



Resource Productivity & Recovery Authority

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**RPRA**  
Resource Productivity  
& Recovery Authority

2017 BUSINESS PLAN

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**Advancing a circular  
economy. Towards  
a waste-free Ontario.**



## 1 Introduction

On November 30 2016, the Ontario Government proclaimed the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA), enacted by the *Waste-Free Ontario Act, 2016* (WFOA).

The RRCEA overhauled the former Waste Diversion Ontario (WDO) into the Resource Productivity and Recovery Authority (the Authority) and established a new legislative framework to hold producers individually responsible and accountable for their products and packaging at end of life. As described in Ontario's *Strategy for a Waste-Free Ontario: Building a Circular Economy*: "Through regulations, the government will establish outcome-based requirements that producers will have to meet, such as reduction, reuse and recycling targets, service standards and promotion and education requirements."<sup>1</sup>

The WDTA provides for the ongoing operation of current waste diversion programs and otherwise promotes the orderly winding up of those programs and industry funding organizations to allow responsibility for waste to be governed under the RRCEA.

The Authority, a non-Crown and not-for-profit corporation, performs the duties and exercises the powers given to the Authority under the RRCEA, the WDTA or any other Act. The Authority also provides information to persons involved in activities that relate to resource recovery or waste reduction in Ontario and to the public about the RRCEA, the regulations and activities carried out under the Acts under which the Authority has powers or duties.

The Authority's Business Plan for 2017 focuses on building capacity so that it can fulfill its legislated responsibilities while adhering to the principles of accountability and transparency, including consultation with its stakeholders.

On March 2, 2017, the Authority received direction from the Minister on the content of the Authority's first business plan pursuant to Section 33(4) of the RRCEA.

2017 is the first full year of operations for the Authority. As such, the Authority is taking steps to ensure its organizational structure, business plan and budget reflect its legislated mandate and responsibilities, including being prepared for the wind up of the programs under the WDTA and regulations established by the government under the RRCEA.

A key focus of the Authority in its inaugural year will be establishing a Registry to collect information submitted by obligated parties in order to enforce compliance responsibilities established by the government. The Authority will also establish registration fees to off-set its costs.

Additionally, the Authority will continue to oversee the waste diversion programs continued under the WDTA until their wind up and enforce compliance requirements with the WDTA. The Authority will recover its associated costs from industry funding organizations (IFO) and industry stewardship organizations (ISO) that operate the waste diversion programs.

<sup>1</sup> The *Strategy for a Waste-Free Ontario: Building a Circular Economy* is available on the Environmental Registry at: [https://files.ontario.ca/finalstrategywastefreeont\\_eng\\_aoda1\\_final-s.pdf](https://files.ontario.ca/finalstrategywastefreeont_eng_aoda1_final-s.pdf)

## 2 Authority Overview

### 2.1 Mandate

The Authority's mandate is broadly outlined under the RRCEA and the WDTA and relates to resource recovery and waste reduction in Ontario.

The Authority has a number of key functions under the RRCEA:

- To operate a registry to receive and store information related to resource recovery and waste reduction activities;
- To provide information to the Minister upon request;
- To provide information to the public in accordance with prescribed requirements; and
- To undertake compliance and enforcement against persons who do not meet the prescribed requirements using a range of tools including inspections, compliance orders, administrative penalties, and offence provisions.

The WDTA contains provisions that will enable the orderly wind up of existing waste diversion programs and the associated IFOs so that responsibility for diversion of the materials managed under these programs is seamlessly transitioned to be governed under the RRCEA. The Authority is responsible for oversight, compliance, and enforcement of the existing programs established under the *Waste Diversion Act, 2002* (WDA) and continued under the WDTA until all programs have been wound up.

Under the WDTA, the Authority is responsible for:

- Oversight of the three IFOs and their diversion programs:
  - o Stewardship Ontario (SO) for the Blue Box Program (BBP) and the Municipal Hazardous or Special Waste (MHSW) Program;
  - o Ontario Tire Stewardship (OTS) for the Used Tires Program (UTP); and
  - o Ontario Electronic Stewardship (OES) for the Waste Electronic and Electrical Equipment (WEEE) Program.
- Oversight of ISOs with approved industry stewardship plans (ISPs):
  - o Product Care Association (PCA) for paints and coatings, solvents, fertilizers and pesticides;

- o Automotive Materials Stewardship (AMS) for oil filters, oil containers and antifreeze; and
- o SodaStream for their proprietary pressurized carbon dioxide (CO<sub>2</sub>) containers.
- Oversight of the process to wind up the waste diversion programs and the IFOs, as directed by the Minister.

