

2020 Registry Fees Proposal

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Updated: July 9, 2020



Background

- The Resource Productivity and Recovery Authority is the regulator mandated by the Government of Ontario to administer the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA), and their associated regulations.
- The RRCEA and WDTA outline the legislative framework for winding up and transitioning legacy waste diversion programs to Ontario's new individual producer responsibility (IPR) regulatory framework for waste diversion and resource recovery.
- The IPR regulatory framework requires producers to be individually financially responsible and accountable for their products and packaging once consumers dispose of them.
- The Authority has overseen the wind up of the Used Tires Program operated by Ontario Tire Stewardship on December 31, 2018 and the transition of used tires to the IPR regulatory framework set out in the Tires Regulation starting January 1, 2019. [Learn more.](#)
- The Batteries portion of the Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario winds up on June 30, 2020 and will transition to the new IPR regulatory framework set out in the Batteries Regulation starting July 1, 2020. [Learn more.](#)
- The Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship will wind up on December 31, 2020 and transition on January 1, 2021 to the new IPR regulatory framework set out in an Electronics Regulation that the Authority expects to be finalized soon. [Learn more.](#)
- The Tires Regulation and Batteries Regulation requires obligated parties to register and report to the Authority through its Registry system. The Electronics Regulation is expected to have similar requirements.

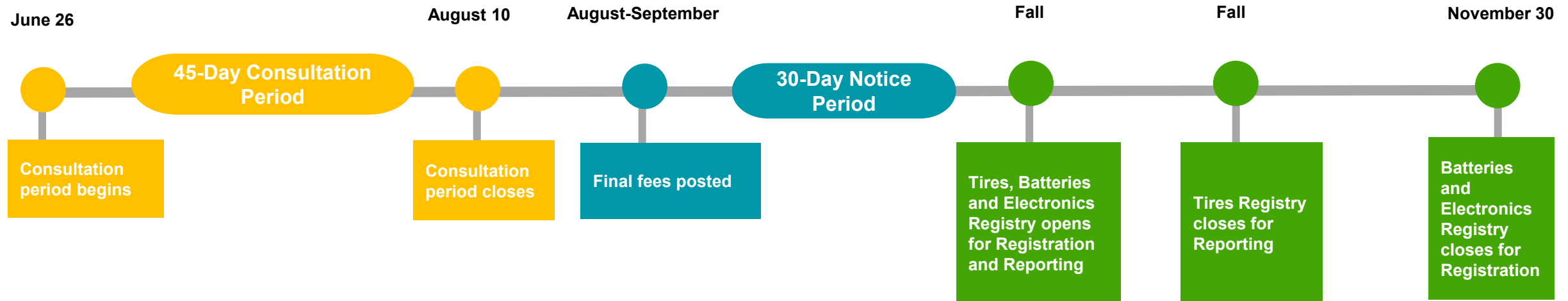
Background continued

- The Registry system is an online platform that allows the Authority to securely and confidentially collect information from obligated parties and monitor performance. Each material group will have its own Registry portal.
- As an administrative authority of the Government of Ontario, the Authority does not receive any government funding and funds its operations through fees charged to regulated parties.
- The 2020 Registry Fees Proposal are the fees proposed to be charged to obligated parties under the Tires Regulation, the Batteries Regulation and the expected soon-to-be-released Electronics Regulation.
- The Authority's budget is separated between costs related to the WDTA and those related to the Registry. Registry fees are for RRCEA-related activities. WDTA-related fees are recovered through charges to industry funding organizations and industry stewardship organizations.
- The Authority's fees are for funding its operations, including undertaking compliance and enforcement activities and building and operating its Registry system, and is separate from the costs businesses incur to collect and manage their products and packaging when consumers dispose of them.
- 2020 is the first year the Authority will have more than one material (Tires) under the RRCEA. The Authority expects to have three materials (Tires, Batteries and Electronics) under the RRCEA in 2020.
- As such, the 2020 Registry Fees Proposal will require allocation of shared and common costs among the three materials and will impact stakeholders in all three sectors.

