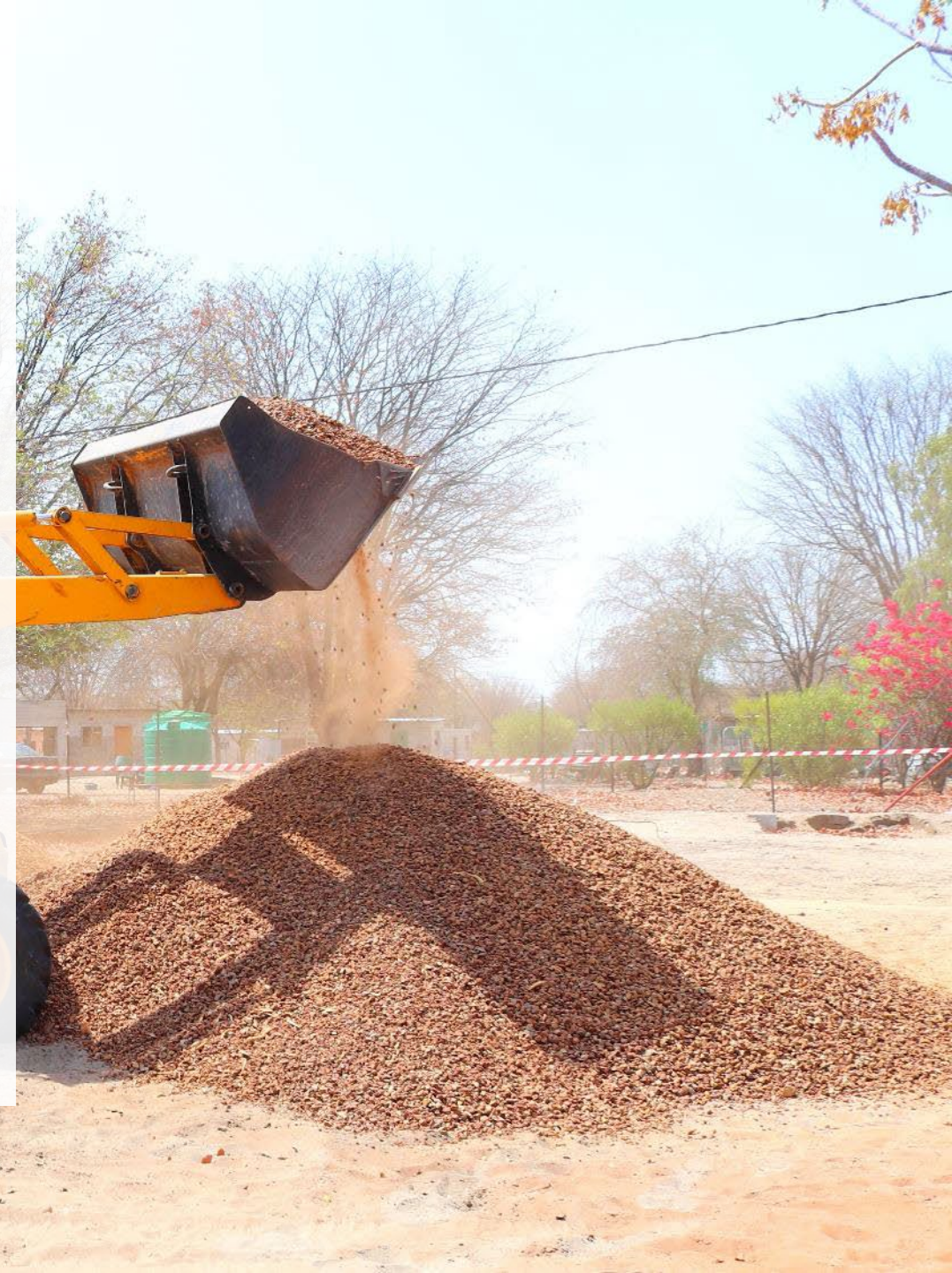


# Consultation on Proposed 2024 Excess Soil Registry Fees

November 10, 2023



# Proposal scope

- The Resource Productivity and Recovery Authority (RPRA) is a regulator mandated by the Ontario government to:
  1. Support the transition to a circular economy by winding up and transitioning legacy waste diversion programs under the *Waste Diversion Transition Act, 2016* (WDTA) and implementing the new producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA)
  2. Provide digital registration and reporting services (referred to as “registries” in RPRA communications) for the province’s Excess Soil and Hazardous Waste programs under the *Environmental Protection Act* (EPA), as directed by the minister
- As an administrative authority of the Government of Ontario, RPRA does not receive any government funding and funds its operations through fees charged to regulated parties on a cost-recovery basis.
- This proposal is provided for information and to obtain feedback on proposed 2024 fees for users of the Excess Soil Registry, which would come into effect in Q1 2024.
- RPRA’s 2024 budget, on which 2024 fees are based, has been finalized as part of the [2024 Business Plan](#).
- These slides provide key financial information excerpted from the 2024 Business Plan that will provide stakeholders with the necessary financial and contextual information required to inform their feedback on the 2024 fee proposal.
- **Note:** Excess Soil fees are proposed to increase in 2024 to address substantially fewer filings in the registry and lower soil volumes than expected. See slides 19-23 for proposed rates and additional context.

