increasingly stable and more predictable.

Proposed fees for HSP

Question

As it seems based on the weight-based approach, paint producers will be paying more to RPRA than they pay the PRO for administering the entire program in Ontario. How is that allocation fair, rational, or per OECD principle - sustainable - when consumers will have to pay more in what is effectively a tax (flowing from requirements under the RRCEA - including the regulation under that Act) for eco fees than for program operations focused on waste recovery?

Response

The Authority is using a weight-based approach to fee setting in 2021 because:

- A weight-based variable fee is consistent with the HSP and Blue Box regulations, which requires both supply and performance to be reported and measured on a weight basis.
- A weight-based variable fee can be applied consistently to material categories with multiple material types, including materials that do not have a common unit measure. HSP, for example, encompasses a variety of different materials, including: antifreeze, paints, coatings, solvents, pesticides, oil containers and refillable pressurized containers.
- A weight-based fee matches the policy intent of the BB and HSP regulations, which measure environmental burden and benefit by the weight of material supplied or managed.

The Authority acknowledges that weight is not a perfect indicator of the amount of oversight effort required for a regulated material and weight places relatively more burden on producers supplying heavier materials.

Alternative measures of supply also pose challenges for Blue Box and HSP fees. A unit-based measure puts relatively more burden on producers selling lighter-weight units and can be subject to distortion because there is no consistent definition of units across all Blue Box and HSP material types. Many of the different material types covered by both the Blue Box and HSP regulations cannot be efficiently converted into a common measure of units to which fees could be applied.

The Authority will be reviewing its cost allocation and feesetting methodology in the coming months to ensure its regulatory mandate and fee setting objectives continue to be met. The feedback received through this consultation will be considered as part of that exercise. Adjustments to cost allocations may be considered during the 2022 consultation on fees.

How many producers are expected to register for HSP?

Our assumptions for the number of HSP producers for the proposed fees (i.e., fees that were consulted on) were:

- Category A and B: 225
- Category C and E: 40

Category D: 8

Our assumptions changed since the start of the consultation due to new information. Our assumptions for the number of HSP producers for the final fees are:

Category A and B: 225
Category C: up to 20
Category D: up to 40
Category E: up to 60

Why are fees weight-based and how does that approach reflect RPRA's functions/expenses? This is unfair as it favours Styrofoam vs. metal, for example.

If the fees are weight-based, why would a consumable product like paint have the fee based on the weight sold versus the weight that is actually managed? Only 10% (maximum) of paint sold is recovered, compared to oil filters which are heavier at end of life than when sold. Then there are products like oil containers, sold full of oil, (which is not a designated product in ON) and only the container weight is counted.

Given that you are focused on weightbased approach for materials, it seems paint will be paying 68% of the total HSP fees. Again, the problem with the weight-based approach. How does RPRA explain this very unfair allocation of costs?

The weight-based approach means paint will pay approximately \$1.3 M of the entire HSP program, despite the fact that only 7 percent of leftover paint is recovered. How is that fair?

The Authority is using a weight-based approach to fee setting in 2021 because:

- A weight-based variable fee is consistent with the HSP and Blue Box regulations, which requires both supply and performance to be reported and measured on a weight basis.
- A weight-based variable fee can be applied consistently to material categories with multiple material types, including materials that do not have a common unit measure. HSP, for example, encompasses a variety of different materials, including: antifreeze, paints, coatings, solvents, pesticides, oil containers and refillable pressurized containers.
- A weight-based fee matches the policy intent of the BB and HSP regulations, which measure environmental burden and benefit by the weight of material supplied or managed.

The Authority acknowledges that weight is not a perfect indicator of the amount of oversight effort required for a regulated material and weight places relatively more burden on producers supplying heavier materials.

Alternative measures of supply also pose challenges for Blue Box and HSP fees. A unit-based measure puts relatively more burden on producers selling lighter-weight units and can be subject to distortion because there is no consistent definition of units across all Blue Box and HSP material types. Many of the different material types covered by both the Blue Box and HSP regulations cannot be efficiently converted into a common measure of units to which fees could be applied.

