



RPRA

Resource Productivity
& Recovery Authority

Annual Report

**20
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01 Glossary

Key Acronyms

C4C	Communicating for Compliance	MHSW	Municipal Hazardous or Special Waste
CRO	Compliance and Registry Officer	ODRP	Ontario Deposit Return Program
CSSA	Canadian Stewardship Services Alliance	OES	Ontario Electronic Stewardship
EEE	Electrical or Electronic Equipment	OTS	Ontario Tire Stewardship
EHF	Environmental Handling Fee	PRO	Producer Responsibility Organization
EPR	Extended Producer Responsibility	RPRA	Resource Productivity & Recovery Authority
EPRA	Electronic Products Recycling Association	RRCEA	<i>Resource Recovery and Circular Economy Act, 2016</i>
HSP	Hazardous and Special Products	UTP	Used Tires Program
HWP	Hazardous Waste Program	WDTA	<i>Waste Diversion Transition Act, 2016</i>
IFO	Industry Funding Organization	WEEE	Waste Electrical and Electronic Equipment Program
ISO	Industry Stewardship Organization		
ISP	Industry Stewardship Plan		

02 Program Overview

Resource Recovery in Ontario in 2020



Blue Box Program
729,906
tonnes

Managed by
Stewardship Ontario.
(Figures are for 2019,
the most recent
data available).



**Waste Electrical
and Electronic
Equipment Program**
43,084
tonnes

Collected by
Ontario Electronic
Stewardship

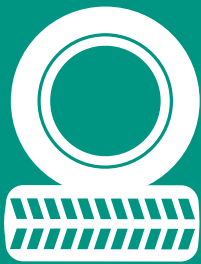


**Municipal Hazardous
or Special Waste
Program**
27,169
tonnes

Collected by
Stewardship Ontario
and industry stewardship
organizations.

02 Program Overview

Resource Recovery in Ontario in 2020



Tires Regulation

145,924

tonnes collected

126,116

tonnes managed

Figures are for 2019 reported in 2020. Tires are designated under the RRCEA and regulated by the Authority. 2020 performance is reported in 2021.



The Beer Store

265,291

tonnes managed

167,367 The Beer Store Program

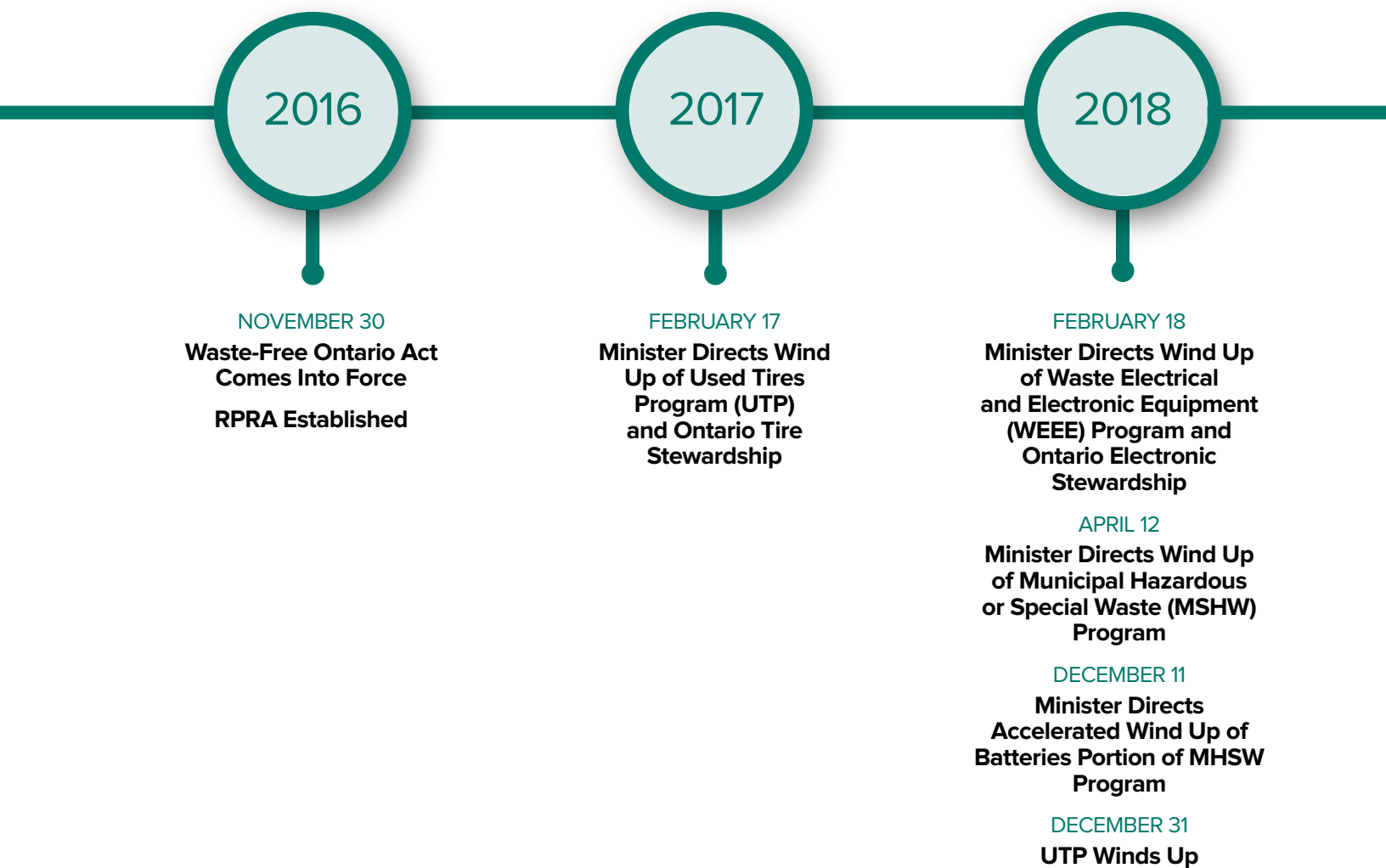
97,924 Ontario Deposit Return Program

The Beer Store is not overseen by the Authority.

Figures reported by The Beer Store have not been verified by the Authority.

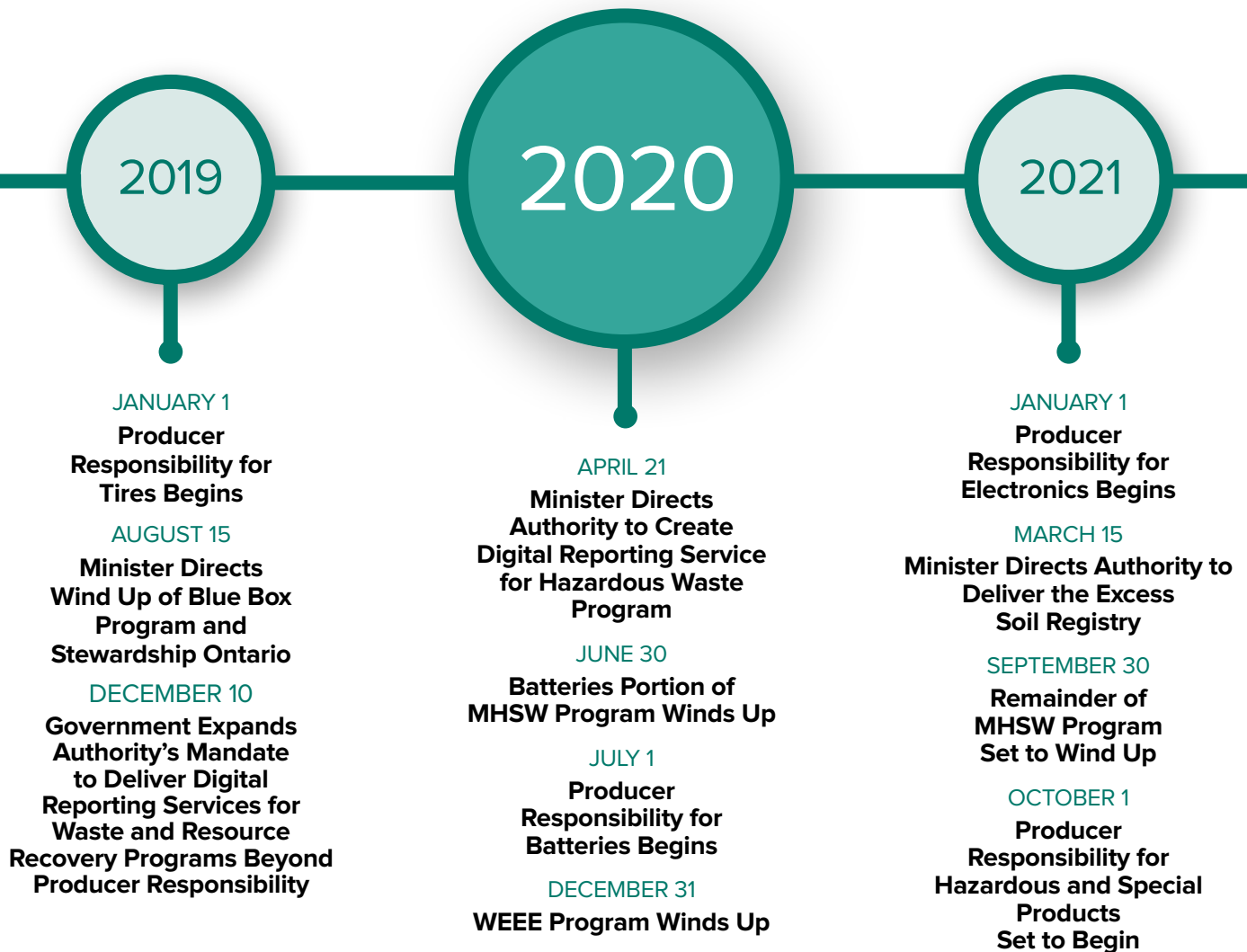
03 Milestones

Towards a Waste-Free Tomorrow



03 Milestones

Towards a Waste-Free Tomorrow



Building Partnerships to Advance the Circular Economy



Despite the extraordinary challenges related to the COVID-19 pandemic in 2020, key milestones were achieved in realizing Ontario's vision of a waste-free future: the wind up the legacy batteries recycling program and transition of batteries to Ontario's producer responsibility regulatory framework starting July 1, 2020; and the wind up of the legacy electronics recycling program and transition of electronics to the new regulatory framework starting January 1, 2021. These events marked the second and third material categories to be transitioned to Ontario's producer responsibility regulatory framework, following the transition of tires on January 1, 2019.

While the concept of a circular economy is simple, winding up Ontario's legacy waste diversion programs and transitioning those materials to the new regulatory framework is a complex process that can only be achieved through a collaborative partnership between the Authority, industry, municipal, and provincial

governments, and First Nations. This collaborative operating principle has guided the Authority's work and has been critical to the collective successes to date in changing the regulatory landscape for businesses.

We recognize that changes in the regulatory framework for resource recovery comes with legal, operational, and financial challenges and stress on businesses, even while creating new business opportunities for growth and innovation. That is why we emphasize cost efficiencies in our operations and focus our compliance activities on supporting our registrants in understanding and complying with new regulatory requirements. In the context of the COVID-19 pandemic, these approaches are all the more imperative as many businesses are being disrupted by both the human and financial impacts related to the pandemic.

I was honoured to be elected Chair of the Authority's Board of Directors in June and took on the challenge of the role because of my commitment to public service and my belief in the goals of Ontario's circular economy strategy. As the second Chair of the Authority's Board, I am indebted to Glenda Gies, the Authority's inaugural Chair. Glenda led the establishment of the Authority and guided the organization through its first three years of operations, including the transition of tires to Ontario's producer responsibility regulatory framework. Similarly, I am grateful for the support of the Authority's Board directors, who continue to guide the Authority's work with commitment, financial and operational acumen, and strategic vision. In November of 2020, David Brezer left the board when his appointment expired. As a charter member of the Authority's founding Board, as a director on the Authority's predecessor organization Waste Diversion Ontario, and as Chair of the Audit and Risk Committee, David brought commitment, passion and institutional knowledge to the role, all of which will be greatly missed.

In 2020, the Authority began preparations to fulfill its changed mandate to deliver digital reporting services to resource recovery programs beyond producer responsibility, starting with the Hazardous Waste Program (HWP) and the Excess Soil Registry. We are appreciative of the Minister's confidence in

04 Message From The Chair

We are appreciative of the Minister's confidence in the Authority's ability to operate cost-effectively while delivering technology projects, work collaboratively with stakeholders, and support businesses in adapting to regulatory changes.

the Authority's ability to operate cost-effectively while delivering technology projects, work collaboratively with stakeholders, and support businesses in adapting to regulatory changes.

With the Authority's changed mandate, our stakeholder universe has grown substantially, and this has given us pause to reflect on our approach to engaging stakeholders across the breadth of our programs. The Board began a new practice of direct engagement with key stakeholders on financial issues, inviting producer representatives to speak directly to the Board on registry fees. These practices were strengthened with the Minister's recent direction to establish an Industry Advisory Council and we look forward to building on the collaborative working relationship with our industry partners that has supported our accomplishments to date.

The year ahead will be full of challenges as the pandemic continues and a period of change for both the Authority and industry as we prepare to wind up the remaining parts of the Municipal Hazardous or Special Waste Program (MHSW) and transition the materials to the new regulatory framework under an anticipated Hazardous and Special Products Regulation; continue implementing the Blue Box Program wind-up plan and begin implementation of an anticipated Blue Box Regulation under Ontario's producer responsibility regulatory framework; complete Registry projects for batteries and electronics; and complete the initial phase of the digital reporting service for the Hazardous Waste Program and Excess Soil registry.

I am confident that the Authority's executive team under CEO Frank Denton's thoughtful leadership will continue to achieve excellence in fulfilling the Authority's mandate to advance Ontario's circular economy by

working closely with the Board, executing the Minister's directions, and engaging collaboratively with Ministry colleagues and industry partners. I am also proud of the cohesion and resilience Authority staff have shown in their commitment to fulfilling the Authority's mandated responsibilities and especially the empathy for our regulated community they have demonstrated in the approach to their work during this unprecedented global health emergency.

