



Environmental Services Department

Memorandum

TO: Members of Regional Council
FROM: Erin Mahoney, Commissioner of Environmental Services
DATE: June 25, 2015
RE: **Update on 2015 Blue Box Funding for Ontario Municipalities**

This memo updates Regional Council on the recent Waste Diversion Ontario (WDO) Board of Director's decision on 2015 blue box funding for Ontario Municipalities (Attachment 1) and accordingly updates content in the original staff report referred to in Clause 2 of Committee of the Whole Report No. 12, dated June 18, 2015.

Minister of the Environment and Climate Change orders WDO to determine 2015 Steward Blue Box Obligation

Waste Diversion Ontario informed the Minister of the Environment and Climate Change (the Minister) that mediation regarding the 2015 Steward Blue Box obligation was unsuccessful. In response, on June 16, 2015, the Minister ordered WDO to take necessary steps to determine payments for 2015 and subsequent years, where the Municipal Industry Program Committee (MIPC) is unable to achieve consensus on payments. Waste Diversion Ontario has the authority and responsibility to do so under Section 5.2 of the *Blue Box Program Plan* and subsection 25(5) of the *Waste Diversion Act, 2002*. The Minister also directed WDO to establish a panel to develop recommendations on how cost containment principles contained in the *Blue Box Program Plan* could be used in the annual determination of industry funding to municipalities. Waste Diversion Ontario is expected to report back on its recommendations for cost containment in September 2015.

Waste Diversion Ontario Board of Directors determines 2015 blue box funding for municipalities to be full 50 per cent of total net costs.

The WDO Board of Directors met on June 17th following receipt of instruction from the Minister to determine the 2015 Steward Blue Box Obligation. On June 18th, the WDO Board of Directors announced the total amount of 2015 funding to be provided to Ontario municipalities will be \$114,600,548, calculated using the methodology recommended by the arbitrator in 2014. This amount represents 50 per cent of total net costs for municipalities, as submitted via the Municipal Datacall process.

Precise funding amounts for 2015 for York Region and its local municipal partners will be determined and communicated by WDO before July 1, 2015. However it is expected that funding to York Region and its local municipal partners will be higher than the amount budgeted for 2015, as a result of the adoption by WDO of the methodology recommended by the arbitrator.

Adoption of the methodology recommended by the arbitrator in 2014 and award of the full 50 percent of total net costs reflects years of advocacy by York Region, its local municipal partners and municipal associations supporting fair and increased reimbursement of municipal costs.

Erin Mahoney, M. Eng.

Attachment

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WDO Board of Director's Decision on 2015 Blue Box Funding for Municipalities

June 18, 2015

Each year, the amount of funding Ontario municipalities receive for their Blue Box program is determined by Waste Diversion Ontario, based on a recommendation from the Municipal Industry Program Committee (MIPC), which oversees the Blue Box Program.

Earlier this year, MIPC advised WDO that it was unable to reach an agreement on the amount of industry funding to be provided to Ontario municipalities for their 2015 Blue Box programs. Each year, this funding is sent to individual municipalities in four instalments, beginning on or about July 1.

This past April, the WDO Board directed MIPC to select a mediator to work with them, in an effort to reach an agreement. Last week, the mediator informed WDO that the mediation process had ended with the parties still unable to reach an agreement.

As a result, the WDO Board met yesterday to determine the 2015 funding, as it has the authority and responsibility to do. In addition, the Minister of the Environment and Climate Change, the Honourable Glen Murray, informed WDO that he expected WDO to fulfill this responsibility without delay.

Yesterday (June 17, 2015), the WDO Board determined that the total amount of 2015 funding to be provided to Ontario municipalities operating a Blue Box program will be \$114,600,548, calculated using the same methodology used by an arbitrator, the Honourable Robert Armstrong, Q.C. , who was retained last year by the parties to determine the 2014 Blue Box steward obligation.

The WDO Board has directed Stewardship Ontario, the industry-funded organization established under the Waste Diversion Act to provide this industry funding, to commence paying the 2015 industry funding for each municipality's Blue Box program on or about July 1, 2015, beginning with the first quarterly instalment of this funding. Further details of this payment may be found below.

This determination results in a total 2015 Steward Obligation of \$114,600,548 to be paid by Stewardship Ontario through quarterly instalments commencing on June 30, 2015. Of this:

- \$2,000,000 is to be directed to the CIF;
- \$6,945,011 is the in-kind contribution; and
- \$105,655,537 is to be paid out in cash to Ontario municipalities.

Within the next week, WDO will place on the WDO website the amount owing to each municipality.

Yesterday, the WDO Board also directed WDO's CEO to establish a panel to develop recommendations on how the cost containment principles contained in the Blue Box Program Plan could be used in the annual determination of industry funding to municipalities for the Blue Box Program. The panel has also been directed to provide recommendations on the future of the In-kind Program, a program of free advertising provided to municipalities each year by the newspaper industry Blue Box stewards to fulfil their funding obligation.

This panel will include industry and municipal representatives and will report its recommendations to WDO in September 2015. The Minister of the Environment and Climate Change has asked WDO to provide him with WDO's recommendations on cost containment by the end of September. Further details on this panel will be shared next month.