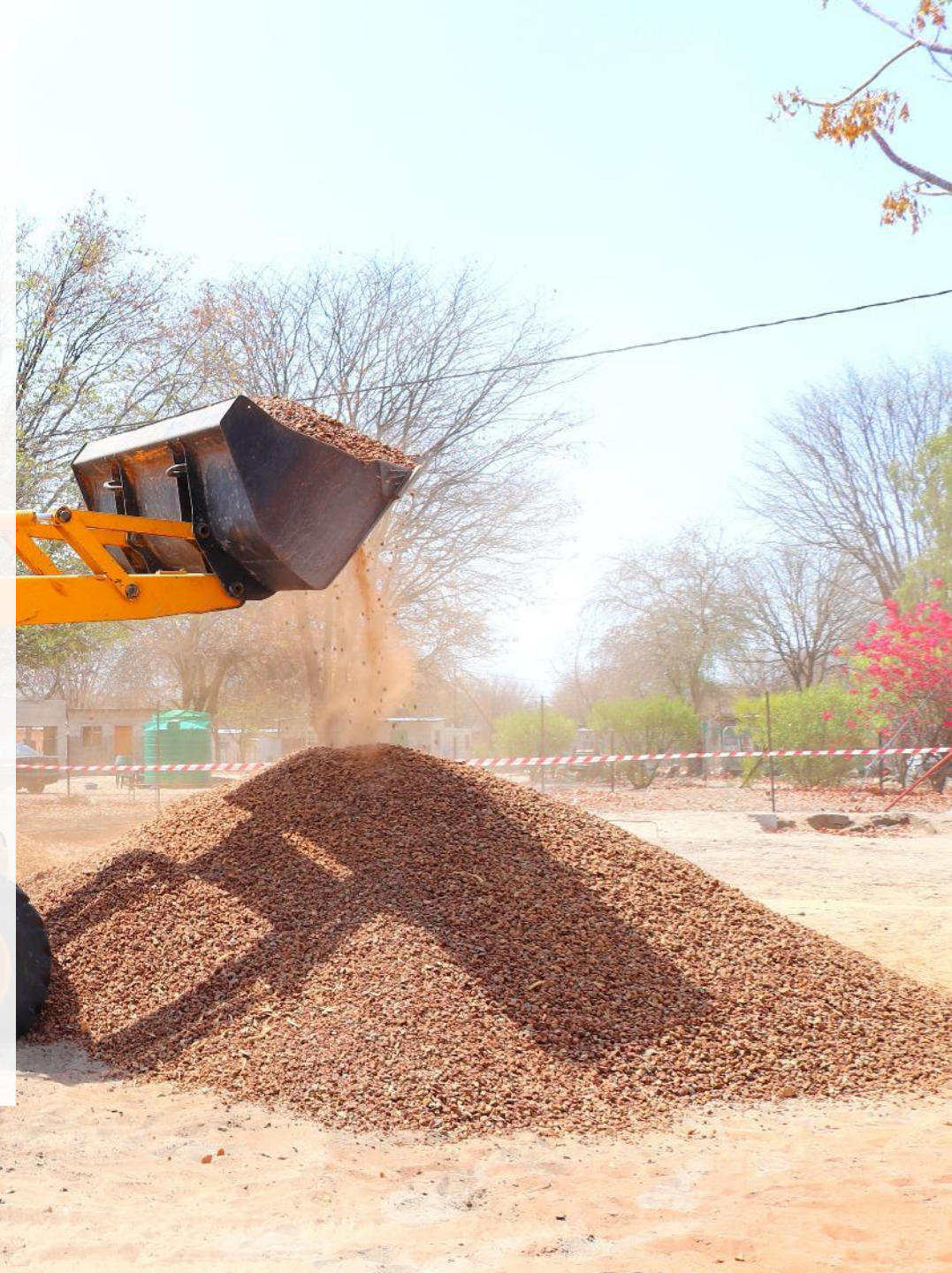


RPRA consultation on proposed 2025 Excess Soil program fees

October 9, 2024



About RPRA

- 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 a producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA)
 2. Provide digital registration and reporting services 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 to recover its costs to deliver its mandate.

