

2025 EPR OVERSIGHT FEE CONSULTATION

 Presented by Divert NS

 March 19, 2025



MI'KMAQ LAND ACKNOWLEDGEMENT

In the spirit of Reconciliation, we acknowledge that we are on the ancestral and unceded territory of the Mi'kmaq People, and we honour them as the past, present, and future caretakers of this land. We are grateful for the Treaties of Peace and Friendship.
We are all Treaty people.

WEBINAR AGENDA

- 1** Fee Setting Objectives/Timelines
- 2** Fee Setting Principles
- 3** Cost Recovery 2025 Invoice
- 4** Fee Structure and Proposed Rates
- 5** Payment Options
- 6** Consultation: Survey Questions

DIVERT NS BACKGROUND



For 28+ years, Divert NS has operated stewardship programs.

- Deposit Refund Program for Used Beverage Containers
- Used Tire Management Program



The EPR for PPP Regulations designated Divert NS as Administrator in 2023.



Divert NS created a dedicated oversight division.

- Established 'bright lines' to separate the finances of stewardship and EPR Oversight.
- A shared service approach enables efficiencies across organization.



Fee Setting Objectives and Timeline

DIVERT NS EPR OVERSIGHT FEES



Divert NS must administer the Regulations and perform the duties and responsibilities assigned.



Regulations enable EPR Oversight division to collect fees to recover costs associated with regulatory activities.

NOTE: Circular Materials will charge producers a separate fee to operate the collection system and manage collected materials.

OVERSIGHT FEE SETTING OBJECTIVES



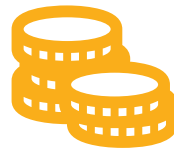
Reasonable and Fair



Predictable and Easily Understood



Transparent Process



Financial Sustainability

2025 FEE SETTING PROCESS & TIMELINE

March - May
Producer Consultation

Between March 19 and May 23, producers can provide feedback on proposed EPR Oversight fees.

June
Consultation Results

Consultation results will be summarized for consideration in final EPR Oversight fee rates.

June
Board Approval

Divert NS' Board of Directors to approve EPR Oversight fee rates.

July
Fee Rates Posted

The final EPR Oversight fee rates and consultation results will be posted on Divert NS' website.

September
Invoicing

Divert NS will invoice producers.



Fee Setting Principles

FEE SETTING: PRINCIPLE 1

ACTUAL COSTS BY FISCAL YEAR



Divert NS will base fees on actual costs incurred in the prior fiscal year (April 1– March 31).



No cost adjustments from previous fee setting cycles will be needed, as fees are always based on actual costs.

FEE SETTING: PRINCIPLE 2

SUPPLY DATA BY CALENDAR YEAR



Producers will submit supply data based on calendar year (January 1 – December 31).



Divert NS has an internal process to verify submitted supply data and costs will be allocated using the data.



Changes that impact supply data after fee rates are finalized would be reflected in the next fee setting cycle.

COST RECOVERY



Divert NS strives for efficient operations.

- Shared services model reduces the number of staff.
- Leveraged an existing registry system to reduce development costs.



As the Administrator, regulatory activities are like other oversight agencies:

- Registry operations
- Compliance and enforcement
- Communications
- Development of policies and procedures



Costs are allocated over a smaller quantity of designated materials supplied into Nova Scotia compared to other provinces with oversight agencies.

COST RECOVERY SCHEDULE

	2025 Invoice	2026 Invoice	2027 Invoice	2028 Invoice
Start-up Costs	August 3, 2023 – March 31, 2024	--	--	--
EPR Oversight Costs	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
Supply Data	Calendar 2023	Calendar 2024	Calendar 2025	Calendar 2026

Note: Fiscal is April 1 – March 31.
 Calendar is January 1 – December 31.



Cost Recovery 2025 Invoice

COST RECOVERY COMPONENTS CATEGORIES

Cost Category	Details	Invoicing Timing
Start-Up Costs	Expenses during a specific time period to launch oversight division.	Included in 2025 invoice only. Based on actual costs.
Operating Costs	Expenses to maintain EPR Oversight operations.	Invoiced annually. Based on actual costs.
Capital Costs	Investments in assets (e.g. registry, IT equipment) that are amortized over their useful life.	Invoiced annually. Amortized over seven (7) years.
Operating Reserve	Funds to manage unexpected costs or mitigate risk.	<u>Not</u> included in 2025 invoice. Will be invoiced in future years.

