



# **OTS 2012 Used Tires Program Consultation**

## **Steward Session**

**August 9<sup>th</sup>, 2012**

**For issues in joining the meeting via webinar e-mail**  
**[info@ontariots.ca](mailto:info@ontariots.ca)**

# Agenda

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- The Ontario Waste Diversion Policy Framework
- Who is OTS and What is its mandate
- Ontario Used Tires Program Status Update – Diversion & Finances
- Minister's February 9<sup>th</sup>, 2012 Direction to WDO
- OTS Revised revenue & debt repayment proposal
- New tire definitions & weights
- Steward compliance
- Steward reporting
- Program efficiency
- Next steps
- Questions

# Introduction

- The Waste Diversion Act (WDA)
  - Waste Diversion Ontario's role
  - Industry Funding Organizations' role
  - Ministry of the Environment's role

# Waste Diversion Act, 2002

## The *Waste Diversion Act, 2002* (Ontario)

- WDA creates Waste Diversion Ontario and provides authority with respect to waste diversion programs
- WDO operates within the context of the WDA and the Operating Agreement between WDO and the Province of Ontario, represented by the Minister of the Environment
- WDO is a corporation without share capital composed of the members of its Board of Directors

## Waste Diversion Act, 2002

- WDA sets out the respective responsibilities of the Minister, WDO and industry funding organizations (IFO's) in waste diversion
- WDA grants power to IFO's to make rules, e.g. with respect to fees, and power to the Minister to make regulations

# Waste Diversion Ontario's Role

- WDO has the following principal responsibilities:
  - develop and operate waste diversion programs/monitor the effectiveness and efficiency of the programs
  - ensure that waste diversion programs “affect Ontario’s marketplace in a fair manner”
  - conduct public consultations on any matter referred to WDO by the Minister
  - Advise or report to the Minister on any matter referred to WDO by the Minister

# Waste Diversion Ontario's Role

- WDO is required to develop waste diversion programs “in cooperation with” an IFO
- WDO also has responsibility for approval of industry stewardship plans, i.e. alternative to waste diversion programs and IFO structure
- WDO attempts to mediate complaints by stakeholders, e.g. processors/collectors, against IFO's concerning unfair market impacts

# Role of the Industry Funding Organization (IFO)

- IFO's run the programs development in cooperation with WDO
- IFO's recover costs from Stewards, i.e. brand owners and first importers of a designated waste
- IFO's are required to recover costs to defray all costs of the IFO, WDO and MOE related to waste diversion programs
- IFO's operate in the context of the WDA and a Program Agreement between the IFO and WDO



## Who is OTS and What is it's mandate

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Ontario Tire Stewardship (OTS) is the not-for-profit corporation created by Ontario Tire Stewards to develop, implement and operate the Used Tires Stewardship Program.

The requirement for the program came from the Minister of the Environment, and the obligation for Stewards is also regulatory, but OTS is not a government body.

OTS is governed by a Board comprised of Members appointed by organization representing the major Steward groups.

# Ontario Tire Stewardship

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The Used Tire Regulation sets out governance:

- 9 Directors (voting) appointed as follows:
  - 3 members from RAC
  - 2 members from Ontario Tire Dealers Assoc.
  - 2 members from Retail Council of Canada
  - 1 member\* from Cdn. Vehicle Mfr. Assoc.*
  - 1 member\* from Assoc. of Int'l. Auto Mfr. of Canada*
- Observer (non-voting)
  - Representative, Waste Diversion Ontario

\* Has not formally accepted to join the OTS Board

## Minister's Direction 1...

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- Program Request Letter (PRL)
  - Received by WDO on August 14, 2008
  - Directed WDO to develop program with existing IFO or incorporate new IFO
  - *Stipulated that brand owners & first importers be Stewards*

## Minister's Direction 2...

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- All motor vehicle tires, incl OTR, Farm, Ind.
- Priority on diversion
  - Higher end uses whenever possible
  - Promote Ontario-based market for recycling & recycled products i.e. green technology
- Disposal not part of program unless 3Rs options not available or technically feasible
  - Landfilling including use as daily cover
  - Incineration including use as fuel

## Tires

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The Minister's Program Request Letter gave direction to OTS to *"address the diversion of all motor vehicle tires including "off the road" OTR tires, industry and farm vehicle tires that are supplied into the Ontario Market."*

Some exclusions: tires on or for toys, bicycles, personal mobility devices and commercial aircraft.

