



EPR

Fee Consultation

2024 & 2025

Oversight Fees

Presenter: Victor Dong – Director, EPR Operations

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Oversight Fee Setting Timeline



Producer Consultation

The consultation process will run from **September 30** to **November 14**, providing Producers with an opportunity to review the draft oversight fee rates and offer feedback.

EPA Report

Following the consultation, the results will be summarized and a report will be submitted to the Ministry of Environment and Protected Areas by **November 20**.

Board Approval

ARMA's Board of Directors will approve the EPR Oversight Fee Rates for 2024 and 2025 in early December.

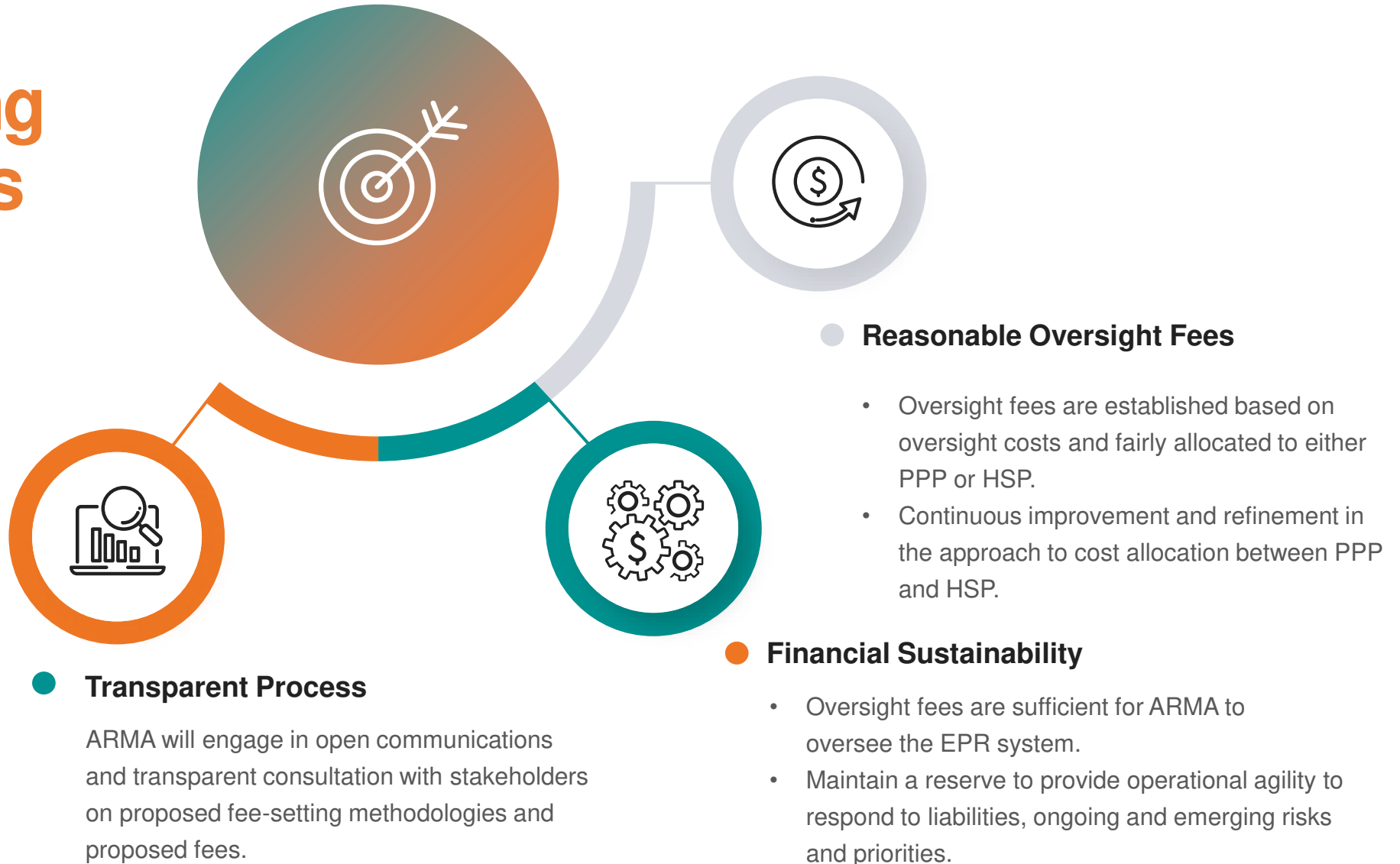
Final Oversight Fee Rates

The finalized oversight fee rates will be posted on ARMA's website in **late December 2024**.