I would like to thank the Honourable Jeff Yurek, Minister of the Environment, Conservation and Parks, for his support, guidance, and directions to me personally, and to the Authority. His political leadership and commitment to Ontario's circular economy model will ensure environmental outcomes and economic growth that will benefit Ontarians now and far into the future.



ROBERT POIRIER

Chair

Transforming Resource Recovery



It is difficult to reflect on the Authority's past year without acknowledging the deep and lasting toll the COVID-19 pandemic has taken on the communities and businesses we serve. The challenges to people, businesses and the economy were unprecedented. The Authority, like every other business and organization in Ontario and across the world, had to adapt to the new context.

As a business regulator, the Authority was designated as an essential service by the Ontario government. We were able to continue delivering on our mandate and meeting our performance objectives for the year by adapting our approach to delivery. Our committed staff quickly pivoted to working virtually and embraced the new working conditions. Although in-person activities were suspended, we continued assisting our registrants in complying with regulatory requirements, engaging stakeholders to solicit their input on key decisions impacting them, and supporting the regulated community in understanding the broad changes

underway in the resource recovery sector.

While we could not meet in person, we connected and collaborated electronically, engaging stakeholders even more than we did the previous year. We spent the entirety of the year in active consultations using Zoom and other virtual meeting platforms to consult on issues including: MHSW residual funds in January and again in June; 2020 Registry fees during the summer; and the Blue Box wind-up plan throughout the fall. In June, we also held our first ever virtual Annual Public Meeting with record attendance.

We also sought opportunities to reduce regulatory burden under the Tires Regulation and the two new regulations for batteries and electrical and electronic equipment (EEE) at a time when businesses faced significant financial and operational uncertainties. We allowed tire producers extra time to submit tires supply and performance reports and allowed electronics and batteries producers extra time to register under their new regulations, giving the regulated community more time to adapt to both the new requirements and COVID environment. And, when setting our 2020 Registry fees, we incorporated feedback we received during consultations to set fees that would better support small businesses, reduce barriers to market entry, and reduce administrative burden by removing the fee for producer responsibility organizations.

The results of our efforts to operate as cost-effectively as possible is apparent in our 2020 financial performance. In our 2020 Business Plan we anticipated expenses of \$11.5 M, but as our 2020 audited financial statements show, we completed the year with total expenses of \$8.9 M, which is almost 23% below budget. This was achieved through a combination of delays in Registry projects due to delays in the finalization of regulations; savings achieved through reduced expenses associated with in-person meetings due to COVID-19 public health restrictions; lower interest rates; reduced Board expenses; and the Authority's ongoing efforts to identify efficiencies and maintain a disciplined focus on its core mandate.

As the pandemic continues into a second year and businesses continue to face ongoing challenges, we will continue to explore how we can better fulfill our mandated

05 Message From The CEO

We anticipated expenses of \$11.5 M, but as our 2020 audited financial statements show, we completed the year with total expenses of \$8.9 M, which is almost 23% below budget.

responsibilities in a flexible and cost-effective way that can minimize both financial and administrative burden and support businesses in meeting their obligations during these difficult times. We will continue to engage and consult with stakeholders both informally and formally, including through the Industry Advisory Council the Minister directed the Authority to establish in 2021, and the Service Provider Advisory Group established in 2018, in order to gain and consider industry perspectives in our business planning and fee setting processes.

I would like to acknowledge the invaluable contributions of past colleagues in the Authority's successes over the past year, including the successful wind up of the Batteries portion of the MHSW Program operated by Stewardship Ontario and the wind up of the Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship and the transition of those materials to Ontario's new producer responsibility regulatory framework.

In particular, I would like to thank Pat Moran, the Authority's founding Registrar who stepped down at the end of the 2020. Pat led the establishment of the Authority's compliance function, including the build out of the foundational components of the Registry system and the Tires portal and the recruitment of the Authority's first cohort of Compliance and Registry Officers. His vision for a modern compliance function that prioritizes communications over enforcement is the basis for the Authority's highly effective and progressive compliance program.

I would also like to thank Geoff Rathbone, who left the Authority at the beginning of 2021, for his leadership in overseeing the wind up of legacy waste diversion programs to date. As a member of the founding executive team, Geoff's peerless expertise and experience in the waste sector contributed to many of the Authority's

successes since it was established in November 2016.

I am grateful for the hard work, commitment, ingenuity, and excellent delivery of everyone who works for the Authority as we continue to implement a challenging transformation in how resources are recovered in Ontario. I am also grateful for the collaborative relationship we enjoy with the Ministry of the Environment, Conservation and Parks, and for the support and guidance of the Board of Directors.

The Authority's support for Ontario's trajectory towards a waste-free future continues through Registry projects for batteries, electronics, excess soil, and hazardous and industrial liquid waste; wind up the remaining portions of the MHSW program and implementation of an anticipated regulation for household hazardous and special products; continued implementation the Blue Box Program wind-up plan and implementation of an anticipated Blue Box Regulation; and oversight of the liquidation of Ontario Electronic Stewardship and Ontario Tire Stewardship.

As the COVID-19 pandemic continues, we continue to apply flexibility in the execution of our mandated responsibilities in 2021. We will continue to operate as cost-effectively as possible while ensuring that we are adequately resourced to meet the Minister's expectations. We look forward to continuing our engagement and collaboration with our partners in government and industry and all who are committed to supporting a circular economy in Ontario.



FRANK DENTON
Chief Executive Officer

Communicating for Compliance



Despite the extraordinary and difficult circumstances of 2020, the Authority continued to support the regulated community in achieving compliance and was able to help sustain momentum toward advancing Ontario's circular economy.

In 2020, the Compliance and Registry team developed oversight and enforcement programs for two new regulations. The Batteries Regulation was issued on February 27, 2020 just three weeks before Ontario declared a state of emergency and our staff transitioned to working from home. The EEE Regulation was issued on September 21, 2020 when the province was experiencing the pandemic's second wave. Implementing a new oversight and enforcement program can be challenging in the best of times, so I am grateful for the combined efforts of the Authority team, the regulated community, and our partners in the Ministry in implementing the two new programs in 2020.

Every part of the Authority played an important role

in transitioning batteries and electronics to the new producer responsibility regulatory framework:

- Our Transition Team conducted research and data analysis to increase our understanding of the market to align our enforcement strategy to current business practices.
- Our Communications and Stakeholder Relations team developed and executed a stakeholder engagement and education strategy to prepare businesses to meet their new obligations under the new regulations, including a weekly “Ask the Registrar” webinar series where we held live Q&A sessions about different aspects of the Batteries Regulation.
- Our IT Department and our Finance and Administration Team developed a registration and reporting process to accommodate the tight registration deadlines for year one of the regulations, while executing a strategy to develop the online registries for future reporting years.
- And, our Compliance and Registry Officers connected individually with over 1000 potential registrants to build awareness and understanding of the new rules. The team also implemented a strategy to address free riders, resulting in identification of 15 companies, including a major online retailer that agreed to pay \$700,000 in owed fees. The compliance team also undertook a number of inspection and communication initiatives to support a level playing field for all market participants.

Our organization continued to put the principles of ‘communicating for compliance’ into practice by using communication tools to support registrants in complying with the new rules. This core compliance strategy ensures the Authority's resources are deployed cost-effectively and on a risk basis and supports a collaborative partnership with the regulated community. All of the Authority's values – integrity, inclusion, collaboration, innovation, fairness, and accountability – were demonstrated in how our teams worked diligently throughout this pandemic year to make the compliance program successful in 2020.

06 Message From The Registrar

We value the efforts of all our partners to engage with us in implementing Ontario's new resource recovery laws.

We value the efforts of all our partners to engage with us in implementing Ontario's new resource recovery laws. We were supported throughout the year by our colleagues in the Ministry of the Environment, Conservation and Parks as we worked to implement the batteries and electronics regulations and enable strong oversight by the Minister. We also benefited from the close cooperation of Stewardship Ontario and Ontario Electronic Stewardship staff as we wound up the legacy waste diversion programs for batteries and electronics and transitioned the materials to Ontario's new resource recovery regulatory framework. And, we worked with batteries and electronics producers and the service providers who ensure these materials are properly collected, recovered, and processed. In the over 12,000 phone calls and emails that were exchanged with our Compliance and Registry team last year, we were struck by the dedication of the regulated community to working with the Authority to keep these materials out of landfills.

The Compliance and Registry team also continued its oversight of the Tires Regulation. At the end of 2020, tires producers and producer responsibility organizations reported for the first time on their performance for 2019, the program's first year of operation. Audited data submitted by registrants shows that 145,924 tonnes of tires were collected, and of that, 126,116 tonnes were either reused, retreaded, or processed into other valuable materials. The results of the tires program under the new producer responsibility regulation gives us confidence the batteries and electronics programs will be equally effective in supporting Ontario's circular economy strategy.

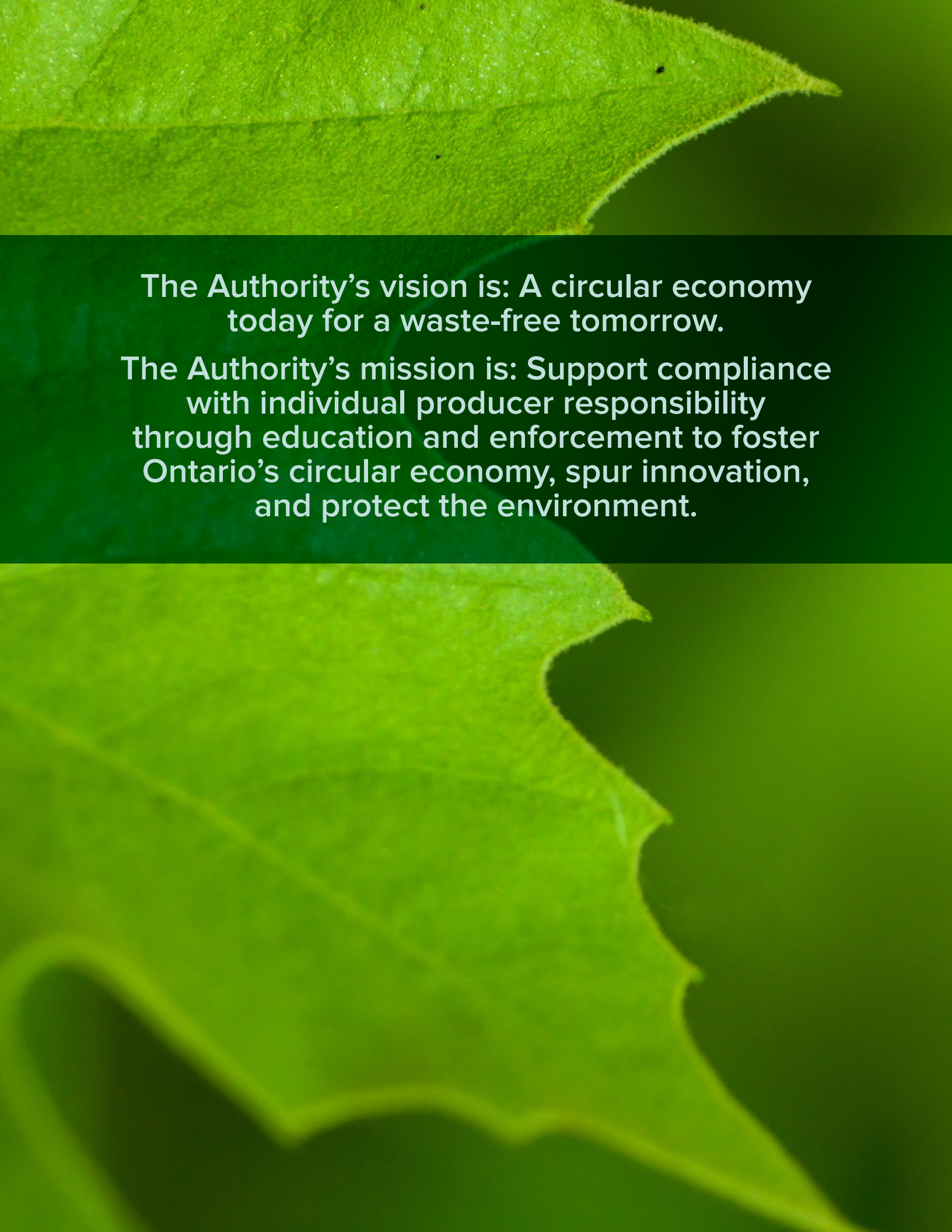
In 2021, the Compliance and Registry Team will continue to fulfill the Authority's mandate by completing the batteries and electronics registries; administering the third year of the tires program and the first full

performance periods for batteries and electronics; transitioning the MHSW Program to the new producer responsibility regulatory framework; continuing to oversee the implementation of the Blue Box Program wind-up plan and liquidation of Ontario Tire Stewardship and Ontario Electronic Stewardship; and developing digital reporting services for Ontario's Excess Soil and Hazardous Waste programs. I am confident that our communications-oriented and risk-based approach to regulating will produce positive outcomes in 2021.



NOAH GITTERMAN

Registrar and General Counsel

A close-up photograph of a green leaf with a serrated edge, showing detailed vein structure. The leaf is positioned diagonally across the frame, with the top right corner pointing towards the upper right. The background is a solid, dark green color.

**The Authority's vision is: A circular economy
today for a waste-free tomorrow.**

**The Authority's mission is: Support compliance
with individual producer responsibility
through education and enforcement to foster
Ontario's circular economy, spur innovation,
and protect the environment.**

About the Authority

Mandate

The Resource Productivity and Recovery Authority (RPPRA) was established by the Government of Ontario in November 2016 as the regulator responsible for enforcing the requirements of the [Waste Diversion Transition Act, 2016 \(WDTA\)](#) and the [Resource Recovery and Circular Economy Act, 2016 \(RRCEA\)](#) and their associated regulations.