2025 INVOICE

TOTAL COSTS \$1.62 MILLION



Start-Up Costs
(included in 2025 only)



\$ 580,500



**Operating
Costs**



\$ 906,000*



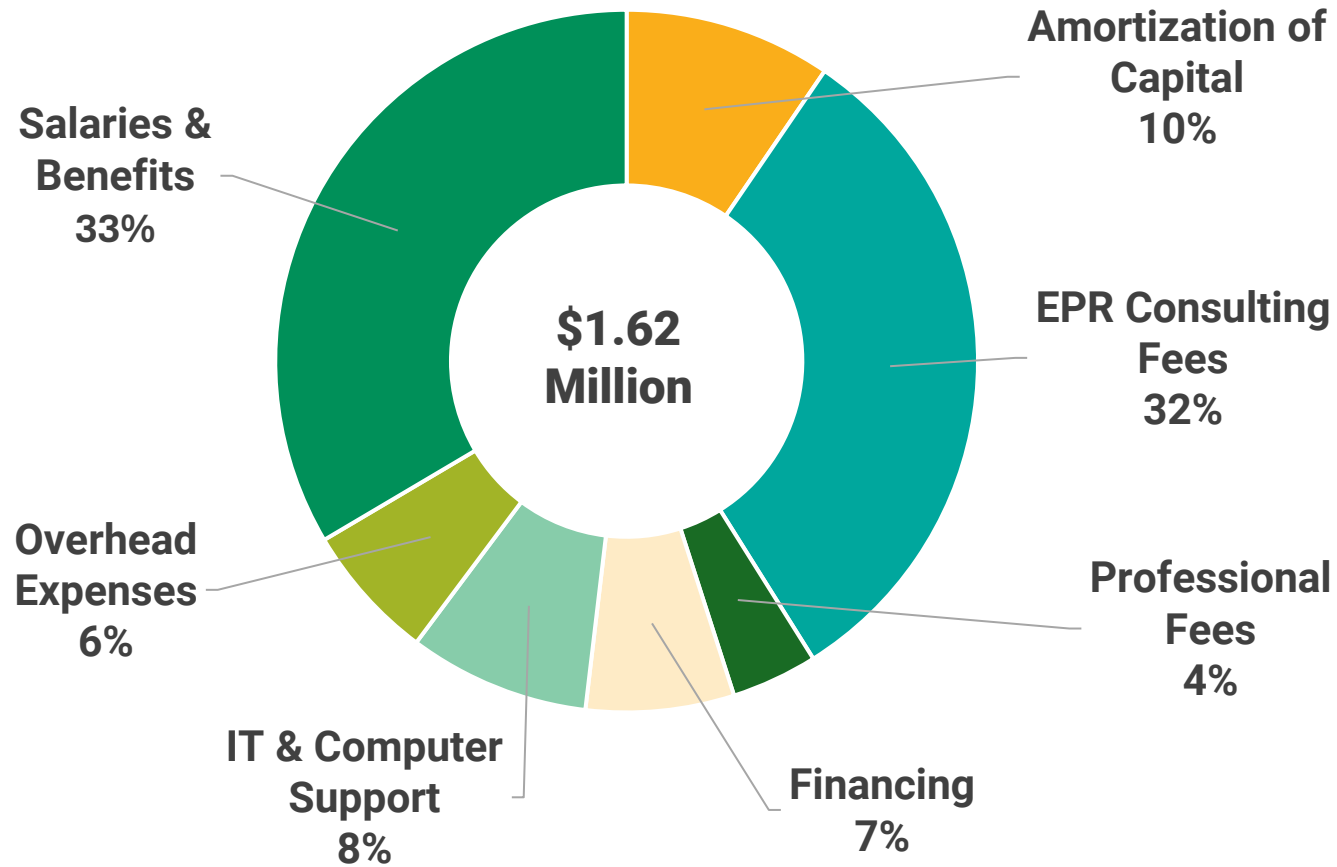
Capital Costs
(amortized)



\$136,000*

* For consultation purposes, operating and capital costs noted above are based on projections to year end. Fee rates will be set using actual costs for year ending March 31, 2025.

TOTAL COSTS 2025 INVOICE



August 2023 – March 2025

SUPPLY DATA USED IN FEE ALLOCATION



Costs are allocated based on supply data reported to Divert NS.

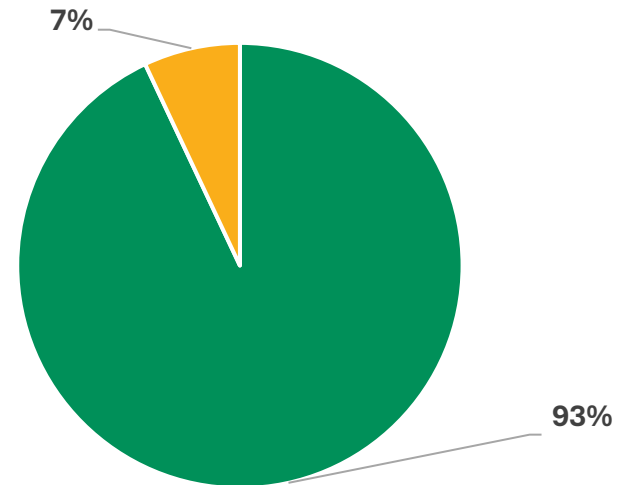
- 52,952,000 kg reported



Divert NS is actively engaging with producers who have not reported supply data.



