

Resource Productivity and Recovery Authority

General Fee Setting Policy & Registry Fees for Tires

Consultation Report – Round 3

April 9, 2018

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Introduction & Purpose

The Resource Productivity and Resource Authority (RPRA) is developing its General Fee Setting Policy, which in turn will inform how the Authority will structure and set specific fee amounts to recover costs for activities related to the *Resource Recovery and Circular Economy Act, 2016* (RRCEA). RPRA has conducted three rounds of consultations to develop the General Fee Setting Policy, Fee Setting Methodology and fees for parties obligated under the draft Tires Regulation.

RPRA held the first round of consultations between mid-August 2017 and mid-October 2017, including webinars on October 4 & 5, 2017. This round of consultations focused on the principles for consultations and the approach to structuring and setting fees.

The second round of consultations on the General Fee Setting Policy, Fee Setting Methodology and Tire Fees occurred between mid-December 2017 and mid-January 2018, with webinars on December 18 & 19, 2017. The purpose of this round of consultations was to engage stakeholders further in the development of the Authority's General Fee Setting Policy and to solicit initial feedback on components of a methodology to develop material-specific fees.

The consultation reports for Round 1 and Round 2 are available on [RPRA's website](#).

The third and final round of consultations began in January 2018 with the posting of RPRA's draft General Fee Setting Policy, Fee Setting Methodology and proposed 2018 Registry Fees for Tires to its [website](#). RPRA held a webinar consultation on March 9, 2018 to solicit feedback on the draft documents and address stakeholders' questions. This report will summarize the key findings and stakeholder input from the consultation period.

Refer to Appendix A for more information on the rationale, the approach used, and related timelines for RPRA's fee consultations.

Fee Consultations—Round 3

RPRA held its third and final round of fee consultations between January and mid-March 2018. Subsequent to posting of the draft General Fee Setting Policy, Fee Setting Methodology and Proposed Registry fees for tires documents in January 2018, RPRA held a webinar on March 9, 2018. The webinar provided an opportunity for RPRA to solicit stakeholders' perspectives on the proposed documents and respond to their questions. Over 130 people participated in the webinar. Participants included individuals from the producer/steward community as well as representatives from municipalities, industry associations, and service providers.

The Round 3 [slide presentation](#) and the [recorded webinar](#) were posted on RPRA's website following the webinar. An evaluation survey seeking feedback on the webinar was sent to participants following the presentation. Results of the survey can be found in Appendix B.

Wilson Lee, Director of Communications & Stakeholder Relations, facilitated the webinar. Geoff Rathbone, Director of Transition, provided a brief background and summary of the Round 1 and 2 consultations, and led the discussion on Round 3 consultation topics. Sandra Montague, Director of Finance and Administration, was present during the webinar to respond to questions as needed. Refer to Appendix C for the list of the consultation topics.

Written questions were taken from participants during the webinar and presenters responded to questions and comments at specific points during the presentation. A table of the questions and answers is included in Appendix D. Participants and all stakeholders were invited to provide additional written comments to RPRA by March 19, 2018. A summary with responses to questions posed can be found in Appendix E.

The 45-day consultation period ended on March 19, 2018 and RPRA has incorporated stakeholder feedback in the General Fee Setting Policy, Fee Setting Methodology and 2018 Registry Fees for Tires. The 2018 Registry Fees for Tires will be posted on the Authority's website for an additional 30-day notice period before taking effect when the Authority's Registry is available for registration by those obligated under the Tires Regulation.

What We Heard

The primary comments and questions raised by stakeholders—in written submissions and during the webinar—related to the draft General Fee Setting Policy, Fee Setting Methodology and proposed 2018 Registry Fees for Tires included:

- RPRA's budget, cost controls, and concern with accountability and transparency;
- the need to minimize cross-subsidization between materials and the related concern that registrants required to register under the Tires Regulation would be overpaying;
- a concern that producers will be required to make payments to both the Industry Funding Organization and RPRA in the first year of the new program;
- general support for the calculation of Tire fees based on units;
- whether only producers or the entire tire supply chain should be required to pay fees;
- support for an annual review of the fee methodology and fees; and
- there should not be in-year fee adjustments to address deficits or surpluses.

For the complete list of webinar questions and answers refer to Appendix D. A summary of written submissions received and responses to questions posed is included in Appendix E.

Response

RPRA reviewed all feedback received during the consultation period and has addressed the following considerations in its development and refinement of the Fee Setting Policy, Fee Setting Methodology and proposed Registry Fees for Tires.

RPRA supports accountability and transparency in its budget and spending. The budget is published annually in its Business Plan and its audited financial statements are published in its Annual Report. Both reports are available on its website for public review. Minutes of Board decisions, including those related to financial matters, are posted publicly.

RPRA pays close attention to cross-subsidization and continuously works to accurately allocate costs to ensure Industry Funding Organizations and future RRCEA registrants are not charged costs associated with another designated material.

Fees paid to RPRA in 2018 are associated with obligations for registrants under the RRCEA and associated Tires Regulation. Fees paid to Ontario Tire Stewardship are associated with the WDTA obligation to operate the Used Tires Program in 2018. RPRA must segregate its RRCEA and WDTA costs and may not recover its RRCEA from industry funding organizations (IFOs). RPRA reviewed and revised its methodology to allocate costs, thereby reducing the RRCEA allocation from \$2.8M to \$1.7M.

While RPRA received general support for a unit-based approach for calculating Registry fees for tires, stakeholders suggested that some material groups that will transition to the RRCEA in future are better suited for a weight-based or hybrid approach. RPRA will therefore consider the specific needs of a material group when developing the related fees. RPRA takes into consideration the impact of charging fees to parties obligated under the RRCEA.

Stakeholders were supportive of RPRA's proposed annual review of its Fee Methodology and fees. Stakeholders also supported the proposal that RPRA will not adjust fees within a calendar year to account for surpluses or deficits in actual fees collected. Adjustments would be made in the following year.

The final General Fee Setting Policy, Fee Setting Methodology and 2018 Registry fees for Tires will be posted on RPRA's website for a 30-day notice period before taking effect when the Authority's Registry is available for registration by those obligated under the Tires Regulation.

Questions & Contact

Questions about this report or about RPRA's fee consultations can be sent to consultations@rpra.ca.

For all other inquiries please [contact us](#).

Appendix A—Consultation Rationale, Approach & Timelines

RPRA is required under [Section 41 of the Resource Recovery and Circular Economy Act, 2016 \(RRCEA\)](#) to consult stakeholders before it can set and collect fees, costs or other charges. RPRA is consulting with stakeholders in the development of its General Fee Setting Policy, which will inform how it establishes fees to support its RRCEA-related costs.¹

RPRA is a not-for-profit, non-Crown organization and receives no government funding. As a self-funded organization, it must recover its operating costs from the parties regulated under the Acts. RPRA is required under the RRCEA to consult stakeholders before it can set or amend fees.

The first fees to be established based on the General Fee Setting Policy will be for those parties obligated under the Tires Regulation. These fees will be set following the finalization of the Tires Regulation under the RRCEA. The Ministry of the Environment and Climate Change is currently finalizing the regulation; it is anticipated to be released in spring 2018.

RPRA is committed to engaging stakeholders and is using a phased approach to its General Fee Setting Policy consultations. To that end, it has conducted three rounds of consultations to support the development of the General Fee Setting Policy, Fee Setting Methodology and Registry Fees for Tires with each phase of the consultation building on the previous.

All consultations are guided by the following principles² adopted by RPRA:

- 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 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

¹ RPRA is mandated to carry out duties and powers under the new legislative framework that holds producers individually responsible and accountable for their products and packaging at end of life. Specifically, duties and responsibilities include: building and operating a registry to register the companies with obligations under the RRCEA and receive information to support progress to a circular economy; and, exercising its compliance and enforcement powers

² Adopted from OECD Best Practice Principles on Stakeholder Engagement in Regulatory Policy
[General Fee Setting Policy & Tire Fees Consultation Report – Round 3](#) | Resource Productivity & Recovery Authority

The timeline for the development, consultation and implementation of the General Fee Setting Policy, Fee Setting Methodology and 2018 Registry Fees for Tires is presented in Figure 1.