Under the WDTA, the Authority is responsible for:

- Overseeing Industry Funding Organizations (IFOs) and monitoring the waste diversion programs they operate. In 2020, this included Stewardship Ontario (SO), which operates the Blue Box Program and Municipal Hazardous or Special Waste (MHSW) programs; and Ontario Electronic Stewardship (OES), which operated the Waste Electrical and Electronic Equipment (WEEE) Program until the program was wound up on December 31, 2020.
- Approving wind-up plans and overseeing the wind up of IFOs and the programs they operate as directed by the Minister. In 2020, the Authority continued to oversee the liquidation of Ontario Tire Stewardship, which operated the Used Tires Program until the program was wound up on December 31, 2018.
- Overseeing Industry Stewardship Organizations (ISOs) and monitoring the waste diversion programs they operate. This includes Product Care Association (PCA) for paints and coatings, pesticides, solvents, and fertilizers; SodaStream Canada for its proprietary CO₂ cylinders; and Automotive Materials Stewardship (AMS) for used oil containers, oil filters and antifreeze.
- Operating the annual municipal Datacall to compile information to determine the municipal Blue Box system cost and set the Blue Box Steward Funding Obligation.
- Undertaking compliance actions including conducting inspections, issuing monetary penalties, and undertaking prosecutions to enforce the requirements of the WDTA and its associated regulations.

The RRCEA outlines a producer responsibility regulatory framework for the collection and management of

In 2020, the Authority began preparations to fulfill its changed mandate to deliver digital reporting services to resource recovery programs beyond producer responsibility, starting with the Hazardous Waste Program (HWP) and the Excess Soil Registry.

designated materials that requires producers to be operationally and financially responsible and accountable for the products and packaging they sell into Ontario's market when consumers are finished using them. The RRCEA also mandates the Authority to deliver digital reporting services for waste management programs beyond producer responsibility. Under the RRCEA, the Authority is responsible for:

- Providing information to the public about resource recovery or waste in Ontario.
- Providing information to the Minister of the Environment, Conservation and Parks to support Ministry decision-making.
- Establishing, operating, and maintaining a public Registry to register producers of designated materials and other parties obligated by regulation, and receive information from these parties as required by regulation.
- Undertaking compliance actions for producer responsibility programs including conducting inspections, issuing compliance orders, levying

07 About The Authority

monetary penalties, and undertaking prosecutions to enforce the requirements of the RRCEA and its associated regulations.

Under the WDTA and RRCEA, the Minister of the Environment, Conservation and Parks has legislative oversight of the Authority. An [Operating Agreement](#) between the Minister and the Authority details the roles and responsibilities of the two parties.

Like most Ontario administrative authorities, the Authority finances its operations through fees and charges to its regulated parties on a cost-recovery basis and receives no funding from the Government of Ontario.

Governance and Executive Management

The Authority is governed by the Board of Directors

comprised of 11 skills-based members. The Board is responsible for the Authority's overall strategic direction and ensuring it delivers on its mandate. The Board is accountable to the Minister through the Chair for the Authority's delivery of its mandate and responsibilities under the WDTA, RRCEA and Operating Agreement. Minutes of board meetings are posted to the Authority's website as part of its commitment to transparency.

The Minister appoints five members to the Board of Directors and the Board elects an additional six members. The Board elects its officers in the positions of Chair, Vice-Chair, Secretary and Treasurer. The Minister also has the ability to appoint the Board Chair.

Board of Directors

Glenda Gies	Chair	Resigned as Chair in June 2020 and as Director in July 2020
Robert Poirier	Chair	Elected June 2020
Tom Wright	Vice-Chair	Re-appointed November 2017
Mary Shenstone	Secretary	Re-elected November 2017
Ken Kawall	Treasurer	Re-elected July 2017
Christine Bomé	Director	Appointed May 2020, resigned in December 2020
David Brezer	Director	Completed term November 2020
Saqib Cheema	Director	Re-elected November 2017
Tanweer Gilani	Director	Appointed January 2021
Andrea Nemtin	Director	Re-elected November 2017
Rajesh Sharma	Director	Re-elected November 2019
Jeffrey Steiner	Director	Appointed March 2021

Board members are remunerated for the performance of their duties at rates aligned with per diems set out in the Ontario Public Service Agencies & Appointments Directive for part-time appointees to regulatory

Chair – \$744

Vice-Chair – \$583

Director – \$472

Total Board remuneration in 2020 was \$224,707.

agencies. One Board member previously appointed by the Minister is employed by the Ontario Public Service and was not entitled to remuneration. The per diem rates for other members in 2020 are as follows:

07 About The Authority

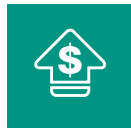
Committees

Board decision-making is supported by the following committees:



Audit and Risk

Assists the Board in fulfilling its oversight of the Authority's standards of integrity and behaviour, reporting of financial information, risk management oversight, and management control practices.



Finance and Technology

Oversees the Authority's financial and technological assets and preparation of the annual business plan, operating and capital budgets, and general financial resources management. Responsible for ensuring management has appropriate and effective policies and procedures for financial reporting and for monitoring and reviewing financial performance and internal controls.

Oversees procurement and implementation of the Authority's Registry and other I&IT capital projects.



Governance

Addresses governance issues related to the effective functioning of the Authority, its Board, and committees, including Board policies and protocols, Directors' Code of Conduct and Conflict of Interest, and Board and committee evaluations.

Responsible for oversight of the Authority's compliance with the RRCEA, WDTA and operating agreement, including the protocol for the delivery of the compliance and enforcement function within the context of the Registrar's independent decision-making responsibility.



Human Resources

Oversees the Authority's human resources management and ensures the adequacy and effectiveness of human resources policies and procedures.



WDTA Transition and Oversight

Assists the Board in its oversight of the organization's activities relating to waste diversion programs operating under the WDTA, including program performance, transition, and wind up.



All of the Authority's values – integrity, inclusion, collaboration, innovation, fairness, and accountability – were demonstrated in how our teams worked diligently throughout this pandemic...

07 About The Authority

Executive Management Team

Frank Denton	Chief Executive Officer
Patrick Moran	Registrar, resigned December 31, 2020
Noah Gitterman	Registrar and General Counsel, appointed Registrar January 1, 2021
Wilson Lee	Chief of Communications and Stakeholder Relations
Sandra Montague	Chief Financial and Administration Officer
John Pinard	Chief Information Officer
Geoff Rathbone	Director of Transition, resigned January 29, 2021

The Authority has six officers comprised of Board members and executives:

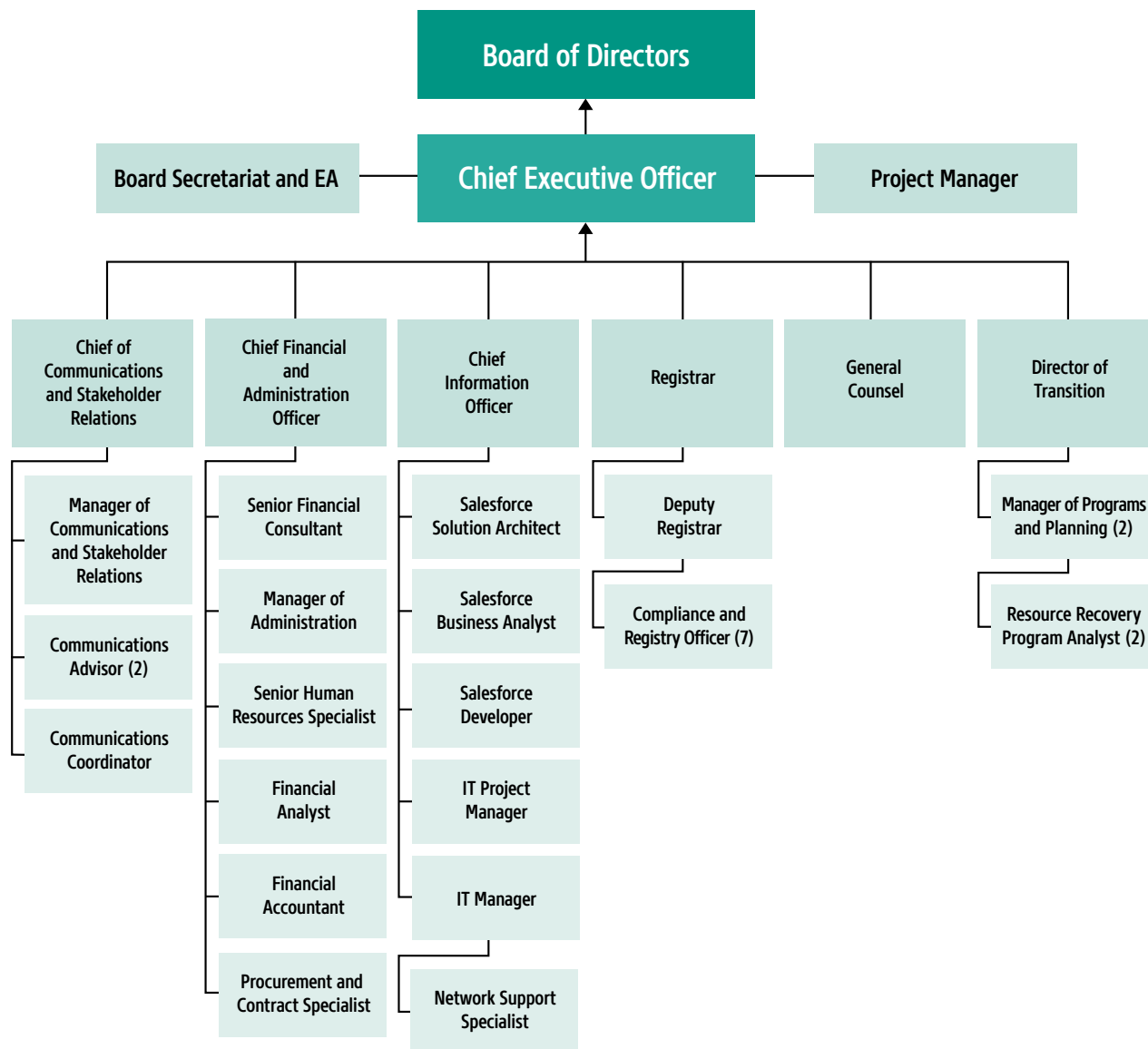
Glenda Gies	Chair, resigned in June 2020
Robert Poirier	Chair, elected in June 2020
Tom Wright	Vice-Chair
Ken Kwall	Treasurer
Mary Shenstone	Corporate Secretary
Frank Denton	CEO
Patrick Moran	Registrar, resigned December 31, 2020
Noah Gitterman	Registrar and General Counsel, appointed Registrar January 1, 2021

Additional information about the Board of Directors and Executive Management Team, including biographies and contact information, is available on the Authority's website. Members of the Board and employees of the Authority are subject to the Code of Conduct and other governance policies, which are available on the Authority's website.

07 About The Authority

Human Resources

The Authority's organizational structure in 2020 is set out in the chart below:



The Authority's staff complement in 2020 was 33.7 FTE compared to 27 FTE in 2019. The Authority's growth occurred primarily in its Compliance and IT departments in order to fulfill its changed mandate.

The Year In Review

In 2020, batteries became the second material that transitioned to the Ontario's producer responsibility regulatory framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and electronics became the third material.

The Batteries Regulation under the RRCEA was finalized in February, allowing the program for the collection and recycling of single-use batteries operated by Stewardship Ontario to wind up on June 30. Batteries transitioned to the new regulatory framework on July 1, making the Authority responsible for overseeing the new resource recovery system for single-use and rechargeable batteries that are 5 kg or less and sold separately from products in Ontario.

In September, the Government of Ontario finalized the Electrical and Electronic Equipment (EEE) Regulation under the RRCEA. As of January 1, 2021, following the wind up of the Waste Electrical and Electronic Equipment (WEEE) Program operated by the industry funding organization Ontario Electronic Stewardship (OES) on December 31, 2020, the Authority became responsible for overseeing the new producer responsibility system for information technology, telecommunications, audio-visual (ITT/AV) equipment sold in Ontario.

In addition to helping obligated parties prepare for the transition of batteries and electronics to the new producer responsibility regulatory framework, which is further outlined in the Compliance and Enforcement section of this report, the Authority undertook preparatory work to develop the Registry systems for batteries and electronics. That work included developing high-level business requirements and scoping the project to procure a technology partner. A vendor was selected, and the project kicked off in early 2021.

Although the Used Tires Program ended on December 31, 2018, the Authority continued to oversee Ontario Tire Stewardship (OTS), the industry funding organization that had previously operated the program. In March 2020, the Ontario Superior Court of Justice appointed a liquidator to implement the remaining provisions of the approved OTS Wind-Up Plan. On April 21, 2020, the Minister issued a direction letter to OTS requiring that surplus funds of the program be returned to stewards. OTS consulted on an amendment to its approved wind-up plan in January and

February 2021 and the Authority approved it in March 2021. An initial disbursement of surplus funds will occur in 2021.

The Authority also supported Stewardship Ontario throughout 2020 in developing and consulting on its proposed Blue Box Wind-Up Plan. In June 2020, Stewardship Ontario held webinar consultations on the plan and submitted it to the Authority by the August 31 deadline. The Authority consulted on the proposed plan from September 30 to November 10 and approved the plan with conditions on December 16.

In 2020, a decision was reached on a long-running dispute initiated in 2018 by Stewardship Ontario on three elements of the Authority's Blue Box Funding methodology. The arbitrator confirmed the Authority's decision-making on two substantial elements of the methodology: the Authority can include a steward cost containment fee, and the Authority can include costs related to materials that are commonly found in the Blue Box recycling system. On the third element, the arbitrator determined that the Authority is not allowed to include the monetary value of in-kind contributions from newspaper stewards as costs of the program to be funded by the steward obligation. The outcome of the arbitration helps ensure the stability of the program as it enters wind-up.