The Authority's role under the WFOA framework is substantially different from that of the former WDO under the WDA, and its organizational structure, budget and business plan reflect this.

### 2.2 Structure

The Authority is a non-crown, not-for-profit corporation governed by a skills-based Board of Directors with expertise and qualifications aligned with the Authority's mandate. Additional information about board member qualifications can be found in the [Transitional Operating Agreement between the Authority and the Minister](#) available on the Authority's website. The Initial Board is composed of five members appointed by the Minister. The Initial Board is responsible for electing six members to the Board within its first year of operations.

The Board is responsible for the overall governance of the affairs of the Authority and is accountable for the Authority's delivery of its mandated objectives under the Acts and the Transitional Operating Agreement.

In order to deliver its mandate, the Board appoints a Chief Executive Officer (CEO) and a Registrar and delegates responsibilities to these senior staff who are responsible for administering the business of the Authority.

The Authority and its members, officers, employees and agents are not agents of the Crown.

### 2.3 Relationship with the Ministry of the Environment and Climate Change

Under the RRCEA and WDTA, the Minister has a legislative oversight role with respect to the Authority and is required to enter into a Transitional Operating Agreement with the Authority.

The Transitional Operating Agreement sets out the respective roles and responsibilities of the two parties and their operating relationships on the following basis:

## 2 Authority Overview

# To promote and enforce accountability for the reduction and management of packaging and products.

- Clarifies the roles, duties and responsibilities of the Minister and the Authority in relation to the Acts and any administrative matters under the Acts;
- Sets out matters that the Minister considers advisable in the public interest relating to the Authority carrying out its objects, including matters relating to governance and operations as well as any matters required to be included under any other Act;
- Sets out the accountability framework between the parties and clarifies the administrative, financial, working and reporting relationships between the parties; and
- Promotes openness and transparency to serve the public interest.
- Establish a formal process for the Authority to refer matters to the IEB for investigation of alleged offences under the RRCEA and WDTA;
- Establish a formal agreement designating which party will be responsible for enforcement of RRCEA and WDTA offence provisions;
- Establish a formal agreement with respect to delivery of enforcement services by IEB until the Authority can hire inspection and compliance staff;
- Establish a process by which the Authority may provide information to IEB in order to undertake its enforcement responsibilities; and
- Establish a process by which IEB will provide the Authority with information related to the investigation of referrals made by the Authority to IEB.

In addition to the Transitional Operating Agreement, the Authority and the Ministry of the Environment and Climate Change (MOECC) are required to enter into an agreement related to compliance and enforcement matters.

[The Memorandum of Understanding \(MOU\) between the Authority and the MOECC's Investigations and Enforcement Branch \(IEB\)](#), which is available on the Authority's website, sets out the respective roles and responsibilities of the two parties as they relate to enforcement and compliance, in particular as the Authority builds its enforcement and compliance capacity, on the following basis:

The Board is accountable to the Minister for the performance of the Authority.

### 2.4 Mission and Vision

The Authority's mission and vision are as follows:

*Mission: To promote and enforce accountability for the reduction and management of packaging and products*

*Vision: A waste-free Ontario where all resources are reused and recycled*

### 3 Review Of 2016

In 2016, the former WDO operated for 11 months until the Authority's new mandate came into effect on November 30, 2016.

During 2016, the former WDO focussed on two functions:

1. Continuing oversight of diversion programs created under the WDA
2. Preparing for proclamation of the WFOA

#### 3.1 Continuing Oversight of Diversion Programs

The former WDO was responsible for overseeing the following programs:

- The BBP operated by SO
- The MHSW Program operated by SO
- The WEEE Program operated by OES
- The UTP operated by OTS

In addition, the former WDO approved and/or continued oversight of the following ISPs:

- On August 10, 2016, the former WDO Board approved AMS's ISP for antifreeze/antifreeze containers, oil filters, and oil containers. The ISP became effective April 1, 2017.
- On April 14, 2016, the former WDO Board approved SodaStream's single-steward ISP for SodaStream's proprietary CO<sub>2</sub> cylinders. The ISP became effective on June 30, 2016.
- On October 28, 2015, the former WDO Board approved PCA's ISP for pesticides, solvents and fertilizers. The ISP became effective on April 1, 2016.
- On December 10, 2014, the former WDO Board approved PCA's ISP for paint and coatings. The ISP became effective on June 30, 2015.