# Background

The RRCEA and WDTA allow RPRA to set and collect fees to recover its costs. Fee revenues come from three sources:

1. Annual fees to obligated parties required to register and report to RPRA under RRCEA regulations. RRCEA program fees cover RPRA's costs to develop and operate registry systems, carry out compliance and enforcement activities related to the RRCEA regulations, and provide support to registrants in complying with their regulatory obligations.
2. Transaction fees to parties obligated to register and report through RPRA's Excess Soil and Hazardous Waste registries. These fees cover RPRA's costs to build and operate registry systems and provide support to users on an ongoing basis. The Ministry of the Environment, Conservation and Parks is responsible for compliance activities related to these programs.
3. Monthly cost recovery charges to industry funding organizations (IFOs) under the WDTA. WDTA monthly charges cover RPRA's costs to oversee the operation of legacy waste diverse programs, IFOs and their wind-up.

# Consultation process

- RPRA's legislative framework requires RPRA to consult on proposed fees for 45 days and post the final fees for 30 days.
- The consultation on RPRA's proposed Excess Soil Registry fees begins November 10, 2023 and ends on January 10, 2024.
- You can share feedback at [consultations@rpra.ca](mailto:consultations@rpra.ca) on or before January 10, 2024.
- Follow the link below to register for the webinar on the proposed fees for users of the Excess Soil Registry:
  - [Proposed 2024 Fees for users of the Excess Soil Registry](#)
    - November 23, 9:30 a.m. to 11 a.m.
- The recordings will be posted to RRPA's website immediately following the webinar.
- Feedback from the consultation will be summarized in a report that will be posted to RPRA's website.
- The final fees will be posted to the website on or before March 1st and stakeholders will be notified when they have been posted.
- For more information on the consultation process, [visit our website](#).

# RPRA's approach to fee setting

The board-approved [General Fee Setting Policy](#) provides guidance for setting fees. The fees, consultation process, and public documents must align with this policy.

Under the policy, there are five main components to RPRA's fee setting process:

1. **Annual budget** (set through the annual business planning process)
2. **Cost allocation methodology** (which guides the allocation of RPRA's budget to the different programs RPRA operates)
3. **An adjustment** to recover prior year deficits or refund a prior year surplus.
4. **A fee model** that determines how and what fee payers within each program are charged
5. **Estimates** of number of fee payers and amount of material supplied or generated for each program

# Step 1: 2024 budget and cost recovery targets



# RPRA's strategic priorities

RPRA's budget is driven by its strategic priorities:

**1. Providing registrants with accessible and easy-to-use registry services**

Every program RPRA operates relies on an online registry to facilitate mandatory reporting by registrants.

**2. Delivering an effective compliance program to help achieve resource recovery and waste reduction outcomes for the province**

The waste diversion outcomes embedded in the extended producer responsibility (EPR) framework and accompanying regulations depend on an effective and efficient compliance program to hold the regulated community accountable; this includes services to registrants to support efficient and informed compliance.

**3. Providing Ontario with reliable and useful resource recovery and waste information**

RPRA is mandated to report publicly on registry data, and registrants and the public expect RPRA to publish reliable and useful information about all eight programs.