Consultation Process

- The Authority's legislative framework requires the Authority to consult on its fees for 45 days.
- The Authority's legislative framework also requires its fees to be posted for 30 days once finalized.
- The Authority has adopted the [OECD's best practice principles on consultations](#).
- The consultations on the proposed 2020 Registry Fees begin on June 26 and end on August 10.
- Feedback can be sent to consultations@rpra.ca.
- Additionally, two webinars will be held on July 9 and 10. [Register here](#).
- A consultation report will be posted on the Authority's website following the conclusion of the process.

Consultation Timeline



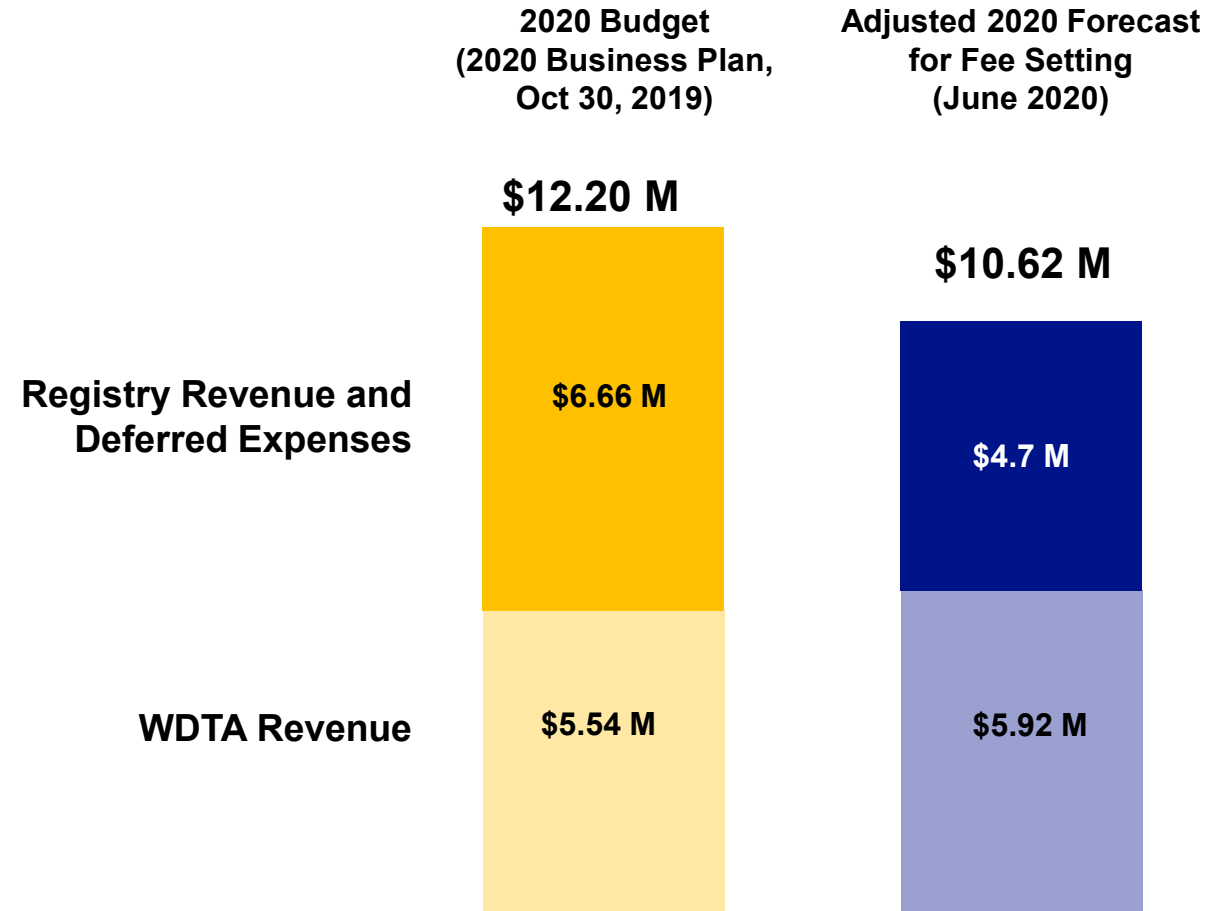
Key Assumptions Underlying 2020 Registry Fees Proposal