As other waste diversion programs are directed to be wound-up by the Minister of the Environment and Climate Change (i.e. Waste Electrical and Electronic Equipment, Municipal Hazardous or Special Waste, Blue Box Waste) and as new materials are designated under the RRCEA by the Minister, consultations will take place on the related fees.

Timeline

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

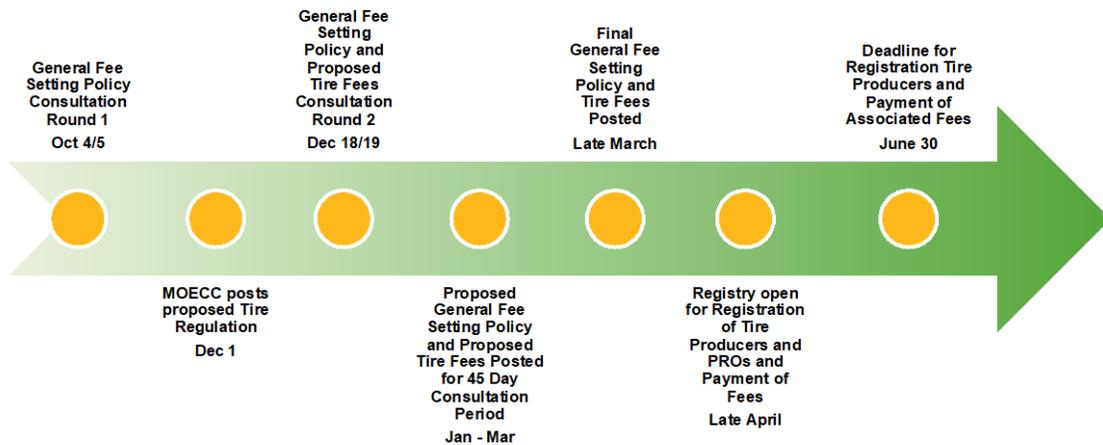


Figure 1: RPRA Consultation Steps and Timeline

Appendix B—Webinar Evaluation Survey Results

RPRA sent an evaluation survey to all 194 participants who registered for the webinar on March 9, 2018 (133 participants attended the webinar). Of those receiving the survey, 10% responded. Some of these respondents did not complete the survey in its entirety. Participants were asked the following questions:

- Did you attend any previous webinars on our General Fee Setting Policy consultation?
- Did you review the draft General Fee Setting Policy, Fee Setting Methodology and/or Proposed Registry fees for tires prior to the webinar?
- Did the presenters clearly outline and explain the issues?
- Did the consultation process provide a meaningful opportunity to engage with the Authority?
- Could the information have been presented in another manner?
- How could the consultation have been improved?
- On a scale of 1 to 5, with 1 being poor and 5 being excellent, how would you rate today's consultation?

Overall, respondents were pleased with the content and style of the presentation. The majority of respondents (over 50%) had not previously attended a webinar on RPRA's General Fee Setting Policy and commented that the presenters clearly outlined and explained the issues. Furthermore, of the respondents who rated the presentation, the majority scored the webinars as good or excellent. Constructive feedback from the respondents included:

- The consultation could have been improved through hosting an in-person consultation as well as a webinar.
- The General Fee Setting Policy webinar could have been combined with information regarding the transition of the Used Tires Program.
- Some questions asked by participants were not addressed during the webinar.

Appendix C—Consultation Topics

General Fee Setting Policy

- Objectives
- Overarching principles
- Stakeholder feedback

RPRA Budget

- 2018 revised budget allocations
- Allocation of costs between WDTA and RRCEA
- Stakeholder feedback

Fee Setting Methodology

- Allocation of RRCEA expenses by material type and registrant
- Fee setting approach (fixed or variable)
- Considerations when calculating fees
- Stakeholder feedback

The presentation slides for the March 9, 2018 webinar are available on [RPRA's website](#) and provide additional information on the topics discussed.

Appendix D—Webinar Questions & Answers

The following table provides a complete list of questions asked during the March 9 webinar, along with responses provided by RPRA. Recordings of these sessions are available on [RPRA's website](#).

Question	Answer
Fee Policy & Methodology	
Do the General Fees require MOECC approval, or can RPRA independently set these fees after the consultation is complete?	The RPRA Board approves the fees, which will then be posted and come into effect after a 30-day notice period.
On the question of apportioning costs to Producers, currently I believe you are looking only at Producer "size", do you anticipate moving eventually to a model where two similar sized Producers may pay different fees if the level of effort RPRA must expend to monitor the individual Producer is different?	RPRA has proposed an annual review of the Tires Fees and the Fee Setting Methodology in order to incorporate lessons learned over the year through registration and enforcement of those obligated under the Tires Regulation. RPRA can apply those learnings in adjusting fees for those obligated under the Tires Regulation and in setting fees for those obligated under an electronics regulation.
If you have one Producer that has demonstrated robust compliance but another similar sized one that has a history of non-compliance, I assume RPRA would approach monitoring performance differently, with the latter getting more attention and therefore driving more cost.	Costs associated with RPRA's normal day-to-day compliance activities (e.g. supporting the Registry, routine audits) would be borne by all registrants. We propose that parties who require additional enforcement activities (i.e. parties who are not complying) should bear the associated costs.
Have you identified what groups will be required to register and pay a fee? e.g. Producers, collectors, processors, transporters, etc.	The groups required to register will be identified by the government in the regulations. RPRA is proposing that if a party is required to register, then a fee be applied. This is one of the areas on which RPRA is seeking comments from stakeholders.
How do you see effort being greater to attract a higher fee? What kind of	An example is performance targets. In the draft Tires Regulation, producers are responsible for achieving collection and management targets. RPRA will have a compliance responsibility to ensure those targets are measured and achieved -

work do you anticipate being costlier?	costs to develop the compliance team, measures, etc. will be proportionately higher because of this effort.
In principle, the idea of all registrants sounds like a good idea. As a service provider company in the tire recycling business, my issue with the proposed fees is the \$50 annual fee for "collectors". I wonder if RRCEA understands how difficult it may be to administer 1000s of individual payments of a nominal amount.	We do recognize the potential administrative challenges. We are considering allowing payments by credit card rather than sending individual invoices which would reduce the administrative burden.
How are you proposing to reconcile actual effort with current fees? I assume the fees charged in 2020 would reflect the 2019 allocations?	Fee allocation reflects the current year budget.
Is there a methodology or process for ensuring more efficiency in the process? Why 10-year amortization?	The 10-year amortization of the cost to build the Registry is based on the projected useful life of the Registry and consistency with accounting principles. As well, the amortization period will cover the period of time when programs currently operating under the WDTA are expected to be wound up and these and other materials are expected to be designated under the RRCEA, so these materials could share in the amortized costs.
How is apportioning any of RPRA's costs to the "other registrants" meeting the requirements of full EPR, that is, producers are to be 100% responsible for the end-of-life management of their materials?	The proposal being presented for consultation is based on the premise that all registrants should share the costs as parties other than producers are required to register which will add to RPRA's work and level of effort.
Since tires is the only obligated material under RRCEA in 2018, can you please clarify if the projected fees are solely for the management of tires by the Authority or do the	The proposed 2018 Tires Fees reflect RPRA's 2018 RRCEA costs. As Tires are expected to be the only material designated under the RRCEA in 2018, the Tires Fees do not include other RRCEA materials related costs. RPRA's costs associated with WDTA programs are allocated to the industry funding organizations.