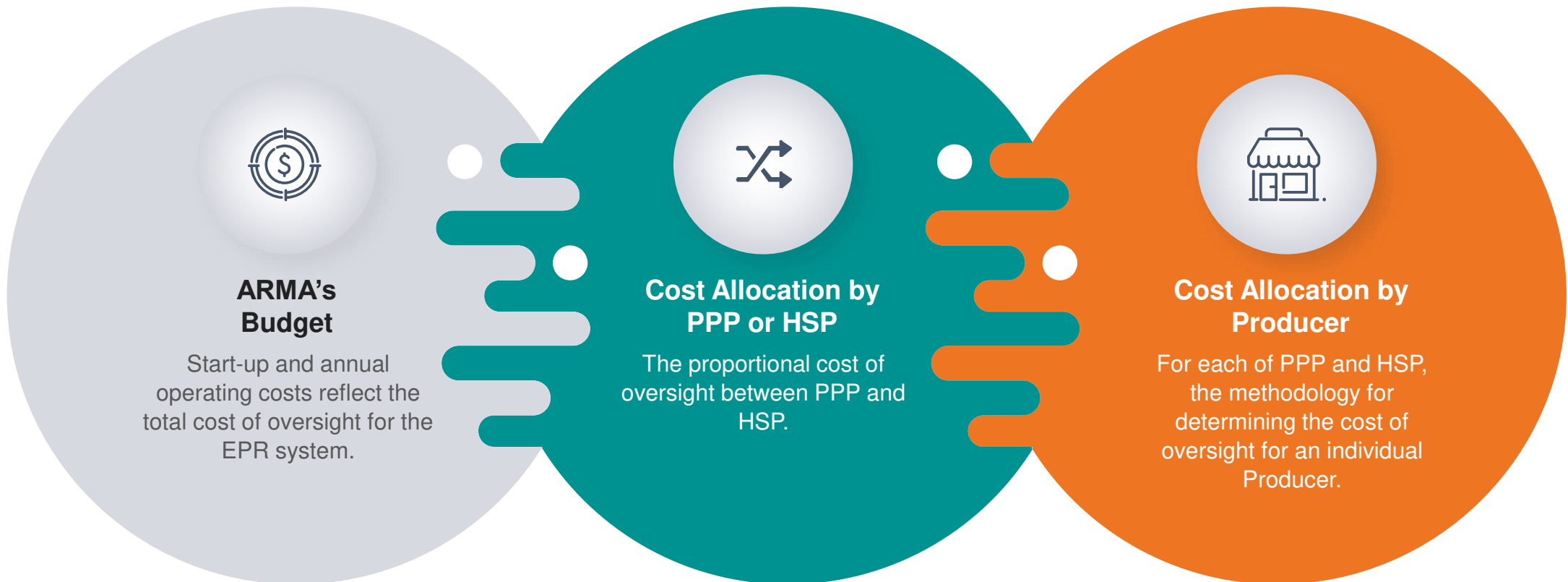
Approach to Annual Oversight Fee Setting



Oversight Fee Setting Objectives



Oversight Fee Setting Framework



Cost Recovery Objective



Cost Recovery Objective

Categories of costs to be recovered



Start-Up Costs

Operation & Capital

Start-up costs include initial expenses for setting up the oversight of the EPR system, such as bylaws and policy development, stakeholder engagement, and capital investments necessary to support registry infrastructure.



Annual Costs

Operation & Capital

These are ongoing costs associated with the regular operations of the EPR oversight. They cover administrative, operational, and capital expenses needed.



Reserve Fund

Operation & Capital Risk Mitigation

Designed to provide financial security against unforeseen costs or the need for program wind-down.