- Assumes registration/reporting and fee payment in 2020 from obligated parties in the following material groups:
 - Tires
 - Batteries
 - Electronics
 - Ahead of the expected release of the finalized Electronics Regulation by the government, the Authority is assuming the regulation will cover the same range of materials included in the Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship, and the same number of producers
 - If the final Electronics Regulation differs substantially from the Authority's assumptions, the final fees will be revised accordingly

2020 Budget Forecast

The 2020 Budget presented in the Authority's 2020 Business Plan published in October 2019 had forecasted RRCEA costs at \$6.66 million. This has been revised down to \$4.7 million in June 2020 by:

- Reducing staffing requirements and expenses
- Adjusting Registry/WDTA allocations
- Lowering debt interest due to a reduction in prime rates



General Fee Setting Policy and Fee Setting Methodology

- The Authority's [General Fee Setting Policy](#), issued in April 2018, sets out the principles and rules the Authority applies in setting Registry fees.
- The Authority's [Fee Setting Methodology](#), issued in April 2018, sets out the methodology the Authority uses in setting Registry Fees. This methodology will be reviewed as part of the 2020 Registry Fee setting process.

Registry Cost Allocation Methodology by Material

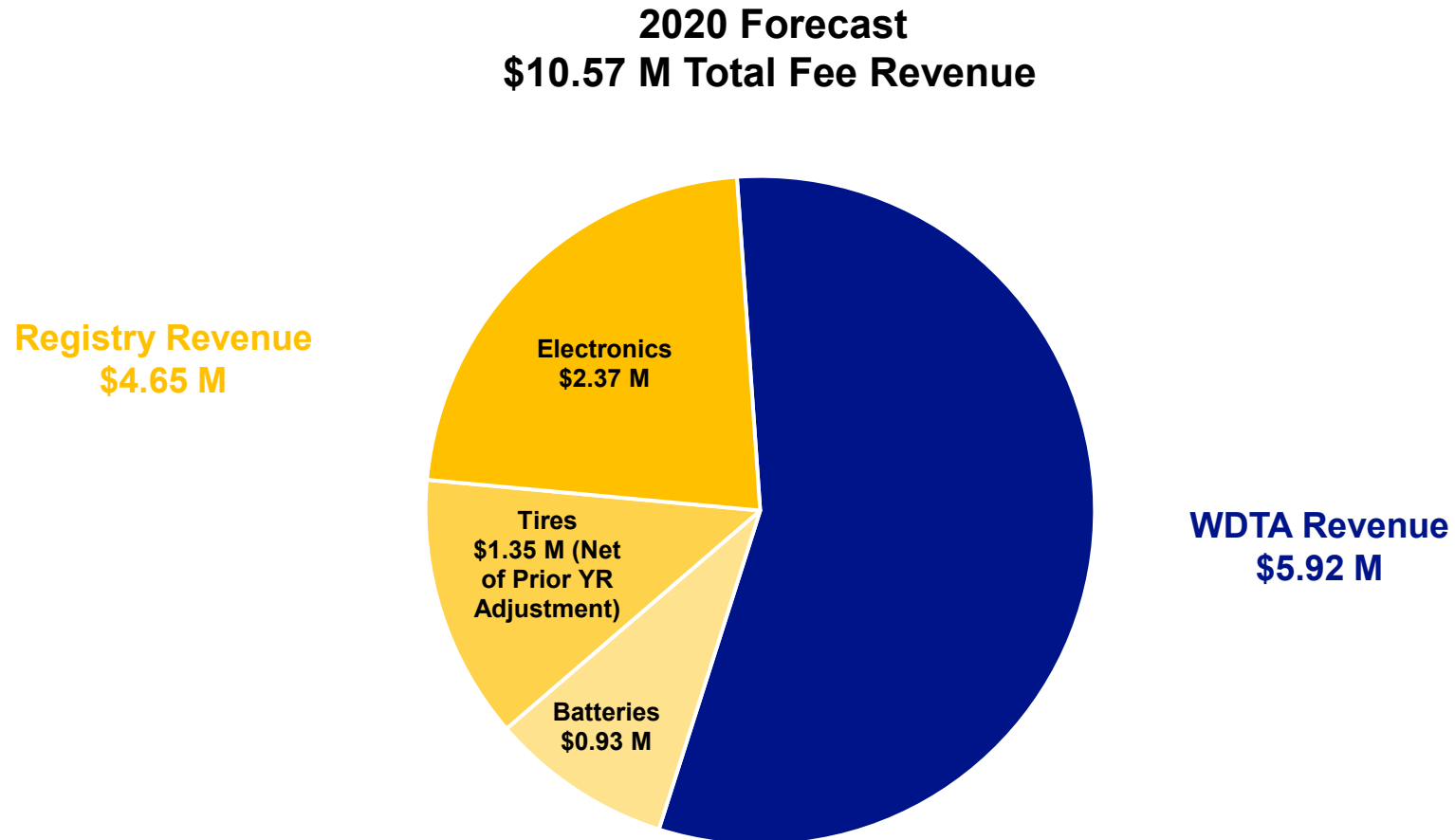
- 2020 Registry Fees will include multiple material groups for the first time, and therefore will require:
 - Allocation of Registry Foundational expenses
 - Registry Foundational expenses are related to general Registry platform components that are not specific to any one material portal such as system security and log in functions.
 - Allocation of Registry Shared costs
 - Shared costs are related to administrative, support and operational compliance functions that are common to all material programs.
- Allocation Methodology is as follows:
 1. Apply forecast direct expenses to each program (e.g. Registry portal amortization and interest)
 2. Apply annual share of amortized Registry foundational cost to each program
 - Foundational costs equally divided among 3 programs (Tires, Batteries, Electronics)
 3. Allocate RRCEA shared common costs:
 - Allocate by estimated number of registering producers