fees include other RRCEA materials related costs & expenses?	
RPRAs Budget & Staffing	
With the Minister's letter to start winding up the WEEE program, shouldn't the budget and costs split be adjusted to reflect that?	With the wind up letter from the Minister for the WEEE Program and OES, RPRAs staff will be spending time on the WEEE wind up. These wind up costs are allocated under the WDTA to OES. Costs to prepare the Registry to register the parties obligated under a future WEEE regulation would be incurred at a later date and would form part of the registration fees for those obligated parties.
When will Registry and Compliance Officers initiate their activities?	RPRAs's Registrar is currently building a compliance team. In the interim, RPRAs can call on the MOECC Investigations and Enforcement Branch for assistance, as required. Current compliance activities are exclusively under the WDTA as the Tires Regulation has not come into force.
How are you going to manage customer relations, budget and staff? With this type of complex and new organization resources will be required.	Our compliance team will be made up of individuals in the field (i.e. performing audits) as well as customer service representatives helping registrants through the process. We are building a compliance team to support compliance and enforcement of the Tires Regulation and programs operating under the WDTA.
How much time and resources will be spent on studying the available for collection numbers?	Available for collection is not a consideration under the Tires Regulation. The Tires Regulation sets a collection target and a management target. For the Tires Regulation, the Registry will be collecting data on tires supplied and tires collected and managed.
Tire Fees & Wind Up	
For collector fees in year 2 and beyond, is the idea for fees to be based on the number of tires collected? Or is there consideration of other units such as total weight collected?	After tire collectors have registered and reported through the Registry, we will have data on the number of collection sites and the quantity collected. This information can be used to assess the feasibility and implications of variable fees.
So, if producers must pay fees at registration that means that they will pay RPRAs twice: through OTS fees and through registration - this should not be the case and registration fees should not be paid	RPRAs is required to register those obligated under the Tires Regulation. It is expected that producers and service providers will be required to register with RPRAs in 2018. As such, there are associated costs and registration fees under the Tires Regulation in 2018. This is in addition to continuing to operate the OTS Used Tires Program through to December 31, 2018 and paying the associated 2018 OTS fees. However, this is somewhat mitigated through the OTS Wind Up

as long as a producer is part of OTS as technically they are not administered by the RRCEA yet.	Plan proposed fee elimination period for passenger light truck tires and amortization of the costs to build the Registry.
What is the period that Producers are making their 11 cent fee in 2018?	The deadline for registration by producers and therefore also the associated payment of the fee will be set in the final Tires Regulation. The proposed fee of \$0.11 per tire represents the fee for the 2018 calendar year.
Will collectors still be paid for collecting tires?	This will be a business to business relationship determined by the producers or their PROs through discussions with service providers. The obligations of each party will be defined in the final Tires Regulation, but the contractual arrangements will be defined through discussions between the businesses.
Why is a separate fee being proposed for PROs since they are working on behalf of producers and producers are already paying the fees?	The draft Tires Regulation has significant registration and compliance activities associated with the PROs as a separate entity from producers.
Will there be a list of PROs available for a producer to contact?	The name of a PRO registered with the Authority will be posted on the Registry.
Will a Producer be able to count tire volumes collected from a non-RPRA registered collector towards their targets? If not how will RPRA identify non-registered collectors to Producers?	Once the Tires Regulation is available, RPRA will provide guidance documents to answer this and other questions related to the Tires Regulation.
By implementing a \$50 registration fee for collectors, have you considered that you may be creating a disincentive for tire dealers to participate in the program?	The proposed collector fee has been set at a nominal amount to avoid being a disincentive.
How many collectors are you assuming when setting the \$50 fee? Did you assume all municipalities would act as a collector?	We have been basing our numbers on 2016-17 OTS data, which includes municipalities.
If municipalities act as a collector, can we go back to the producers to	Collectors and other service providers can have these discussions with producers.

recoup our collector fee imposed by RPRA?	
How is a "Producer" more "complex" than a Collector or Transporter?	The draft Tires Regulation sets out multiple major activities that are required of producers including accessibility targets, collection targets, management targets, P&E, third party audits. These requirements do not apply to service providers.
Is RPRA proposing that all collectors must register by September 30, 2018? If so our current OTS agreements won't expire until Dec. 31, 2018. Will this create a conflict?	The OTS Used Tires Program will cease operations on December 31, 2018. Registration under the Tires Regulation is separate from the wind up of the OTS Program. The two activities occurring in parallel does not create a conflict.
Automotive OEMs are considered "Producers" if they sell more than 250 vehicles per year (based on assumption of 5 tires per vehicle). Automotive OEMs are not truly "producers" in the true sense of the word like Tire OEMs. How is this a fair way to split the costs when a Tire OEM may sell 10s of thousands more tires than an Automotive OEM?	This question is related to the definition of producer in the Tires Regulation.
What defines a collector?	A tire collector owns or operates a tire collection site in Ontario
Won't every producer be required to be a collector?	The producers will be responsible to achieve their accessibility, collection and management targets. Producers can choose to meet the targets directly by establishing a collection network or by joining a PRO that will establish a collection network on behalf of the PRO members.
If a producer has multiple retail sites across the province, then will that producer have to set up multiple collection sites and register each collection site separately and pay the registration fee for each collection site?	Under the draft Tires Regulation, collectors are required to register with the Authority. RPRA is proposing to charge a registration fee of \$50 for each collection site.

What implication does it have for the Producers and/or service providers who have a collection system, if a collector defaults on their \$50 payment? Are they no longer allowed to be part of the collection system?	The producer bears the responsibility for meeting the accessibility, collection and management targets. Meeting these targets will require a system for the collection, hauling, and management of tires. As such, producers will require collectors and collection sites to meet their targets.
As a service provider involved in Processing, Hauling, and Manufacturing, I can say that we would strongly support moving these \$50 fees further upstream to companies that are more seriously involved in the recycling system.	Thank you for your comment.
Who will be picking up the tires?	The draft Tires Regulation uses the term 'tire hauler' for a person who transports tires in Ontario to a site for processing, reuse, retreading or disposal. Under the current Used Tires Program, haulers pick up the tires from collection sites.
Are we going to be charged by our tire supplier or the OTS will not be charged anymore and what will be the cost?	The current Used Tire Program will cease to operate on December 31, 2018. It is anticipated that the Tires Regulation will be in force and producers will be obligated to provide accessibility, collection and management of tires as of January 1, 2019. It is anticipated that a new competitive framework will emerge with organizations called PROs acting on behalf of producers. PROs may replace some of the function of OTS but in a competitive environment.
Please review the proposed fee if there is 1,000 units or more. Please confirm that a "unit" is a tire not a kg.	A unit is a tire not a kg. We are open to comments/feedback.
Tire Producers now pay the WDTA tire costs through OTS and OTS has a substantial surplus. Why not use the surplus to also pay the Tire RRCEA costs as well?	There are two distinct Acts: WDTA and RRCEA. From a legal standpoint, the Tires Regulation under RRCEA is independent of the Used Tires Program under WDTA. OTS is currently decreasing the surplus by reducing the amount of the Passenger Light Tire (PLT) Tire Stewardship Fee (TSF) and the OTS Wind Up Plan has proposed to eliminate the PLT TSF to further reduce the surplus.
Miscellaneous	

<p>Will there be another consultation on how the 2019 obligations will be calculated?</p>	<p>RPRA will hold another consultation regarding its proposed 2019 fees. A date for this consultation has not yet been set.</p>
<p>Could you please explain cross-subsidization?</p>	<p>We want to ensure that, when we allocate expenses, we don't cross-subsidize by allocating RPRA's costs associated with a particular designated material to those responsible for another designated material, or by allocating costs associated with future activities to current IFOs or 2018 RRCEA registrants.</p>
<p>Based on internal financial controls, it may not be possible for a company to pay a fee on a credit card at the point of registration and that an invoice would be required. How would this be managed?</p>	<p>We are planning to offer multiple payment methods at the time of registration. We welcome your suggestions.</p>

Appendix E—Written Submissions

Written feedback and comments were accepted by RPRA until March 19, 2018. Eleven submissions were submitted. The written submissions included questions and comments similar to those received during the webinar (i.e., related to accountability and transparency of RPRA budget and how fees should be allocated). A summary of the feedback received in the written submissions can be found in the following table. Stakeholder comments have been edited for clarity and to remove the identity of the respondent.

