



Tire and Rubber
Association
of Canada

L'Association
canadienne du pneu
et du caoutchouc

August 15, 2016

John Fox
Senior Policy & Programs Officer
Ministry of the Environment and Climate Change
Climate Change and Environmental Policy Division
Resource Recovery Policy Branch
40 St. Clair Avenue West, Floor 8
Toronto Ontario, M4V1M2

Dear Mr. Fox,

Subject: EBR Posting #012-7818 re Waste Diversion Transition Act, 2016

The Tire and Rubber Association of Canada (TRAC) supports the Government's desire to ensure an orderly wind-up and transition of the Industry Funding Organizations, particularly Ontario Tire Stewardship, as many TRAC members are Stewards of OTS, while a few other members are service providers to OTS. The Waste Diversion Transition Act and its subsequent regulations are therefore a critical construct to get on the right path through transition.

While we appreciate the wind-up and transition of the IFOs is forging new ground, (insofar as this is a new process), the EBR posting does signal a few very specific initiatives to which we offer comments. Specifically, TRAC wishes to comment on the proposals to continue the Cost Recovery Fee Methodology and the proposal to continue the requirement of Stewards to pay fees through the wind-up of the IFOs.

The Cost Recovery Fee Methodology may well be a useful tool under an environment where the business is a 'going concern', but we have serious reservations that this approach is reasonable or advisable in a wind-up situation, when there will be many extra-ordinary one-time costs such as employee severance, extra legal costs etc. In addition, if history is any guide, during other organizational wind-ups, creditors - real or imagined, will make financial claims to protect their own pecuniary interests. Under this back-drop of extraordinary one-time costs and other claims, a Cost Recovery Regulation is unworkable and risks burdening Stewards with added costs that have no direct relationship to the purposes of the organization. Moreover, Steward fees are based on the previous year's actual costs and this formula should hold through the transition period. TRAC recommendation is to suspend the Cost Recovery Fee requirement in the final year of IFO wind-up.

The proposal to continue the requirement of Stewards to pay fees through wind-up is both interesting and somewhat puzzling. We say puzzling because how can OTS, for example, be wound-down if it continues to collect fees from Stewards? If OTS revenues continue

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unabated, how does the organization transition to wind-up? That said, TRAC has experience in transitioning other provincial tire programs to industry stewardship and in both cases Stewards did in fact continue to pay fees through wind-up and transition. It is obviously clear to us the Government has given the IFO transition some thought and perhaps now would be a good time to meet to share our respective ideas to ensure the orderly transition all stakeholders covet.

The Tire and Rubber Association of Canada is the national trade association representing the interests of tire and other rubber manufacturers and importers of rubber goods into Canada, together with rubber recyclers and suppliers whose goods or services directly relate to our industry. The Association was established in 1920 under the name *The Rubber Association of Canada*, only recently changing its name to the *Tire and Rubber Association of Canada* to more accurately reflect the Association's role within the industry.

Best regards,

A handwritten signature in blue ink, appearing to read 'Glenn Maidment', with a stylized flourish at the end.

Glenn Maidment
President, Tire and Rubber Association of Canada
c.c. TRAC Board