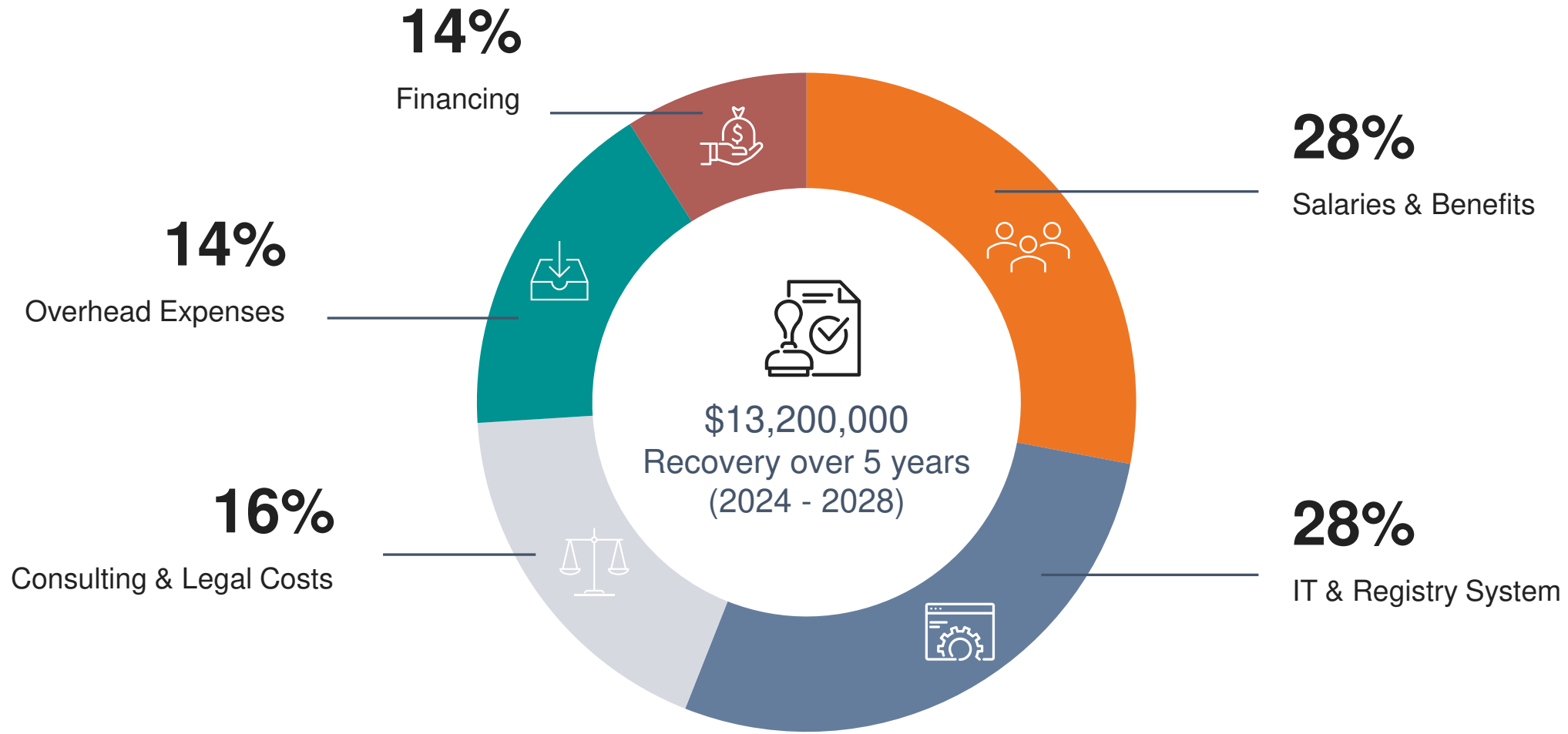
Financing Costs

Start-Up & Annual

Refer to the expenses incurred from borrowing funds to cover initial and ongoing program costs. These include interest payments on loan taken to fund the start-up and annual operations.

Note: 2025 operating and capital costs are estimates and are subject to ARMA Board approval.

Breakdown of Start-Up Costs



Cost Recovery Objective - Components

	2024	2025	2026	2027	2028
Start-Up Operation Cost	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Start-Up Capital Cost	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Start-Up Financing Costs	\$750,000	\$580,000	\$400,000	\$200,000	\$20,000
Annual Operating Budget	N/A	\$6,000,000	TBD	TBD	TBD
Annual Capital Costs	N/A	\$0	TBD	TBD	TBD
Annual Operating Financing Costs	N/A	\$250,000	TBD	TBD	TBD
Reserve Fund Contribution	\$1,600,000	\$0	\$0	\$0	\$0
Total Recovery Objective	\$4,600,000	\$9,080,000	TBD	TBD	TBD

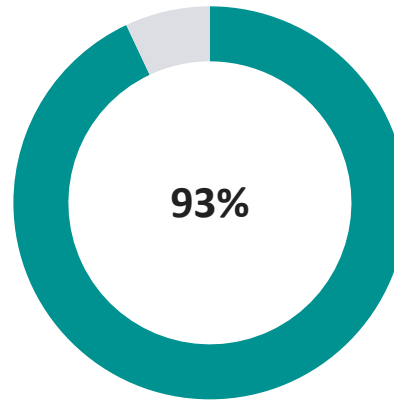
Cost Allocation



Supply Data Used in Cost Allocation

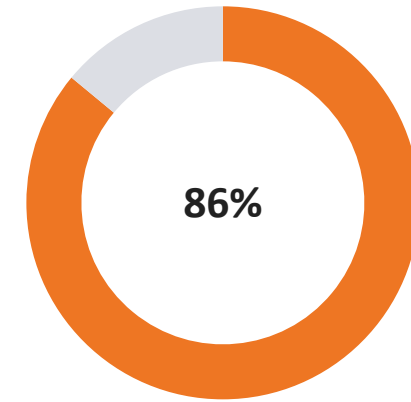
Cost Allocation is calculated based on current available supply information

- The cost allocation used in calculating the draft fee rates is based on current supply data from reported by Producers.
- ARMA is actively engaging with Producers who have not yet submitted their supply reports to ensure this data is provided as soon as possible.
- Any new data provided by Producers will be incorporated into the final rate calculations before the rates are finalized and approved.