Stakeholder Comment	Answer
RPRA Budget	
<p>The overall RPRA budget and accountability remains of considerable concern. Stakeholder requests that budget setting and business planning by RPRA be a transparent process with an opportunity for stakeholder input.</p>	<p>The Board of Directors is responsible for delivering the Authority’s mandate and for setting the budget required to do so.</p> <p>Under its Operating Agreement with the Minister, the Authority is required to “conduct its operations in an efficient and economical manner” and has implemented robust financial management and controls to meet this requirement.</p>
<p>Stakeholder continues to have concerns with the RPRA budget, accountability and transparency. There is still not sufficient detail and clarity to provide confidence that these costs are all necessary and appropriate. The impact to stewards is significant given that this type of authority does not exist elsewhere in Canada and therefore, costs of its operations are an added burden to businesses and consumers in Ontario.</p>	
<p>Overall, stakeholder believes that some form of third-party oversight of the RPRA budget, and budget-setting process, would reduce friction between producers and the Authority. Whether this could be managed through an advisory panel or some other appropriate mechanism, producer confidence in the allocation of fees would be enhanced. Under RRCEA (Section 30), the Minister can require the Authority to “establish one or more advisory councils to provide advice to the Authority on matters related to carrying out its objects.”</p>	
<p>Within the framework of the draft policy and methodology on fee setting, further information and clarification is needed on the \$1.7M cost projected for the Authority’s 2018 tire fees proposal. At this time, tires are the only obligated material under RRCEA and there</p>	<p>Information on the allocation of costs between the WDTA and the RRCEA was provided during the consultations. The only costs included in the proposed Tires Fees are costs associated with the</p>

<p>is concern that little or no information has been provided in the draft Tire Fees Proposal to assess if the projected fees are solely for the management of tires by the Authority or if it includes RRCEA-related material and/or programming costs & expenses. The Authority should provide additional information so that the producers can assess and have confidence that the fees being set are fair and reasonable.</p>	<p>RRCEA. It was also noted during the consultations that the Registry has been built to support the Tires Regulation. Recognizing that some elements of the Registry are foundational in that they will be leveraged to build the Registry for future designated materials, the cost to build the Registry has been amortized over 10 years. The Registry will be expanded to support future regulations when additional materials are designated under the RRCEA. Costs associated with future designations are not part of the 2018 RRCEA costs or proposed 2018 Tires Fees.</p>
<p>While the Authority is described in the RRCEA as a corporation without share capital, its governance structure still requires some clarification. In this respect, how surplus funds are handled is unclear. During the March 9, 2018 webinar, it was stated that surplus funds would be used as part of the calculation of fees in the following year for registrants. However, there is no reference to the allocation of surplus funds in the Policy. Stakeholders suggest that the Policy clarify the options available to the Authority regarding the use of surplus funds.</p>	<p>The Board of Directors is responsible for setting the annual RPRAs budget and will consider how to manage any surplus or deficit arising from the 2018 Tires Fees when setting its 2019 budget. These policies will be developed as RPRAs gains experience in the costs of delivering its mandate and the accuracy of the estimates used to set fees.</p>
<p>While the budget itself has been presented, stakeholders would like to understand how resource requirements were determined and how the budget itself was developed. It is suggested that the Authority provide greater clarity with regards to the methodology and development of the budget.</p>	<p>Please refer to the Authority's 2018 Business Plan posted on its website. The Business Plan includes the projected human resources required and assumptions used in developing the budget.</p>
<p>RPRAs is vulnerable to escalating costs without a mechanism or benchmarking requirements to establish constraints.</p>	<p>The Board of Directors is responsible for delivering the Authority's mandate and for setting the budget required to do so.</p>

	Under its Operating Agreement with the Minister, the Authority is required to “conduct its operations in an efficient and economical manner” and has implemented robust financial management and controls to meet this requirement.
RPRA as a service organization requires a customer service focus, which should be evident in the budget/fees.	Thank you for your comment. RPRA strives to deliver a positive user experience for those required to register with the Authority.
Stakeholder is concerned about cost controls within the Authority. The 2017 Financial Plan estimated that year’s budget to be around \$7 million with no forecast as to what the 2018 Budget will be. When the 2018 Business Plan was published, RPRA’s budget was increased by over 20% and, since then, it has ranged from \$8.56M to \$9.2M. While some flexibility is required in determining the initial budget, it is imperative that the obligated parties have clarity and transparency on RPRA’s fiscal commitment, so they can plan their obligations accordingly.	<p>The Board of Directors is responsible for delivering the Authority’s mandate and for setting the budget required to do so.</p> <p>Under its Operating Agreement with the Minister, the Authority is required to “conduct its operations in an efficient and economical manner” and has implemented robust financial management and controls to meet this requirement.</p>
WDTA Cost Allocation Methodology	
Stakeholder is concerned about fair allocation of costs. For example, the equal apportioning of 50% of RPRA’s non-direct costs can represent a significant burden on stewards, especially those in smaller categories. All non-direct costs should be prorated against each of the categories.	RPRA allocates 50% of the costs not attributable to WDTA equally among programs (Used Tires, MHSW, WEEE and Blue Box). This allocation methodology was developed through discussions between RPRA and the IFOs—OTS, Stewardship Ontario and OES. Each IFO then allocates the costs invoiced by RPRA according to their respective fee methodology.
Stakeholder is not in support of the equal apportioning of 50% of the non-direct costs. This can burden small categories with unrealistic costs. Such an approach should not be transitioned over from the WDTA model. They support the pro-rating of all costs.	RPRA allocates 50% of the cost not attributable to WDTA equally among programs (Used Tires, MHSW, WEEE and Blue Box). This allocation methodology was developed through discussions between RPRA

	<p>and the IFOs—OTS, Stewardship Ontario and OES. Each IFO then allocates the costs invoiced by RPRA according to their respective fee methodology.</p> <p>The methodology to allocate WDTA direct costs and costs not attributable to WDTA to IFOs is not utilized in setting fees under the RRCEA.</p>
<p>During transition, the proposal to allocate the portion of the budget (currently 50%) that is not direct costs equally among the designated materials appears to put an unfair burden on the small producers. The rationale for this approach is not clear, which the Policy document indicates was the result of consultation. Stakeholder feels that the allocation of these costs should be prorated in the same way as the direct costs – a fairer way to spread the costs across the breadth of materials.</p>	<p>RPRA allocates 50% of the costs not attributable to WDTA equally among programs (Used Tires, MHSW, WEEE and Blue Box). This allocation methodology was developed through discussions between RPRA and the IFOs—OTS, Stewardship Ontario and OES. Each IFO then allocate the costs invoiced by RPRA according to their respective fee methodology.</p>
<p>Fee Setting Methodology (including fee split, weight-based vs unit-based approach)</p>	
<p>Stakeholder supports the methodology suggested by the Authority to allocate the costs and expenses by type of material and type of obligated party. This will guarantee that everyone is paying their fair share and that there is no cross-subsidization between materials and programs.</p>	<p>Thank you for the comment.</p>
<p>Stakeholder believes the proposed 75:25 ratio between Producers and Service Providers is a reasonable solution to sharing RPRA costs.</p>	<p>Thank you for the comment.</p>
<p>The fee split of 75:25, Producers: Other obligated parties, seems arbitrary. It will be difficult to obligate many service providers to register and pay fees to RPRA. There are many small scrap dealers and collectors who are unlikely to register. Smaller service providers could also find the registration requirements are a deterrent to participation. If 25% of total RPRA revenue is dependent on 50,000 of the total estimated 57,000 registrants, it could prove expensive to chase compliance. It is not possible to</p>	<p>The 75:25 split is based on the multiple major activities that are required of producers under the Tires Regulation, including accessibility targets, collection targets, management targets, P&E, third party audits. These requirements do not apply to service providers.</p>