Proposal scope

- This proposal is provided for information and to obtain feedback on proposed 2025 program fees for users of RPRA's Excess Soil (ES) registry.
- Fees are being proposed in advance of the calendar year in which they will apply.
- RPRA's 2025 budget, on which 2025 program fees are based, has been finalized as part of the [2025 Business Plan](#).
- This presentation provides key financial information excerpted from the [2025 Business Plan](#) that will provide stakeholders with financial and contextual information to inform feedback.

Mandate to implement the ES Registry

- RPRA is mandated by the Minister of the Environment, Conservation and Parks to establish and maintain the Excess Soil registry which enables:
 - Regulated persons to comply with registration and notice filing requirements outlined in the regulation
 - The ministry to access notice filings and associated data; and
 - The public to access the information contained in notice filings
- The Ministry of the Environment, Conservation and Parks (MECP) is responsible for policy and programs related to Excess Soil and, for conducting compliance and enforcement activities under the Excess Soil Regulation.
 - If you have questions related to the regulation, please email the ministry at MECP.LandPolicy@ontario.ca.
 - For site-specific questions related to Excess Soil movement, please contact the ministry's local district office. To find an office, please use the [District Locator](#).
- The RPRA website has more information about the [ES registry](#), including FAQs, training materials and other information

Consultation process

- RPRA's legislative framework requires RPRA to consult on proposed program fees for 45 days and post the final fees for 30 days before they come into effect.
- The consultation on proposed 2025 program fees began on **September 27** and ends on **November 12, 2024**.
- You can send feedback to consultations@rpra.ca anytime until **November 12, 2024**.
- The recording will be posted to the [consultation webpage](#) on RRPA's website following the webinar.
- The finalized 2025 program fees and a consultation report summarizing feedback received during the consultation will be posted to RPRA's website on or before **December 1st**, and stakeholders will be notified of the posting.
- For more information on the consultation process, visit RPRA's [consultation webpage](#).

What do RPRA's excess soil program fees support?

RPRA's program fees support the delivery of RPRA's mandate, which consists of the following overarching deliverables:

- **development and ongoing maintenance of the Excess Soil registry**
- **operating the registry and providing support to Excess Soil registrants**
- **public reporting of registry data (new this year, and coming soon)**

[RPRA's Strategic Plan](#) contains RPRA's overarching strategic goals and objectives, and the strategies employed to achieve those goals and objectives.

RPRA's strategic goals

RPRA's budget is driven by its strategic goals:

- **Accessible registry services that provide value to registrants**
- **Effective enforcement that supports waste reduction and a healthy resource recovery sector**
- **Public information about resource recovery, waste and RPRA activities that is useful and trusted**
- **A connected culture where employees can grow and do meaningful work**
- **Robust internal systems and processes that remain innovative and adaptable to change**

Select new 2025 planned activities supported by RPRA program fees

The full list of RPRA's key new planned activities for 2025 is published in [RPRA's 2025 Business Plan](#). A selection of activities is summarized below:

- **Finalize and implement a registry service delivery model, including proposed service standards**
- **Improve the efficiency of RPRA's billing and payment processes**
- **Develop and launch new public-facing website about Ontario's circular economy**

The noted new activities are in addition to ongoing improvements to day-to-day service delivery across all our departments, including registrant support, data analytics, finance, and IT.

RPRA's approach to fee setting

RPRA's [General Fee Setting Policy](#) provides guidance for setting fees.

There are four main steps to determining program fees:

1. Annual budget setting
2. Allocation of costs to individual programs
3. Subtraction or addition of programs' prior year surplus or deficit
4. Application of each program's fee model

For more information about RPRA's approach to fee setting, visit the [fees webpage](#) on the RPRA website.