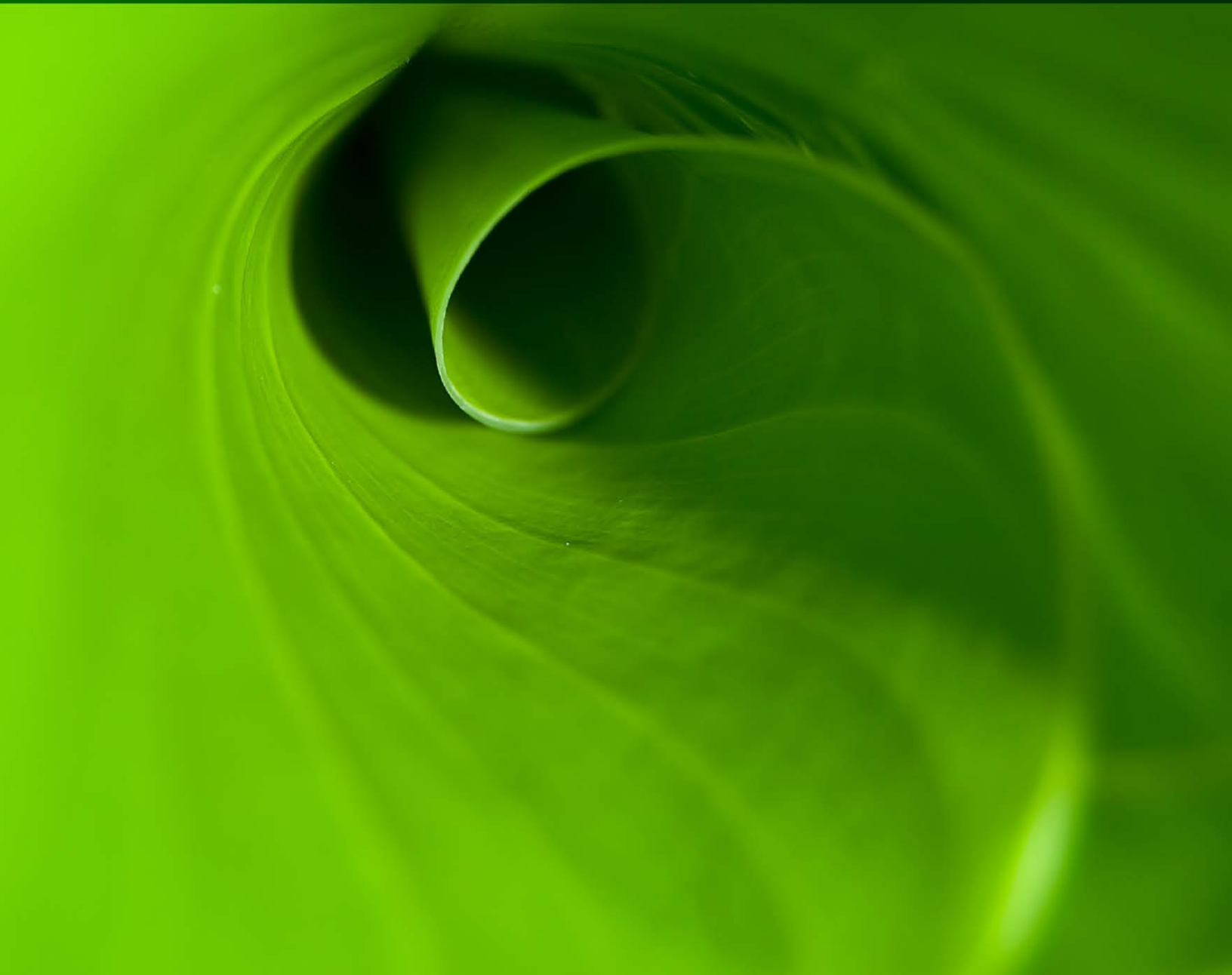
[Full details on the ruling can be found here.](#)

The Authority also published the [2019 Datacall Report](#), which presents the outcomes of residential waste diversion programs operated by municipalities, recycling associations and First Nation communities. The report is used to determine net Blue Box system operating costs and set the steward obligation, as well as providing insights into the Blue Box system performance.

The Authority continued to oversee the three waste diversion programs continued under the WDTA while planning for their wind up as directed by the Minister. Details on the performance of the WEEE, MHSW and Blue Box Programs are outlined in the WDTA Program Oversight section of this report and in the IFO/ISO annual reports appended to this report.

In January, Stewardship Ontario submitted a proposed addendum to the MHSW Wind-Up Plan to address residual funds, as required as part of the Authority's approval of the

In 2020, batteries became the second material that transitioned to the Ontario's producer responsibility regulatory framework under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and electronics became the third material.



08 2020 Highlights

wind-up plan at the end of 2019. The Authority consulted on the proposed addendum in January 2020 as part of its assessment process and approved it in February 2020. On April 1, 2020, the Minister gave further direction to Stewardship Ontario to develop further amendments to the wind-up plan for the release of surplus funds in lump sum transfers to each Industry Stewardship Organization. The Authority received the addendum and consulted on the proposal and approved it in June 2020.

As part of its changed mandate to deliver digital reporting services for waste management programs other than producer responsibility, the Authority was directed by the Minister in April 2020 to prepare a digital reporting service for the Hazardous Waste Program. The new reporting service will support the ministry's goal of ensuring that hazardous waste is safely managed, while making it easier for the regulated community to report their hazardous waste management activities. Throughout 2020, the Authority engaged with Ministry partners to develop the scope and high-level requirements of the new service, which will include an e-manifesting and mobile application solution, in order to initiate the procurement process to retain a technology partner to deliver the solution.

In October, the Minister consulted on proposed changes to regulations under the *Environmental Protection Act* to allow the Authority to establish and operate the Excess Soil Registry. The registry will support the beneficial reuse of millions of cubic tonnes of soil generated through construction and excavation activity, protect the quality of ground or surface water and land, ensure the safety of local communities, and prohibit illegal dumping. Following the 45-day consultation period, the decision for the Authority to operate the Registry was confirmed in December 2020. The Authority initiated the preparatory work to procure a technology partner in 2020 and phase 1 of the project focusing on core functionalities kicked off in April 2021. The system is scheduled to come online starting in December 2021. The Minister directed a phase 2 of the project focusing on enhanced functionalities following completion of phase 1.

In March 2020, the Authority transitioned its staff to remote work due to the COVID-19 pandemic and all scheduled in-person meetings, learning sessions and presentations were cancelled or re-scheduled online. The Registry remained available to registrants. Compliance and Registry Officers continued to be available by phone and email to

provide registrants with support.

Despite the challenges of working-from-home, Authority staff maintained high levels of both productivity and engagement and supported the achievement of organizational priorities, which are further described in the Corporate Scorecard section of this report.

Communications

To support compliance objectives, the Authority uses communications to ensure regulated businesses are provided with clear, relevant, and timely information to help them understand the Authority's mandate and their regulatory obligations.

Throughout 2020, the Authority's Communications and Stakeholder Relations Team worked closely with the Compliance and Registry Team to focus communications on helping registrants to understand and comply with their requirements under the new Batteries Regulation and the EEE Regulation. The Authority held two Circular Economy Learning Series initiatives: Understanding Ontario's New Batteries Regulation and Understanding Ontario's New Electrical and Electronic Equipment Regulation.

Understanding Ontario's New Batteries Regulation was designed to help those affected by the regulation understand and meet their obligations and participate in the new market for recycling, reusing and refurbishing batteries. This learning series included a stand-alone webinar that provided an overview of the new Batteries Regulation and regulatory framework for battery recycling in Ontario as well as a four-week "Ask the Registrar" webinar series, followed by a webinar targeting producers and their requirements under the regulation. The series provided stakeholders with the opportunity to engage directly with the Registrar to understand their requirements better and ask questions.

Understanding Ontario's New Electrical and Electronic Equipment Regulation was a two-part event to provide an overview of the new regulation and regulatory framework for electronic recycling, reuse, and refurbishment in Ontario. This series will continue into 2021 in order to better support regulated parties under the new regulation.

All webinar recordings and slides are available to stakeholders and the public on the Authority's [Circular Economy Learning Series](#) page of its website.

Consultations

The Authority held five formal consultations in 2020 as part of its commitment to engaging stakeholders on key decisions. All consultations meetings in 2020 were held online, primarily due to the COVID-19 pandemic.

08 2020 Highlights

1. Between January 20 and January 31, the Authority consulted on Stewardship Ontario's proposed Residual Funds Addendum to the MHSW Program Wind-Up Plan, following the approval of the plan in December 2019. The Authority hosted one webinar in mid-January to solicit feedback from stakeholders. More than 140 hazardous or special waste stakeholders were engaged during the consultation period.
2. From June 2 to June 23, the Authority consulted on the development of weight conversion factors to calculate the weight of rechargeable batteries. The Authority hosted one webinar, consulting with more than 100 stakeholders during the consultation period.

Despite the extraordinary challenges related to the COVID-19 pandemic in 2020, key milestones were achieved in realizing Ontario's vision of a waste-free future.

3. The Authority consulted on Stewardship Ontario's proposed ISO Surplus Fund Transfer Addendum to the MHSW Program Wind-Up Plan in June. The Authority hosted one webinar to gather feedback with 79 people in attendance.
4. From June 26 to August 10, 2020, the Authority consulted on its proposed 2020 Registry fees for tires, batteries, and EEE through two webinars, engaging over 180 stakeholders.
5. The Authority consulted on Stewardship Ontario's proposed plan to wind up the Blue Box Program from September 30 to November 10. The Authority hosted five webinars over the course of a week, each focused on a key element of the wind-up plan and process and four online group discussions, engaging with over 1,000 stakeholders.

The Authority was unable to consult on the 2021 Registry Fees in 2020 due to delays in the release of the final

EEE regulation and regulation for Municipal Hazardous or Special Waste. As such, the Authority was not able to meet the target for consultations on 2021 fees outlined in the 2020 Business Plan; however, the Authority has started this consultation in April 2021.

Complaints

The Authority's operating agreement with the Minister of the Environment, Conservation and Parks requires annual reporting on how complaints related to its activities were addressed.

The Authority is committed to having an accessible, fair, transparent and straightforward process in place when a complaint is received about the Authority or an individual acting on behalf of the Authority.

The Authority's [Public Complaints Policy](#) is posted on its website and details how a member of the public can submit a complaint to the Authority related to service delivery and staff conduct. Complaints related to compliance and enforcement are handled through procedures outlined in the WDTA and RRCEA and complaints related to privacy is addressed through the Authority's Access and Privacy Code.

The Authority received no formal complaints under the Public Complaints Policy in 2020.

Delivery of French Language Services

Consistent with its statutory obligations and requirements outlined in its operating agreement with the Minister of the Environment, Conservation and Parks, the Authority is committed to ensuring its services, communications and responses to public inquiries are available in French.

The Authority's [French Language Services Plan](#) details how the Authority meets its legislated requirements to provide services in French.

In addition to translating key corporate and compliance documents into French, the Authority uses a combination of bilingual Compliance and Registry Officers and a third-party service that offers real-time, on-demand simultaneous translation to provide services in French.

In 2020 the Authority received no requests for simultaneous French translation services. The Authority will continue to review and enhance its French Language Services Plan to meet its legislated requirements.

By-Laws, Policies and Procedures

The operating agreement between the Authority and

08 2020 Highlights

the Minister of the Environment, Conservation and Parks requires the Authority to annually outline any changes to the Authority's by-laws and policies.

In 2020, the following by-laws, policies and procedures were introduced or updated:

- The Procurement Policy was updated in February 2020 to more closely align to procurement best practices and improve clarity for users of the policy.
- The Wind-Up Guide was updated in February 2020 to better align to the Minister's directions regarding use of surplus funds, and to update the Authority's expectations around industry funding organization data management.
- The Authority's Governance Charter was updated in February 2020 to reflect the changing responsibilities of certain Board committees.
- The Financial Management and Controls Policy was updated in February 2020 to outline approval procedures for certain IT expenditures and to require reporting of settlements in quarterly financial variance reporting.
- The Investment Policy was updated in February 2020 to reflect the Authority's investment objectives with respect to considering ESG (Environmental, Social and Governance) factors and to require quarterly reports to the Board rather than annual or periodic.
- The Business Expense Policy, which was renamed the Travel, Meal and Hospitality Expense Policy, was updated in March 2020 to improve clarity, and more closely align with the Ontario Public Service's expense directive.
- The Enterprise Risk Management Plan was reviewed and updated in April 2020 and in September 2020.

By-laws, policies, and procedures that are subject to public disclosure are available on the [Corporate Documents page](#) of the Authority's website.

Compliance and Enforcement

The Authority's Compliance and Registry team is responsible for enforcing the requirements of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA) and their associated regulations. The Authority takes a risk-based approach to compliance, which is outlined in the Authority's [Risk-Based Compliance Framework](#), and focuses resources on the areas of greatest risk that arise from non-compliance.

The Registrar uses an assessment of those risks to undertake appropriate enforcement activities that maximize compliance while minimizing burden on business. The following compliance tools are available to the Registrar:

1. Proactive education and awareness
2. Inspection and audit
3. Communication to address non-compliance
4. Compliance order
5. Administrative penalty order
6. Prosecution

In 2020, the Authority's Registrar and Compliance and Registry Team focused on achieving compliance by helping businesses understand the requirements of new regulations released for batteries and electronics, in addition to continuing to support businesses to comply with the Tires Regulation.

Batteries and Electrical and Electronic Equipment

Producer responsibility requirements for single-use and rechargeable batteries came into effect on July 1, 2020 following the wind up of the program for single-use batteries operated by Stewardship Ontario on June 30, 2020. The Compliance and Registry Team, with support from the Communications and Stakeholder Relations Team, developed and implemented a comprehensive compliance strategy following the finalization of the Batteries Regulation on February 27, 2020 in advance of the transition date that included:

- Digital platforms (website, email, newsletter, social media)
- Circular Economy Learning Series information sessions via webinars
- Stakeholder consultations
- Engagement and collaboration with industry leaders and key market participants

- Direct outreach to registrants by Compliance and Registry Officers

As a result, the majority of identified batteries service providers registered with the Authority by the March 31, 2020 deadline for registration. Three producer responsibility organizations (PROs) also registered ahead of the transition, encouraging a competitive marketplace for producers to choose the providers they work with to meet their collection and management requirements. The Compliance and Registry Team followed up with late registrants to help ensure their compliance with regulatory requirements.

The Compliance and Registry Team conducted a similar comprehensive strategy to support the transition of information technology, telecommunications, and audio-visual equipment (ITT/AV) to the producer responsibility requirements outlined in the Electrical and Electronic Equipment Regulation (EEE).

In advance of the wind up of Ontario Electronic Stewardship's Waste Electrical and Electronic Equipment Program on December 31, 2020, the Authority conducted communications on the Authority's digital platforms, webinars and direct outreach campaigns to potential producers, service providers and PROs. As a result, the majority of identified ITT/AV

The Authority's Registrar and Compliance and Registry Team focused on achieving compliance by helping businesses understand the requirements of new regulations released for batteries and electronics.