In addition to program oversight, the former WDO also focused on the following:

- Ensuring Ontario's Blue Box system continues to be funded in a sustainable and predictable manner, including deciding how to proceed with the advice of the former WDO's Blue Box Cost Containment Panel (BBCCP).

- Efforts to compile the information and data necessary to assess and understand designated waste diversion program impacts and outcomes.

The former WDO concentrated on the following to achieve these goals:

#### Blue Box Program

To establish a clear and informed methodology to determine the annual Blue Box steward funding obligation, the former WDO:

- Reviewed the effect of collecting non-obligated materials on the BBP
- Developed a new best practices model to determine the Annual Steward Funding Obligation
- Assessed the Evolving Tonne
- Reviewed the program metrics for Blue Box (e.g., tonnes, volume)

#### Program Reviews

To develop comprehensive and current data on existing programs, the former WDO conducted reviews of the four programs operated by IFOs.

#### Updating the Datacall

As part of its continuous improvement efforts, the former WDO:

- Streamlined the Datacall
  - o Phase I (2016) - Developed a Short-Form Datacall for small municipal programs
  - o Phase II (2017) - Streamlined the Datacall
- Ensured a robust communications and information hub

### 3 Review Of 2016



#### 3.2 Preparing for the Waste-Free Ontario Act, 2016

The former WDO also prepared for the operational and legal changes that would be required following proclamation of the WFOA.

The former WDO reviewed all aspects of its current operations, paying particular attention to the following:

- Governance instruments, including by-laws and policies, to identify changes expected to be required by the Initial Board of the Authority;
- Contractual agreements to prepare appropriate notifications for distribution on the date of proclamation;
- Information management systems to ensure electronic and hard copy records were properly organized and ready to be assumed by the

Authority;

- Registering the address of the Authority's new website that went live on the day of proclamation;
- Independent financial reviews of each IFO to ensure accurate information on each IFO's assets and liabilities;
- Ensuring that on the date of proclamation the Authority had adequate staff resources and capacity to continue overseeing the current diversion programs; and
- Final acts of the former WDO Board to ensure a smooth transition including directing its auditor to audit management's YTD Financial Statements and render an opinion for transmittal to the Authority's Initial Board.



## 4 Major Activities and Objectives for the 2017 Fiscal Year

### 4.1 Governance

Under the Transitional Operating Agreement between the Authority and the Minister, the Authority must develop and adhere to sound governance policies and practices. The Authority must therefore ensure it has a robust set of governance tools.

Actions to establish these governance tools, including election by the Initial Board of six additional Board members, are summarized in the table below together with the Authority's timeline for completion.

Activity	Q1	Q2	Q3	Q4
Develop governance policies	x			
Develop financial control policy	x			
Establish HR Plan	x			
Execute Transitional Operating Agreement	x			
Develop 2017 Business Plan		x		
Recruit and train key employees		x		
Obtain start-up financing		x		
Establish fee-setting policy		x	x	
Submit 2016 Annual Report		x		
Develop 2018 - 2020 Business Plan			x	
Elect six additional board members		x	x	x
Develop Access and Privacy Code				x
Develop French Language Services Delivery Plan				x

#### Quarter 1<sup>2</sup>

- Update the Code of Conduct and General By-Law
- Establish a Financial Management and Controls Policy, including a procurement policy, with a view to accountability, transparency and continuous commitment to cost control and fiscal prudence

- Develop a Human Resources Plan to set out the timeline and process to recruit staff and update human resources policies and procedures
- Establish policies regarding per diem remuneration for Directors and reimbursement of eligible business expenses by Directors and staff
- Establish a perquisites policy
- Transitional Operating Agreement executed by the Authority Chair and submitted to the Minister
- Compliance and Enforcement MOU between MOECC IEB and the Authority finalized