**4. Building an accountable, transparent and sustainable organization that achieves value for money**

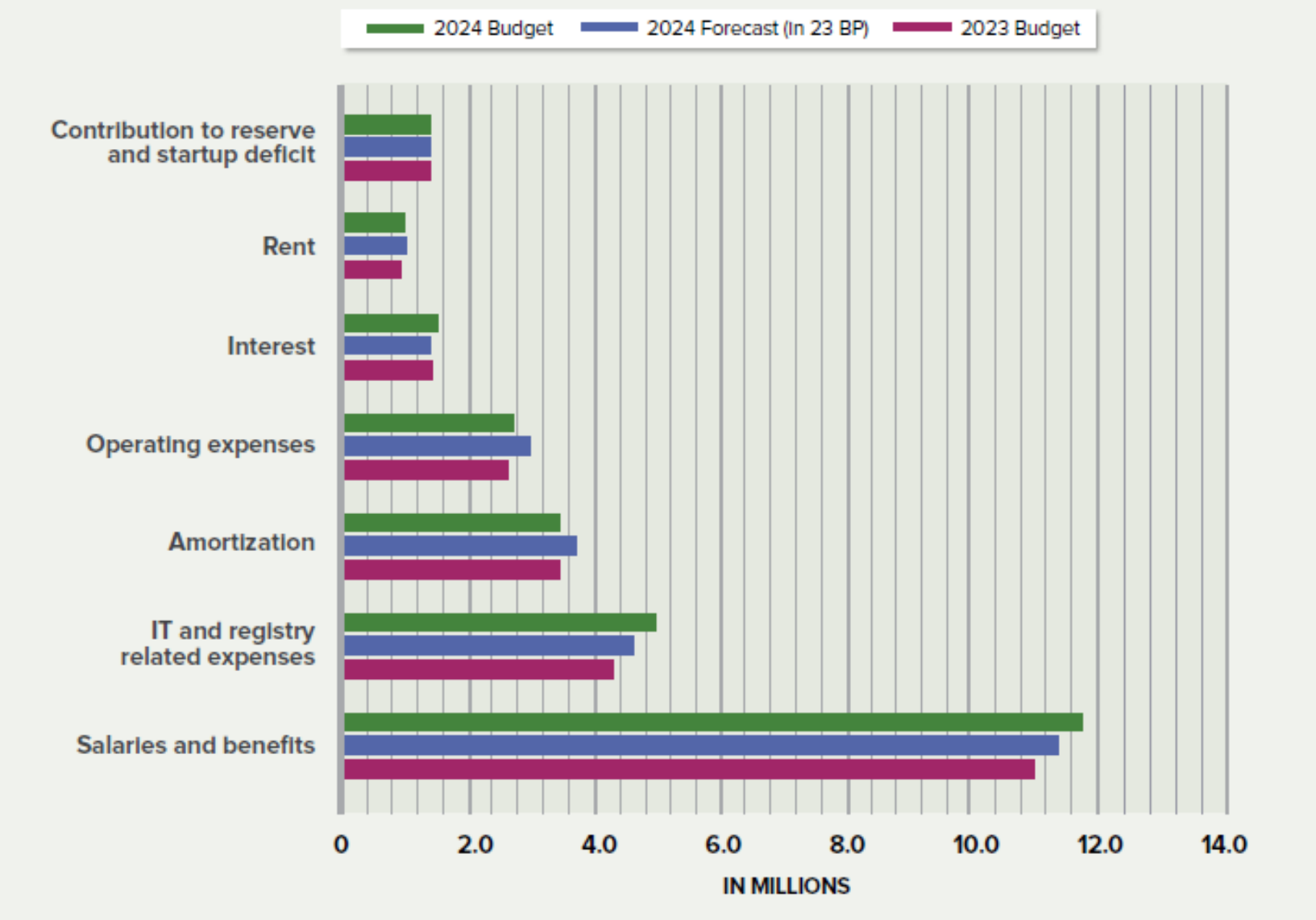
The government and stakeholders expect that RPRA will operate in a transparent and fiscally responsible manner and continue to invest in organizational improvements to achieve regulatory and service delivery outcomes.

# 2024 budget

	2023 Business Plan		2024 Business Plan
	2023 Budget	2024 Forecast	2024 Budget
	In Millions		
<b>Direct, indirect and shared expenses</b>			
Salaries and benefits	10.92	11.32	11.53
Communications and Stakeholder Engagement	0.4	0.35	0.37
Amortization	3.29	3.47	3.26
Board compensation and related expenses	0.47	0.48	0.49
Rent	0.92	0.95	0.92
Interest	1.31	1.21	1.41
Other operating	0.54	0.56	0.66
Professional fees	1.26	1.55	1.1
Compliance and Registry Support	0.75	0.75	0.79
Registry and IT	3.68	3.86	4.02
<b>Total Expenses</b>	<b>23.54</b>	<b>24.50</b>	<b>24.55</b>
<b>Total Expenses</b>	<b>23.54</b>	<b>24.50</b>	<b>24.55</b>
Add: Reserve contribution and RRCEA start up recovery	1.29	1.29	1.29
<b>Total Expenses (including contribution to reserve and RRCEA start up deficit)</b>	<b>24.83</b>	<b>25.79</b>	<b>25.84</b>

