



DIRECT SELLERS ASSOCIATION MEETING
WITH
MINISTRY OF THE ENVIRONMENT
RE: WASTE DIVERSION ACT REVIEW
February 13, 2009

BACKGROUNDER

ISSUE/TOPIC:
The DSA is pleased to have this opportunity to meet with MOE staff to discuss some of our concerns with respect to the Waste Diversion Act Review.
BACKGROUND
<p>The Direct Sellers Association of Canada (DSA), founded in 1954, is the national association of Canadian direct selling companies and Independent Sales Contractors (ISCs) who market their products.</p> <p>The DSA has been concerned with the short timeframe that was originally proposed for this WDA Review consultation, given the depth of the review and the complexity of the many considerations to be evaluated, in addition to the fact that a BBPP Review was proceeding at the same time. We are pleased that an extension has been given until April 1, 2009 for comment.</p> <p>As an association we have been supportive of 3R programmes and have been involved in consultations for the BBPP since the outset and now the MHSW programme on behalf of our members.</p>
KEY CONSIDERATIONS
<p><u>1. Extended Producer Responsibility.</u></p> <ul style="list-style-type: none">• The language throughout the October 2008 Discussion paper almost suggests that this is a “done deal” prior to the consultation and that any further discussion with stewards will be meaningless. However we believe it is not the best alternative means of funding diversion programmes.• Shared responsibility has worked well since the introduction of the BBPP. Shared costs can act as an incentive for all participants.• With 100% funding by producers there will be no incentive for municipalities to run efficient, cost-effective operations. On P7 of the discussion document, the shared model is

said to have an issue because in it, the incentives for municipalities to become more efficient and reduce the costs of collection and diversion are reduced because they do not bear the entire cost! What would their incentive be with no costs to bear at all?

- Will 100% funding by producers mean that producers will control the entity doing the collection and diversion? Municipalities may have to compete for waste/recycling contracts with private operators? This would surely cause a great upheaval in current infrastructures.

2. Fee Visibility

- Why can the fee visibility not be left up to individual producers? There is really only one payer of both the fee and the costs of goods – the consumer. Both sides seem to have legitimate arguments. On the one hand a visible fee can educate and incentivize the consumer, on the other, smaller ticket items may have too small an individual unit fee to make it possible.

3. Potential Liability

- If industry assumes responsibility and ownership of the Blue Box system, what liability are we assuming with respect to union contracts with the former administrators of the system, i.e. collection services in many municipalities are a unionized activity. Must industry abide to agreements not made by them? Conversely, is it ethical for municipalities to bargain in bad faith knowing that their agreements are only temporary?

4. Importation

- Many DSA members are net importers of goods. We would like to understand how changes to the Act might affect importers. Is there anything specific contemplated for them?

5. Other Environmental Costs

- This was mentioned a number of times during the December consultations as being included. We'd like to receive information on what these entail.

6. De Minimis

- No mention is made of this (important to our industry sector). Although most DSA members would fall into the category of “small business”, a number of them would be better described as “micro business”. Also, the individual ISCs running their own businesses, some of whom do not have their supplier in Ontario are generally extremely small, family enterprises. Not only can environmental data gathering be difficult for them, but to pay even a reduced fee can be impossible if they still wish to stay in business.

For example, one of our Member Companies, in the MHSW programme, sold only a fairly small number of batteries in jewellery items. After gathering all the data for approximately

20 SKUs, this company owed \$0.52 for the third quarter of 2008. There was no waiver on paying this fee, Stewardship Ontario (S.O.) being bound by the Act/Regs which had no provision for this. This issue is currently under consideration at S.O.

We request that a reasonable de minimis be considered for all current and future programmes since it is certainly inefficient for industry and the IFO to have to deal with such amounts and it is not helpful to the environment either.

CONCLUSION/RECOMMENDATIONS

Any future programme, as well as having environmental objectives, should not be made overly complicated and should have built-in efficiency improvements over time.

In all discussions, the current economic situation needs to be kept in mind. This is a difficult time for all industries and Canadians and any proposed changes to structures, official data requirements or fees need to be made with restraint.