09 Compliance and Enforcement

haulers, refurbishers and processors registered with the Authority prior to the November 30, 2020 deadline and 12 PROs registered in advance of the December 31, 2020 transition date. The Compliance and Registry Team followed up with late registrants to support their compliance with regulatory requirements.

In response to challenges faced by producers in meeting their initial supply reporting requirements, the Registrar gave Batteries and EEE producers until January 31, 2021 to register.

Tires

Under the Tires Regulation, tire producers were required to report their 2018 tire supply data in 2020 which, along with previously reported data for 2016 and 2017, was used to determine each producer's collection and management targets for 2021. The reporting deadline for supply data was moved from May 31, 2020 to October 31, 2020 due to the delay in the release of the EEE Regulation, which impacted the Authority's ability to set Registry fees including for tires necessary for supply reporting. By the revised supply reporting deadline, 92% of registered producers reported their 2018 supply data and received their 2021 collection targets.

The collection targets for the 2021 performance year, based on supply data reported by producers at the end of 2020, is 2,706 tonnes for large tires and 176,044 tonnes for all other tires. Targets are subject to revision as supply data is verified by the Compliance and Registry Team.

Tire producers, or PROs on their behalf, and service providers were also required to report performance results for collecting and recovering used tires in 2019,

The 85% recovery rate for tires was exceeded with 86% of the weight of all collected tires recovered or reused.

the first performance year under the new producer responsibility framework, by October 31, 2020. Audited performance reports submitted by registrants in late 2020 show that resources from the equivalent of 12 million used passenger and light truck tires, or 126,116 tonnes, were recovered through retreading, reuse or processing the tires into new products.

In 2021, the Compliance and Registry Team will be checking producer reporting against performance reported by individual processors and retreaders to further validate the sector's performance. Producers were required to submit performance reports for 2020, the second year of the program, by May 31, 2021. The collection targets for the 2020 performance year were 2,369 tonnes for large tires and 172,187 tonnes for all other tires.

The collection target in the regulation for large tires is set at 60% of the three-year rolling average of historical tire supply. The collection target for all other tires is set at 85% of the three-year rolling average of historical tire supply.

09 Compliance and Enforcement

The chart below provides further details of the sector's 2019 performance against targets outlined in the regulation on the following basis:

- The collection target for large tires (defined as tires 700 kgs or more, such as those used in industrial operations) was exceeded with 87% of the three-year average supply collected.
- The collection target for all other tires (defined as tires less than 700 kgs, which includes all passenger, light truck, and off-the-road tires) was not met, with 73% of the three-year average supply collected..

The recovery target under the regulation is set at 85% of tires collected.

- The 85% recovery rate for all tires was exceeded with 86% of the weight of all collected tires recovered or reused.

The Authority relies on a number of indicators to determine whether used tires continue to get collected at their end of life and their material recovered, including monitoring the collection system, analyzing processor data, engaging with producer responsibility organizations, liaising with the Ministry of the Environment, Conservation and Parks, assessing public complaints, assessing historical collection and performance data, and partnering with municipalities to respond to reports of discarded or stranded tires. The Authority found no evidence that tires collected were not appropriately managed in 2019. The Authority found no evidence that tires collected were not appropriately managed in 2019.

Tires Collection and Recovery Performance in 2019

	Tonnes	PLT Equivalent
Collection Target for Large Tires (60% of Average of Total Supplied)	2,178	205,442
Actual Large Tires Collected	3,190	300,955
Large Tires Collection Rate (collection/annual average supply)	87%	
Collection Target for All Other Tires (85% of Average of Total Supplied)	165,870	15,648,145
Actual All Other Tires Collected	142,734	13,465,427
All Other Tires Collection Rate (collection/annual average supply)	73%	
Tires Sent for Reuse	1,753	
Tires Retreaded	17,215	
Processed Tires – Crumb Rubber	78,958	
Processed Tires – Mulch	126	
Processed Tires – Aggregate	42	
Processed Tires – Rubber Strips/Chunks	2,473	
Processed Tires – Metal	21,188	
Processed Tires – Fluff/Fibre	722	
Process Tires – Other	3,638	
Total Recovered Tires	126,116	
Recovery Target (85% of All Tires Collected)	124,035	11,701,424
Total Collected	145,924	13,766,381
Total Recovered	126,116	11,897,743
Total Recovery Rate	86%	

09 Compliance and Enforcement

Enforcement Initiatives

In addition to the Authority's activities to support compliance with registration and reporting requirements, inspections and audits and other compliance initiatives were undertaken in 2020 to support a competitive marketplace for resource recovery and foster a level-playing field.

In 2020, the Compliance and Registry Team ran a campaign to address non-compliance related to resource recovery charges under Section 14 of the Tires Regulation, which requires tire producers and retailers who charge visible environmental handling fees identify the person responsible for charging the fee and explains how the fee will be used for resource recovery. The campaign included investigating complaints from consumers and carrying out inspections of retailers. In keeping with the Registrar's focus on education and communication as primary tools to address non-compliance, a compliance bulletin and supporting digital communications provided further guidance to tires producers and retailers about this section of the regulation.

The Compliance and Registry Team also implemented a strategy to address free riders, obligated companies that supply the Ontario market through direct or online sales but are not registered. A total of 15 companies were identified, including an online retailer that had never registered as a steward in the Stewardship Ontario single-use battery program and agreed to pay \$700,000 in owed fees.

The Compliance and Registry Team also launched several inspections and deployed communications strategies to support a level playing field for all market participants including service providers such as processors and PROs.

Registry Support

Under its legislated mandate, the Authority is required to develop and operate a public Registry to register obligated parties and to receive reports required by regulations. As part of the compliance strategy in 2020, the Registrar prioritized engagement with registrants to inform and educate them of their regulatory obligations under the batteries, electronics and tires regulations.

The Compliance and Registry Team recorded 12,226 unique interactions with regulated parties through the Registry email address, phone line and "contact us" form, as indicated in the following table:

Interactions

Voicemail	242
Contact Forms	251
Emails (Inbound and Outbound)	8,505
Incoming Calls	1,232
Outgoing Calls	1,996
Total Interactions	12,226

Common inquiries received from regulated parties included requests for clarification on visible fee requirements for EEE and batteries, reporting deadlines and the Authority's fees consultation. The Registrar used the interactions with regulated parties to develop compliance bulletins and educational materials, as well as to continuously improve the Registry portal, website, and email communications. In 2020, these improvements included an enhanced two-factor authentication login process for the Registry and a new FAQ page on the Authority's website.



As the pandemic continues into a second year
and businesses face ongoing challenges,
we will continue to explore how we can
better fulfill our mandated responsibilities in
a flexible and cost-effective way.

10 Oversight of WDTA Programs

Oversight of WDTA Programs

In 2020, the Authority oversaw the operations of three waste diversion programs under the *Waste Diversion Transition Act, 2016* (WDTA) and the industry funding organizations and industry stewardship organizations that operate these programs:

- The Blue Box Program operated by Stewardship Ontario
- The Municipal Hazardous or Special Waste (MHSW) Program operated by Stewardship Ontario, Product Care Association, SodaStream and Automotive Materials Stewardship
- The Waste Electrical and Electronic Equipment (WEEE) Program operated by Ontario Electronic Stewardship

Prior to 2020, all three programs were directed to wind up by the Minister and transition to the producer responsibility framework under the RRCEA.

In 2019, the Minister directed the Blue Box Program wind up starting January 1, 2023 and ending December 31, 2025. In 2018, the Minister directed that the single-use batteries part of the Municipal Hazardous or Special Waste (MHSW) Program, also known as ‘Orange Drop’ wind up on June 30, 2020. The remaining MHSW materials will wind up on September 30, 2021. As directed by the Minister in 2018, the WEEE Program ended on December 31, 2020.

The organizations that operated WDTA programs in 2020 are required to submit an annual report to the Authority that provides detailed information on program performance and financials. The Beer Store, which is not overseen by the Authority, is also required to submit an annual report to the Authority as part of its public reporting requirements. These reports are included as appendices to this document. Program performance highlights are summarized here.

Blue Box Program

Paper as well as packaging made of paper, glass, plastic and/or metal are collected from residences in over 240 municipalities and First Nations communities across Ontario. Stewardship Ontario is the industry funding organization that contributes to the funding of these services under the Blue Box Program on behalf of stewards (brand owners, franchisors or first importers) of packaging and printed

paper. Municipalities operate and fund the remaining costs of the collection and management services.

Each year, municipalities, recycling associations and First Nations communities in Ontario report their Blue Box activities, including tonnage and financial data, to the Authority as part of the annual Datacall. As of December 31, 2020 there were 1,813 stewards registered in the Stewardship Ontario Blue Box Program.

Based on data from the 2019 Datacall, the most recent year for which data are available, the Blue Box Program achieved a 57.3% recovery rate, just below the Program’s 60% recycling target.

A total of 729,906 tonnes were recycled in 2019, down 6.5% from 2018. Recycling rates have steadily decreased since 2015, with the decline mainly driven by changes in the mix of printed paper and packaging supplied to residents and recycling commodity markets. Higher rates of contamination and residue

Winding up Ontario’s legacy waste diversion programs and transitioning those materials to the new regulatory framework is a complex process that can only be achieved through a collaborative partnership between the Authority, industry, municipal and provincial governments, and First Nations.

10 Oversight of WDTA Programs

also contributed to the decline. Information about Stewardship Ontario's operation of the Blue Box Program can be found in Appendix A of this report.

Municipal Hazardous or Special Waste Program

The MHSW Program allows Ontario residents to safely dispose of household products that require special handling in accordance with the WDTA. There are 10 types of materials collected through the program: antifreeze, fertilizers, oil containers, oil filters, paints and coatings, pesticides, non-refillable pressurized containers, refillable pressurized containers, single-use batteries, and solvents.

These materials are collected through:

- Stewardship Ontario's Orange Drop Program for single-use batteries, which operated for the first

6 months of 2020 and wound up on June 30, 2020, and non-refillable and refillable pressurized containers

- Product Care Association's ReGeneration Program for paints and coatings, pesticides, solvents, and fertilizers
- Automotive Materials Stewardship's program for antifreeze, oil containers and oil filters
- SodaStream for their branded refillable cylinders

In 2020, these organizations reported collecting 27,169 tonnes of hazardous or special waste, compared to 30,701 tonnes in 2019. The table below shows the collection performance of each material in the program.

Material	Actual Tonnes Collected	Target Collection (in tonnes)	% of Target Collected
Antifreeze	2,530	2,642	95.76
Fertilizers	9	N/A	N/A
Oil containers	4,085	2,794	146.21
Oil filters	8,101	7,965	101.71
Paints and coatings	9,572	8,420	113.68
Pesticides	31	14	223.57
Pressurized containers			
Non-refillable	304	384	79.17
Refillable	413	419	98.57
Single-use batteries	1,941	1,443	134.51
Solvents	183	770	23.77
Total	27,169	24,851	109.33%

For more information on each material's performance, refer to annual reports from Stewardship Ontario, Automotive Materials Stewardship, Product Care Association and SodaStream in the appendices of this report.

Waste Electrical and Electronic Equipment

The WEEE Program operated by OES wound up on December 31, 2020 and transitioned to the RRCEA on January 1, 2021. Materials collected through the program include display devices such as televisions and monitors, desktop and portable computers, cellular and non-cellular devices, and printers. Ontario residents can bring these items to drop-off locations located throughout the province without charge. These items are also collected through curbside pick-up in some municipalities.

In 2020, the program collected 43,084 tonnes of electronics, a decrease from the 48,124 tonnes collected in 2019.

OES also saw a minor decrease in the reuse and refurbishment of electronics, with 3,342 tonnes reported in 2020 compared to 3,364 tonnes in 2019. Desktop computers continue to be the most reused or refurbished item, accounting for 46% of the items reused by weight. Information about OES's operation of the WEEE Program can be found in Appendix E of this report.

10 Oversight of WDTA Programs

Used Tires

The Used Tires Program operated by Ontario Tire Stewardship (OTS) under the WDTA was terminated on December 31, 2018 as directed by the Minister. As such, OTS has ceased to report on tire collection or diversion. Starting in 2019, resource recovery performance for Tires is reported by the Authority under the RRCEA.

OTS's activities in 2020 continued to focus on fulfilling outstanding financial and legal obligations necessary to shut down its operations in accordance with the wind-up plan approved by the Authority.

Information about OTS's activities in 2020 can be found in Appendix F of this report.

The Beer Store

The Beer Store is a privately-owned chain of retailers selling beer and other malt beverages in Ontario. The Beer Store collects beer containers and packaging sold in its stores and administers the Ontario Deposit Return Program, which allows for collection of alcoholic containers sold outside its stores, including wine, spirits, beer, and coolers. While this is not a waste diversion program overseen by the Authority, the WDTA requires The Beer Store's annual report to be provided to the Authority and made public to support transparency in The Beer Store's public reporting.

In 2020, The Beer Store reported collecting over 1.7 billion containers, diverting 265,291 tonnes from disposal. Of the total tonnes diverted, 167,367 tonnes were from The Beer Store Program and 97,924 tonnes were from the Ontario Deposit Return Program. According to The Beer Store's 2020 annual report, the overall return rate of recyclable material in the program was 69%, while the return rate for containers sold at The Beer Store was 77%. The Beer Store Annual Report can be found in Appendix G of this report.

11 Corporate Scorecard

The Authority's Performance

The Authority submits a Business Plan to the Minister of the Environment, Conservation and Parks in October of each year that sets out its strategic priorities for the following three years and its annual

goals and performance targets. In its Annual Report and at its Annual Public Meeting, the Authority reports on its progress towards meeting the performance targets set the previous year.

The tables below outline the Authority's strategic objectives and targets as outlined in the [2020 Business Plan](#) and performance achieving those targets.