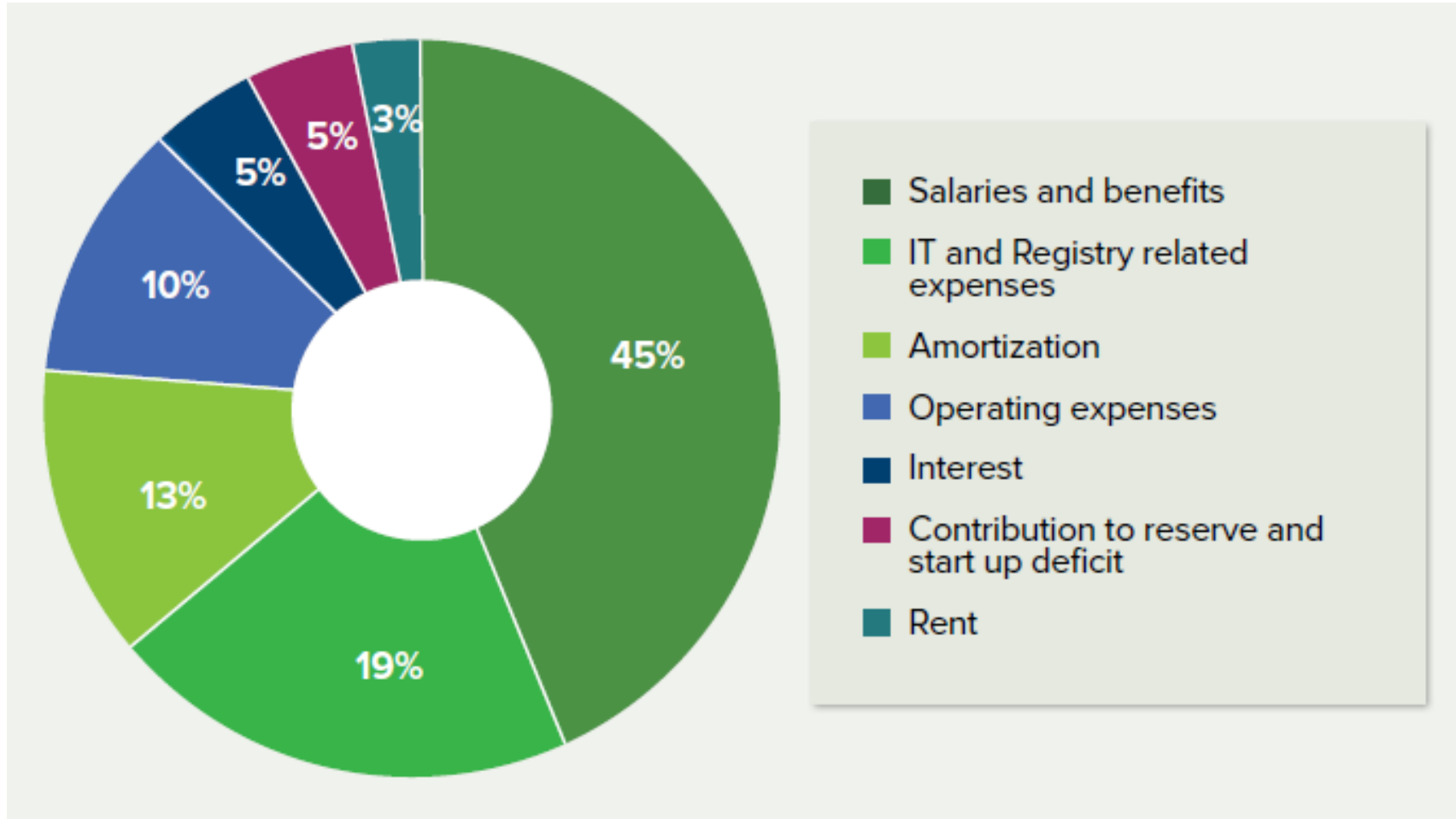


# Budget comparison to 2023 and prior year forecast



# 2024 Budget to be recovered through fees: \$25.8M

RPRAs 2024 Business Plan provides additional information, including forecasts for 2025 and 2026



# 2024 budget: cost recovery targets excluding surplus-deficit from prior year

Program (millions)	2023	2024	Notes
<b>Targets for RRCEA and EPA programs:</b>			
RRCEA programs (Tires, Batteries and ITT/AV, Lighting, HSP, BB)	\$14.50 M	\$15.21 M	Reflects increase in salaries and benefits, registry and IT investments, impact of interest rate increases, among other things.
EPA programs (Excess Soil and Hazardous Waste registries)	\$8.60 M	\$8.95 M	An increase in the HWP program expenses and a decline in the ES program due to substantially reduced ES volumes.
<b>Total RRCEA and EPA programs target:</b>	<b>\$23.10 M</b>	<b>\$24.16 M</b>	
WDTA programs target:	\$1.73 M	\$1.68 M	Cost recovery target for WDTA programs will reach zero in future years once all programs are fully wound-up.
<b>Total RPRA cost recovery target:</b>	<b>\$24.83 M</b>	<b>\$25.84 M</b>	The increase in RPRA's total cost recovery target from 2023 to 2024 is largely due to new investments in front-line staff and IT support necessary to handle demands of programs.