## Minister's Direction 3...

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Program to include all aspects associated with management of used tires once removed from vehicles including

- Handling
- Storage (temporary or otherwise)
- Collection
- Transportation
- Reuse
- Processing
- Recycling
- Disposal

## Minister's Direction 4...

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- Program should be
  - Consumer-focused & user-friendly
  - Available across the province
  - Accessible to all Ontarians
- Retailers participating in program
  - Shall not charge consumers an additional fee for tire management following removal from vehicle
- Any Stockpiled tires must be abated

# Ontario Used Tires Program Status Update

## Diversion Performance

- Diversion Targets in Approved Plan
  - On-Road Tires – 90%
  - Off-Road Tires – 50%

(Tonnes)	2010			2011		
	PLT	MT	OTR	PLT	MT	OTR
Supply	100,458	33,186	14,325	98,958	37,559	20,831
Collected	93,598	36,982	17,483	92,771	34,042	29,183
Reuse	9,738	3,684	1,583	13,174	5,759	2,102
Diversion	96%	115%	150%	96%	93%	<b>76%*</b>

**\*NOTE:** 2011 OTR tire diversion performance likely higher than stated due to reporting timing and used tire weight discount impacts reducing stated diversion %



# Ontario Used Tires Program Status Update

## OTR Program Financial Position

Year	On-Road Tire Program Surplus/ (Debt)	OTR Program Surplus/ (Debt)
<b>2009</b>	\$7,000,000	(\$2,617,409)
<b>2010</b>	\$14,000,000	(\$8,316,492)
<b>2011</b>	\$2,000,000	(\$7,685,601)
<b>2012 (Forecast)</b>	\$4,000,000	(\$7,866,454)
<b>Total</b>	<b>\$27,000,000</b>	<b>(\$26,485,955)</b>

OTS has been able to sustain the incurrence of this debt as a result of the On-Road Tire Program running a surplus sufficient to offset the debt. This has been on a cash-flow basis only, separate accounting has been maintained.

# Ontario Used Tires Program Status Update

## Off-Road Tire Supply Variance & Financial Impact

AH2

	2010 Assumed	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2012 Actual (YTD Forecast)
Supply (Tonnes)	80,000	14,323	80,000	20,831	80,000	25,420
OTR Revenue	\$10,655,343	\$1,985,225	Unchanged	\$3,402,536	Unchanged	\$3,533,562
Program Cost (\$)	\$10,655,343	\$9,438,633	Unchanged	\$11,117,849	Unchanged	\$11,432,934
Cost per Tonne Supplied	\$133	\$659	\$133	\$534	\$133	\$450

OTS attempted to address the supply / revenue shortfall in 2011 and 2012, but was not authorized to do so by the Ministry / Waste Diversion Ontario.

**Slide 18**

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**AH2**

**Add slide speaking to the surplus**

Andrew Horsman, 8/1/2012

# Ontario Used Tires Program Status Update

## On-Road Tire Program Surplus

In 2009-2011 On-Road Tire program revenues exceeded expenses due to:

- Lower than forecasted in-province tire processing (in-province processing drives higher costs than out-of-province processing, somewhat offset by costs of transport to out-of-province destinations)
- Less progress on stockpile abatements due to site access issues
- Lower than forecasted Manufacturing incentive costs (related to reduced processing capacity)

Additionally, due to the revenue shortfall on the OTR Tire program, OTS required the surplus cash flow to bridge the deficits until a sustainable revenue stream for the OTR program was secured.