PPP Reporting Rate

93% of registered Producers required to report supply data have submitted their supply report.



HSP Reporting Rate

86% of registered Producers required to report supply data have submitted their supply report.

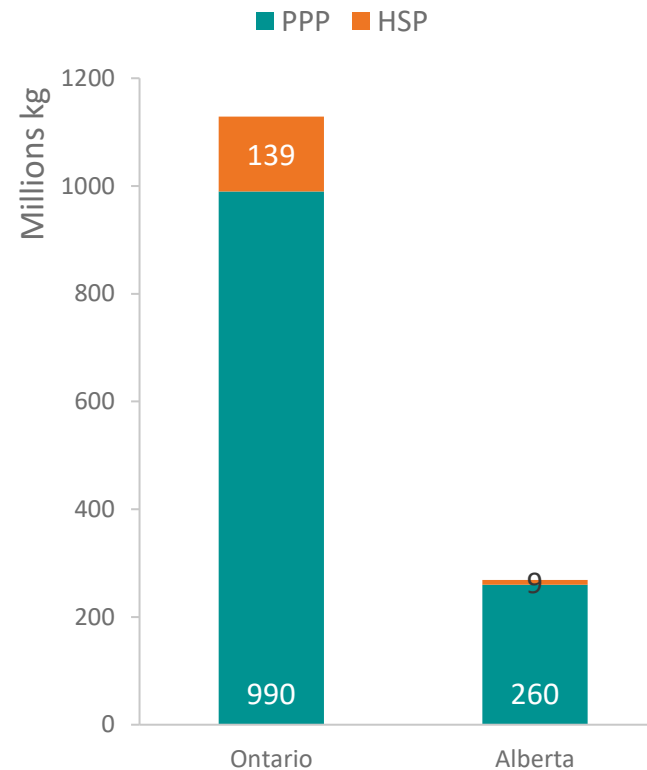
Start-Up Cost Recovery

Balancing Start-Up Costs with Lower Producer Numbers

- In Alberta, the number of Producers and the total supply data volume is much lower compared to Ontario.
- This means there are fewer Producers across whom we can spread the costs, which increases the per Producer oversight fee and results in a higher variable rate for those Producers exceeding thresholds.
- The lower volume of Producers and supply data leads to a higher oversight fee.

\$13.2M to be Amortized

2023 Supply Data in Ontario & Alberta



Note: The supply volume displayed is the approximate amount used to calculate oversight fee rates in the respective jurisdictions.



Registry System

Investment to build a registry system is consistent across jurisdictions. ARMA leveraged an existing system to keep costs as low as possible.