# Overview of RPRA's cost allocation methodology

RPRA's cost allocation methodology (CAM) is used to allocate costs between RPRA's eight registry programs (Tires, ITT/AV and Batteries (combined), Lighting, Blue Box, HSP, HWP, Excess Soils) as well as legacy programs under the WDTA. RPRA identifies expenses as either direct or common, which include both indirect and expenses for shared services, for allocation to the different programs. The methodology has four main steps:

1. Assign forecasted direct costs to each program, including registry amortization and interest, registry foundational costs and interest, professional fees, and certain IT and registry-related expenses.
  - Over their lifetimes all programs are expected to incur an equal amount of the registry foundation common costs
2. Assign common costs across all programs using key cost drivers. There are two types of common costs:
  - Indirect costs such as board remuneration, non-registry amortization, leadership and certain administrative salaries, and office supplies are shared equally across programs based on program weight.
  - Shared service costs such as staff salaries and benefits, IT services and supports, and software licenses are allocated to each program using cost drivers such as the number of registrants, or are shared across programs based on program weight, or are shared using a combination of various cost drivers. For 2024, a greater portion of RPRA's budget (55% in 2024 compared to 33% in 2023) has been allocated using cost drivers based on the number of registrants, which better aligns program allocations with recent volumes and activity levels.
3. Contributions to the operating reserve are allocated to each program based on the program's proportionate share of total expenses to be recovered for the year.
4. Contributions to RRCEA program start-up cost recovery are allocated equally to each active RRCEA program.

# Steps 2 and 3: 2024 cost allocations and surplus/deficit recovery



# 2024 program cost allocations

The table below shows the cost allocations for each program for 2024, with 2023 for comparison. These cost allocations do not include recovery of deficits or application of surpluses from prior years to each program budget. Numbers in millions.

Program	2023 budget	2024 budget	\$ increase (decrease)	% increase (decrease)	Explanation of variance
WDTA oversight	\$1.73	\$1.68	(0.05)	(3%)	Fewer resources required due to windup of Used Tires Program, Waste Electrical and Electronic Equipment Program, and Municipal Hazardous or Special Waste Program (2018-2023). Additionally, liquidation of industry funding organizations Ontario Electronic Stewardship and Ontario Tire Stewardship is anticipated in 2024
Tires	\$2.28	\$2.37	0.09	4%	Consistent with overall budget increase
Batteries and ITT/AV	\$3.22	\$2.93	(0.29)	(9%)	Decrease in number of registrants, and reduction in direct costs
Lighting	\$1.26	\$0.90	(0.35)	(28%)	Decrease in number of registrants and resulting reduction in shared costs allocation
HSP	\$2.52	\$2.49	(0.02)	(1%)	Reduction in direct costs
BB	\$5.24	\$6.52	1.28	24%	Increase in shared costs allocation, due to higher proportion of registrants compared to other producer responsibility programs and greater portion of budget being allocated based on registrants; additional direct costs like program-specific staff
HWP	\$6.56	\$7.81	1.25	19%	Increased shared costs allocation due to higher proportion of registrants compared to other programs and greater portion of budget being allocated based on registrants; additional direct costs for call support and IT
Excess Soil	\$2.04	\$1.14	(0.90)	(44%)	Decrease in expected number of registrants and filings has led to a 60%+ reduction in the shared cost allocation, leading to an overall 44% decrease in the 2024 program cost allocation (not counting previous year deficits).
<b>Total revenue requirement</b>	<b>\$24.83</b>	<b>\$25.84</b>	<b>1.01</b>	<b>4%</b>	

# 2024 cost allocation breakdown by RRCEA and EPA program

Cost type	Tires	Battery & ITT/AV	Lighting	HSP	Blue Box	Excess Soil	HWP	Total	Notes
Amortization	\$ 0.39	\$ 0.41	\$ 0.17	\$ 0.47	\$ 0.34	\$ 0.2	\$ 1.18	\$3.16	Development costs are amortized over 10 years; this figure also includes program share of the registry foundation common costs, and non-registry assets.
Interest	\$ 0.07	\$ 0.09	\$ 0.04	\$ 0.2	\$ 0.12	\$ 0.24	\$ 0.65	\$1.41	Interest is the estimated annual interest payments on registry development costs that have been debt financed, and interest on HWP and ES deficits which have also been debt financed.
Other direct	\$ 0.01	-	-	-	\$ 0.57	-	\$ 0.24	\$0.82	Includes services other than amortization and interest that are directly related to a specific program.
Common costs (indirect + shared cost)	\$ 1.78	\$ 2.27	\$ 0.64	\$ 1.7	\$ 5.18	\$ 0.6	\$ 5.37	\$17.54	Indirect and shared costs across all programs are allocated using cost drivers including number of registrants.
Start-up costs/reserve contribution	\$ 0.12	\$ 0.16	\$ 0.05	\$ 0.12	\$ 0.31	\$ 0.1	\$ 0.37	\$1.23	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
<b>Total</b>	<b>\$ 2.37</b>	<b>\$ 2.93</b>	<b>\$ 0.90</b>	<b>\$ 2.49</b>	<b>\$ 6.52</b>	<b>\$ 1.14</b>	<b>\$ 7.81</b>	<b>\$24.16</b>	