Any updates to 2023 supply data before the fee rate is approved by the Board (June) will be reflected in 2025 fees.







93% of registered producers submitted their supply report

EPR OVERSIGHT ACTIVITIES

COMPLIANCE



-  Internal verification of supply data.
-  Targeted communication to registered producers who have not reported.
-  Identification of obligated producers that have not registered and have not reported supply.
-  Confirmation of exempt producers.






QUESTIONS?

A large, semi-transparent recycling symbol (three chasing arrows forming a triangle) is centered in the background of the slide.

Fee Structure & Proposed Rates

APPROACH TO DEVELOPING DIVERT NS' OVERSIGHT FEE

-  Analyzed the amount of supply by individual producers into Nova Scotia to understand the local landscape.
-  Reviewed fee structures in other jurisdictions with oversight agencies to align where possible.
-  Calculated and analyzed different fee rate options before selecting a proposed rate.

FEE STRUCTURE

TWO TIERS

	Criteria	Fee Structure
Tier 1	Producers <u>under</u> the supply threshold (kg)	Flat Fee
Tier 2	Producers <u>at or above</u> the supply threshold (kg)	Flat Fee + Variable Rate

Supply threshold: A defined weight (kg) that determines if a producer is Tier 1 or Tier 2, set annually.

Variable Rate: A per-kilogram charge, set annually.

Flat Fee: A fixed fee set as a percentage of the total cost recovered, set annually.

FEE RATE ANALYSIS

FLAT FEE RATE

Divert NS analyzed flat fee rates based on a percentage of total costs being recovered through a flat fee.

\$200 flat fee

4% total costs recovered through flat fee

\$250 flat fee

5% total costs recovered through a flat fee

FEE RATE ANALYSIS SUPPLY THRESHOLD

Divert NS analyzed supply thresholds to determine the percentage of producers that would be Tier 1 (flat fee) or Tier 2 (flat fee + variable rate).

25,000 kg threshold

50% flat fee/ 50% flat + variable

40,000 kg threshold

60% flat fee/ 40% flat + variable

PROPOSED FEE RATE OPTIONS ANALYZED

	Threshold: 25,000 kg	Threshold: 40,000 kg
\$200 flat fee	\$0.0305/kg variable rate	\$0.0309/kg variable rate
\$250 flat fee	<input checked="" type="checkbox"/> \$0.0302/kg variable rate	\$0.0313/kg variable rate

- RATIONALE:** The proposed fee rate supports producers paying fees in proportion to their individual supply into Nova Scotia.
- In alternative options, Tier 1 (flat fee) producers did not cover the cost of their representative share.

PROPOSED FEE RATE

SAMPLE CALCULATIONS

Producer	Weight (kg)	Flat Fee	Variable Fee*	Fee Breakdown	Total Fee (excl. tax)
A	24,000	\$250	--	\$250	\$ <u>250.00</u>
B	30,070	\$250	\$908.11	\$250 + \$908.11	\$ <u>1,158.11</u>
C	1,049,310	\$250	\$31,689.16	\$250 + \$31,689.16	\$ <u>31,939.16</u>

* Variable Fee = Weight (kg) x Proposed Variable Rate (\$0.0302/kg)

For example, Producer B: 30,070kg x \$0.0302/kg = \$908.11



Payment Options

PAYMENT: OPTIONS, TERMS, AND INTEREST



Payment Options: EFT, bill payment, cheque/money order






Payment Terms: Net 30 days



Interest: 1.5 % charged monthly on overdue accounts



PRO PAYING PRODUCER INVOICE

-  Producers are responsible for paying their invoice.
-  Producers may send their invoice to their PRO to pay EPR Oversight fees on their behalf.
-  Payment terms remain the same whether the PRO or the Producer makes the payment.





Consultation Survey Questions

CONSULTATION SURVEY QUESTIONS

-  Do you have feedback on Divert NS' proposed flat fee of **\$250** as 5% of total costs recovered by a flat fee ?
-  Do you have feedback on Divert NS' proposed supply threshold of **25,000 kg** which would result in 50% of producers paying a flat fee and 50% of producers paying a combination of a flat fee and variable rate ?

CONSULTATION

SURVEY QUESTIONS (CONT'D)

-  Do you have feedback on how Divert NS can best engage producers in annual fee consultation?
-  Do you have any additional feedback on Divert NS' approach to fee setting or the proposed 2025 fee rates?



QUESTIONS?