Operational Requirements

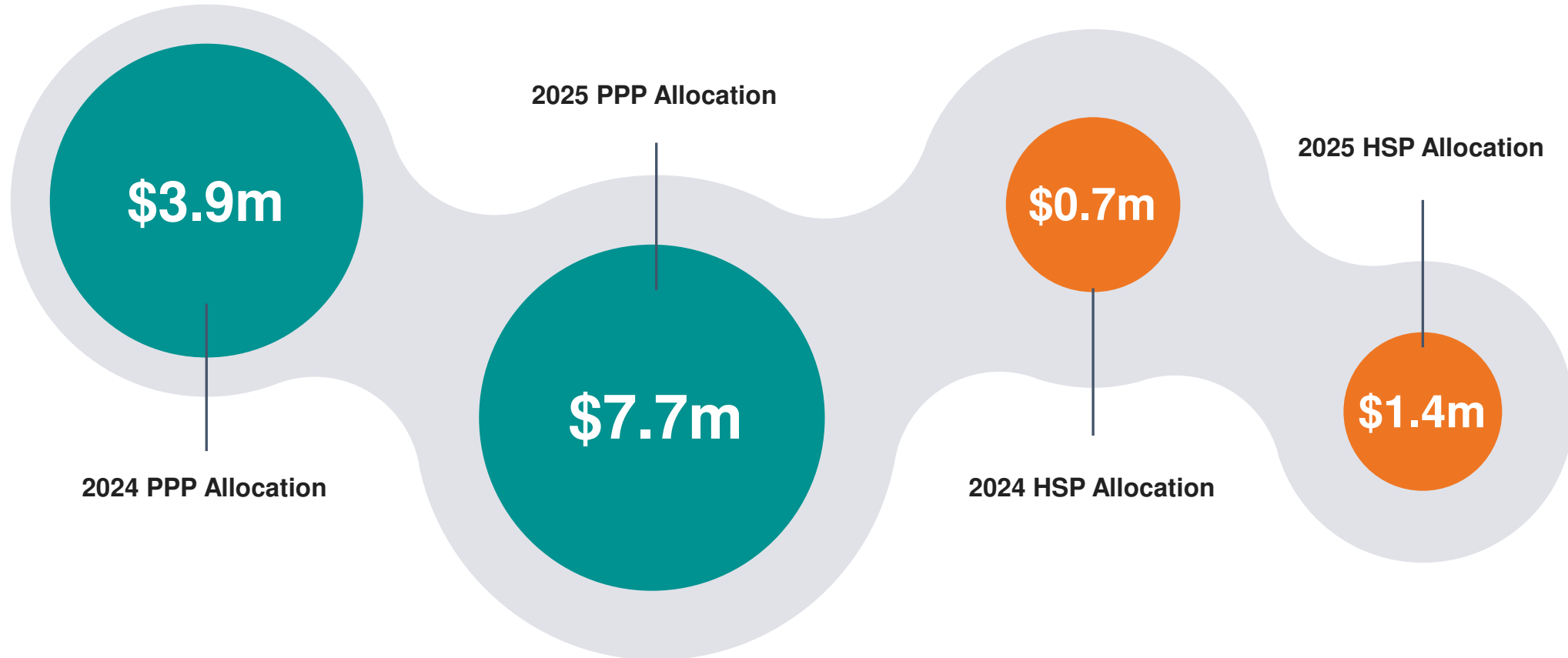
Cost of developing Bylaws, policies, and procedures is essential and similar across jurisdictions.



Staffing

By using a shared services model, ARMA is able to keep our EPR team lean.

Cost Allocation by PPP & HSP



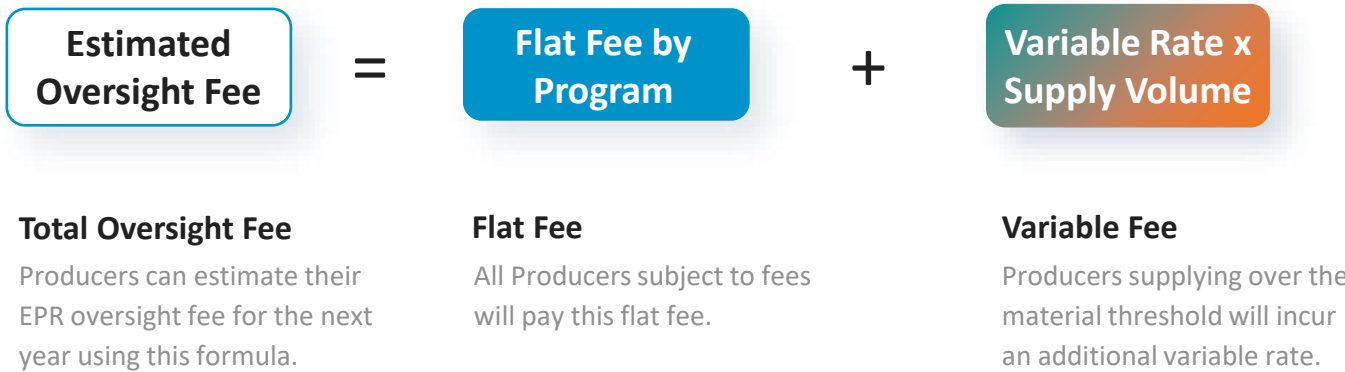
Individual Producer Oversight Fee Components

40% of Producers

will only be required to pay a flat fee

Producers whose total material supply exceeds the threshold will incur a variable fee in addition to the flat fee. The thresholds for materials are:

- 50,000 kg for PPP
- 2,000 kg for HSP



Individual Producer Fee Rates

Single-Use Products, Packaging and Paper Products

Producers who supply over **50,000 kg** of PPP will be charged both a flat fee and a variable fee based on their total supply volume.

2024

The fee rate for the year are as follows:

- **Flat Rate:** \$80
- **Variable Rate:** \$0.0154/kg

2025

The fee rate for the year are as follows:

- **Flat Rate:** \$150
- **Variable Rate:** \$0.0302/kg

Hazardous & Special Products

Producers who supply over **2,000 kg** of HSP will incur a variable fee in addition to the flat fee.