Strategic Priority One: Transition of Waste Diversion Programs

Objective	Target	2020 Performance	Comments
Continued oversight of waste diversion programs	IFOs/ISOs operate in compliance with WDTA requirements	Achieved	IFOs/ISOs operated in compliance with WDTA requirements.
	Respond within 30 days to complaints	Achieved	Every complaint about a non-compliance with regulatory requirements received by the Authority initiated an assessment by an inspector within 30 days.
	Respond within 30 days to substantiated non-compliances	Achieved	All non-compliances substantiated by an inspector resulted in a compliance action within 30 days.
Effective wind up of IFO programs and IFOs	Effective monitoring and response to any program disruption during wind up of Batteries Program on June 30, 2020 and transition to individual producer responsibility on July 1, 2020	Achieved	The Authority oversaw the successful wind up of the Batteries Program operated by Stewardship Ontario on June 30, 2020 and on July 1, 2020 batteries became subject to Ontario's new producer responsibility requirements under the Batteries Regulation.
	Effective monitoring and response to any program disruption during wind up of WEEE Program on December 31, 2020 and transition to individual producer responsibility on January 1, 2021	Achieved	The Authority oversaw the successful wind up of the WEEE Program on December 31, 2020 and on January 1, 2021 electronics became subject to Ontario's new producer responsibility requirements under the Electrical and Electronic Equipment Regulation (EEE).
	Authority approval of the wind-up plan for the Blue Box Program on the timelines anticipated by the Minister	Achieved	The Authority approved Stewardship Ontario's Blue Box Transition and Stewardship Ontario Wind-Up Plan on December 16, 2020, as per the Minister's direction.

11 Corporate Scorecard

Strategic Priority Two: Responsible Management of Data

Objective	Target	2020 Performance	Comments
Develop and maintain Registry to fulfill organizational mandate	Complete Registry development to register and receive data from obligated parties in accordance with Batteries Regulation and Electrical and Electronic Equipment Regulation	Not Applicable	Due to delays in the release of the final Batteries and EEE regulations, Registry projects for both Batteries and EEE were deferred to 2021.
Registrants submit required data	Respond within 30 days to all substantiated non-compliances.	Achieved	All non-compliances substantiated by an inspector resulted in a compliance action within 30 days.
Responsible parties registered	90% of single-use battery brand holders formerly registered with Stewardship Ontario register with Authority by deadline	Not Applicable	Due to delays in the release of the final Batteries Regulation, the registration deadline for obligated parties was deferred to 2021.
	90% of brand holders formerly registered with Ontario Electronic Stewardship register with Authority by deadline	Not Applicable	Due to delays in the release of the final EEE Regulation, the registration deadline for obligated parties was deferred to 2021.
Protection of private and commercially sensitive data	Compliance with Access and Privacy Code and RRCEA and WDTA provisions on confidentiality of information	Achieved	There were no breaches of the Authority's Access and Privacy Code and the Authority adhered to all confidentiality provisions of the RRCEA and WDTA.

11 Corporate Scorecard

Strategic Priority Three: Trusted Authority

Objective	Target	2020 Performance	Comments
RPRA viewed as responsive, unbiased, cost-effective organization focused on enabling compliance	At or above 2019 baseline for stakeholder perception of the Authority's performance	Not Applicable	Due to the COVID-19 pandemic, the Authority deferred the 2020 stakeholder perception survey.
Foster a level playing field for parties obligated under RRCEA	Complaints responded to within 30 days	Achieved	Every complaint about a non-compliance with regulatory requirements received by the Authority initiated an assessment by an inspector within 30 days.
	Respond within 30 days to all substantiated non-compliances	Achieved	All non-compliances substantiated by an inspector resulted in a compliance action within 30 days.

11 Corporate Scorecard

Strategic Priority Four: Accountability

Objective	Target	2020 Performance	Comments
Comply with reporting requirements in the RRCEA, WDTA and the Operating Agreement	2019 Annual Report submitted by June 1, 2020	Achieved	The 2019 Annual Report was submitted on June 1, 2020.
	Annual Public Meeting held in June 2020	Achieved	The Annual Public Meeting was held on June 23, 2020.
	2021 Business Plan submitted 90 days before year end	Achieved	The 2021 Business Plan was submitted on October 2, 2020.
Engage and consult broadly and openly with stakeholders	Completion of consultations and approval of 2021 Registry fees with level of participant satisfaction at or above consultation survey results for consultation on 2020 Registry fees	Not Applicable	Due to delays in the release of the final Batteries and EEE Regulation, the Authority deferred consultations on proposed 2021 Registry Fees to Q2 2021.
	Completion of consultations on Blue Box Program Wind Up Plan with level of participant satisfaction at or above consultation survey results for consultation on other wind up plans	Achieved	Consultations on the Blue Box Wind-Up Plan were held between September and November 2020. Participant satisfaction based on survey results was 3.8 out of 5, which met the 2019 survey results of 3.8 based on feedback from the WEEE and MHSW program wind-up consultations surveys.

11 Corporate Scorecard

Strategic Priority Five: Organizational Sustainability

Objective	Target	2020 Performance	Comments
Set fees and other charges that sustain the organization	Recovery of costs without significant deficit or surplus	Achieved	2020 Registry Fees for Tires and charges to IFOs generated the required revenue to cover the Authority's associated costs.
	Contribution to Reserve consistent with Reserve Fund Policy	Achieved	Contribution to the reserve fund was consistent with the budgeted amount.
Establish an organizational culture based on professionalism, continuous improvement, integrity, accountability, respect and collaboration	Level of engagement at or above levels established in the 2019 employee engagement survey	Achieved	Employee engagement score in 2020 was 86.2%, exceeding the 2019 score of 83.8%.

Financials

December 31, 2020

Management Discussion and Analysis

Revenues

The Authority had total revenues of \$9.6 M in 2020, compared to revenues of \$8.1 M in 2019. The increase was required to offset higher operating costs related to the Authority's changed mandate and scope of responsibilities, which are discussed below.

The Authority operates on a cost-recovery basis and is authorized through its legislated mandate to set and charge fees:

- Sections 34 and 41 of the *Waste Diversion Transition Act, 2016* (WDTA) allow the Authority to recover costs from IFOs and industry stewardship organizations Industry Funding Organizations (IFOs) associated with the Authority's oversight of waste diversion programs operated by IFOs or ISOs.
- Section 41 of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) authorizes the Authority to levy fees and charges for the purposes of cost recovery for activities related to the performance of its duties and exercise of its powers under the RRCEA or any other Act.

The Authority recognized \$4.3 M in RRCEA fees charged to tire, electrical and electronic equipment (EEE), and battery producers in 2020, of which \$1.7 M was used to finance the 2020 Registry development and compliance activities related to the Tires Regulation and \$2.6 M was used to support the preparatory work to develop the Registry and compliance function related to the EEE Regulation and Batteries Regulation. RRCEA fees represented approximately 45% of the Authority's revenues.

The remainder of the Authority's revenue was derived through charges to IFOs and ISOs under sections 34 and 41 of the WDTA to finance the Authority's activities related to oversight of waste diversion programs operated by IFOs and ISOs. The Authority collected \$5.3 M from IFOs and ISOs.

As other RRCEA regulations come into force, the Authority anticipates that its costs recovered under sections 34 and 41 of the WDTA will decline while its costs recovered under section 41 of the RRCEA will increase.

Operating Expenses

The Authority allocates and recovers its expenses on the following basis:

- To the WDTA if the expenses are associated with only the WDTA.
- To the RRCEA if the expenses are associated with only the RRCEA.
- To both the WDTA and the RRCEA proportionally where functions are required to continue operations under the WDTA and to support activities under the RRCEA.

Expenses for RRCEA-related activities are recovered from registrants obligated under the RRCEA and its associated regulations. In 2020, registrants were obligated to register or report to the Authority under the Tires, EEE and Batteries regulations.

Expenses for WDTA-related activities are recovered from IFOs and ISOs. These costs include payroll and other direct program expenses and indirect costs that are common to the administration of the Authority and the WDTA programs it oversees.

Indirect costs were allocated based on the following methodology:

- 50% of indirect costs are shared equally among programs.
- The remaining 50% of indirect costs are allocated based on the program's direct costs, excluding Datacall and InKind program administration.
- Industry stewardship plans (ISP) are allocated a portion of the program's share of indirect costs in proportion to the program's budget for the ISP material.

Below are highlights from the Authority's 2020 audited financial statements:

- The Authority's overall expenses increased 18.7% to \$8.9 M in 2020 from \$7.5 M in 2019 due to higher expenses related to amortization of Registry assets and additional expenses including staffing and professional fees required to deliver on the Authority's mandate. In addition, rent and capital asset amortization expenses increased as a result of an office expansion in 2019, which was required to accommodate the future increase in project teams required to build the Registry and

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additional staff, including Compliance and Registry Officers and I&IT personnel, necessary to deliver on the Authority's mandate. The following additional details are provided for clarity:

- Registry capitalizable costs, characterized as intangible assets, increased by \$2.5 M from \$2 M in 2019 to \$4.5 M in 2020 due to upgrades to the existing foundational registry system in order to support the system's expansion (e.g., EEE, Batteries, HWP, Excess Soil). This increase in the value of the intangible asset translated to increase in amortization of the Registry asset.
- Leasehold improvements to the Authority's office space increased the asset value by \$0.94 M in 2020, which resulted in higher amortization expenses for the year.
- Rent expenses increased by \$400k.
- Higher salary and benefits expenses were incurred due to an increase in staff required to deliver on the Authority's changed mandate. Total employees increased from 27 FTE in 2019 to 33.7 FTE in 2020, primarily in Compliance and I&IT.
- While overall expenses increased year-over-year, the Authority also realized significant cost reductions on the following basis:
 - Board compensation and related expenses declined by \$121K in 2020 due to two Board vacancies during the year, reduced Board per diem claims due to shorter and virtual meetings.
 - Loan interest decreased by \$76K due to a reduction in the interest rate from 3.2% to 1.7%.
 - Communications cost declined by \$59K mainly due to lower expenses for stakeholder meetings, consultations, and Annual Public Meeting achieved through reduced face-to-face meetings.
- The Authority had direct program costs under the WDTA of \$1.0 M in 2020, compared to direct program costs of \$0.8 M in 2019. The increase was primarily due to legal fees related to the arbitration process with Stewardship Ontario and the Association of Municipalities of Ontario on the Blue Box Steward Obligation.
- The Authority had recoverable indirect costs under the WDTA of \$4.0 M in 2020, compared to

recoverable indirect costs of \$4.9M in 2019. The decrease was primarily due to the reduction in indirect/shared costs that were needed to deliver on the Authority's mandate.

The Authority also received \$25,000 in federal government assistance for eligible small employers, including non-profit organizations, through a temporary payroll deduction due to the COVID-19 pandemic.

Operating Reserve

The Authority's Operating Reserve Policy sets the maximum amount of the reserve at 50% of the Authority's annual operating costs. The excess of revenues over expenses in 2020 was \$0.7 M, compared to \$0.6 M in 2019. The Authority's total operating reserve at year end was \$3.7 M or 38% of the Authority's 2020 annual operating costs.

The results of our efforts to operate as cost-effectively as possible is apparent in our 2020 financial performance.

Cash Flows and Liquidity

At year end, the Authority had a negative working capital position of approximately \$3.7 M compared to a negative working capital position of approximately \$0.9M at December 2019 and cash and short-term investments of \$1.1 M compared to \$3.4 M in 2019. The increase in the Authority's negative working capital is primarily due to loan financing of the Registry build. The Registry is shown as a long-term asset. The loan financing for the Registry build is shown as a current liability until it is converted into a term loan facility, at which time the loan will be shown as a long-term liability. This happens when each of the different Registry programs are completed.

The Authority has a \$3 M revolving operating credit facility with a Canadian bank for ongoing working capital requirements and general corporate purposes. The Authority also has \$37 M in supplementary operating credit facilities with the same bank to finance the cost of

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building the Registry infrastructure required to perform the duties assigned under the RRCEA and WDTA and directed by the Minister. Additionally, the organization has available committed Term Loans of up to \$37 M with the same bank to replace the supplementary operating credit facilities when certain milestones are reached in conjunction with the infrastructure build.

The \$37 M in supplementary operating credit facilities is the total amount available and does not represent the total estimated amount required. It is not possible to estimate the total cost and number of Registry projects, which are unknown at this time and will be dependent on the number of materials designated under the RRCEA and the number of digital reporting services assigned to the Authority by the Ontario government. All Registry projects require Board approval and bank approval based on each RRCEA regulation prior to accessing financing. The Authority has committed Term loans available to replace the supplementary operating credit facilities when certain milestones are reached in each Registry project. None of the credit facilities was converted to a term loan in 2020. All bank debt is secured by a general security agreement.

The revolving and supplementary operating credit facilities bear interest at a floating rate equal to prime rate minus 0.75% per annum. The amounts drawn on these operating credit facilities at December 31, 2020 is \$8 M for the following requirements:

- Organization start-up costs
- Tires and Foundational Registry project
- Batteries and EEE Registry projects

The interest rate on the term loans will be determined when the organization draws on these facilities. The amount drawn on term loans at December 31, 2020 is nil.

The Authority's Investment Policy requires that excess cash, held from time to time, be invested in accordance with sound investment management principles. Investments are made based on the requirements of safety, yield and appropriate liquidity. Investments may be made in short-term government of Canada treasury bills, Canadian Chartered Bank Term notes, top-rated Certificates of Deposits with short term maturities and other low risk securities.

Principal Risks and Uncertainties

The Authority identifies, assesses, and evaluates risks and develops mitigation plans to manage risks that

have the potential to inhibit the organization's ability to achieve its objectives.

The key risks associated with the Authority's operations include:

- Key assumptions about the timing of government initiatives on wind up of current waste diversion programs under the WDTA and regulations under the RRCEA coming into force.
- Key assumptions about registrants arising from the designation of additional materials under the RRCEA.
- Timeline, cost estimates and functional scope of Registry projects, which are dependent on the requirements set out in the related regulations.
- Availability, recruitment, and retention of skilled human resources.

The Authority's enterprise risk management framework supports the effective management of risks through the development of risk management plans. The Authority monitors its risks and continually assesses its exposure and mitigation plans to ensure its risk mitigation strategies support organizational resilience to achieve its strategic priorities.

Outlook for 2021

In response to the COVID-19 pandemic in 2020, federal, provincial, and municipal governments have enacted emergency measures to contain the spread of the virus and protect the public. These measures have resulted in economic uncertainty for the companies subject to regulations under the RRCEA and WDTA and anticipating the full effect of these measures in 2021 is not possible at this time.