The Authority will be reviewing its cost allocation and feesetting methodology in the coming months to ensure its regulatory mandate and fee setting objectives continue to be met. The feedback received through this consultation will be considered as part of that exercise. Adjustments to cost allocations may be considered during the 2022 consultation on fees. When will the HSP Registry be It is anticipated that the HSP Registry will be developed and available for registration for producers available in 2022. Due to timing of release of the HSP and PROs? regulation, which is needed in order to design the Registry. RPRA will be implementing a manual registration campaign for all obligated parties under the HSP Regulation in 2021. Registration for PROs is now open. Those interested in registering as an HSP PRO should contact our Compliance and Registry Team at 833-600-0530 or registry@rpra.ca. RPRA will notify producers and service providers when their registration opens. The Authority is using a weight-based approach to fee setting Tires fees are based on 'per tire'. Why not the same for HSP products? in 2021 because: A weight-based variable fee is consistent with the HSP and Blue Box regulations, which requires both supply and performance to be reported and measured on a weight basis. Why are HSP fees calculated by weight of the contents and/or A weight-based variable fee can be applied consistently to material categories with multiple container but for tires, fees are material types, including materials that do not have a calculated per tire? common unit measure. HSP, for example, encompasses a variety of different materials, including: antifreeze, paints, coatings, solvents, pesticides, oil containers and refillable pressurized containers. A weight-based fee matches the policy intent of the BB and HSP regulations, which measure environmental burden and benefit by the weight of material supplied or managed. In regulations for all of the Authority's Registry programs other than Tires, reporting is required to be weight based. To align with these regulations, the variable fee is weight-based. Under the Tires Regulation, producers are required to report both weight and units supplied, which is why fees can be based on units. The Authority will be reviewing its cost allocation and feesetting methodology in the coming months to ensure its regulatory mandate and fee setting objectives continue to be met. The feedback received through this consultation will be considered as part of that exercise. Adjustments to cost allocations may be considered during the 2022 consultation on fees. For the HSP fee, is this based on the RPRA's proposed 2021 Registry fees for HSP and Blue Box contents of say a paint can as are calculated based on a producer's supply data. Producers opposed to Blue Box where it is are required to report on the weight of what they supply into based on the weight of the container? the Ontario market to the Authority each year and this data is used to establish an individual producer's collection requirement for the following year, and to set fees. Please contact our Compliance and Registry Team with guestions

How are fees calculated for refillable cylinders?	about what you are obligated to report and other questions about your obligations under the regulation.
Why are we paying two separate programs for paint? If we are paying for the paint to be recycled, and therefore, I would assume that the cans with a bit of paint cannot be put in the blue box, our products should not be in the Ontario Blue Box Program.	RPRA does not decide what material is obligated under the regulations. Each regulation developed by the Ministry of the Environment, Conservation and Parks and approved by the government outlines the obligated parties and their requirements, including registration and reporting with RPRA.
Are the HSP fees based on 2020 sales?	RPRA's 2021 Registry fees for HSP producers in Categories A and B (includes non-refillable and refillable pressurized containers, oil filters, antifreeze, oil containers, paints and coatings, pesticides, and solvents) are based on an average of their supply data from 2018, 2019 and 2020, which they are required to submit to RPRA under the HSP Regulation later this year.
	RPRA has proposed a flat fee for producers in Categories C (includes barometers, thermometers, thermostats), E (includes refillable propane containers) and D (includes fertilizers) as they do not have to report supply data in 2021.
Under new regulation, the math for 10,000 tonnes will be \$1.3 million, plus \$300,000 for RPRA enforcement and compliance, so \$1.6 million. Is this fee based on what RPRA needs to spend, no matter who pays?	As an administrative authority of the Government of Ontario, the Authority operates on a cost-recovery basis and its budget reflects costs necessary to deliver its legislated mandate. Our Registry fees cover the cost of building and operating the Registry, the compliance and enforcement activities required to administer regulations under the RRCEA, and all of the support functions related to those activities. We are also required to publicly report on performance data that is submitted through the Registry, and we support the ministry in their policy development by providing the data we collect when needed.