<p>provide additional comment on the proposed rules without more discussion on a sectoral basis.</p>	<p>25% of RPRA's 2018 revenue is based on the estimated number of tire service providers, likely to be in the range of 7,000, not the 57,000 potential future registrants cited in the comment. This number of 57,000 was listed in RPRA's 2018 Business Plan as potential future registrants at the end of the period 2018 to 2020.</p>
<p>Further insights into RPRA's 75:25 fee split between brand owners and other stewards as specified in the Tire program would also be welcome. Stakeholder would like to understand the basis for this split.</p>	<p>The 75:25 split is based on the multiple major activities that are required of producers under the Tires Regulation, including accessibility targets, collection targets, management targets, P&E, third party audits. These requirements do not apply to service providers.</p>
<p>Stakeholder supports the Authority's proposal to have all participants or obligated parties pay registration fees and participate in the costs of regulatory oversight. While they understand that the responsibility rests with producers (or whoever has a regulatory obligation), it would be unfair for them to subsidize the costs of oversight by the Authority of other obligated parties. Regarding the used tires for example, the draft regulation outlines many responsibilities that obligated parties other than producers have such as reporting, auditing and record keeping. These will take time and resources from the Authority and, as more programs will transition, and more materials added, the number of collectors, processors, Producer Responsibility Organizations (PROs) and other obligated parties will only increase. Having all participants pay fees will ensure some level of accountability from these other parties.</p>	<p>Thank you for your comment.</p>
<p>Although regulated parties are defined as brand holders, businesses with a commercial connection to a designated product and service providers; it does not mean that all these entities need to be both registered and pay a fee. Service providers could be</p>	<p>The Tires Regulation will set out the parties that are obligated to register and report to the Authority.</p> <p>It is anticipated that, in addition to the requirements set out under the Tires Regulation, producers, or their</p>

<p>managed through contracts and standards with individual Stewards or the various PRO's.</p>	<p>PROs, will have commercial arrangements with service providers.</p>
<p>Under the RRCEA, producers are to be responsible for all costs associated with collecting and managing their products and packaging. Therefore, stakeholders do not agree that all registered parties should pay fees to the Authority. Producers should be responsible to pay all the Authority's costs for their respective designated materials. Service providers, such as retailers and municipalities, who are assisting the producers in collecting their materials should not be required to pay fees. Requiring them to do so may act as a disincentive towards their participation in the program. Producers have the ability to recoup any and all costs to manage their products and packaging as they do with any other business costs, such as their raw materials, distribution, advertising, etc. in the purchase price of their products. They therefore, have the ability to pay 100% of the Authority's costs as part of their obligation to full extended producer responsibility.</p>	<p>Thank you for your comment.</p> <p>It should be noted that a registration fee paid by a service provider to the Authority could be part of the service provider's costs that are then charged to a producer.</p>
<p>For categories that have a wide variety of packaging types such as PPP or MHSW there may be merit to a weight-based approach. Within a category such as fertilizers and pesticides, a product's cost and profit, in general, are correlated to the product size. So, if each unit has the same RPRA fee (e.g. A 50mL size and a 5L size each have the same fee) the profit proposition for the smaller packaging size, in particular, could be significantly impacted by this fee.</p>	<p>Thank you for your comment.</p>
<p>RPRA has stated it considers 11 cents per tire as a reasonable initial target for fee setting purposes but would be open to considering a weight-based metric. A single price per tire may be administratively simple, but it wouldn't be fair to consider a 10 kg passenger tire as equivalent to a 500 kg OTR tire, for cost sharing</p>	<p>Thank you for your comment. RPRA will monitor the components of information reported in the Registry to determine which drive RPRA's costs.</p>

<p>purposes. Stakeholder recommends RPRA review OTS revenue data for insight into a fairer approach to generate revenue from tire producers.</p>	
<p>The webinar organized by the Authority specifies that a unit is defined as one tire. Stakeholder agrees with this definition and oppose a weight-based system, especially for on-road tires. Vehicle manufacturers and importers, including our members, do not have information related to the weight of tires on their vehicles, nor do they track it. If the Authority wants to make the system as simple as possible and with the least amount of unnecessary administrative burden, then highly recommend keeping the “1 unit = 1 tire” definition for on-road tires.</p>	<p>Thank you for your comment. RPRA will monitor the components of information reported in the Registry to determine which drive RPRA’s costs.</p>
<p>Considerations on unit fees may include:</p> <ul style="list-style-type: none"> - Unit equivalency. The general makeup of each tire is essentially the same across the board. Therefore, each unit has a direct equivalency. This is not the case in all categories. - If the number of units in the marketplace has a direct impact on Authority management activity. - Actual costs for data management, compliance/enforcement, reporting, etc. - If each unit having the same cost is fair to stewards e.g. a 50 mL size and a 5 L size each have the same fee, the profit proposition for a SKU could be significantly impacted by this fee. A weight-based approach may be more appropriate for some categories. 	<p>Thank you for your comment. RPRA will monitor the components of information reported in the Registry to determine which drive RPRA’s costs.</p>
<p>In support of flat fee approach</p>	<p>Thank you for your comment.</p>

<p>Stakeholder supports there being a single fee per Steward for multiple product categories. A single Steward could be obligated in 3-4 programs. They should only pay one Registration fee.</p> <p>Having variable fees and allocations by material type does not seem to align with the purpose of the Agency which is to register and aggregate data as well as conduct audits.</p>	<p>The fee paid is intended to cover RPRA's costs including the cost to prepare the Registry for registration and reporting and the cost for compliance and enforcement under a regulation for a designated material. As RPRA incurs costs for each regulation, a fee for a producer responsible under multiple regulations would need to be higher than a fee for a producer responsible under one regulation. RPRA is proposing that a producer pay a fee under each regulation that applies to the producer.</p>
<p>Stakeholder suggests that the policy be updated to acknowledge that the costs associated with the WDTA and RRCEA will also be the responsibility of registrants for new designated materials, future registrants, and free riders, with credits being made to current steward's or registrant fees, accordingly.</p>	<p>Costs associated with the WDTA are allocated to IFOs and are not the responsibility of registrants for materials designated under the RRCEA.</p> <p>Costs associated with the RRCEA for 2018 include the cost to build the Registry to support the Tires Regulation. Recognizing that some elements of the Registry are foundational in that they will be leveraged to build the Registry for future designated materials, the cost to build the Registry has been amortized over 10 years. The Registry will be expanded to support future regulations when additional materials are designated under the RRCEA. Costs associated with future designations are not part of the 2018 RRCEA costs or proposed 2018 Tires Fees.</p>
<p>The level of detail continues to make it difficult to assess the impact on the product categories. Further details regarding how costs have been developed for the Tire Program would be helpful but with the caution that the tire model may not be the suitable model for other categories. Allocation of costs should be commensurate with the level of effort/resources required related to a particular material category and the effort required to manage the registrants within it.</p>	<p>Thank you for your comment.</p>

