

Highlights of the 2002 Financial Datacall Residential Blue Box System

Background

The enactment of the Waste Diversion Act in 2002 resulted in the establishment of Waste Diversion Ontario (WDO) as a non-profit agency responsible for overseeing waste diversion activities in the province.

The WDO assumed responsibility for the Municipal Tonnage Datacall survey in 2003. This survey had been undertaken annually since 1997 under a partnership among the Ministry of the Environment, Ontario municipalities, industry and non-government organizations.

The WDO initiated the Municipal Financial Datacall survey in 2003. This Datacall was the first comprehensive survey of costs and revenues associated with municipally operated residential Blue Box programs in Ontario.

Verification of the 2002 Financial Data

Verification of this first Financial Datacall has been ongoing since June 2003. WDO's Municipal-Industry Programs Committee (MIPC) and Municipal Affairs Committee (MAC) carried out a multi-step verification process that included grouping of cost and revenue data by municipal characteristics, database analyses within these groups to identify outliers and follow up with municipal programs to clarify questions regarding the data.

As a result of the work of MIPC and MAC, cost data submitted by municipalities have been adjusted to reflect corrections identified through the MIPC and MAC verification process and to remove costs associated with both glass marketed for ineligible uses and with Blue Box materials collected from non-residential generators.

In order to ensure that this first Financial Datacall survey represents accurate baseline data, WDO has also retained a consultant to verify outstanding questions regarding the data and undertake Financial Datacall compliance audits.

Setting the Industry Funding Contribution for 2004

The Municipal Financial Datacall is used to calculate the industry funding contribution to municipalities to support programs to manage residential Blue Box Waste.

Stewards' fees must be submitted to the Minister of the Environment for approval before implementation. In order to ensure that the 2004 stewards' fees are available for implementation in 2004, it was necessary to determine the net program cost prior to completion of the verification of the 2002 Financial Datacall.

Together with the Association of Municipalities of Ontario (AMO) and Stewardship Ontario, WDO determined a net program cost to be used to calculate material specific stewards' fees in 2004 based on:

- the most current municipal program cost and revenue data as reported by municipalities, incorporating adjustments made by MIPC and MAC;
- an allowance for revenue that database analyses indicate was unreported;
- capping indirect and direct administration costs 1);
- adjusting collection costs to reflect collection frequency; and
- adjusting processing and depot/transfer costs to reflect economies of scales among municipalities grouped by size.

The net result of these adjustments to the partially verified 2002 Financial Datacall database was a net program cost in 2002 of \$84 M that will be used to calculate material specific stewards' fees in 2004. The net program cost for 2002 will not be adjusted following completion of the verification process.

1) The WDO has determined that indirect and direct administration costs will also be capped in future years. The 2003 Financial Datacall will therefore not request information on indirect and direct administration costs.

2002 Financial Data Summary Report

The financial data, as submitted by municipal programs and including adjustments as a result of WDO's verification process, are provided in a WDO 2002 Financial Data Summary Report. Adjustments made to municipal financial submissions are the result of work undertaken by MAC, MIPC and WDO's consultant. WDO will be confirming adjustments made to Financial Datacall submissions by correspondence to Chief Administrative or Chief Financial Officers.

The 2002 Financial Datacall Summary Report contains data as reported by the 198 recycling programs serving 311 of the 446 municipalities in the Province of Ontario in 2002, and as reviewed and verified by the WDO to February 18, 2004 in accordance with Section 6.3.2 of the Blue Box Program Plan.

The 2002 Financial Datacall Summary Report contains two tables:

1. 2002 Financial Datacall Summary provides summary data for each reporting program. (Please refer to Section 7.1 of the Blue Box Program Plan for further information on the cost and revenue categories.)
2. 2002 Financial Datacall Category Details provides gross cost per tonne by cost category for each reporting program.