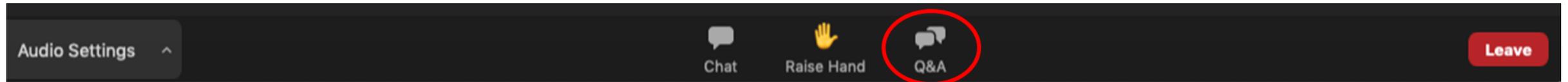


Proposed 2023 Fees for Users of the Excess Soil Registry

October 20, 2022



How to ask a question



To ask a question at any time during the presentation or for technical assistance, click on the Q&A tab, type your question in the text box and click “send”.

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 2023 fees for users of the Excess Soil Registry
- Proposed 2023 fees for all of RPRA’s RRCEA programs (Tires, Batteries, ITT/AV, Hazardous and Special Products, Blue Box, and Lighting) and the Excess Soil Registry were posted for information and feedback on September 26. Proposed 2023 fees for users of the Hazardous Waste Program (HWP) Registry were posted on October 6.
- Fees are being proposed in advance of the calendar year in which they will apply. RPRA’s 2023 budget, on which 2023 fees are based, has already been finalized as part of RPRA [2023 Business Plan](#), which can be found on RPRA’s website.

Background on cost recovery

- The RRCEA and WDTA allow RPRA to set and collect fees to recover its costs. Fee revenues come from three sources:
 1. Annual fees from 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 from parties obligated to register and report through RPRA's Excess Soil and Hazardous Waste registries. These fees cover RPRA's cost to build and operate registry systems for programs under the EPA 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 EPA programs.
 3. Monthly cost recovery charges to industry funding organizations (IFOs) and industry stewardship organizations (ISOs) under the WDTA. WDTA monthly charges cover RPRA's costs to oversee the operation of legacy waste diversion programs, IFOs and ISO's, and the wind-up of IFOs.
- RPRA engaged the management consulting firm Optimus SBR to conduct a third-party review of its fees in fall 2021 to identify any enhancements to reflect best practices in fee setting. The review was completed before 2022 RRCEA Program Fees were set.
- The review concluded that RPRA's cost allocation methodology and fee model were reasonable and consistent with RPRA's fee-setting principles (found in the [General Fee-Setting Policy](#)). The review also concluded that RPRA's fee-setting principles were consistent with best practices.
- [Optimus SBR's Executive Summary](#) of their review of RPRA's Cost Allocation Methodology and Fee-Setting Model.

Consultation process for 2023 fees for users of the Excess Soil Registry

- 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 2023 fees for producers of materials regulated under the RRCEA (tires, ITT/AV and batteries, lighting, HSP materials and Blue Box materials) and users of the Excess Soil Registry **began on September 26 and ends on November 10, 2022.**
- You can send feedback to consultations@rpra.ca **on or before November 10.**
- 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 December 1st** and stakeholders will be notified when they have been posted.
- For more information on the consultation process, visit our [website](#).

Approach to fee setting

RPRA's proposed fees are guided by its [General Fee-Setting Policy](#), which is posted on RPRA's website.

There are four main inputs into RPRA's fee proposal development process:

1. The **annual budget**, which is set out in the annual business plan and consulted on with the Industry Advisory Council and Service Provider Advisory Council. Details of the annual budget are included in the 2023 Business Plan.
2. RPRA's **Cost Allocation Methodology**, which guides the allocation of RPRA's costs to the different programs RPRA operates.
3. The **fee model** that determines how and what fee payers within each program are charged.
4. Estimates of **number of fee payers and the amount of material supplied or generated** for each program

2023 Program Cost Allocations and Recoveries



RPRA's strategic priorities

RPRA's cost recovery target is required to support the delivery of 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.