#### Quarter 2

- Develop branding for the Authority
- Submit 2016 Annual Report to the Minister on June 1
- Recruit and train key senior staff according to the Human Resources Plan
- Identify financing sources to ensure adequate cash flow to support the Authority until the government obligates parties to register
- Establish a policy for determining the need for and appropriate amount of a reserve consistent with Section 10.4 (c) of the Transitional Operating Agreement
- Establish a fee setting policy utilizing a transparent consultation process
- Submit 2017 Business Plan to the Minister on June 30
- Elect additional Board members

#### Quarter 3

- Submit 2018-2020 Business Plan to the Minister

#### Quarter 4

- Complete election of six additional Board members to form the full Board
- Develop an Access and Privacy Code to manage information under the control of the Authority
- Develop a French Language Services Delivery Plan

<sup>2</sup> These activities were completed prior to submission of the 2017 Business Plan to the Minister.

## 4 Major Activities and Objectives for the 2017 Fiscal Year

### 4.2 Human Resources

Successful implementation of the 2017 Business Plan relies on recruiting qualified individuals on an appropriate timeline to ensure that the Authority is properly staffed. This will be done by phasing in required staff over the course of the year supported, where necessary, by short term contract positions.

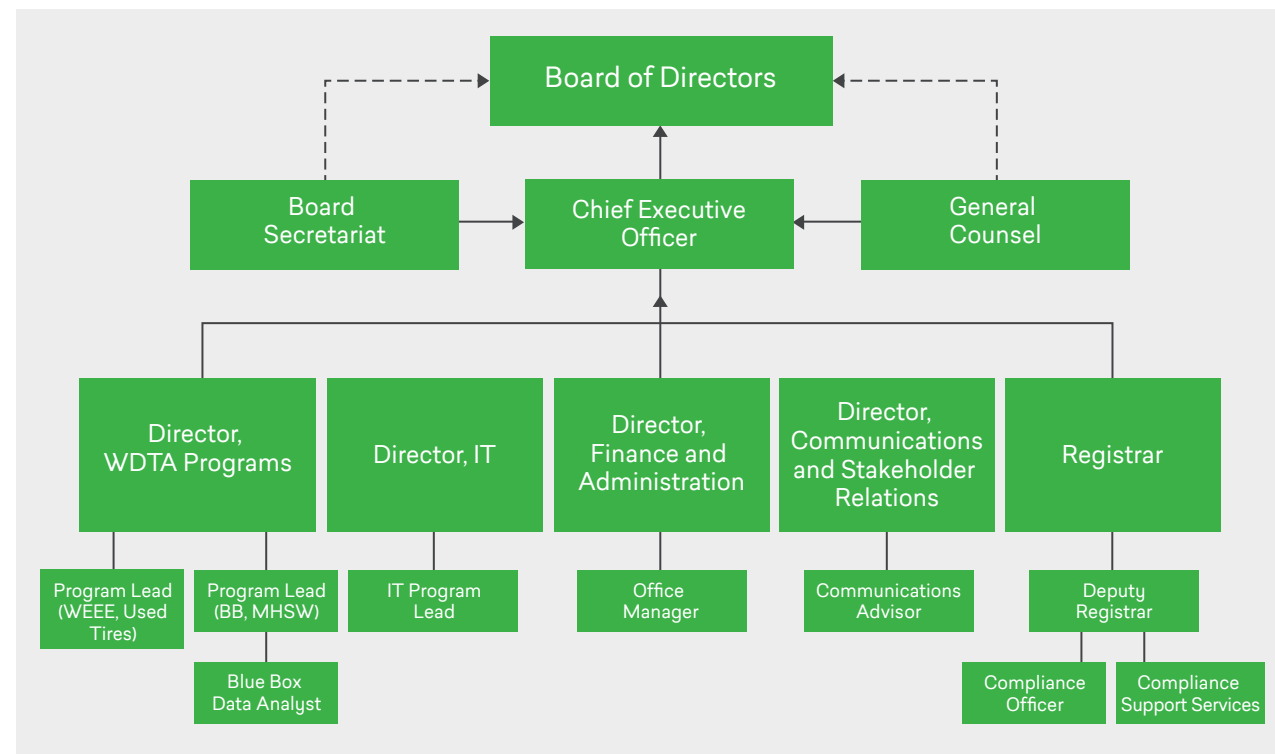
The following organization chart illustrates the Authority's staffing objective for 2017.