# Surpluses and deficits

Surpluses and deficits for each program are assessed at the end of each year. Surpluses and deficits occur when the revenue for the program (the amount of fees collected from registrants) is more or less than what was forecasted when fees were set, or when actual expenses are more or less than what was allocated to the program when fees were set.

Because fees are set for the following year before the current year is over, surpluses and deficits are typically carried through and applied to each program two years after the surplus or deficit is incurred. This means that we are generally applying surpluses and deficits from 2022 in calculating 2024 fees. Adjustments for 2023 surpluses or deficits in each program will be carried through and applied to 2025 fee rates.

In some cases the estimated surplus or deficit for the current unfinished year will be applied to the following year's fee. This might occur if RPRA expects a particularly large surplus or deficit in the current year for any program. For excess soil, a portion of the estimated deficit for 2023 is proposed to be recovered in 2024.

Additionally, the Hazardous Waste and Excess Soil programs continue to recover deficits that were incurred while the registries were being built, and before the programs began collecting fees. These deficits have been debt-financed and are being recovered over multi-year periods.

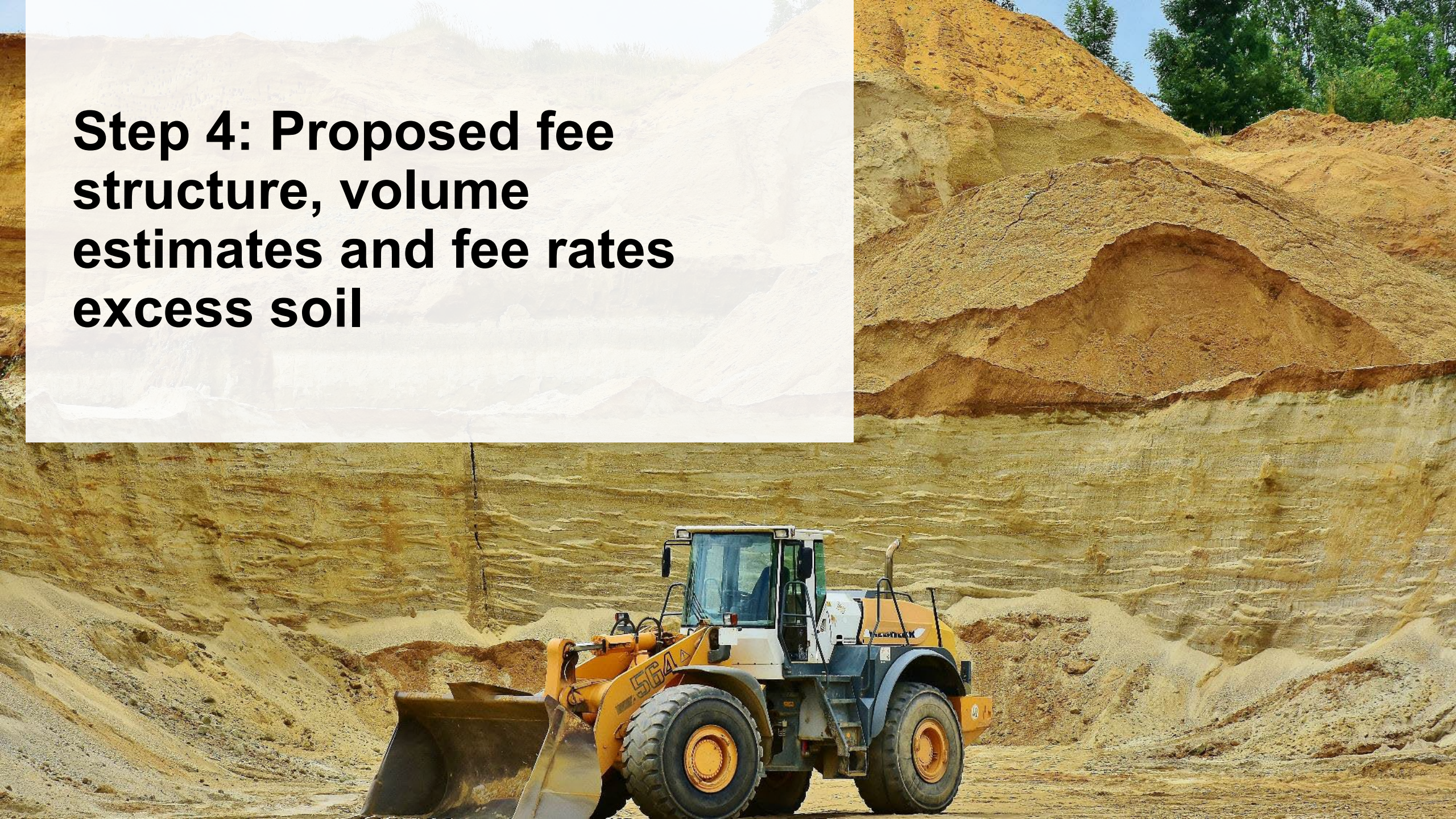
The table on the following slide shows the cost allocations to each program, including the deficit or surplus that will be recovered in 2024.