<p>The rules around how the variable fees are to be calculated and reported are not clear. The documents provided do not offer any indication as to what the reference year is to calculate these fees. In the scenario where fees are due on June 30th, 2018, will these fees be calculated based on Calendar Year (CY) 2017 sales? This would entail producers double paying RPRA for tires they have already paid fees for under the WDTA for both 2017 and 2018. Moreover, RPRA will not have the number of tires supplied in Ontario during 2017 until September 2019 (section 13(3)4 in the draft regulation).</p> <p>The Authority could keep the process simple for everyone and minimize administrative burden for both itself and registrants regarding fee calculation by requiring the initial registration payment for producers to be due at the same time as the first interim report, i.e. 30 September 2019.</p>	<p>Please refer to the Tires Regulation which sets out the information to be reported by producers. The draft Tires Regulation requires producers to report the number and weight of tires supplied in 2014, 2015 and 2016 in four tire categories. The average of these three years of data will be used as the annual number of tires supplied by the producer on which the 2018 fee due to RPRA will be calculated. The fee paid by a producer in 2018 is for the calendar year 2018. A fee will also be due when the producer reports the quantity of tires supplied in 2017 to RPRA as part of the producer's 2019 report, the quantity supplied in 2018 as part of the producer's report in 2020, and so on.</p>
<p>Please provide clarification regarding allocation of expenses on an individual basis and criteria, if this is being considered.</p>	<p>Costs associated with RPRA's normal day-to-day compliance activities (e.g. supporting the Registry, routine audits) would be borne by all registrants. It is proposed that parties who require additional enforcement activities (i.e. parties who are not complying) would bear the associated costs.</p>
<p>The Authority should calculate the variable fees applicable to vehicle importers and manufacturers based on wholesales to dealers to ensure continuity with the existing practice under the current program. Manufacturers do not sell directly to consumers and do not track data at the retail level so keeping this practice will avoid unnecessary financial and administrative burden.</p>	<p>Please refer to the Tires Regulation which sets out the information to be reported by producers.</p>

<p>Clarify if costs for development of the registry will be retroactively applied to any new designated materials during that period, or beyond. To avoid cross-subsidization, newly designated materials should be responsible for their share of program development including the registry. Where possible consideration should be given to carrying over, or integrating, currently operating databases that were paid for by stewards.</p>	<p>The Registry has been built to support the Tires Regulation. Recognizing that some elements of the Registry are foundational in that they will be leveraged to build the Registry for future designated materials, the cost to build the Registry has been amortized over 10 years. The Registry will be expanded to support future regulations when additional materials are designated under the RRCEA. Costs associated with future designations are not part of the 2018 RRCEA costs or proposed 2018 Tires Fees.</p>
<p>Not only will tire producers pay all of RPRA's RRCEA costs in 2018, they will do so for all of RPRA's RRCEA costs in 2019, right through mid-year in 2020, when the Electronics program is expected to begin paying their share of allocated costs. This is an inordinate burden for tire producers to bear, particularly as it will require tire producers to write cheques to RPRA in 2018, even as tire producers continue to pay fees to Ontario Tire Stewardship. Stakeholder recommends RPRA's 2018 costs should come from the stewardship fees it now pays OTS and beginning in 2019, the RPRA costs could be collected from tire producer PRO's. This is not only administratively much simpler and effective, but also more likely to achieve the financial targets RPRA has set for itself.</p>	<p>Parties obligated under the Tires Regulation will be registering and paying fees a number of months in advance of the December 31, 2018 cease operations date for the Used Tires Program. Registration of parties under a future WEEE regulation will occur in advance of the June 30, 2020 cease operations date for the WEEE Program. The timing for registration will be set out in a WEEE regulation but could involve registration and fee payment in the latter part of 2019 or early 2020.</p> <p>RPRA is required to segregate its WDTA and RRCEA costs and may not recover its RRCEA costs from IFOs.</p>
<p>During the recent RPRA webinar consultation, when asked a question about collector fees, RPRA staff suggested the PROs may consider collecting and remitting the collector fees on their behalf. Stakeholder suggests that this is unlikely to occur.</p>	<p>Thank you for your comment.</p>
<p>Stakeholder is concerned that the Authority is proposing to apply a separate registration fee of \$5,000 for PROs. It is unclear why a separate fee is being proposed given that a PRO would be</p>	<p>The draft Tires Regulation has significant registration and compliance activities associated with PROs as a separate entity from producers.</p>

<p>undertaking the necessary interactions with the Authority, on behalf of individual producers who are already being charged by the Authority. This suggests that producers that join a PRO would need to pay the Authority twice, which is not appropriate, and raises concerns with respect to fairness. To elaborate, a producer who may decide to operate their own program and not join a PRO would pay one fee to the Authority whereas producers who join a PRO would effectively have to pay two fees (one direct and one indirect). The fee proposed for the PRO should be eliminated. The Authority needs to provide additional information and/or rationale to justify the need for this fee.</p>	
<p>Producers should not be paying registration fees for materials as long as they are still part of an Industry Funding Organization (IFO) or an Industry Stewardship Organization (ISO) managing these materials. Therefore, for materials obligated under the Waste Diversion Transition Act and transitioning into the new framework, we recommend that producers only pay registration fees when the program run by the IFO or ISO is officially wound up or when they have left the program, whichever comes first. This would guarantee fairness and avoid having a situation where producers are paying twice for oversight over the same material.</p>	<p>RPRA is required to register those obligated under the Tires Regulation. It is expected that producers and service providers will be required to register with RPRA in 2018. As such, there are associated costs and registration fees under the Tires Regulation in 2018. This is in addition to continuing to operate the OTS Used Tires Program through to December 31, 2018 and paying the associated 2018 OTS fees. However, this is somewhat mitigated through the OTS Wind Up Plan proposed fee elimination period for passenger light truck tires and amortization of the costs to build the Registry.</p>
<p>The proposed 2018 tire fees proposal outlines other charges and fees that could be incurred. Stakeholder believes that the Authority should not be applying charges to producers with respect to the Authority's or the Ministry's costs associated with the appeals of orders or Administrative Monetary Penalties (AMPs) to the Environmental Review Tribunal (ERT). This could discourage producers or other stewards from rightfully challenging any issues with orders or AMPs given that this appears to be the only means to defend against these types of actions. Also, the Authority needs to elaborate and provide more information on the types of charges</p>	<p>The proposed other charges include:</p> <ul style="list-style-type: none"> • Credit card charges to recover the costs charged by the credit card company at a rate of 1.5% • A monthly 1.5% late payment fee as a percentage of the fee value • Salesforce Community Plus user licence costs from PROs based on their requirements at \$15 per month per licence

<p>that would be expected to be covered, when they would be levied and other related details.</p>	<ul style="list-style-type: none"> • Ministry of the Environment and Climate Change costs associated with Environmental Review Tribunal hearings resulting from the appeal of compliance orders and administrative penalty orders from affected parties • Prosecution costs directly from affected parties <p>The first three of these charges are explicit and include all information available. Information about the latter two charges would be provided to the affected party when available.</p>
<p>Fees based on a per weight basis should also be considered for obligated materials, when appropriate. Documents outlining the registration fees for designated materials should include a reference to the rationale and the data used to determine the split between producers/generators and other registrants for the obligated material.</p>	<p>Thank you for your comment.</p>
<p>If producers have to pay RPRA tire fees in addition to OTS fees in 2018 (which are currently paid to vendors who then remit to OTS), they are effectively being charged twice for the same tires. Additionally, they will incur a significant financial loss as a result of the proposed fee holiday, since they will have paid vendors the eco-fee for all tires on hand as of October 15 and then no longer be able to recover it from their customers. This means they will have to pay RPRA tens of thousands of dollars in registration fees by June 30 and incur a second financial hit in October when the fee is eliminated. A fee holiday does not benefit retailers or tire dealers.</p>	<p>RPRA is required to register those obligated under the Tires Regulation. It is expected that producers and service providers will be required to register with RPRA in 2018. As such, there are associated costs and registration fees under the Tires Regulation in 2018. This is in addition to continuing to operate the OTS Used Tires Program through to December 31, 2018 and paying the associated 2018 OTS fees.</p> <p>The OTS Wind Up Plan proposed fee elimination period for passenger light truck tires is intended to draw down the OTS surplus.</p>

Stakeholders do not believe RPRA should begin charging tire fees until January 1, 2019 when OTS has wound up, so that producers are not paying two stewardship fees on the same tire. It does not seem fair to charge a retailer such as ourselves two stewardship fees on the same tire, and given RPRA's proposed tire fee policy, that is effectively what will happen.