Methodology to Allocate Shared Expenses

Projected number of Producers and Producer Responsibility Organizations to register in 2020:

Program	Producer (Fixed Fee)	Producer (Variable Fee)	Total Producers	Total PROs (Fixed Fee)
Tires	230	210	440	4
Batteries	210	160	370	4
Electronics	400	600	1,000	4

Adjusted 2020 Forecast – WDTA and Registry Revenue Projections



Proposed 2020 Registry Fees for Tires

Registrant	Proposed 2020 Registry Fees
Producer: 0-999 tires supplied*	\$75 Flat Fee
Producer: 1,000+ tires supplied* (12.96 million tires estimated in 2020)	<p>\$0.09 per tire supplied</p> <ul style="list-style-type: none">• Proposed base fee for 2020 is \$0.11, but once the prior year credit is added, which includes a contingency of \$0.0094 per tire estimated at \$122,000), the proposed fee is reduced to \$0.09• Consultation will consider using kg as an alternative to tire units
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

*The number of tires supplied is based on a rolling average of three years of data required to be submitted by producers under the Tires Regulation.

Proposed 2020 Registry Fees for Electronics

Registrant	Proposed 2020 Registry Fees
Producer: less than 5000 kg supplied*	\$75 Flat Fee
Producer: 5000 kg or more supplied* (90 million kg estimate supplied in 2018)**	\$0.028 per kg supplied <ul style="list-style-type: none">Includes a \$0.0018 per kg contingency estimated at \$162,000 for 2020
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

*The kg supplied is based on the 2018 supply data required to be submitted by producers under the upcoming Electronics Regulation.

**This estimate is based on an average of the last three years of OES collection data x 70% recovery rate outlined in the Draft Electronics Regulation plus 10% additional recovery. This proposal has been updated to reflect the new basis for the estimate, which was presented at our consultation webinars on July 9 and 10.

Proposed 2020 Registry Fees for Batteries

Registrant	Proposed 2020 Registry Fees
Producer: less than 1000 kg supplied*	\$75 Flat Fee
Producer: 1000 kg or more supplied* (7 million kg per year supplied)	\$0.14 per kg supplied <ul style="list-style-type: none">Includes a \$0.0139 per kg contingency estimated at \$98,000 for 2020
Producer Responsibility Organization	\$7,500 Flat Fee, inclusive of software licensing fees

*The kg supplied is based on an average of 2018 and 2019 supply data required to be submitted by single-use battery producers and 2018 supply data required to be submitted by rechargeable battery producers under the Batteries Regulation.