Appropriate working space is required for the current

and planned additional staff to optimize productivity and efficiency. As of January 1, 2017, the Authority's leased quarters were at full capacity with overflow employees using office space located on another floor in the same building. In Q1 of 2017 the Authority completed negotiations to relocate to another floor in the same building with sufficient contiguous space for current and planned additional staff.

The Human Resources Manual has been reviewed and updated and additional policies and procedures to support the Authority's staff will be developed as required.

### RPRA Administering RRCEA and WDTA



## 4 Major Activities and Objectives for the 2017 Fiscal Year

### 4.3 Waste Diversion Transition Act, 2016

The Authority is responsible for oversight, compliance and enforcement of the programs established under the WDA and continued under the WDTA, namely:

- BBP
- MHSW Program
- WEEE Program
- UTP

The WDTA provides for an orderly wind up of these programs and the associated industry organizations as regulations for these materials are developed under the new producer responsibility framework. The Authority is responsible for overseeing the existing programs and this transition process. The Minister will initiate the process by issuing a notice of wind up to an IFO. Stakeholder consultations will occur as part of the development of the wind up plan by the IFO and during the Authority's review of the plan.

To meet its responsibilities under the WDTA, the Authority must ensure it has the capacity to continue the oversight of existing programs, ensure it has the data and other information necessary to do so, and to evaluate any wind up plans that are required to be submitted to the Authority in 2017. The Authority will ensure the full complement of existing resources needed for these oversight responsibilities in 2017.

The Authority will also ensure compliance by the existing programs and conduct enforcement, if required.

The Authority and MOECC finalized on April 18, 2017 a Memorandum of Understanding (MOU) for the provision of compliance and enforcement by the Investigations and Enforcement Branch (IEB) of the MOECC until the Authority has this capacity in place.

### 4.4 Wind Up of Used Tires Program and Ontario Tire Stewardship

On February 17, 2017 the Minister directed OTS to develop a plan to wind up the operations of the UTP by December 31, 2018 and to wind itself up once the program has ceased operations. OTS is required to consult with stakeholders during development of its wind up plan and include a detailed report of its communications with affected stakeholders and the public during development of the wind up plan. OTS is required to submit the wind up plan to the Authority by October 31, 2017.

The Authority can approve the wind up plan if it complies with the Minister's direction and the provisions of the WDTA and its regulations. As part of its review and approval of the wind up plan, the Authority is required to consult with stakeholders. Implementation of the wind up plan begins on the date of the Authority's approval of the plan.

### 4.5 Resource Recovery and Circular Economy Act, 2016

Under the RRCEA, the Authority is required to appoint a Registrar to establish, maintain and operate an electronic registry to collect and store information related to resource recovery and waste reduction activities.

Recruitment of the Registrar and development of the registry are priority activities for the Authority in 2017. The Registrar is expected to be in position in Q2 2017. Procurement of the services required to establish the registry will be implemented in Q1 and Q2 of 2017 in order to have the registry functional by the end of 2017.

The Authority is also responsible for compliance and enforcement against persons who do not meet the requirements prescribed in regulations under the RRCEA using a range of tools including inspections, compliance orders, administrative penalties, and offence provisions. The Registrar is responsible for building the Authority's capacity to carry out its compliance and enforcement responsibilities. This work will begin in 2017.



## 5 2017 Performance Measures

### 5.1 Introduction

Performance measures have been identified in Ontario's *Strategy for a Waste-Free Ontario: Building the Circular Economy* to assess progress towards the province's waste reduction and recycling goals. The Authority will establish its own set of performance measures to assess and report on its effectiveness and efficiency as an oversight body for resource recovery and waste reduction activities.

### 5.2 Performance Measures

The Authority's first year of operation is an opportunity to build the organization, establish baseline metrics and identify administrative performance measures. These measurable indicators are informed by the Authority's mandate, responsibilities and its 2017 priorities and are selected to be challenging but also achievable statements of planned results.

The Authority will report on its performance against these measures in its 2017 Annual Report to the Minister and at its public Annual General Meeting in 2018 to ensure both transparency and accountability to its stakeholders and the public.

Many of the performance measures set out below are activities associated with establishing the organization's foundational structure and processes to be completed in 2017. These activities do not lend themselves to quantification or measurement.

The following are the Authority's 2017 performance measures and key indicators.