As a business regulator, the Authority was designated by the Ontario government as an essential service and permitted to continue operations during the pandemic. In order to protect staff and support broader public health initiatives against COVID-19, the Authority adopted a work-from-home program, which has been successful in allowing personnel working remotely to complete day-to-day activities and in allowing the organization to remain fully operational during this period.

In 2021, the Authority will continue to focus on supporting the transition of responsibility for materials managed by WDTA programs to the producer responsibility framework under RRCEA regulations, as well as its oversight role under the WDTA. Additionally,

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the Authority will begin to implement its changed mandate to provide digital reporting services for waste management and resource recovery programs beyond producer responsibility starting with the Hazardous Waste Program for hazardous and industrial liquid waste and the Excess Soil Registry.

The cost of the Registry for future designated materials and digital reporting services will be determined once the final regulation that determines business requirements is available. Registry projects are procured and financed on a project-by-project basis following the finalization of regulations to ensure accuracy in project budgeting and reporting.

In the 2021 budget, revenues were budgeted at \$10.5 M compared to \$9.6 M in 2020 and expenses were budgeted at \$11.9 M compared to \$8.9 M in 2020. However, due to changes in the anticipated timing of RRCEA regulations being released; the addition of the Hazardous Waste Program digital reporting service and the Excess Soil Registry; and the Authority's ongoing review of the potential impacts to the budget from the economic and financial uncertainty caused by the COVID-19 pandemic, the Authority anticipates adjustments to its 2021 budget.

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Resource Productivity and Recovery Authority

December 31, 2020

Financial Statements

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Resource Productivity and Recovery Authority

December 31, 2020

Independent Auditor's Report

May 18, 2021

To the Board of Directors of Resource Productivity and Recovery Authority

Opinion

We have audited the financial statements of Resource Productivity and Recovery Authority, which comprise the balance sheet as at December 31, 2020, and the statements of revenue and expenses and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial position of Resource Productivity and Recovery Authority as at December 31, 2020, and the results of its operations and its cash flows for the year then ended are in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Resource Productivity and Recovery Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Resource Productivity and Recovery Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Resource Productivity and Recovery Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Resource Productivity and Recovery Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Resource Productivity and Recovery Authority

December 31, 2020

As part of an audit in accordance with Canadian auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Resource Productivity and Recovery Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Resource Productivity and Recovery Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Resource Productivity and Recovery Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chaplin & Co.

Chartered Accountants

Licensed Public Accountants

Toronto, Ontario

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Resource Productivity and Recovery Authority

December 31, 2020

Balance Sheet

		Year ended December 31	
	Notes	2020	2019
Assets			
Current			
Cash		\$ 1,089,170	\$ 1,390,533
Short-term investments	3	–	2,010,370
Accounts receivable	4	1,407,086	2,097,759
Deferred costs recoverable	5	2,725,630	–
Prepaid expenses		91,588	158,737
		5,313,474	5,657,399
Deposits		110,494	110,494
Capital assets	6	1,683,235	694,910
Intangible assets	6	6,141,328	3,824,049
		\$ 13,248,531	\$ 10,286,852
Liabilities			
Current			
Bank loan	2	\$ 7,990,555	\$ 5,380,000
Accounts payable and accrued liabilities		961,869	544,596
Government remittances payable		18,475	425,098
Deferred revenue	5	–	252,654
		8,970,899	6,602,348
Deferred leasehold inducement	7	592,280	690,994
		9,563,179	7,293,342
Net Assets	8	3,685,352	2,993,510
		\$ 13,248,531	\$ 10,286,852
Commitments and contingencies	10		
See accompanying notes			

Approved on behalf of the Board of Directors of Resource Productivity and Recovery Authority:


 Robert Poirier, Chair


 Ken Kawall, Treasurer

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Resource Productivity and Recovery Authority

December 31, 2020

Statement of Revenue and Expenses and Net Assets

Year ended December 31, 2020

	Total	WDTA (1)	RRCEA
Revenue			
Cost recovery	\$ 8,900,075	\$ 4,974,181	\$ 3,925,894
Reserve contribution	600,000	300,000	300,000
Start-up costs recovery	91,842	–	91,842
Other	6,671	3,764	2,907
	9,598,588	5,277,945	4,320,643
Expenses			
Salaries and benefits	4,482,146	3,147,062	1,335,084
Registry	1,071,656	–	1,071,656
Professional fees	896,489	756,324	140,165
Rent	816,577	489,946	326,631
Amortization	748,409	167,479	580,930
Other operating	272,453	154,421	118,032
Board compensation and related expenses	248,996	149,398	99,598
Communications	170,079	63,750	106,329
Loan Interest	116,147	–	116,147
Telephone and Internet	83,794	49,565	34,229
	8,906,746	4,977,945	3,928,801
Revenue over expenses	691,842	300,000	391,842
Net Assets, beginning of year	2,993,510	3,236,927	(243,417)
Net Assets, end of year	\$ 3,685,352	\$ 3,536,927	\$ 148,425

(1) Schedule 1 shows breakdown of the WDTA expenses by program.

See accompanying notes

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Resource Productivity and Recovery Authority

December 31, 2020

Statement of Revenue and Expenses and Net Assets

Year ended December 31, 2019

Total	WDTA (1)	RRCEA
\$ 7,510,990	\$ 5,680,092	\$ 1,830,898
600,000	450,000	150,000
—	—	—
15,711	11,783	3,928
8,126,701	6,141,875	1,984,826
3,506,058	2,840,778	665,280
1,077,192	807,894	269,298
759,331	642,296	117,035
414,741	311,056	103,685
597,240	447,935	149,305
294,723	193,433	101,290
369,699	277,274	92,425
229,441	112,916	116,525
192,340	—	192,340
85,936	58,293	27,643
7,526,701	5,691,875	1,834,826
600,000	450,000	150,000
2,393,510	2,786,927	(393,417)
\$ 2,993,510	\$ 3,236,927	\$ (\$243,417)

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Resource Productivity and Recovery Authority

December 31, 2020

Statement of Cash Flows

	Year ended December 31	
	2020	2019
Net cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	\$ 691,842	\$ 600,000
Amortization	748,409	597,240
Changes in non-cash working capital items		
Accounts receivable	690,674	(626,566)
Prepaid expenses and deposits	67,149	(93,585)
Accounts payable and accrued liabilities	318,559	351,097
Government remittances payable	(406,623)	129,950
Deferred revenue	(2,978,285)	(325,042)
	(868,275)	633,094
Financing Activity		
Increase in bank loan	2,610,555	430,000
	2,610,555	430,000
Investing Activities		
Sale (purchase) of investments	2,010,370	(2,010,370)
Additions to capital assets	(1,247,828)	(116,030)
Additions to intangible assets	(2,806,185)	(198,094)
	(2,043,643)	(2,324,494)
Net decrease in cash during the year	(301,363)	(1,261,400)
Cash, beginning of the year	1,390,533	2,651,933
Cash, end of year	\$ 1,089,170	\$ 1,390,533

See accompanying notes

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Resource Productivity and Recovery Authority

December 31, 2020

Notes to the Financial Statements

December 31, 2020

On November 30, 2016 the Resource Productivity and Recovery Authority (RPRA) was proclaimed as part of the Waste-Free Ontario Act, 2016.

The Authority is responsible for operating a registry to receive and store information, providing information to the public in accordance with an Access and Privacy Code, oversight of industry funding organizations and industry stewardship plans continued under the Waste Diversion Transition Act, 2016 (WDTA), oversight of the winding up of programs operated by the industry funding organizations and compliance and enforcement of the Resource Recovery and Circular Economy Act, 2016 (RRCEA) and the WDTA.

The organization is a not-for-profit organization and is not subject to income taxes.

1. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared using standards of Part III of the CPA Canada Accounting Handbook, Accounting Standards for Not-for-Profit Organizations.

Financial Instruments

Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable. The entity has not designated any financial assets or financial liability to be measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment.

When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenues over expenditures. The write-down reflects the difference between the carrying amount and the higher of:

- i) the present value of cash flows expected to be generated by the asset or group of assets
- ii) the amount that could be realized by selling the assets or group of assets
- iii) the net realizable value of any collateral held to secure repayment of the assets or group of assets

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess revenues over expenditures up to the amount of the previously recognized impairment.

Revenue Recognition

The organization follows the deferral method of revenue recognition. Revenues are derived through fees charged to industry funding organizations (IFOs) under section 33 (5) of the WDTA, fees charged to industry stewardship organizations (ISOs) under section 41 of the WDTA and fees charged to registrants under section 41 of the RRCEA. The fees are set to cover the organization's related operating costs and to provide a reserve for contingencies. Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably.

Amounts received that relate to future fiscal periods are recorded as deferred revenue.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets commencing on the date when the assets are placed into service.

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Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

Capital Assets (continued)

The estimated useful lives are as follows:

Computer software	3 years
Computer equipment	3 years
Office equipment and furniture	5-7 years
IT infrastructure and networks	5-10 years
Leasehold improvements	Over the term of the lease

Intangible Assets

Intangible assets comprise Registry development expenses. Intangible assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful life of the assets commencing on the date when the assets are placed into service.

Impairment of long-lived assets

The Authority tests for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition.

When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value. There were no impairment indicators in 2020.

Deferred Leasehold Inducements

Deferred leasehold inducements related to the reimbursement by the lessor of certain expenditures restricted for leasehold improvements are amortized over the term of the lease.

Government assistance

Government assistance, in the form of wage subsidies due to the Coronavirus ("COVID-19"), has been deducted from salaries and benefits as the organization incurs the related eligible wages. Government assistance recognized is further described in Note 12 to these financial statements.

Allocation of Direct and Indirect Expenses

The organization oversees three programs under the WDTA. The costs of each program include personnel costs and other expenses that are directly related to overseeing the program. The organization also incurs a number of indirect costs that are common to the administration of the organization and each of its programs.

Indirect costs are allocated in accordance with the following methodology adopted by the Board of Directors of the organization:

- i. 50% of indirect costs are shared equally among programs; and
- ii. the remaining 50% of indirect costs are allocated based on the program's direct costs, excluding Datacall and InKind program administration
- iii. The WDTA share of the reserve fund contribution is allocated among the WDTA programs based on each program's proportionate share of total WDTA indirect (or shared) expenses.

Further, Industry Stewardship Plans (ISPs) are allocated a portion of the program's share of ii) based on the relative proportion of the program's budget for the ISP material.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include allocation of expenditures. Actual results could differ from management's best estimates as additional information becomes available in the future.

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Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

2. Banking Facility

The organization has a \$3 million revolving operating credit facility with a Canadian bank for ongoing working capital requirements and general corporate purposes and \$37 million in supplementary operating credit facilities, with the same bank, to finance the cost of building the Registry infrastructure required to perform the duties assigned under the RRCEA and WDTA and directed by the Minister. In addition, the organization has available committed Term Loans of up to \$37 million, with the same bank, to replace the supplementary operating credit facilities when certain milestones are reached in conjunction with the infrastructure build.

The revolving and supplementary operating credit facilities bear interest at a floating rate equal to prime rate minus 0.75% per annum. The amounts drawn on these operating credit facilities as at December 31, 2020 are \$7.99 million (2019 – \$5.38 million). The interest rate on the term loans will be determined when the organization draws on these facilities. The amount drawn on term loans at December 31, 2020 is \$nil (2019 - \$nil). All bank debt is secured by a general security agreement.

3. Short-term investments

The short-term investments as at December 31, 2020 is \$nil (2019 - \$2.01 million).

4. Accounts Receivable

	Year ended December 31	
	2020	2019
Leasehold Inducement	\$ 569,717	\$ 504,835
Stewardship Ontario - Blue Box	271,768	737,870
RRCEA Registrants	176,912	11,352
Ontario Tire Stewardship - Used Tires	173,566	178,405
Ontario Electronic Stewardship		
- Waste Electrical and Electronic Equipment	76,861	337,092
Stewardship Ontario - Municipal Hazardous or Special Waste	57,047	82,382
Automotive Materials Stewardship - Industry Stewardship Plan		
- Automotive Materials	39,436	130,738
Product Care Association - Industry Stewardship Plan		
- Paint and Coatings	32,690	87,582
Product Care Association - Industry Stewardship Plan		
- Pesticides, Solvents and Fertilizers	6,865	14,811
News Media Canada	1,873	427
Stewardship Ontario - Continuous Improvement Fund	351	1,643
Accrued Interest Income	–	10,622
	\$ 1,407,086	\$ 2,097,759

5. Deferred costs recoverable/revenue

Amounts received that relate to future fiscal periods are recorded as deferred revenue. This occurs when the revenues for the year are greater than the related allocated expenses for the year. Expenses incurred during the year that are expected to be invoiced and received in future fiscal periods are recorded as deferred expenses. This occurs when expenses allocated to programs are greater than the revenues in the year. This is largely due to the timing of report submission by RRCEA participants. The deferred expenses are recoverable under approved government regulations and will be matched to and recovered when related revenues are invoiced and received.