RPRA is required to register those obligated under the Tires Regulation. It is expected that producers and service providers will be required to register with RPRA in 2018. As such, there are associated costs and registration fees under the Tires Regulation in 2018.

The draft Tires Regulation requires producers to report the number and weight of tires supplied in 2014, 2015 and 2016 in four tire categories. The average of these three years of data will be used as the annual number of tires supplied by the producer on which the 2018 fee due to RPRA will be calculated.

The fee paid by a producer in 2018 is not related to the cost of collecting and managing tires. The fee is set to recover RPRA's RRCEA costs including costs associated with building the Registry so that the producer can meet its obligation to register and report to the Authority and costs associated with compliance and enforcement of the regulation under the RRCEA.

RPRA mentions that these fees "are associated with RRCEA obligations to register in 2018; fees paid to OTS are associated with WDTA obligation to operate Used Tires Program in 2018". The obligation to register should be separated from paying the fees. As long as stewards are part of OTS, then only fees to OTS should be paid. RPRA's tire fees should only be required once the program has been shut down or, if applicable, when a producer leaves OTS, whichever comes first.

RRCEA allocation being reduced from \$2.8M to \$1.7M is irrelevant as it does not address the issue of double paying. This is about the principle and about fairness and not just the amount.

RPRA is required to register those obligated under the Tires Regulation. It is expected that producers and service providers will be required to register with RPRA in 2018. As such, there are associated costs and registration fees under the Tires Regulation in 2018.

The fee paid by a producer to RPRA is not related to the cost of collecting and managing the designated material (e.g. packaging and residues). The fee is set to recover RPRA's RRCEA costs including costs associated with building the Registry so that the

<p>RPRA stated “Proposed wind-up plan PLT fee elimination period will reduce producers’ fees to be paid to OTS”.</p> <p>Just because there is a likelihood of a fee elimination does not mean that it is acceptable to be paying for tires under OTS’ program and under the RRCEA. The fee elimination is only a result of producers over-paying in previous years not because of cost reductions that resulted in savings. It is a matter of principle and fairness that a material should only be paid for once under one regime and not both.</p> <p>OTS’ wind-up plan clearly states that their ability to implement a fee elimination is contingent upon having the necessary revenues to complete their various wind-up obligations. OTS needs to remain whole and fiscally responsible throughout the wind-up process and with the several uncertainties surrounding some aspects of their financial planning, we believe that a fee cut would be ill-advised as it would jeopardize the availability of sufficient funds to cover the costs of program wind-up for limited – if any – benefits.</p> <p>For the used tires, registration fees should not be due until the wind-up of the tire program by OTS (i.e. not before January 1st, 2019) or until a producer has left OTS, whichever comes first.</p>	<p>producer can meet its obligation to register and report to the Authority and costs associated with compliance and enforcement of the regulation under the RRCEA.</p>
<p>It is not clear what period producers are to use to calculate their fee to RPRA. Is it based on their 2017 supply into Ontario, or their estimated 2018 supply, or some other period? Moreover, it is questionable if producers have an obligation to pay fees based on 2017 supply, though we concede this would be an easier metric than asking producers to pay based on their estimate of 2018 supply. RPRA is considering using the average tire supply each producer reported to OTS in 2014-2016 and taking the average of this three-year period to calculate the tire fee. For initial registration purposes, this appears on the surface a reasonable solution. That</p>	<p>Please refer to the Tires Regulation which sets out the information to be reported by producers. The draft Tires Regulation requires producers to report the number and weight of tires supplied in 2014, 2015 and 2016 in four categories. The average of these three years of data will be used as the annual supply of tires by the producer on which the 2018 fee due to RPRA will be calculated. The fee paid by a producer in 2018 is for the calendar year 2018. A fee will also be due when the producer reports the quantity of tires</p>

<p>said, for new producers, for which there is no OTS data, it may be an administrative hurdle to overcome.</p> <p>For new producers who will not have any RRCEA obligations until the new regulation is passed, explaining all of this will be very difficult. The simplest most effective approach, for which all producers would support, is to fund RPRA's 2018 costs thru the OTS surplus.</p>	<p>supplied in 2017 to RPRA as part of the producer's 2019 report, the quantity supplied in 2018 as part of the producer's report in 2020 and so on.</p> <p>RPRA is required to segregate its WDTA and RRCEA costs and may not recover its RRCEA costs from IFOs.</p>
<p>RPRA should consider the broader stewardship fees associated with the management of designated materials when setting the oversight fees that will be funded by obligated parties. The current fees for certain materials are not reflective of the actual cost of managing packaging and residues.</p>	<p>The fee paid by a producer to RPRA is not related to the cost of collecting and managing the designated material (e.g. packaging and residues). The fee is set to recover RPRA's RRCEA costs including the costs to build the Registry so that the producer can meet its obligation to register and report to the Authority and the cost for compliance and enforcement activities required by the RRCEA.</p>
<p>Fees could be substantially lower for a product of minimal environmental significance (based on quantity, use and environmental impact). Fairness and equitability for all producers will ensure broad support and provide the best chance for a successful zero waste future.</p>	<p>The fee paid by a producer to RPRA is not related to the cost of collecting and managing the designated material (e.g. packaging and residues). The fee is set to recover RPRA's RRCEA costs including costs associated with building the Registry so that the producer can meet its obligation to register and report to the Authority and costs associated with compliance and enforcement of the regulation under the RRCEA.</p>
<p>RPRA may also need to consider extending credits for out-of-province supply, similar to what OTS must do today. This situation occurs when a resident producer sells to a resident distributor, but the distributor sells a portion of the supply out of province. The resident producer may not have any visibility of the quantity the distributor has sold out of province, so if they report their total supply to RPRA, they will have inadvertently paid RPRA too much. In such cases RPRA should issue a credit for the over-supply.</p>	<p>Please refer to the Tires Regulation which sets out the information to be reported by producers. The draft Tires Regulation requires producers to report the number and weight of tires supplied in 2014, 2015 and 2016 in four tire categories. The average of these three years of data will be used as the annual number of tires supplied by the producer on which the 2018 fee due to RPRA will be calculated. As the</p>

	information on which RPRA fees will be calculated is from prior years, adjustments such as those described in the comment, should be known and accounted for prior to reporting to RPRA. If an adjustment to reported data is required, the producer can contact a Registry Officer for assistance.
General Policy & Methodology	
It is not possible to determine future impacts on stewards for the Blue Box or MHSW programs based on these documents. More consultation is therefore needed on future Blue Box and MHSW General Fee Setting. Given the general nature of the Policy and Methodology, it is essential that there be additional consultation on proposed General Fee setting for these categories. The current consultation has focused on the tires program, which is quite different from the BBPP or MHSW programs. Similar details would be necessary in order to understand what is actually being proposed for BBPP or MHSW stewards.	RPRA will consult on fees for each future designated material under the RRCEA.
The Fee Setting methodology is too general for informed comment.	RPRA will consult on fees for each future designated material under the RRCEA.
The Draft Policy and Methodology lack an objective for cost/benefit to Ontario consumers based on the most efficient processes to achieve the Authority's remit.	Under its Operating Agreement with the Minister, the Authority is required to "conduct its operations in an efficient and economical manner" and has implemented robust financial management and controls to meet this requirement.
There continues to be a lack of clarity on costs and allocations. Specifically, what the concept "reflects costs incurred by the authority" means in practical terms. More specifics are needed on the portion of budget and fees that are attributable to fixed RPRA administrative overhead and what portion is directly attributable to	Please refer to RPRA's 2018 Business Plan for information on its 2018 budget.