#### Governance

a) Establish a governance framework that is committed to ethics, professionalism and fiscal prudence

##### Key Indicators

- Approve General By-Law and Code of Conduct, including conflict of interest protocol
- Approve a policy and supporting business procedures with respect to Board remuneration and reimbursement of business expenses within the spirit of Ontario Public Sector (OPS) directives
- Approve a governance manual within the spirit of OPS directives
- Develop a Financial Management and Controls Policy, a Whistleblower Policy, and policies and

procedures manuals for staff positions within the spirit of OPS directives

- Execute the Transitional Operating Agreement with the Minister
  - Develop mission and vision statements
  - Develop a comprehensive risk management framework
- b) Establish a skills-based Resource Productivity and Recovery Authority Board reflecting the diversity of Ontario

##### Key Indicators

- Assess the Initial Board skills profile
- Conduct an open search to recruit candidates and subsequently elect six additional members to ensure that the full board is appropriately representative of the diversity of Ontario and collectively brings the skills and expertise necessary to deliver the Authority's mandate
- Establish Board Committees in keeping with the General By-Law including any ad hoc committees that may be required in the start-up period to further support the effectiveness of the Board and the Authority

#### Human Resources

Develop and implement a Human Resources Plan, including recruitment, training and on-boarding of staff in key functions: registry, information technology, finance and administration, compliance and enforcement, and communications and stakeholder relations.

##### Key Indicators

- Create a Human Resources Plan to recruit, support and retain qualified staff to meet the Authority's needs
- Recruit and appoint a Registrar, who may then appoint a Deputy Registrar
- Recruit staff following the procedures identified in the Human Resources Plan
- Create on-boarding materials for new employees
- Implement a human resources performance management program tied to the performance measures in the Business Plan



## 5 2017 Performance Measures

- Build internal staff capacity through the implementation of a skills-based training program to develop expertise in key areas incorporating back-up and succession planning principles

### Financial Management

Establish comprehensive financial management processes and procedures with sound internal controls

#### Key Indicators

- Establish financial management controls, procurement policies, administrative procedures and manuals consistent with best practices and keeping within the spirit of OPS directives
- Establish sources of financing as required to support effective and efficient operations
- Develop, consult on, approve and implement a fee setting policy that reflects the Authority's operating costs and supports effective and efficient operations

### Administration

Operate efficiently and effectively

#### Key Indicators

- Review and update internal policies and manuals including those related to governance, procurement and expenses
- Establish Audit and Finance committees of the Initial Board
- Develop a consultation and communications framework to facilitate public and stakeholder engagement
- Ensure sufficient insurance coverage for the Authority considering its mandate
- Develop a records retention and destruction policy which addresses legislative requirements

### Registry Development

Develop and implement a Registry to receive and store information from entities obligated to register and report to the Authority

#### Key Indicators

- Design the Registry to be flexible, scalable and responsive to anticipated future regulatory requirements
- Develop security procedures to protect privacy and commercially sensitive information and prevent unauthorized access or tampering with information
- Develop an Access and Privacy Code which sets out accessibility and management of private and commercially sensitive information
- Select a vendor, or combination of vendors, through a competitive procurement process that will deliver a cost-effective technology solution in accordance with the Authority's requirements
- Test the proposed Registry's initial capabilities during Q4 2017
- Be ready to register obligated parties by the end of 2017
- Establish an organizational website and protocols to enhance transparency and accountability

### Compliance and Enforcement

Establish compliance and enforcement capabilities, using a progressive, risk-based framework, to fulfill the responsibilities of the Authority

#### Key Indicators

- Develop appropriate compliance and enforcement policies and protocols
- Execute an MOU with MOECC IEB which sets out roles and responsibilities for providing enforcement services until the Authority has its own capability
- Develop a Code of Conduct for compliance staff

## 5 2017 Performance Measures

# The Authority will establish its own set of performance measures to assess and report on its effectiveness and efficiency as an oversight body.