RPRA's cost allocation methodology

The cost allocation methodology distributes RPRA's annual total cost recovery target between programs to fairly recover costs related to each program, and to avoid registrants from any one program subsidizing the costs of another program.

RPRA's cost allocation methodology divides the organization's overall costs into two categories:

- **Direct costs** are attributable to a specific program, including registry amortization and interest, registry foundational costs and interest, professional fees, and certain IT and registry-related expenses.
- **Common costs** cannot be directly attributed to a program as they are either indirect costs or shared service costs. Common costs are divided up among the programs using key cost drivers, such as number or registrants (for HWP and excess soil registries) or number of producers (producer responsibility programs)
 - **Indirect costs** include board remuneration, non-registry amortization, leadership and certain administrative salaries, and office supplies
 - **Shared service costs** include staff salaries and benefits, IT services and support, and software licenses.

Annual contribution to RPRA's contingency reserve is allocated to each program based on the program's share of total budgeted cost recoveries.

Fee revenue sources

RPRA recovers its costs by setting and collecting program fee revenues from three sources:

- 1. Producer responsibility program registrants**

Fees to producers that are required to register and report to RPRA under the RRCEA regulations.

- 2. Excess Soil and Hazardous Waste program registrants**

Fees to parties obligated to register and report through RPRA's Excess Soil and Hazardous Waste Program (HWP) registries. The Ministry of the Environment, Conservation and Parks is responsible for compliance activities related to these programs.

- 3. *Waste Diversion and Transition Act, 2016 (WDTA) programs***

Monthly cost recovery charges to industry funding organizations.

2025 budget, program cost recovery targets, and surplus/deficit applications



2025 budgeted revenue requirement excluding surplus or deficit adjustments

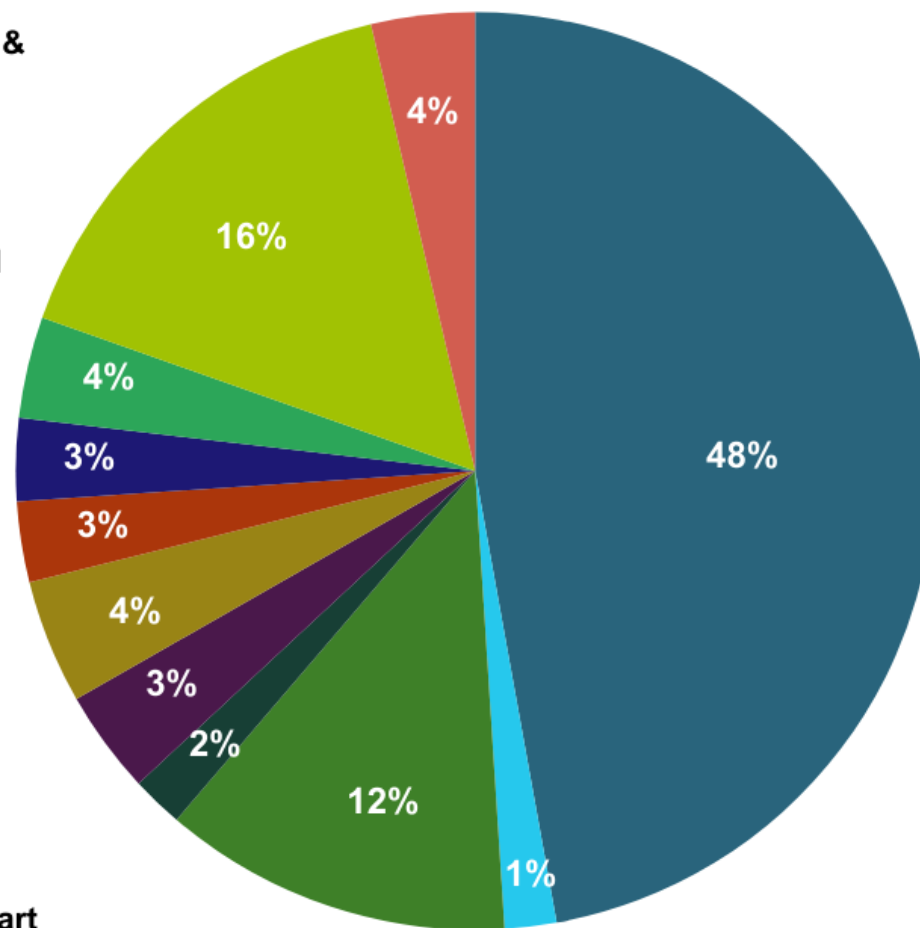
Program allocations	2024 budgeted revenue requirement	2025 budgeted revenue requirement	Notes
Producer responsibility programs (tires, batteries, electronics, hazardous and special waste (HSP), lighting, Blue Box materials)	\$15.2 M	\$16.8 M	The increase in cost recovery targets for registry programs reflects the increased resourcing costs for service and administration of the registry, increased resources to support compliance and enforcement activities, and required technology investments. The Blue Box program needs have driven \$1.2M of \$1.4M increase in the producer responsibility program increase.
Excess soil and hazardous waste registry programs	\$8.9 M	\$9.1 M	
Sub-total – registry programs	\$24.1 M	\$25.9 M	
WDTA programs	\$1.7 M	\$1.3 M	Cost recovery target for WDTA programs will eventually reach zero in future years, once all programs are fully wound-up.
Total RPRA Budget	\$25.8M	\$27.2M	RPRA's budget increased by 5% compared to the 2024 budget – in line with the 2025 forecast published in RPRA's 2024 business plan .

