



Proposed Changes to the Municipal Funding Allocation Model (MFAM)

Consultation Report

September 10, 2021

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Introduction and context

Between June 21 and July 16, 2021, the Authority consulted on proposed changes to the Municipal Funding Allocation Model (MFAM). The MFAM is used to distribute funding from Blue Box stewards to municipalities and First Nation communities that operate programs under Stewardship Ontario's Blue Box Program Plan.

The Authority, in collaboration with stakeholders, reviewed the MFAM to determine whether and how the model needed to adjust in order to allocate funding to programs throughout the transition of the Blue Box Program to the [new producer responsibility framework](#) between July 1, 2023 to December 31, 2025.

This review was undertaken because several factors on which the MFAM is based will no longer be applicable during transition. For example, the MFAM was designed to promote program efficiencies by grouping programs for benchmarking, and as programs transition, these groupings will no longer be applicable. The existing MFAM also relies on the use of certain best practices, which may not be reflective of transition priorities.

In February 2021, the Municipal 3Rs Collaborative (M3RC) held a consultation to review possible approaches to adjust the MFAM. Feedback received from municipalities was shared with the Authority.

Based on its review of the MFAM and comments received during M3RC's consultation, the Authority proposed changes to the MFAM and sought stakeholder feedback during the consultation period.

All feedback received during the consultation was considered by the Authority in finalizing the changes. The changes were approved on August 11, 2021, and stakeholders were notified on September 10, 2021. The updated MFAM will be implemented for the 2022 funding year.

This report details the Authority's consultation process, the feedback received and how the Authority incorporated the feedback into finalizing the changes to the MFAM. Questions about this report can be emailed to consultations@rpra.ca.

About the Authority

The Authority is the regulator created by the Ontario government to enforce the requirements of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WTDA).

The RRCEA establishes a new resource management regime where producers are individually responsible and accountable for their products and packaging, recovering resources and reducing waste. The WDTA allows for the continuation of waste diversion programs and sets out provisions to wind up those programs as directed by the Minister of the Environment, Conservation and Parks.

Principles for public consultation

The Authority's consultations are guided by the following best practice principles developed by the Organization for Economic Cooperation and Development:

Inclusiveness and openness: Engage broadly with a wide variety of stakeholders, provide clear and understandable information, and make the consultation process accessible, comprehensible and responsive.

Timeliness: Engage stakeholders early before decisions are made and provide regular opportunities for engagement on key program and policy matters.

Accessible and cost effective: Consider a variety of tools and methods to gather feedback that promote efficient and cost-effective consultations.

Balance: Provide opportunities for diverse perspectives and opinions to be heard and considered.

Transparent: Record feedback, report back a summary to stakeholders, and synthesize feedback into programs and policies as appropriate.

Evaluation: Demonstrate the impact of public consultations on program delivery and policy development.

Consultation

Process

The Authority's consultation on the proposed changes to the MFAM began June 21, 2021 and ended July 16, 2021. A [dedicated web page](#) was created on the Authority's website with background information on the consultation and how to provide feedback.

On June 21, the Authority emailed Datacall participants (municipalities, First Nation communities and recycling associations) announcing the consultation period and how to submit feedback. The Authority also notified its general mailing list (approximately 1500 subscribers) via the Authority's July newsletter.

Stakeholders were invited to submit their feedback by email until July 16, 2021.

What we heard

The Authority received eight written submissions from municipalities and one submission from a recycling association that represents 20 municipal members. For the list of stakeholders that submitted written feedback, please see [Appendix A](#).

All stakeholders that submitted feedback were in support of the Authority's proposed changes to the MFAM and implementing the changes for the 2022 funding year and throughout the transition period. Many municipalities commented that the proposed changes are a fair, predictable, simple approach to distribute funding and long-awaited.

A few municipalities encouraged the Authority to further ensure the funding model is beneficial for all municipalities. One recommendation to ensure beneficial outcomes for municipalities and to incentivize programs to increase diversion rates was to slightly modify the equation for calculating the funding by using Adjusted Net Costs rather than the Total Reported Net Cost as outlined in the Authority's proposal.

Conclusion

The Authority considered all stakeholder feedback as it finalized the changes to the MFAM.

Based on the positive support received from municipalities, the Authority approved the proposed changes to the MFAM and the timeline for implementing the changes immediately (for the 2022 funding year). The changes were approved on August 11, 2021, and stakeholders were notified on September 10, 2021. The 2022 funding amounts are anticipated to be determined and communicated to municipalities in the winter of 2021.

With regard to the recommendation to slightly modify the calculation to determine funding for each program, it is not feasible to use Adjusted Net Costs as it relies on cost-bands on

groupings of similar municipalities. The removal of these cost-bands was one of the key changes that most municipalities were in favour of, and as programs transition out of the existing Blue Box Program, and therefore out of the groupings, it is anticipated that this method of calculating Adjusted Net Costs will become less viable. If the MFAM continued to rely on Adjusted Net Costs during transition, the Authority would have to develop a new methodology for calculating Adjusted Net Costs.

Further, part of the reasoning suggested for using Adjusted Net Costs, rather than Total Reported Net Costs, was to incentivize municipalities to increase diversion. However, during the transition period, municipal and First Nation programs are limited in the changes that they can make to improve diversion and will likely focus their efforts on preparing to transition to the new framework.

Appendix A: Stakeholders that submitted feedback

The nine written submissions were submitted by the following stakeholders:

- Bluewater Recycling Association (representing 20 municipal members)
- Bonnechere Valley
- City of Guelph
- City of Hamilton
- City of Toronto
- County of Simcoe
- Middlesex Centre
- Region of Peel
- Township of Perry