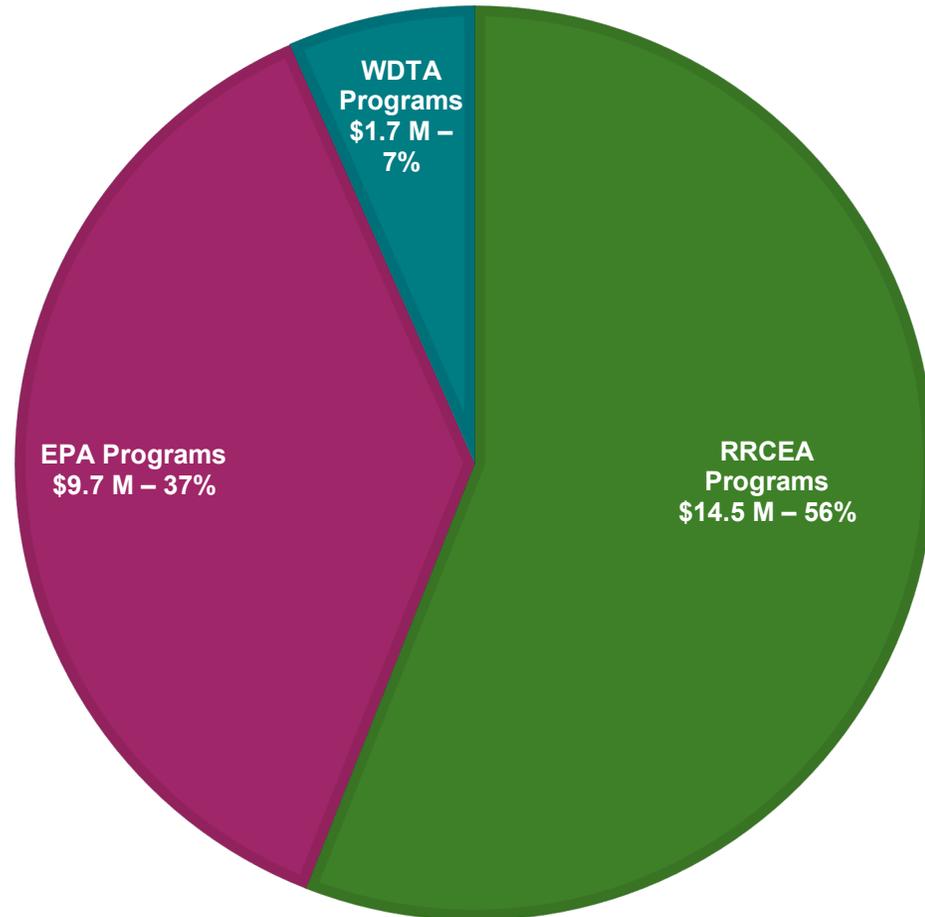
4. Building an accountable, transparent and sustainable organization that achieves value for money

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.

New investments in front-line services and registry support

- RPRA's 2023 budget includes new and necessary investments focused on:
 - **Front-line staff:** RPRA is planning for nine additional front-line staff compared to last year's forecast to meet registrant expectations for assistance in using the registry and achieving compliance.
 - **IT support:** RPRA is planning substantial additional investment in licensing and software, security improvements, and an enlarged managed services team to help ensure the security, reliability and useability of all registry portals.
- The investments are necessary because:
 - The volume of interactions with registrants is increasing substantially in 2023.
 - Growth has been accelerating over the past year as we have begun implementing four new programs.
- These new investments will help ensure that RPRA provides the support its registrants need to fulfill their regulatory requirements without undue burden and achieve the regulatory and service delivery outcomes for both the RRCEA programs and the Hazardous Waste and Excess Soil registries.
- More information about RPRA's budget can be found in the [2023 Business Plan](#).

2023 RPRA cost recovery targets



- RPRA's 2023 cost recovery target is approx. \$25.9 M
- A detailed budget is included in the 2023 Business Plan
- Cost recoveries from EPA programs have increased over 2022, with HWP launching in January 2023 and assuming Excess Soil registrants will be required to file notices to the registry starting in January 2023.