RPRA's 2025 Budget – 2025 Business Plan

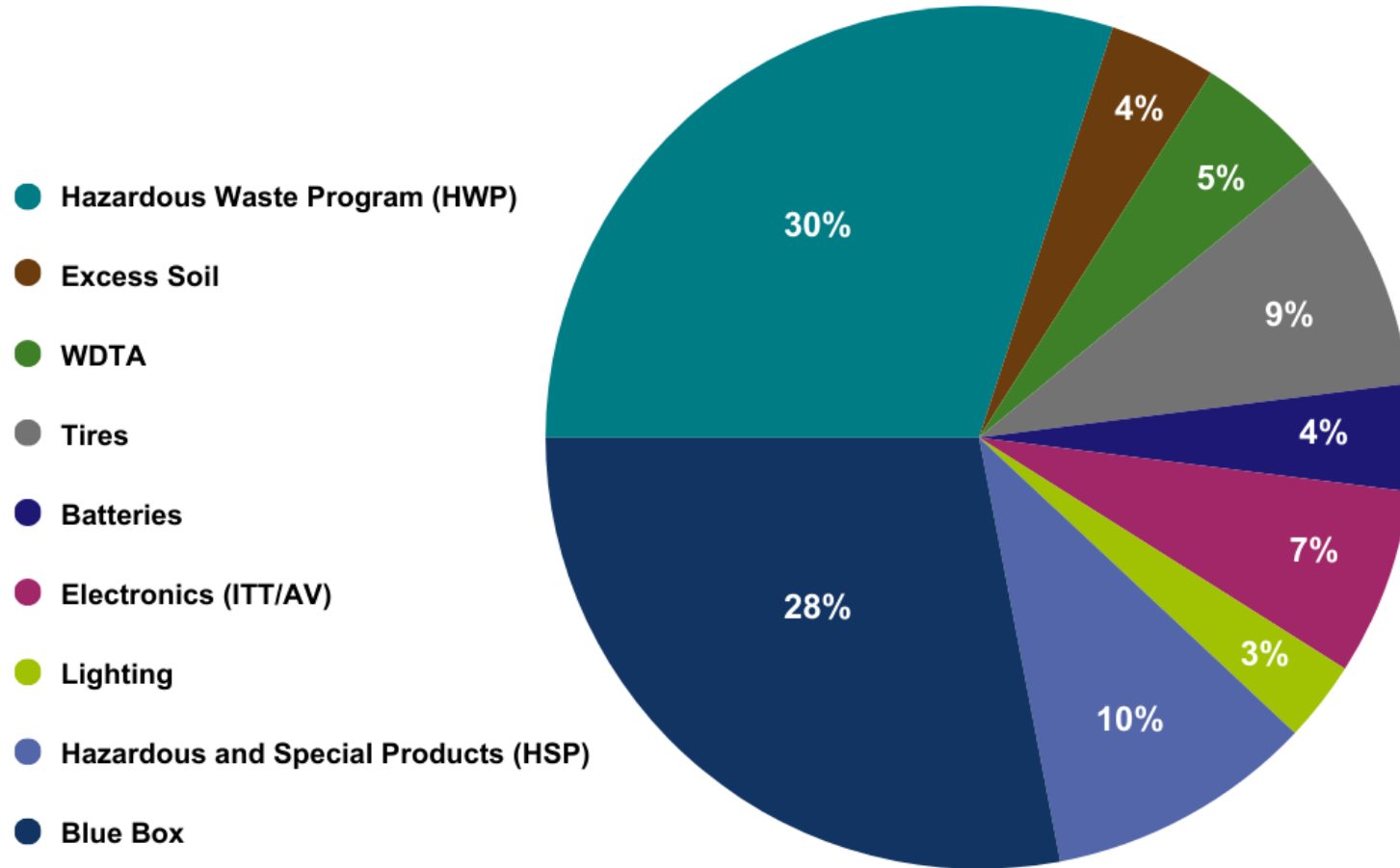
	2024 Business Plan	2025 Business Plan
In Millions \$	2024 Budget	2025 Budget
Revenues		
Cost recovery	24.6	26.1
Recovery of reserve contribution	1.2	1.0
Recovery of start-up costs	0.1	0.1
Interest income	-	0.2
Recovery of prior year's expenses	0.5	0.3
Total Revenues	26.4	27.8
Expenses - Direct, Indirect and Shared		
Salaries and benefits	11.5	12.9
Communications, data analytics & stakeholder engagement	0.4	0.3
Amortization	3.3	3.4
Board compensation and related expenses	0.5	0.5
Rent	0.9	0.9
Interest	1.4	1.2
Other operating	0.7	0.8
Professional fees	1.1	1.0
Compliance and registry support	0.8	0.8
Registry and IT	4.0	4.4
Total Expenses	24.6	26.1
Excess of Revenues over Expenses	1.8	1.6
Total Expenses	24.6	26.1
Reserve recovery and RRCEA start up recovery (add to total expenses)	1.3	1.1
Total Revenue Requirement (including contribution to reserve and RRCEA start up deficit)	25.8	27.2

2025 budget breakdown

- Salaries and benefits
- Communications, data analytics & stakeholder engagement
- Amortization
- Board compensation and related expenses
- Rent
- Interest
- Other operations
- Compliance and support
- Professional fees
- Registry and IT
- Reserve recovery and RRCEA start up recovery



2025 program cost allocations



62% - producer responsibility programs

33%- Excess soil and HWP registries

5% - WDTA

Application of program surplus or deficit

- Program surpluses or deficits occur when annual revenue for a program (the amount of fees collected from registrants) exceeds or falls short of the program's cost recovery target.
- Surpluses and deficits for each program are applied to the cost recovery target two years after they occur and may be applied over the span of one or more years, with a goal of minimizing annual fee fluctuations for the program.

Recovery of Excess Soil Program deficits:

- The 2025 Excess Soil revenue requirement will include a deficit recovery of **\$794K** (compared to \$650K in 2024), to recover the forecasted balance of unbilled program fees.
- The proposed recovery in 2025 is higher than 2024, because 2024 revenues available for deficit repayment are trending below budget.
- As of December 31, 2024, \$3.0M in total unbilled fees remain, which are planned to be recovered by the end of the 2028.