2024

The fee rate for the year are as follows:

- **Flat Rate:** \$60
- **Variable Rate:** \$0.0776/kg

2025

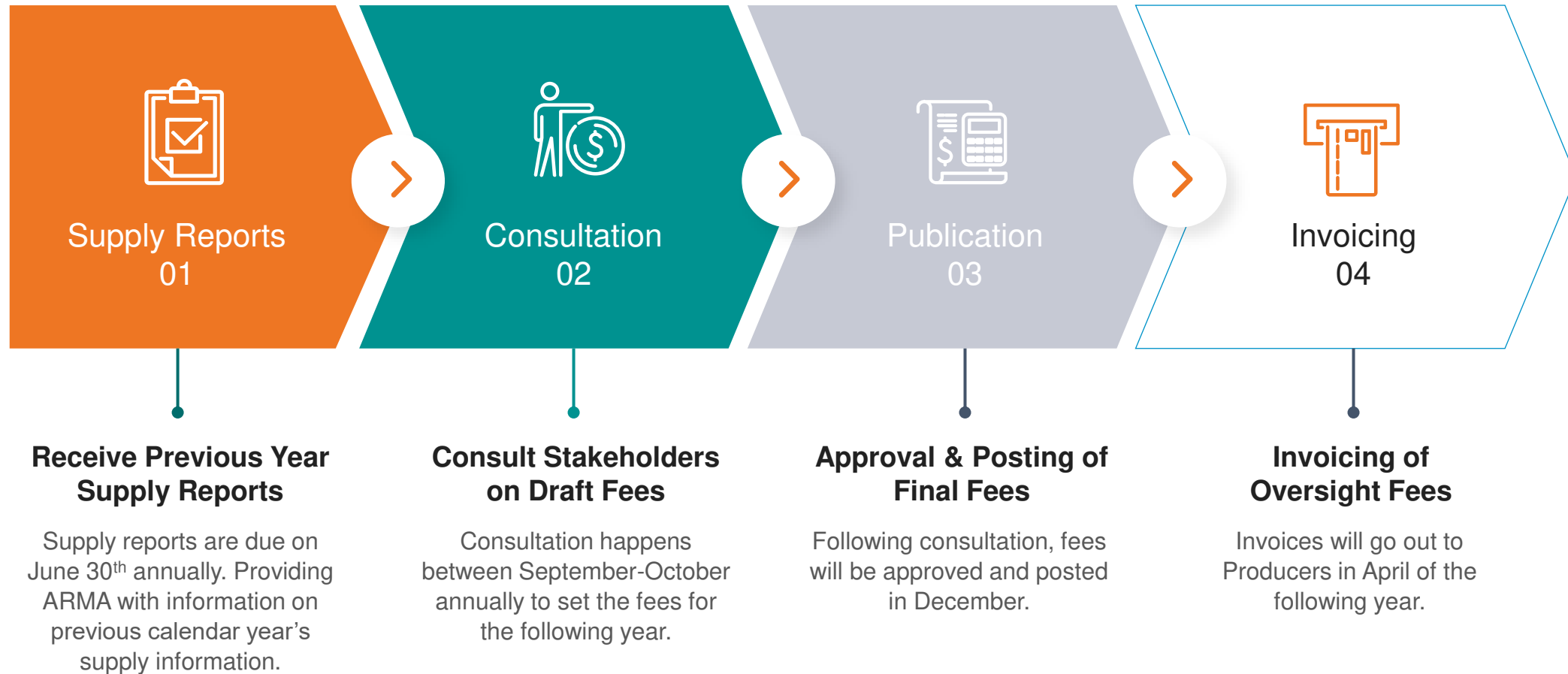
The fee rate for the year are as follows:

- **Flat Rate:** \$110
- **Variable Rate:** \$0.1524/kg

Oversight Fee Administration Process



Fee Setting Cycle



Payment Terms, Options & Interest Policy

Simple, Flexible, Transparent

Producers are expected to adhere to the payment terms and options provided by ARMA to ensure smooth operations and regulatory compliance. It's crucial to review and understand the available payment methods, standard payment terms, and ARMA's interest policy on late payments.



Payment Options

Convenient payment methods:

- Bank Draft, Cheque, or Money Order
- Electronic Funds Transfer (EFT)
- eTransfer or Online/ Telephone Banking