# 2024 program cost recovery targets for fee-setting – including deficits or surpluses from prior years

Program	2024 cost allocation	Prior year (surplus) or deficit	2024 cost recovery target (includes prior year surplus or deficit)	2023 cost recovery target (includes prior year surplus or deficit)	2024 vs 2023 cost recovery increase (decrease)	2024 vs 2023 cost recovery increase (decrease)
Tires	\$2,371,444	(\$43,891)	\$2,327,553	\$2,289,083	\$38,470	2%
Batteries and ITT/AV	\$2,926,982	(\$367,469)	\$2,559,514	\$3,215,270	(\$655,756)	(20%)
Lighting	\$901,673	\$318,471	\$1,220,144	\$1,256,320	(\$36,176)	(3%)
HSP	\$2,494,840	\$74,118	\$2,568,958	\$2,517,509	\$51,449	2%
Blue Box	\$6,518,346	(\$597,025)	\$5,921,321	\$5,228,509	\$692,812	13%
HWP	\$7,813,521	\$517,823	\$8,331,344	\$7,461,032	\$870,312	12%
Excess Soil	\$1,136,171	\$1,105,745	\$2,241,916	\$2,255,222	\$13,306	1%

**Step 4: Proposed fee structure, volume estimates and fee rates excess soil**



# Excess soil fee structure (unchanged from 2023)

- The Excess Soil Regulation requires notices to be filed for the following activities:
  - Movement of excess soil (project area notices)
  - Operation of a soil reuse site (reuse site notices)
  - Operation of a Residential Development Soil Depot (RDSD)
- The fee structure assigns fees to each notice type
- Registrants pay a fee for each initial notice filed, and may pay a fee on project close-out and final filing, depending on whether the final soil volume associated with the project or reuse site has increased from the amount initially reported
- Fees are either variable and tied to soil volume, or flat.
  - Variable rates increase from a de minimis up to a ceiling.
  - RPRA is proposing a flat fee for project area notices for less than 2000 m<sup>3</sup> of \$90
- The Excess Soil fee model is proposed to be the same as 2023, with small changes to some of the project area notice tiers:
  - a new flat fee for project area notices for less than 2000 m<sup>3</sup>
  - a new variable fee for notices for between 2000 and 10,000 m<sup>3</sup>
- **Note:** Current proposed amendments to the excess soil regulation were not considered in the design of this fee structure. If regulatory changes are approved, RPRA may consider changes to the fee structure (for example, to accommodate new notice types).

# Excess Soil – context for proposed fee increase

2023 excess soil project area filings – number of filings and the amount of soil being reported – have been much lower than expected to date. This means that RPRA's estimates for 2024 volume (number of filings and amount of soil) have been revised substantially downwards.

In setting 2023 fees, RPRA estimated that there would be on average approximately 1,000 filings and 30 million cubic metres of soil registered on an annual basis. In 2024, we are estimating 660 filings and 5.4 million cubic metres of soil, in line with where 2023 filings are to date. This reduction in volume compared to earlier estimates has the following impacts:

- The 2024 cost allocation to Excess Soil has decreased by 44% in total compared to 2023, due to the smaller amount of resources budgeted to support the registry and registrants for 2024 than was budgeted for 2023. Shared costs allocated to excess soil have been decreased by more than 60% because of the reduction in estimated filings.
- However, lower volumes still mean that fee rates need to increase substantially (up to 550%) to ensure full recovery of the reduced annual operational budget in 2024, and to recover existing program deficits (including start-up costs and operational deficits) from 2021 through 2023. Variable rates and maximum rates for project area filings are proposed to increase.

