

# FEE SETTING POLICY

EPR Oversight, Divert NS

## INTRODUCTION

The Fee Setting Policy is intended to set out the guiding principles and objectives that apply to setting fees for Oversight under the Extended Producer Responsibility for Packaging, Printed Paper and Packaging-like Products (EPR for PPP) Regulations. Divert NS was appointed the Administrator in the regulations and has created an EPR Oversight Division that is responsible to oversee and enforce regulatory requirements.

## OBJECTIVES AND PRINCIPLES RELATED TO EPR FEE SETTING

Objective	Principle	Description
Transparent fee setting process	Legal authority	Divert NS will act within its legal authority to set and collect fees to recover the costs of carrying out its oversight mandate as outlined in Section 14 of the EPR for PPP Regulations.
	Transparency and consultation	Divert NS is committed to open communication and transparent consultation with impacted parties on proposed fees.  Divert NS will provide the rationale for proposed fees and describe how consultation impacted the final fees.
Fees are reasonable and reflect costs incurred by Divert NS for Oversight	Fair allocation of costs	Divert NS shall fairly and reasonably allocate EPR oversight costs. This allocation includes direct costs as well as shared corporate costs.  Divert NS shall fairly and reasonably allocate shared corporate costs between the regulatory oversight function and its administration of stewardship programs. <sup>1</sup>
	Continuous improvement	Divert NS is committed to regularly reviewing and refining its business processes to promote efficiency and effectiveness in executing its mandate.

<sup>1</sup> Divert NS manages several waste diversion programs operating under *Nova Scotia's Environment Act*. The stewardship programs for beverage and tires are funded using fees levied on the sale of eligible products, with revenue and costs separately tracked to ensure there is no cross over between stewardship and EPR oversight operations.

Objective	Principle	Description
	Equity considerations	Divert NS aims to promote an equitable approach to determining fees that consider impacted parties and support a robust Nova Scotia marketplace.
Fees are predictable and easily understood	Simplicity and predictability	Divert NS aims to establish a fee structure that is straightforward, and predictable for producers.
Long term financial stability	Sustainability and agility	Divert NS will maintain adequate financial resources to enable operational agility to respond to emerging risks and priorities.

## FEE SETTING CRITERIA

Fees related to oversight shall be established with the following criteria:

- An annual budget shall be established each year.
- A method to allocate shared corporate costs between Divert NS oversight and stewardship programs shall be established.
- Divert NS shall maintain adequate financial resources to operate the oversight division.
- There shall be no in year adjustment to annual fees.
- Fees will not be prorated for the calendar year in which fees are paid.
- All non-capital start-up costs will be invoiced in the first year of fee collection.
- Capital costs incurred during the start-up of the oversight division (e.g., technology) shall be amortized to apportion costs over a multi-year period. These costs shall be recovered as a component of producer annual fees over the amortization period.
- Any costs directly attributable to the stewardship programs operated by Divert NS are not subject to and do not form part of this Fee Setting Policy for EPR oversight.

## FEE COSTS COMPONENTS

Divert NS shall use fees collected exclusively to recover oversight operating costs. The operating costs include but are not limited to:

- Administrative costs directly attributable to oversight of the EPR system and allocation of Divert NS' shared corporate costs,
- Establishing, maintaining, and operating a registry,
- Management of information in the registry,
- Information technology infrastructure, maintenance, and licensing fees to support registration and ongoing reporting,
- Compliance and enforcement activities including inspections and investigations,
- Financing costs arising from Divert NS' use of lending facilities to support EPR oversight activities, and
- Stakeholder engagement and communications.

## **COLLECTION OF FEES**

Divert NS will collect fees for oversight as designated below:

- Divert NS shall issue invoices to producers for fees directly through the EPR Portal. Payment methods accepted are EFT or cheque. Payments can be made by producers or a third party on behalf of a producer.
- Each invoiced producer is responsible to ensure that all outstanding fees have been paid as per the terms set out on the invoice.

## **INTEREST CHARGES**

- Divert NS may apply interest fees on outstanding invoices that are not paid in full prior to or on the due date on the relevant invoice.

## **CONSULTATION**

Divert NS shall adhere to the following when establishing consultation processes for fee setting:

- Prior to establishing or amending fees, Divert NS will consult with impacted parties.
- To be transparent and equitable to all impacted parties, Divert NS will post information related to fee setting on Divert NS' website.
- Divert NS will provide no less than 45 business days for comment by impacted parties.
- Following consultation with impacted parties, Divert NS shall post the fee structure on the website with any of the implemented changes.
- Divert NS will highlight any changes that were implemented because of the consultation process.
- The final fee structure must be posted a minimum of 30 business days prior to fees coming into effect.

## **REVIEW**

Divert NS will periodically review this Fee Setting Policy to ensure that oversight fees reflect actual direct and indirect costs, fees and expenses incurred overseeing the EPR system and fulfilling its obligations under Nova Scotia's EPR for PPP Regulations.