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Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

5. Deferred costs recoverable/revenue (continued)

	2020	2019
Balance, beginning of year	\$ 252,654	\$ 577,696
Revenue received	1,513,667	1,206,547
Utilized during the year	(4,491,951)	(1,531,589)
Balance, end of year	<u>\$ (2,725,630)</u>	<u>\$ 252,654</u>

6. Capital and Intangible Assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Capital assets				
Computer software	\$ 3,764	\$ 3,536	\$ 228	\$ 1,453
Computer equipment	205,182	111,852	93,330	58,249
Office equipment and furniture	276,593	91,593	185,000	118,090
IT infrastructure and networks	262,570	100,677	161,893	73,555
Leasehold improvements	1,570,646	327,862	1,242,784	443,563
	<u>\$ 2,318,755</u>	<u>\$ 635,520</u>	<u>\$ 1,683,235</u>	<u>\$ 694,910</u>
Intangible assets				
Registry Foundation and Systems	\$ 5,133,118	\$ 604,138	\$ 4,528,980	\$ 1,997,702
Registry Tires	2,148,643	536,295	1,612,348	1,826,347
	<u>\$ 7,281,761</u>	<u>\$ 1,140,433</u>	<u>\$ 6,141,328</u>	<u>\$ 3,824,049</u>

7. Deferred Leasehold Inducement

Deferred leasehold inducements represent the reimbursement by the lessor of landlord restricted expenditures for leasehold improvements made by the organization as inducements to enter into a new long-term lease agreement. The lease inducements are amortized on a straight-line basis over the term of the lease and is being recorded as a reduction of rent expense:

	2020	2019
Leasehold inducement	\$ 325,395	\$ 325,395
Additions	504,835	504,835
Less: Accumulated amortization	(237,950)	(139,236)
	<u>\$ 592,280</u>	<u>\$ 690,994</u>

8. Net Assets

Net assets consist of the following:

	WDTA	RRCEA	Contingency Reserve	Total
Balance, beginning of year	\$ —	\$ (918,000)	\$ 3,911,510	\$ 2,993,510
Excess of revenue over expenses	—	91,842	600,000	691,842
Balance, end of year	<u>\$ —</u>	<u>\$ (826,158)</u>	<u>\$ 4,511,510</u>	<u>\$ 3,685,352</u>

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Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

9. Post-Retirement Benefits

The organization has a defined contribution pension plan for its employees. The organization contributes 1.5% of the employee's annual salary to the plan. Employees are not required to make contributions to the plan, however, the plan allows for a voluntary contribution of up to 5% of the employee's annual salary. If a voluntary contribution is made the organization will match it. During the year, the organization charged \$199,034 (2019 - \$148,577) to expenses for contributions and administration of the pension plan. The assets of the plan are held separately from those of the organization in an independently administered fund.

10. Commitments and contingencies

Commitments

As at December 31, 2020, the organization is committed through a contract, to incur Registry managed services amounting to \$495,639 (2019 - \$1.16 million). This commitment is not provided for in the financial statements.

In addition, the organization is under a lease for office space. The minimum annual payments are as follows:

	Amount
2021	\$ 437,367
2022	503,042
2023	503,042
2024	517,390
Thereafter	1,049,127
	\$ 3,009,968

Contingencies

The organization is seeking guidance from the Canada Revenue Agency (CRA) on tax matters relating to specific transactions. While the final outcome of such action cannot be predicted with certainty, the outcome could result in additional liability for the organization in excess of the current estimate owing of \$18,475 (2019 - \$378,438). The remaining impact of this outcome on the financial statements is not certain based on current information and therefore no provision has been made in the financial statements.

In February 2021 the organization identified that the pension adjustments were incorrectly reported on certain employees' statements of remuneration for years prior to 2020 for Resource Productivity & Recovery Authority and Waste Diversion Ontario. The organization initiated a process to analyze and correct the pension adjustment amounts on the statements of remuneration and determining the costs to employees required to re-file past year's personal income tax returns. The organization has agreed to cover penalties, interest and tax advisory costs resulting from the incorrect amounts, after certain mitigating steps have been taken by the employees. However, as at the date of the audit report these amounts are not determinable, and therefore no provision has been made in these financial statements.

11. Financial Risks

Credit Risk

The organization's exposure to credit risk is on cash and cash equivalents and accounts receivable. The organization mitigates its exposure to credit loss by placing its cash and cash equivalents in a major Canadian chartered bank. Accounts receivable consist mainly of amounts due from Industry Funding Organizations and RRCEA registrants, who are obligated to pay under the WDTA and RRCEA. Provisions in the WDTA and RRCEA provide RPRA with the ability to set and collect "a reasonable share of costs that are incurred" from the existing Industry Funding Organizations and RRCEA registrants currently and during the period of transition.

Liquidity Risk

The organization considers that it has sufficient credit facilities to ensure that funds are available to meet its current and mid-term financial needs at a reasonable cost. The organization manages its liquidity needs by forecasting its monthly cash inflows and outflows and managing arranged bank facilities.

Interest Rate Risk

The organization is exposed to interest rate cash flow risk arising from fluctuation in interest rates on its term deposits and on its floating rate credit facility.

12 Financials

Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

12. Impact of COVID-19

The outbreak of the COVID-19 pandemic has resulted in the federal, provincial and municipal governments enacting emergency measures to contain the spread of the virus and protect the public. These measures, which include the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential businesses, have caused material disruption to businesses in Ontario which has resulted in an uncertain and challenging economic environment. The organization was eligible for government assistance as a result of COVID-19 in the form of the Temporary Wage Subsidy. During the year, the organization recognized government assistance, in accordance with its accounting policy as described in Note 1, in the amount of \$25,000. Due to COVID-19, economic uncertainties have arisen which may, directly or indirectly, materially and adversely affect the Authority. At this time, these developments present uncertainty over any potential impacts on future cash flows, changes to assets or liabilities, or future operations. An estimate of the financial effect that any such impacts may have on the Authority is not practicable at this time.

Schedule of Program Costs in Accordance with the Waste Diversion Transition Act

Year ended December 31, 2020

	Industry Stewardship Plans	Continuous Improvement Fund	Blue Box Waste	Used Tires
Direct expenses				
Salaries and benefits	\$ 21,083	\$ 5,879	\$ 241,173	\$ 37,709
Communications and consultants	—	—	—	—
Office and other	209	—	3,073	244
Professional fees	—	—	560,930	10,850
Indirect expenses	551,365	—	1,667,587	706,642
Total	\$ 572,657	\$ 5,879	\$ 2,472,763	\$ 755,445

Year ended December 31, 2019

	Industry Stewardship Plans	Continuous Improvement Fund	Blue Box Waste	Used Tires
Direct expenses				
Salaries and benefits	\$ 11,081	\$ 13,307	\$ 162,887	\$ 47,597
Communications and consultants	—	—	—	—
Office and other	680	3,122	2,029	468
Professional fees	—	—	349,278	7,364
Indirect expenses	781,119	—	1,836,317	884,777
Total	\$ 792,880	\$ 16,429	\$ 2,350,511	\$ 940,206

12 Financials

Resource Productivity and Recovery Authority

Notes to the Financial Statements

December 31, 2020

Schedule of Program Costs in Accordance with the Waste Diversion Transition Act

Waste Electrical and Electronic Equipment	News Media Canada	Municipal Hazardous or Special Waste	Total
\$ 37,333	\$ 8,046	\$ 88,939	\$ 440,162
—	—	—	—
136	—	2,199	5,861
—	—	326	572,106
666,645	—	367,577	3,959,816
\$ 704,114	\$ 8,046	\$ 459,041	\$ 4,977,945

Waste Electrical and Electronic Equipment	News Media Canada	Municipal Hazardous or Special Waste	Total
\$ 87,195	\$ 9,035	\$ 60,213	\$ 391,315
5,486	—	—	5,486
6,839	—	6,961	20,099
28,516	—	1,405	386,563
1,190,919	—	195,280	4,888,412
\$ 1,318,955	\$ 9,035	\$ 263,859	\$ 5,691,875

13 Appendices

Appendix A

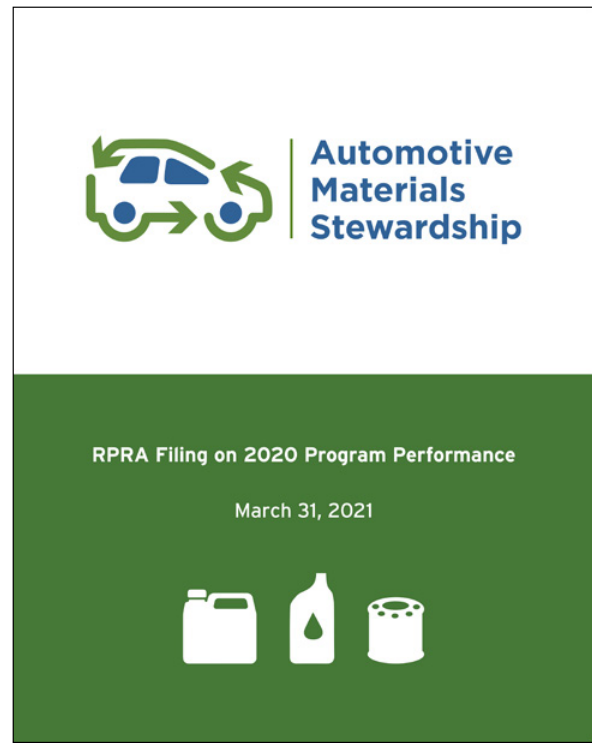


Stewardship Ontario Annual Report

*For Blue Box and Municipal Hazardous
or Special Waste Programs*

Stewardship Ontario is the industry funding organization responsible for the Blue Box Program and the Municipal Hazardous or Special Waste (MHSW) Program. The Blue Box program collects recyclable materials such as paper, glass, plastic, and aluminum and the MHSW Program collects consumer household hazardous or special waste. The materials collected through these programs are recycled or disposed of safely in accordance with the *Waste Diversion Transition Act, 2016*. The single-use batteries program operated as part of the MHSW Program ended on June 30, 2020 and on July 1, 2020 transitioned to the producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016*.

Appendix B



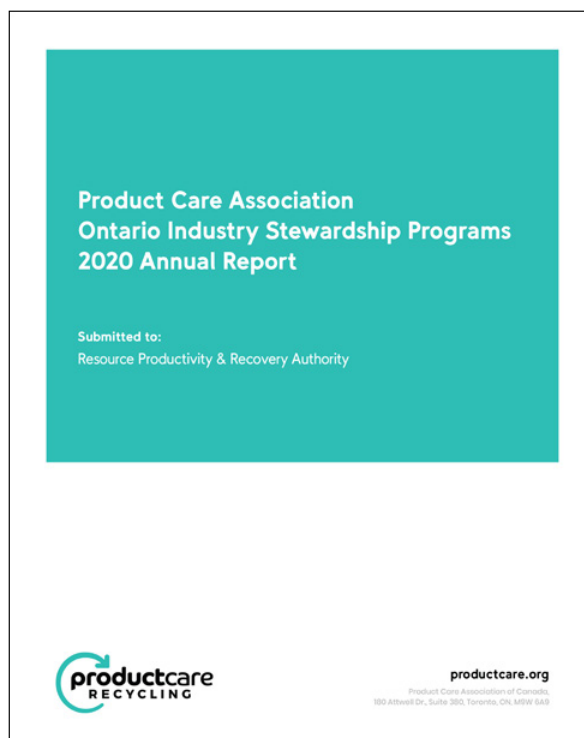
Automotive Materials Stewardship Annual Report

*For Antifreeze, Oil Containers
and Oil Filters*

Automotive Materials Stewardship Inc. (AMS) is an industry stewardship organization that was established to recycle waste from the automotive sector. AMS operates as part of the Municipal Hazardous or Special Waste Program and is responsible for the collection, recycling and management of used antifreeze, oil filters and oil containers.

13 Appendices

Appendix C



Product Care Association Annual Report

For Paints and Coatings, Pesticides, Solvents, and Fertilizers Programs

Product Care Association (PCA) is an industry stewardship organization that operates recycling programs for paint coatings, pesticides, solvents, and fertilizers. PCA operates as part of the Municipal Hazardous or Special Waste Program.

Appendix D



SodaStream Annual Report

For Proprietary CO₂ Cylinders

SodaStream operates as an industry stewardship organization as part of the Municipal Hazardous or Special Waste Program. SodaStream collects and reuses and recycles its proprietary refillable pressurized carbon dioxide cylinders.

13 Appendices

Appendix E

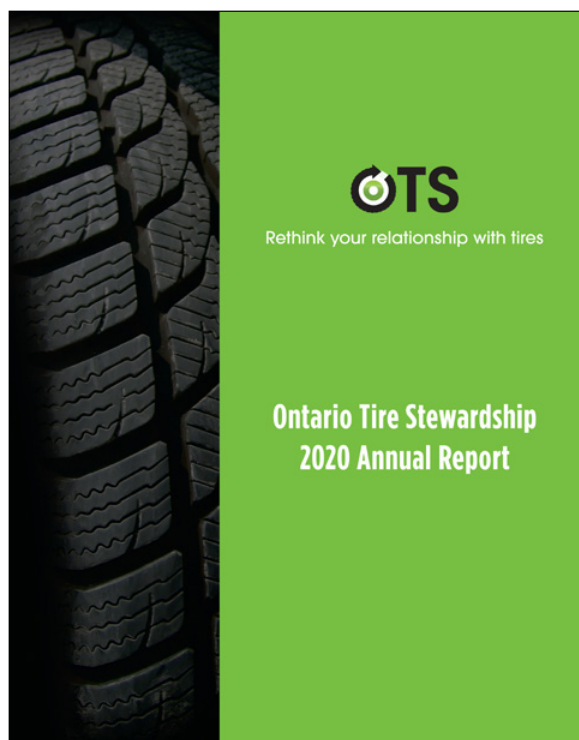


Ontario Electronic Stewardship Annual Report

For the Waste Electrical and Electronic Equipment Program

Ontario Electronic Stewardship is the industry funding organization that operated the Waste Electrical and Electronic Equipment (WEEE) Program under the *Waste Diversion and Transition Act, 2016*. The WEEE Program collected and managed obligated electronics when consumers disposed of them. The WEEE program ended on December 31, 2020, and on January 1, 2021 transitioned to the producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016*.

Appendix F



Ontario Tire Stewardship Annual Report

Ontario Tire Stewardship (OTS) is an industry funding organization that was responsible for managing the waste diversion program for used tires under the *Waste Diversion Transition Act, 2016*. The Used Tires Program ended on December 31, 2018 and on January 1, 2019, transitioned to the producer responsibility framework under the *Resource Recovery and Circular Economy Act, 2016*.

13 Appendices

Appendix G



Brewers Retail Inc. Annual Report

The Beer Store is a privately owned chain of retail outlets selling beer and other malt beverages in Ontario. The Beer Store collects beer containers and packaging sold in its stores and operates the Ontario Deposit Return Program, which collects alcohol containers sold outside its stores, including wine, spirits, beer, and coolers. The Beer Store is not overseen by the Authority but is required to submit its annual report to the Authority for the Authority to make the report public.



RPRA

Resource Productivity
& Recovery Authority

4711 Yonge Street, Suite 408
Toronto, Ontario M2N 6K8
Tel: 416-226-5113
Email: info@rpra.ca
www.rpra.ca