The lower than predicted volumes could be due to low take-up of a newly implemented program or a mis-estimation of the number and size of obligated projects in the province on an annual basis. RPRA is inviting input from registrants and stakeholders on whether current volume estimates can be improved.

**Note:** Should the currently proposed amendments to the Excess Soil Regulation be approved, RPRA does not expect the number of filings to the registry or soil volumes to be substantially impacted.

# Breakdown of Excess Soil registry allocation, comparison to 2023

Cost type	2023 (in millions)	2024 (in millions)	Notes
1. Amortization	\$0.26	\$ 0.2	Development costs are amortized over 10 years; this figure also includes the program's share of the registry foundation common costs.
2. Interest	\$0.1	\$ 0.24	Interest is the estimated annual interest payments on registry development costs that have been debt financed.
3. Direct costs			Direct costs include services that are directly related to a specific program.
4. Common costs (indirect + shared cost)	\$1.57	\$ 0.6	Indirect and shared costs across all programs are allocated using key cost drivers including number of registrants.
5. Start-up costs and reserve contribution	\$0.11	\$ 0.1	Includes the program share of recovery of RRCEA start-up costs and share of contribution to operating reserve.
Subtotal	\$2.04	<b>\$ 1.14</b>	
4. Deferred operating costs	\$0.21	\$1.10	Operating costs incurred in 2021 and 2022 during the development and launch of the Excess Soil Registry to be recovered over multiple years, and a portion of the 2023 forecasted shortfall.
<b>Total costs to be recovered from Excess Soil registrants in 2023</b>	<b>\$2.25</b>	<b>\$2.24</b>	

# Excess Soil proposed project area notice fees compared to 2023

Proponents of projects that generate at least 100 m<sup>3</sup> of excess soil that needs to be moved off-site are required to register their project, unless the project qualifies as exempt according to the conditions set out in the Excess Soil Regulation.

Description	Soil volume	2023 fee	2024 proposed fee	% increase 2024 over 2023	2023 min. and max. fee	2024 min. and max. fee
Very small projects (e.g., single residence)	100 to 2000 m <sup>3</sup>	\$0	Flat - \$90	New flat fee	\$0	\$90
Small to medium scale projects (e.g., small infrastructure project)	>2000 to 10,000 m <sup>3</sup>	Flat - \$85	Variable - \$0.130/m <sup>3</sup>	Previously a flat fee of \$85	Flat - \$85	Min. \$260 Max. \$1,300
Small infill development; (e.g., linear infrastructure like urban roads or sewers)	>10,000 m <sup>3</sup> to 50,000	Variable - \$0.025/m <sup>3</sup>	Variable - \$0.163/m <sup>3</sup>	550%	Min. \$250 Max. \$1,250	Min. \$1,630 Max. \$8,150
Condo tower, smaller commercial and industrial projects	>50,000 m <sup>3</sup> to 100,000 m <sup>3</sup>	Variable - \$0.048/m <sup>3</sup>	Variable - \$0.312/m <sup>3</sup>	550%	Min. \$2,400 Max. \$4,800	Min. \$15,600 Max. \$31,200
New subdivisions, large-scale industrial and commercial development, subway line	>100,000 to 500,000 m <sup>3</sup>	Variable - \$0.060/m <sup>3</sup>	Variable - \$0.390/m <sup>3</sup>	550%	Min. \$6,000 Max. \$30,000	Min. \$39,000 Max. \$195,000
	>500,000 m <sup>3</sup> *	Flat - \$30,000	Flat - \$195,000	550%		

# Reuse site and residential development soil depot fees

Owners of soil reuse sites receiving 10,000 m<sup>3</sup> of soil or more are required to register their site.

Notice type/site size	2023 fee (flat)	2024 fee with no deficit recovery	% increase over 2023	2024 fee	% increase 2024 over 2023
Reuse Site (10,000 to 50,000 m <sup>3</sup> )	900	1800	100%	3600	300%
Reuse Site (50,000 to 1 M m <sup>3</sup> )	3600	7200	100%	14400	300%
Reuse Site (1-5 Million m <sup>3</sup> )	8400	16800	100%	33600	300%
Reuse Site (> 5 Million m <sup>3</sup> )	12000	24000	100%	48000	300%
<b>Residential Development Soil Depot</b>	300	600	100%	1200	300%

# Feedback

- If you have questions about the proposal or would like to discuss it in more detail, email us at [consultations@rpra.ca](mailto:consultations@rpra.ca).
- Register for our webinar on the proposed fees:
  - [Proposed 2024 Fees for users of the Excess Soil Registry](#)
    - November 23, 9:30 a.m. to 11 a.m.
- **Email your feedback to [consultations@rpra.ca](mailto:consultations@rpra.ca) on or before January 10, 2024**