

<b>General Fee-Setting Policy</b>			
<b>Policy Number:</b>	RPRA-Board-FTC-002		
<b>Review Frequency:</b>	Every Two Years	<b>Date Last Reviewed:</b>	September 18, 2024
<b>Responsible Executive:</b>	Chief of Programs and Public Affairs	<b>Date Last Revised:</b>	September 18, 2024

## **Purpose:**

This General Fee-Setting Policy sets out the principles and rules the Resource Productivity and Recovery Authority (RPRA) applies in setting fees under the [Resource Recovery and Circular Economy Act, 2016 \(RRCEA\)](#).

The RRCEA permits RPRA to “set and collect fees, costs or other charges due to the Authority related to the performance of its duties and exercise of its powers under this Act or any other Act in accordance with processes and criteria established by the Authority.”

RPRA was established on November 30, 2016 with the proclamation of the RRCEA, along with the [Waste Diversion Transition Act, 2016 \(WDTA\)](#) both enacted by the [Waste Free Ontario Act 2016 \(WFOA\)](#).

The RRCEA sets out a producer responsibility framework and a mandate for RPRA to provide registry and information services related to resource recovery and waste.

Before RPRA can establish or amend fees and charges, it is required under the RRCEA to consult with stakeholders. RPRA must also post any fee or charge proposal on its website for public comment for at least 45 days. Following public consultation, the fee or charge must be posted on RPRA’s website, along with a description of how RPRA considered public comments in determining the final fee or charge. The fee or charge comes into effect 30 days after its publication or on a later date specified by RPRA.

RPRA receives no funding from the Government and is funded through fees charged to registrants. Material changes to this policy will be consulted on before approval.

## **Cost Recovery under the WDTA**

The General Fee-Setting Policy applies to costs recovered under the RRCEA. It is not applicable to waste diversion programs and oversight and wind up of industry funding organizations operating under the WDTA.

Under the WDTA, RPRA recovers its oversight costs from the industry funding organizations (IFOs) and industry stewardship organizations (ISOs) that, in turn, recover their costs as fees from stewards.

RPRA’s costs to oversee current waste diversion programs and IFOs and ISOs under the WDTA are recovered from IFOs as set out in WDTA Section 33 (5) (vi) and from ISOs as set out in WDTA Section 41.

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RPRA has previously consulted with IFOs and ISOs on the methodology to recover these costs. The methodology is as follows:

- Direct costs are tracked separately and allocated to the respective IFO or ISO; and
- Costs that cannot be attributed directly to an IFO or ISO are divided in half with 50% prorated across the programs based on direct costs and 50% divided equally among the designated materials.

RPRA will continue to charge IFOs and ISOs for its costs allocated to the WDTA. The methodology which applies 50% of the WDTA allocation using direct costs will continue without change as programs and IFOs are wound up. The methodology to allocate the 50% of unattributable costs divided equally across the designated materials will be adjusted, as programs and IFOs are wound up, to reflect the declining number of designated materials to ensure both fairness in apportioning those costs and full cost recovery.

### **Cost Recovery under the RRCEA**

Section 41 of the RRCEA gives RPRA the ability to set and collect fees, costs or other charges to recover costs related to the exercise of its mandate. Fees collected by RPRA under the RRCEA are to be used exclusively to offset operating costs related to its duties and responsibilities under the RRCEA and any other Act, including:

- Administration costs including a prudent operating reserve
- Establishing, maintaining and operating a registry
- Management of information in the registry
- Registry support services to registrants and MECP
- Compliance and enforcement activities including inspections and investigations
- Stakeholder engagement and communications

Registry and other capitalized expenses will be amortized to apportion costs to future registrants through fees under the RRCEA. Further details on RRCEA and WDTA segregated budgets are available in RPRA's Business Plan, which is published annually on RPRA's website on or around October 1<sup>st</sup> of each year.

### **Application:**

This policy applies to board members, committee members, officers, and employees.

### **Policy:**

RPRA collects fees from producers of materials regulated under the RRCEA and registrants obligated to report under the digital reporting service programs in order to recover its costs.

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RPRA sets fees to recover its costs according to the following objectives, principles and rules.

### Objectives, Principles, and Rules

Objective	Principle	Description
Transparent fee setting process	<b>Clear legal authority</b>	RPRA has legal authority to set and collect fees and charges to recover the costs of carrying out its mandate.
	<b>Transparency and consultation</b>	RPRA is committed to open communication and transparent consultation with stakeholders on proposed fees. RPRA will describe the rationale for proposed fees and final decisions and will also describe how consultation informed the final determination of fees.
Fees are reasonable and reflect costs incurred by RPRA	<b>Determine and fairly allocate full costs</b>	<p>RPRA is guided by a set of overarching procedures that provide consistency in fee setting decisions.</p> <p>RPRA fairly and reasonably allocates its costs between programs. This allocation includes direct costs attributable to specific programs, as well as common costs which are allocated equitably between programs.</p> <p>Users of digital services for programs under the <i>Environmental Protection Act</i> pay fees that reflect the amount of waste they generate.</p>

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Objective	Principle	Description
	<b>Commitment to continuous improvement</b>	RPRA is committed to regularly reviewing and refining its business processes to promote both efficiency and effectiveness in executing its mandate. RPRA will continually seek to refine its approach to cost allocation between programs over time as costs to support new programs become more stable and predictable.
	<b>Recognize equity considerations</b>	RPRA aims to promote an equitable approach to determining fees, costs and other charges that considers the impact of fees on regulated parties in support of a robust Ontario marketplace.  Fees are designed to minimize marketplace distortions and fairly reflect higher volume producers' share.
<b>Fees are predictable and easily understood</b>	<b>Simplicity and predictability</b>	RPRA aims to establish fees that are simply understood and result in predictable costs for fee payors.
<b>Long-term financial sustainability of RPRA</b>	<b>Sustainability and agility</b>	Fees enable RPRA to effectively and efficiently carry out its mandate. RPRA will also maintain prudent reserves to provide it with the operational agility to respond to emerging risks and priorities.

The fee-setting *principles* are adapted from the [OECD's Guidelines for User Charging \(1997\)](#).

Four overarching *rules* currently apply to fee setting. Additional rules may be identified, and rules may be modified, as other programs are implemented.

The rules are:

1. No proration – fees charged are for the calendar year in which the fees are paid.
2. No in-year adjustments – any adjustment required will be reflected in the calculation of fees for future calendar years.

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3. Fee payors will pay fees in each program for which they are registered.
4. Annual costs are borne by the parties responsible for supplying regulated materials into the marketplace or for generating the material required to be managed.