2023 RPRA cost recovery targets (year-over-year)

Program	2022	2023	Notes
Targets for RRCEA and EPA programs:			
RRCEA programs (Tires, Batteries, ITT/AV, Lighting, HSP, BB)	\$12.5 M	\$14.5 M	Year-over-year increase reflects increase in investments, full amortization of registry portals, impacts of interest rate increases, among other things.
EPA programs (Excess Soil and Hazardous Waste program registries)	\$3.3 M	\$9.7 M	2023 will be the first year both the Hazardous Waste Program and Excess Soil registries will be fully operational and incurring the full costs of that operation. The 2023 cost recovery target reflects the IT and registry support needs of the Hazardous Waste Program and Excess Soil registries and includes start-up costs carried over from 2022.
Total RRCEA and EPA programs target:	\$15.8 M	\$24.2 M	
WDTA programs target:	\$2.7 M	\$1.7 M	Cost recovery target for WDTA programs will eventually reach zero in future years once all programs are wound-up.
Total RPRA cost recovery target:	\$18.5 M	\$25.9 M	The increase in RPRA's total cost recovery target from 2022 to 2023 is due to new investments in front-line staff and IT support necessary to handle new programs and the demands of existing programs, increased interest and amortization due to inflation, and an increased contribution to the operating reserve to reduce risk (including cash flow risk) and ensure continuity of service.

Cost Allocation Methodology

RPRA's current cost allocation methodology was adopted in 2022 after reviewing the previous cost allocation methodology, along with the fee model, with an external party. The [summary](#) of that review is available on our website. The methodology comprises 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 indirect and shared costs across all programs using key cost drivers. For example:
 - Indirect costs such as insurance, board remuneration, website, non-registry amortization and office supplies are shared equally across programs
 - 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 equally across programs, or are shared using an average of various cost drivers.
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 program.

2023 RPRA cost recovery targets by program

Program	2023 RRCEA/EPA targets
Tires	\$2.3 M
Lighting	\$1.3 M
ITT/AV and Batteries	\$3.2 M
HSP	\$2.5 M
Blue Box	\$5.2 M
Excess Soil (2023 includes \$0.2M to partially recover 2021 start-up costs)	\$2.3 M
HWP (2023 includes \$0.9M to partially recover prior year start-up costs)	\$7.5 M
Total RRCEA and EPA programs	\$24.2 M

Excess Soil Registry program Costs

Excess Soil Registry program costs (estimates based on 2023 budget)	2023 (in millions)	Notes
1. Amortization	\$0.2	Development costs for the Excess Soil registry are amortized over 10 years; also includes an equal program share of registry foundation common costs
2. Interest	0.18	Estimated annual interest payments on registry development costs which have been debt financed
3. Indirect and shared costs allocation	1.6	Indirect costs are general administration and other costs shared equally across programs; shared cost allocation for registry support and other shared services based on cost drivers, including number of registrants
4. Start-up costs and reserve contribution	0.1	Equal program share of recovery of RRCEA start up costs and allocation of contribution to operating reserve
5. Estimate of deferred operating costs	0.2	Actual costs incurred in 2021 will be recovered equally over three years - 2023, 2024 and 2025
Total costs to be recovered from users of the Excess Soil Registry in 2023	2.3	

Proposed 2023 Fee Model and Fee Rates for Excess Soil Registry users



Proposed fees for Excess Soil

- The proposed fee model for the Excess Soil Registry is unchanged from 2022
- In developing the proposed fee model and rates, RPRA is assuming registrants will be required to file notices to the registry as per the Excess Soil Regulation beginning on January 1, 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
- 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 to increase the flat fee for small producers in RRCEA programs and fee-paying registrants to the Excess Soil Registry from \$75 to \$85 to acknowledge RPRA's budget growth and inflationary impacts on the budget. The flat fee has been set at \$75 since it was first established in 2018.
- 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