- Develop comprehensive training materials and complete appropriate training plans for compliance personnel
- Establish a system to track information on compliance and enforcement measures including educational initiatives, inspections, investigations, administrative penalties and prosecutions
- Develop procedures for litigation proceedings

### Oversight of Programs under the Waste Diversion Transition Act, 2016

Continue to oversee the waste diversion programs under the WDTA until each is wound up

#### Key Indicators

- Monitor the effectiveness and efficiency of programs
- Ensure programs are meeting performance objectives
- Monitor implementation of program review recommendations
- Set annual Blue Box steward obligation and payments to municipalities
- Administer the Continuous Improvement Fund
- Administer the In-Kind program
- Review the OTS wind up plan submitted to the Authority by October 31, 2017 against the Minister's direction, the WDTA and its regulations and interpretive guidelines developed by the Authority

- Oversee the wind up of the UTP and OTS pursuant to the approved wind up plan
- Review any additional wind up plans and oversee the wind up process as directed by the Minister

### Stakeholder Engagement

Establish a consultation and communications framework in order to effectively engage with the Authority's stakeholders

#### Key Indicators

- Develop and implement a stakeholder relations and communications plan and a public consultation framework to support the work of the Authority
- Hold a public annual meeting
- Consult on the Authority's fee setting policy
- Develop and maintain an effective system for responding to public feedback and complaints
- Establish an issues resolution process
- Develop a French language services plan consistent with the RRCEA, including reviewing plans developed by other administrative authorities



## 6 2017 Financial Plan

### 6.1 Introduction

The 2017 Budget is based on several assumptions regarding the timing of key activities.

In some cases, the timelines are well defined in the RRCEA or in the Transitional Operating Agreement. In many situations, however, the timing of critical milestones such as the registration date for the first set of obligated parties is not known.

The assumptions used for major categories are described below under the following categories:

- Human Resources Capacity
- Registry
- Inspection and Enforcement Capability
- Diversion Program Wind Up
- RRCEA and WDTA Expenses
- Reserve Fund

The 2017 Budget spreadsheet also includes a 'Notes' section for added clarity.

#### Human Resources Capacity

Costs associated with human resource capacity have been estimated based on the following timetable to fill new full-time and contract staff positions, retain consulting services and elect additional Directors.

### Registry

The Registry is required to fulfill the Authority's registration, oversight and compliance and enforcement mandate. The Registry will receive information submitted to the Authority by regulated parties who are required to register and report information as specified by the Minister in regulations. The Registry is also required to provide public access to information about waste reduction and resource recovery.

The Registry differs from the Datacall in design, function and purpose. The Datacall is a detailed annual survey administered, maintained and verified by the Authority of participating Ontario municipalities that operate recycling programs. The Datacall is primarily used to determine the net cost of municipal Blue Box Programs in order to calculate the funding to be provided by stewards of Blue Box materials.

Costs associated with implementation of the Registry are based on the following timetable:

- Issue RFP for Registry in late March
- Select vendor(s) and execute agreement(s) in June
- Design and construct Registry Portal and configure customer relations management (CRM) system in Q3
- Pilot test Registry Portal and CRM configuration in Q4
- Registry Portal and CRM configuration available

### Timeline

Position Type	Q1	Q2	Q3	Q4
Permanent employees	- Director, Communications and Stakeholder Relations	- CEO - Registrar - Director, IT	- Director, Finance and Administration	- Deputy Registrar <sup>3</sup> - Compliance Support Services
Contract staff	- IT Support - Accountant			
Consultants		- Inspection Protocol - Compliance Training		
Board of Directors				Six elected Directors

<sup>3</sup> Timing to be determined based on level of activity.

## 6 2017 Financial Plan

for registration: December 2017

### Inspection and Enforcement Capability

The MOECC will provide enforcement services for up to one year under an MOU with the Authority. During this period, the Authority will build capacity to undertake its inspection and enforcement responsibilities.

The Budget reflects the resources to prepare and/or execute the documents required by the Transitional Operating Agreement:

- I. An MOU with MOECC IEB on enforcement services for 1 year to be completed within 4 months of the first meeting of the Authority Board (Section 15.1 of the Transitional Operating Agreement);
- II. A Code of Conduct for Inspection, Compliance and Enforcement Officers (Section 16 of the Transitional Operating Agreement);
  - i. Develop policies and process to facilitate a graduated and risk based enforcement approach
  - ii. Design curriculum, organize and implement a training course for inspection officers, including a foundational training course and a module tailored to the WDTA and RRCEA
  - iii. Develop a policy document on how best to ensure the segregation of duties as it relates to the development of compliance policies and their enforcement

### Diversion Program Wind Up

The Minister is responsible for determining the order and timing of program and IFO windups and for the issuance of Notice Letters.