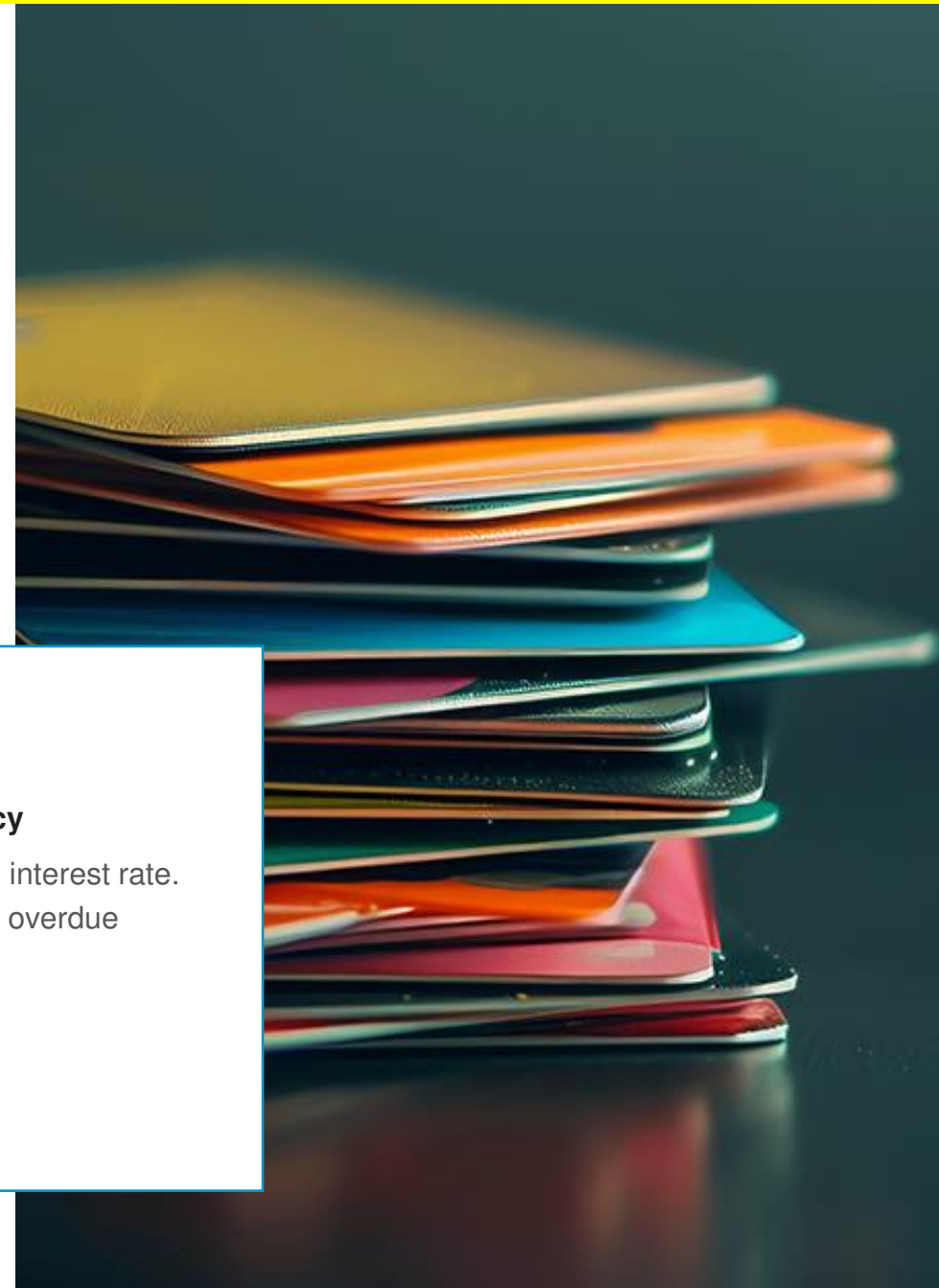
Payment Terms

- Standard 60-day payment period.
- Timely payments ensure compliance.