Proposed fees for Excess Soil cont'd

- RPRA estimates approximately 30 million m³ of soil to be reported annually, representing on average a total of 1,000 notices annually.
- The Ontario government paused the requirement to use the Excess Soil Registry in spring 2022. The registry has been kept open by RPRA for voluntary filings. This fee proposal assumes the pause will be lifted and that all mandatory filings will resume starting January 1, 2023.
- In 2023, RPRA estimates a higher number of notices and a higher volume of soil to be filed in 2023, compared to the estimated annual average. 2023 filings are expected to include:
 - Notices filed by project owners for excess soil generated in 2023
 - Notices filed for excess soil generated in 2022, which projects owners are also required to report when the program fully re-launches on January 1, 2023
- A portion of the Excess Soil Registry program revenue target for 2022 that was not recovered due to the regulatory pause will be recovered in 2023. This delayed recovery, plus an overall increase in RPRA's total budget including investments to support the program, means that proposed rates for some projects, excluding small soil-removal projects, have increased by 20%.
- In addition, the maximum soil volume that would be charged at a variable rate has increased from 250,000 m³ to 500,000 m³, protecting smaller projects from bearing the brunt of the variable rate increase.

Proposed fees for Project Area notices

- Proponents of projects that generate at least 100 m³ 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.

Proposed Project Area Fees:

Description	Associated Soil Volume	2022 Fee	Proposed 2023 Fee
Very small projects (e.g., a backyard pool, small-scale natural rehabilitation)	100 -1999 m ³	\$0	\$0
Small to medium scale projects (e.g., regrading a backyard, installing an ornamental pond, other large-scale landscaping, building a single home)	2000 < 10,000 m ³	Flat - \$75	Flat - \$85
Small infill development, linear infrastructure	>10,000 m ³ to 50,000	Variable - \$0.025/m ³	Variable - \$0.025/m ³
Condo and townhome condo developments, smaller commercial and industrial projects	>50,000 m ³ to 100,000 m ³	Variable - \$0.040/m ³	Variable - \$0.048/m ³
New subdivisions, large-scale industrial and commercial development, subway line)	>100,000 to 500,000 m ³	Variable - \$0.050/m ³	Variable - \$0.060/m ³
	>500,000 m ³	Flat - \$12,500	Flat - \$30,000

Proposed fees for Reuse Site notices

- Owners of soil reuse sites receiving 10,000 m³ of soil or more are required to register their site
- Staff do not anticipate any registrations for reuse sites accepting more than 5 million m³ of soil, because only known sites of this size in Ontario already registered in 2022

Proposed Reuse Site Fees

Description	Associated Soil Volume	2022 Fee	Proposed 2023 Fee
Small development sites; parks; small aggregate extractions ties	10,000 to 50,000 m ³	\$750	Flat - \$900
	50,000 > 1 Million m ³	\$3,000	Flat - \$3,600
Medium aggregate extraction sites, large development sites	1 > 5 Million m ³	\$7,000	Flat - \$8,400
Very large commercial fill sites (former quarries)	>5 Million m ³	\$10,000	Flat - \$12,000

Proposed fee for RDSD notices

- Owners of Residential Development Soil Depot sites are required to register their depot

Proposed RDSD Site Fees:

Description	Associated Soil Volume	2022 Fee	Proposed 2023 Fee
Residential Development Soil Depot	<10,000 m3	Flat - \$250	Flat - \$300



Questions?

A close-up photograph of a person's hands typing on a silver laptop keyboard. The laptop screen is dark and occupies the upper half of the frame. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing white text. The background is blurred, showing what appears to be a window with light coming through. The person's hands are in the foreground, and a portion of their red sleeve is visible on the left side.

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our webinars**

Feedback

- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca
- Email your feedback to consultations@rpra.ca on or before November 10, 2022
- For more information on the consultation process, visit our [website](#).