On February 17, 2017 the Minister issued a notice of wind up to OTS with a date for ceasing operations of December 31, 2018. While costs associated with the Authority's review of the wind up plan are difficult to estimate, the Authority's Provisional 2017 budget reflects the anticipated impact of this wind up letter.

### RRCEA and WDTA Expenses

The Authority's responsibilities fall into four categories in 2017;

- a) Continued oversight of the IFO/ISO programs under the WDTA
- b) Oversee the wind up of the IFOs and programs under the WDTA
- c) Build Registry for both the RRCEA and WDTA
- d) Inspection, Compliance and Enforcement for both the RRCEA and WDTA

Existing IFOs and ISOs will be billed for all costs associated with Items (a) and (b).

Costs for Items (c) and (d) will be shared between existing IFOs/ISOs and future obligated parties under the RRCEA. A methodology to share costs was approved by the Authority Board on February 23, 2017 and has been used to prepare the 2017 budget.

As required by the RRCEA, the 2017 Financial Statements for the Authority will be segregated to reflect WDTA and RRCEA activities. To accommodate comparison, the 2017 Budget is presented in three columns: RRCEA, WDTA and Total.

Some costs for the RRCEA cannot be recovered immediately and will be deferred for recovery from obligated parties under the RRCEA. In the interim, the Authority will obtain start-up financing to bridge this gap.

### Reserve Fund

The Transitional Operating Agreement states that the Authority's reserve is not to exceed 50% of its annual operating cost. The reserve value transferred from the former WDO to the Authority is approximately \$0.65 M, or less than 10% of the 2017 budget.

The Board has approved a new Reserve Policy for the Authority and contribution schedule for 2017 commencing July 1, 2017. The projected year end reserve value is \$0.95 M.

## 6 2017 Financial Plan

### 6.2 Activities and Objectives

The 2017 Budget is based on the following objectives:

- The initial phase of Registry implementation, comprised of the Portal and CRM configuration, ready to go live by December 2017
- Recruitment of key senior positions and consulting support as identified in the Timeline chart in the Human Resources Capacity section of this document
- Recruitment of six additional members of the Authority Board by November 30, 2017
- Delivery of Transitional Operating Agreement requirements for 2017
- Initial inspection and compliance capacity including, staffing, training, operating protocols and an Inspector Code of Conduct in place by Q3 2017
- Capacity to oversee IFOs, ISOs and their programs
- Preparation of an IFO Wind up Guide to provide a reference point for the Authority to review and assess various aspects of the wind up requirements such as valuation of assets and data transfer
- Capacity to review and approve or modify the OTS wind up plan and oversee implementation of the approved plan

## 6 2017 Financial Plan

### 6.3 2017 Budget

	2017 Budget	Allocation to RRCEA	Allocation to WDTA	Notes
<b>Core Activities</b>				1
Payroll	\$2,361,000	\$211,000	\$2,150,000	2
Communications and Consultations	\$50,000	\$5,000	\$45,000	
Office and Other Expenses	\$1,227,000	\$93,000	\$1,134,000	3
Professional Fees to Support Core Activities	\$925,000	\$114,000	\$811,000	4
Sub-total Core Activities	\$4,563,000	\$423,000	\$4,140,000	
<b>Other Activities</b>				
Extraordinary/One-time Professional Fees	\$735,000	\$90,000	\$645,000	5
Registry Development	\$1,239,000	\$310,000	\$929,000	
Contingency	\$200,000	\$20,000	\$180,000	
Reserve Contribution	\$300,000	\$30,000	\$270,000	
<b>Total All Activities</b>	<b>\$7,037,000</b>	<b>\$873,000</b>	<b>\$6,164,000</b>	

#### Budget Notes

- Expenses allocated to the RRCEA column are financed and will be offset through future payment of the Authority's registration fees by obligated parties. Expenses allocated to the WDTA are billed monthly to IFOs/ISPs.
- Includes full time and contract employees. Includes associated benefit and pension expenses.
- Includes office lease and temporary space rental, supplies, furnishings, insurance, printing, telephone, internet and computer hardware. Also includes Board remuneration and expenses as well as Municipal Datacall expenses.
- Includes legal services, IT support, external audit services, HR recruitment services, and consulting contracts associated with the Authority's oversight of IFOs and ISOs.
- Includes compliance policy and training, recruitment, French translation, public consultation on Authority policy, IFO reviews and forensic procedures.