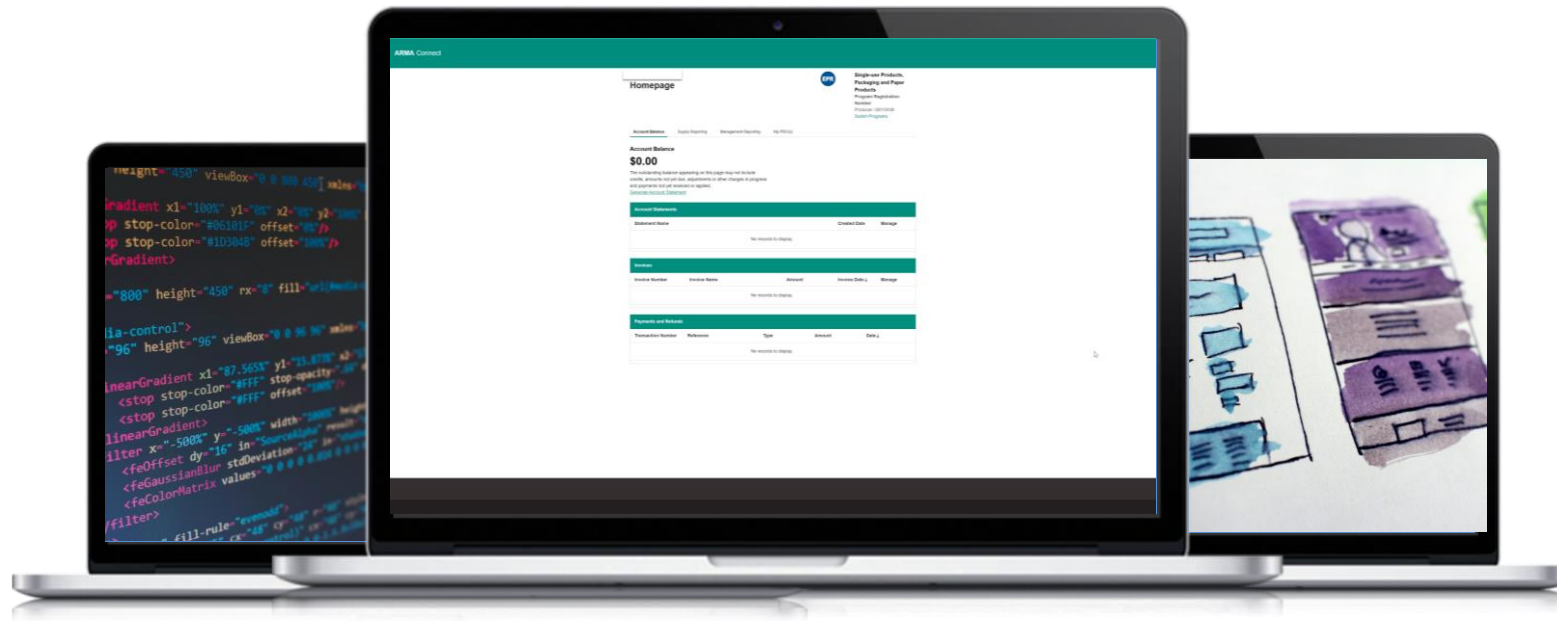
Interest Policy

- 15% annual interest rate.
- Charged on overdue accounts.



Payment Through a PRO

Oversight fees will be paid to ARMA directly for 2025.
The option to pay through a PRO is being developed to enhance convenience for producers and is anticipated to be available in 2026.



Producer Consultation – Survey Overview



Survey - Specific Questions

Consultation Survey Questions

We are seeking your input on key aspects of the oversight fees through this survey. The goal is to gather feedback on how we can structure the fees to best reflect fairness and sustainability. Your participation will help us shape the final structure, ensuring the system is both effective and manageable for all stakeholders involved. Below are the two key areas where we need your input.

1. Flat Fee Contribution Percent

3 options to choose from for the amount flat fee revenue contributes to overall recovery:

- 1% of cost recovery target
- 2% of cost recovery target
- 5% of cost recovery target

2. Variable Fee Threshold

The supply threshold for when obligated Producers incur the variable rate in addition to the flat rate. Options are:

- 35% Flat / 65% Flat + Variable
- 40% Flat / 60% Flat + Variable
- 45% Flat / 55% Flat + Variable

Proposed Flat Fee			Option A		Option B		Option C	
			35% / 65%		40% / 60%		45% / 55%	
	2024	2025	2024	2025	2024	2025	2024	2025
Option 1	\$80	\$150	0.0153	0.0300	0.0154	0.0302	0.0155	0.0304
Option 2	\$155	\$300	0.0151	0.0297	0.0152	0.0299	0.0153	0.0301
Option 3	\$385	\$755	0.0137	0.0288	0.0148	0.0290	0.0148	0.0291

Proposed Flat Fee			HSP Rate Options					
			Option A		Option B		Option C	
			35% / 65%		40% / 60%		45% / 55%	
	2024	2025	2024	2025	2024	2025	2024	2025
Option 1	\$60	\$110	0.0775	0.1522	0.0776	0.1524	0.0777	0.1525
Option 2	\$115	\$225	0.0767	0.1507	0.0768	0.1508	0.0769	0.1510
Option 3	\$285	\$555	0.0744	0.1460	0.0745	0.1462	0.0745	0.1464

Survey – General Comment



01

Start-Up Cost Recovery

Share your feedback on the proposed approach for recovering start-up costs.

02

Cost Allocation to HSP and PPP

Provide your input on the costs allocated to the PPP and HSP program.

03

Individual Producer Fee Methodology

Offer your perspective on the flat fee & variable fee approach to determining individual Producer contributions.

04

Suggestions for Improvement

Share any additional comments or suggestions you may have regarding the fee consultation process.

Thank You



We look forward to your written feedback!

epr@albertarecycling.ca