

The Honourable John Gerretsen  
Minister of the Environment  
135 St, Clair Ave W  
Toronto, Ontario, Canada  
M4V 1P5

December 20, 2007

**Re: economic design and marketplace impacts associated with Ontario Electronic Stewardship's (OES) proposed Waste Electronics and Electrical Equipment (WEEE) program for Ontario**

Dear Minister:

We are writing to you as a group of small Ontario enterprises that are in the business of collecting WEEE and processing it for reuse (i.e. separation and refurbishing of reusable components for resale) and/or recycling (separation of recyclable materials for raw materials recovery).

Our businesses have been built without any government grants or subsidies and solely through our own entrepreneurial efforts and investments in responding to the growing demand for responsible environmental management services for electronic waste.

We are unequivocally supportive of the intention to recover, reuse and recycle more WEEE and to ensure that it is not disposed of or exported to jurisdictions with low or no environmental standards for "recycling". That said, we are concerned about the fundamental economic design of the program being proposed by Ontario Electronic Stewardship (OES).

Our primary concern is that under its proposed program design, OES will be the sole purchaser of electronic recovery, reuse/refurbishing and recycling services in Ontario. As depicted in the attached diagram, OES clearly envisions itself as the sole contracting authority for WEEE collection and processing services. OES has explicitly stated that notwithstanding how many processors meet its environmental performance standards ("Vendor Qualification Standard") that it will undertake a, "...competitive bid process...to select recyclers."

To allow the establishment of a such a buying monopoly will effectively allow one set of economic interests – large multinational original electronic equipment manufacturers (OEMs) and "big box" retailers who themselves may be electronic equipment brand owners – to effectively control the WEEE processing industry and potentially sideline (and thus eliminate) many existing and fully qualified WEEE processing businesses<sup>1</sup>.

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<sup>1</sup> In some cases there is a direct commercial interest to favour one processor over another. As an example, it is a matter of public record the Hewlett-Packard Corporation Canada Inc. ("HP") is commercially affiliated with Sims Recycling (formerly Noranda). Both companies have stated publicly that their interests involve maximizing the throughput of Sims' facilities. In this case what interest does HP – an OES Board member - have in seeing the propagation of collection, reuse/refurbishing and end-of-life processing competitors to its commercial affiliate?

What OES is proposing is to effectively crush commercial competition within the WEEE processing market – certainly if not selected by OES and cutoff from the WEEE market it is highly unlikely that a given processor will be around to bid again several years later.

This situation is entirely contrary to S. 5 (c) of the Waste Diversion Act (“WDA”) which states that program developed by WDO should, “seek to ensure that waste diversion programs developed under this Act affect Ontario’s marketplace in a fair manner”.

It is entirely unclear why OES sees it necessary to contract for any WEEE collection or processing services whatsoever – a fundamental intrusion into the commercial market this is entirely unnecessary for the purposes of meeting the environmental objectives set forth by the WDA and the Minister.

For OES to meet its obligations to deliver an effective WEEE program all it must do is ensure that:

1. All WEEE collectors wishing to participate in the OES program are registered with OES<sup>2</sup>;
2. Only registered WEEE collectors are eligible for “monetary collection incentives” but solely contingent on whether they ship collected WEEE to reuse/refurbishing operations, intermediary processors or end-of-life materials recovery facilities that are also approved and accredited<sup>3</sup> by OES;
3. In turn, reuse/refurbishing operations, intermediary processors or end-of-life materials recovery facilities must be able to verify to OES the quantities and types of materials received from registered collectors and the mass balance of material either sold for reuse, refurbished and then sold for reuse or processed for recycling and then shipped to “end-of-life” resource recovery operations;
4. The only payment of monetary incentives are to collectors for the recovery of WEEE for processing – normal market negotiations and the exchanges of materials and money between various economic players in the WEEE market would unfold just as they do today.

This simple program design has the following characteristics:

- It promotes competition in the WEEE market (thus lowering system costs) and avoids the creation of a buying monopoly;
- It is environmentally effective – it ensures environmental performance (i.e. proper reuse and recycling) through accreditation of collectors and processors and tracking of wastes from point of collection to final disposition;
- It does not disrupt the existing workings of the WEEE collection market – it simply demands that all economic players wishing to operate in the approved stewardship program meet certain environmental and reporting standards;

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<sup>2</sup> We would also suggest that the province ban the landfill of WEEE.

<sup>3</sup> This approval and accreditation would be based on meeting a reasonable, ratified environmental standard approved by the MOE.

- The program expressly encourages the collection of WEEE through financial incentives for collection and promotes reuse and recycling by only providing collection incentives to those collectors that ship materials to those end-uses.

We strongly feel that this minimally intrusive program design is in the best interests of innovation, price competition and Ontario's environment and is wholly consistent with the marketplace fair treatment principles enunciated in S. 5 of the WDA.

We would like the opportunity to meet with your staff at the earliest opportunity to discuss this critical issue of WEEE program design further.

In the interim if you have any questions please do not hesitate to give Mr. Dennis Maslo a call at (416) 910-4358.

Sincerely,



Will Brown  
COO  
Computer Recyclers Inc.



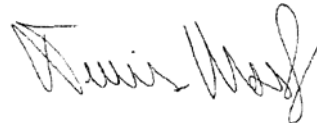
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cc.

The Honourable Dalton McGuinty, Premier of Ontario  
The Honourable Dwight Duncan, Minister of Finance  
The Honourable Sandra Pupatello, Minister of Economic Development and Trade  
The Honourable Harinder Takhar, Minister of Small Business and Entrepreneurship  
The Honourable Ted McMeekin, Minister of Government Services  
The Honourable Chris Bentley, Attorney General of Ontario  
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# Conceptual OES Program Design