2025 revenue requirement by program including surplus-deficit

Program	2024 recovery target	2025 program allocation	2025 recovery of prior year deficit / (refund of prior year surplus)	2025 Recovery Target
Tires	\$2,327,721	\$2,490,919	\$(94,715)	\$2,396,204
Batteries & ITT/AV	\$2,558,286	\$3,080,626	\$(617,382)	\$2,463,244
Lighting	\$1,220,322	\$920,965	\$ - *	\$920,965
HSP	\$2,569,089	\$2,559,771	\$ - *	\$2,559,771
Blue Box	\$5,922,070	\$7,721,814	\$(917,523)	\$6,804,291
Excess Soil	\$1,752,915	\$1,138,659	\$793,756	\$1,932,415
HWP	\$8,331,344	\$8,012,790	\$318,242	\$8,331,031

* No program surplus or deficit amount applied to the recovery target of these programs in 2025

Breakdown of the Excess soil program revenue requirement

Excess soil	
Direct costs	\$0.302M
Indirect and Shared costs	\$0.78M
Reserves and Start-up recovery	\$0.053M
Recovery of prior year costs	\$0.79M
Total revenue requirement	\$1.93M

Breakdown of proposed year over year excess soil fee change

- The program allocation to Excess Soil of direct, shared and indirect costs stayed the same for 2025 compared to 2024.
- Despite no increase in the program allocation, the proposed deficit recovery for 2025 plus a decrease in the volume of excess soil predicted to be reported into the registry in 2025 (based on 2024 year-to-date) requires an increase to the proposed fee rate.

Proposed 2025 ES registry fee rates



Excess soil fee structure: No proposed change

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
 - The Excess Soil fee model is proposed to be the same as 2024; no objection has been raised to the fee model by stakeholders
 - Based on notices filed thus far in 2024, volumes and notice numbers are tracking towards staff predictions made when fees were set in early 2024. Project area notice volumes are tracking slightly below, and RPRA has adjusted estimates for 2025 accordingly. A significant volume of filings and revenue was generated in Q1 2024, before the effective date of the substantial fee increase in early April. This has contributed to part of the 2024 revenue shortfall, however RPRA is still investigating this variance for reasonableness.

Excess Soil – proposed 2025 project area notice fees vs. 2024

Description	Soil Volume	2024 Fee	2025 fee	% increase over 2024
Very small projects (e.g., a backyard pool)	100-1999 m3	\$90	\$95	5.6%
Small to medium scale projects (e.g., regrading a backyard, building a single home)	2000 < 10,000 m3	\$0.100	\$0.130	30%
Small infill development; linear infrastructure	>10,000 m3 to 50,000	\$0.125	\$0.163	30%
Condo townhome developments, smaller commercial and industrial projects	>50,000 m3 to 100,000 m3	\$0.240	\$0.312	30%
New subdivisions, large-scale industrial and commercial development, subway line)	>100,000 to 500,000 m3	\$0.300	\$0.390	30%
	>500,000 m3*	\$150,000	\$195,000	30%

Excess soil – proposed reuse site and soil depot notice fees vs. 2024

Notice type/site size	2024 fee (flat)	2025 fee	% increase over 2024
Reuse Site (10,000 to 50,000 m3)	\$3,150	\$3,310	5%
Reuse Site (50,000 to 1 M m3)	\$12,600	\$13,230	5%
Reuse Site (1-5 Million m3)	\$29,400	\$30,870	5%
Reuse Site (> 5 Million m3)	\$42,000	\$44,100	5%
Residential Development Soil Depot	\$1,050	\$1,103	5%

Feedback

- If you have questions about the proposal or would like to discuss it in more detail, email us at consultations@rpra.ca.
- All feedback received will be considered in our decision-making process for setting the fee rates.
- The finalized 2025 program fees and a consultation report summarizing feedback received during the consultation and how RPRA considered that feedback will be posted to RPRA's website on or before **December 1st**, and stakeholders will be notified of the posting.
- **Email your feedback to consultations@rpra.ca on or before November 12, 2024**