<p>compliance monitoring, enforcement and public education. It would be helpful if a further breakdown of the RPRA costs for tires could be provided, on the understanding that this is not necessarily the appropriate model for other materials.</p>	
<p>While the RRCEA Tire Regulation is not yet promulgated, the basic definition of producer is unlikely to change from the original draft. If so, the regulation will obligate potentially many more businesses who today have no obligation nor relationship with OTS. How will RPRA identify these new producers? These producers will now be obligated because their tire supplier is a non-resident. The non-resident supplier has no obligation to report these new producers to RPRA, and it's very likely these new producers have no understanding they even have obligations to register and pay fees to RPRA. Stakeholder is concerned that RPRA may not collect all the revenue for which it is entitled, and thereby charge our members more. We would encourage RPRA to begin its out-reach communications as soon as possible, understanding it is unlikely to get all obligated producers to register by June 30th of this year.</p>	<p>RPRA is building a compliance and enforcement team that will be responsible, among other duties, for identifying non-compliant producers.</p> <p>RPRA will begin its outreach communications after the MOECC releases the final Tires Regulation.</p>
<p>Stakeholder sees a likelihood for double-counting of the RPRA fee, caused by confusion over the definition of producer. This situation can occur when a resident producer sells to a distributor (who themselves are deemed an obligated party as they sell non-resident tires). RPRA must clarify to the distributor that they are only required to remit for tires for which they are obligated, otherwise double-counting will occur.</p>	<p>RPRA will communicate with the tire sector following release of the final Tires Regulation.</p>
<p>Stakeholder is unable to make informed comments at this time on such things as the proposed 75:25 split or on whether a weight- or unit-based fee methodology is appropriate. These rules should not be specific, particularly without a robust explanation for how they were determined, or how or why they would be applicable to BBPP or MHSW programs.</p>	<p>RPRA will consult on fees for each future designated material under the RRCEA.</p>

Stakeholder supports the proposed annual review of General Fees and of the Policy. However, a review and timeline for that review is also needed for the Methodology itself, for each category, such as annually or every 2 years. There should also be flexibility so that if a situation warrants it, the methodology could be adjusted as needed.	The 2019 review of the Tires Fees will include consultation on the General Fee Setting Policy and the Fee Setting Methodology if these documents are affected by any proposed changes to the Tires Fees.
Stakeholder supports the implementation of fee and policy review timelines as specified in the Policy document. However, there does not appear to be a timeline specified for review of the fee methodology. The methodology should be reviewed on the same 2-year timeline as the policy with the caveat that if a situation warrants, the methodology could be adjusted as needed in the first 2-year period.	The 2019 review of the Tires Fees will include consultation on the General Fee Setting Policy and the Fee Setting Methodology if these documents are affected by any proposed changes to the Tires Fees.
Stakeholder supports reviewing RPRA fees annually and the methodology every 2 years.	Thank you for your comment.
Stakeholder supports a balanced approach between the frequency of fee adjustments and reasonable predictability for regulated parties. Fees should be reviewed at least every two years or more frequently if more programs are transitioning to the new framework or new materials are added.	Thank you for your comment.
Stakeholder supports annual review of fees as documented in the Fee Methodology document; however, there does not appear to be a review timeline for the methodology itself. The methodology should be reviewed on the same 2-year timeline as the policy with	The 2019 review of the Tires Fees will include consultation on the General Fee Setting Policy and the Fee Setting Methodology if these documents are affected by any proposed changes to the Tires Fees.

<p>the caveat that if a situation warrants, the methodology could be adjusted as needed in the first 2-year period.</p>	
<p>Stakeholder supports RPRA's fee setting policy principles of cost effectiveness, transparency, predictability, and minimum administrative burden. More dialogue is required on the details.</p>	<p>Thank you for your comment.</p>
<p>Stakeholder suggests that Rule #3 be revised to state in a more general manner: The split of costs between producers and other obligated parties will be determined based on the amount of compliance effort that will be required on the part of the Authority, and that split will be determined upon review of the regulation associated with the obligated material. Further, the actual split should be included in the fee document for the obligated material, in this case, Tire Fees 2018.</p>	<p>Thank you for your comment.</p>
<p>Stakeholder supports the proposal to review the fee amounts and methodology annually. It is important to maintain a collaborative relationship between the Authority and each regulated party to ensure that resource recovery can be increased in an efficient and cost-effective manner. The Authority should prioritize more face-to-face, meaningful consultation with producers on fee-setting going forward. Webinars are helpful to first understand a policy proposal, but they are not effective at encouraging an open, collaborative discussion among stakeholders.</p> <p>Stakeholder would like to continue an open dialogue about fee-setting and other general issues with the Authority as each waste diversion program transitions to the RRCEA. To do so, the Authority should set up a working group of industry association representatives to work with and seek feedback from, on the development of general policies, including fee-setting.</p>	<p>RPRA welcomes direct dialogue with stakeholders.</p>

Ongoing consultations will be required with each sector affected, as fee methodologies may differ.	RPRA will consult on fees for each future designated material under the RRCEA.
RPRA activities are seen to be duplicative of business accountabilities for registration and auditing. A mechanism to transfer this information to RPRA should be explored.	The Tires Regulation sets out the requirements for registration and reporting by obligated parties.
It appears that the Authority in putting in place its general fee setting policy and the fee setting methodology following the requirements in the Resource Recovery and Circular Economy Act, 2016 (RRCEA). It is important for the Authority when setting its fee policy and methodology to ensure that the fees being proposed are for the sole purpose of recovering costs incurred for the designated material, in this instance tires, and are established on a reasonable, sound and supported basis. This is important so that there is confidence in how the Authority sets fees now and, in the future, and for transparency purposes. The proposal to review the fees annually and policy every 2 years is reasonable; supporting materials should be provided if changes are proposed in this regard.	Thank you for your comment.
Stakeholder pleased to see that RPRA supports this principle and is proposing to apportion fees “on the basis of the Authority’s registration and compliance effort.”	Thank you for your comment.
Registration	
What is the reference year/time frame for the tires that we must report at registration? Is it based on 2017 sales, or 2018 sales YTD?	Please refer to the Tires Regulation which sets out the information to be reported by producers. The draft Tires Regulation requires producers to report the number and weight of tires supplied in 2014, 2015 and 2016 in four tire categories. The average of these three years of data will be used as the annual number of tires supplied by the producer on which the 2018

	<p>fee due to RPRA will be calculated. The fee paid by a producer in 2018 is for the calendar year 2018. A fee will also be due when the producer reports the quantity of tires supplied in 2017 to RPRA as part of the producer's 2019 report, the quantity supplied in 2018 as part of the producer's report in 2020, and so on.</p>
<p>The various documents provided by the Authority suggest that fees will be due on or before the Registration date as identified in regulation. Stakeholder disagrees with this approach, especially when registration is due in the middle of a calendar or fiscal year. All companies operate by allocating budgets to various departments and activities, including for waste management and environmental compliance. Budgets for a given year are typically decided and set during the previous year. When additional costs and expenses (such as registration fees) arise and when they are not negligible, they put a strain on these departments responsible for complying with the Act. Stakeholder recommends that the initial registration process be separated from the requirement to pay registration fees.</p>	<p>Thank you for your comment.</p>
<p>If future registration payments are due in March of every year, what year will the tire volumes producers report be based on? Would it be based on tire sales in the previous year?</p>	<p>Please refer to the Tires Regulation which sets out the dates on which information is to be reported by producers.</p>
<p>Does each collection site have to register as a collector? If so, this should be made explicit in the guidance document.</p>	<p>The draft Tires Regulation requires a tire collector to register. A tire collector owns or operates one or more tire collection sites in Ontario.</p>