## The Minister's Direction of February 9<sup>th</sup>, 2012

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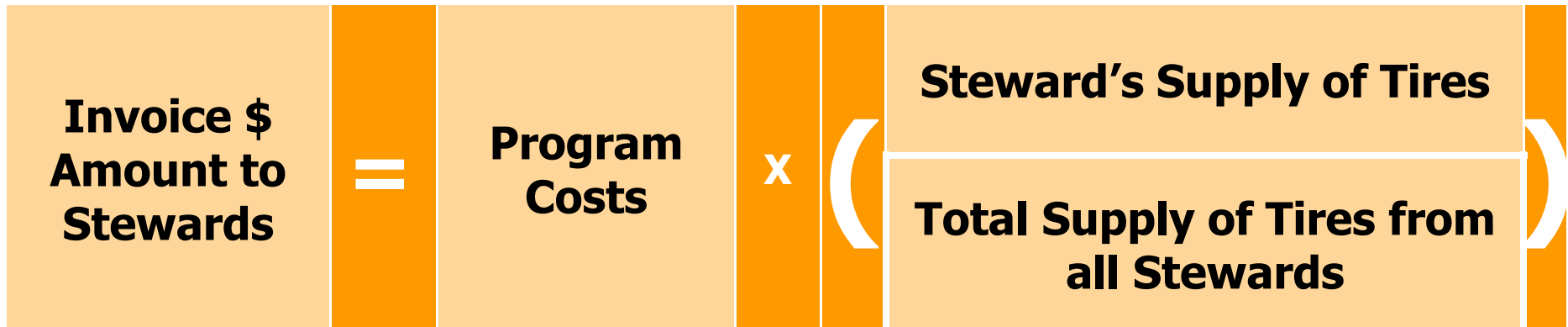
***...I am directing Waste Diversion Ontario, in accordance with Section 7 of the Act, to work with Ontario Tire Stewardship .... to develop plans to implement a similar (to the one regulated on Stewardship Ontario) **cost recovery and accumulated deficit / surplus recovery approach.*****

*The Honourable Jim Bradley, Minister of the Environment*

## The Minister's Direction of February 9<sup>th</sup>, 2012

### Cost Recovery Approach directed by the Minister:

- **Program costs invoiced to Stewards in arrears based on actual costs incurred and Steward's Market share**
  - Direction to Stewardship Ontario was for Quarterly billing



## The Minister's Direction of February 9<sup>th</sup>, 2012

### Debt Recovery Approach directed by the Minister:

- **Accumulated debt invoiced out to Stewards based on their market share in the period in which the debt was accumulated**
  - Schedule for payment of debt invoice may be determined by OTS in cooperation with WDO

<b>Debt Invoice \$ Amount to OTR Tire Steward</b>	<b>=</b>	<b>Accumulated OTR Program Debt</b>	<b>x</b>	<table border="1"> <tr> <td style="text-align: center;"><b>Steward's Supply of OTR Tires 2009-2011</b></td> </tr> <tr> <td style="text-align: center;"><b>Total Supply of OTR Tires from all Stewards 2009- 2011</b></td> </tr> </table>	<b>Steward's Supply of OTR Tires 2009-2011</b>	<b>Total Supply of OTR Tires from all Stewards 2009- 2011</b>
<b>Steward's Supply of OTR Tires 2009-2011</b>						
<b>Total Supply of OTR Tires from all Stewards 2009- 2011</b>						

## OTS / Stewards' Response to Minister's Direction

After reviewing the Minister's direction, both OTS and individual Stewards raised significant concerns with the unintended consequences that would result from its implementation including:

- Loss of predictability and transparency for Steward billing of program costs;
- Seasonality of tire supply would result in significant variance in program costs on a per tire or per tonne of tires supplied, causing greater confusion in the market;
- Use of market share data to allocate program costs would result in Stewards bearing varying costs on a per tire basis, depending on the timing of their supply of tires into the market;
- Processing of adjustments to reported Steward supply would result in OTS having to recalculate and reassess Stewards' share of program costs;



## **OTS / Stewards Response to Minister's Direction** (cont'd)

- Revenue and Operational expense timing issues would require OTS to develop a “float” of 6 months operations (approximately \$30 million)

In addition, several Stewards challenged the legislative basis for the imposition of a retrospective obligation, noting that the Waste Diversion Act does not appear to include this authority for the Minister.

Despite the significant concerns, OTS and the Stewards did in general acknowledge that a mechanism for ensuring sustainable program funding, and dealing with the accumulated OTR program debt, was urgently required.

# OTS & Steward Revenue Proposal

## TSF Calculation & Annual Reconciliation

To address the perceived challenges with forecasting the formula used to calculate the TSF rates will be based on the past year actual costs and past year actual tire supply.

$$\text{2013 TSF / PTE} = \frac{\text{2012 Program Costs}}{\text{2012 tire supply in PTEs}}$$

At the end of each year OTS will reconcile the revenue received with the actual program costs and will invoice/credit Stewards a portion of this balance based on their share of reported supply (by end of March of the following year)

$$\text{2013 Steward Invoice / Credit Adjustment} = \text{Program Surplus / Deficit \$} \times \left( \frac{\text{Steward 2013 reported Supply in PTEs}}{\text{Supply Reported by all Stewards in PTEs}} \right)$$

# OTS & Steward Revenue Proposal

## TSF Adjustments going forward 2014 and beyond

At the end of each year, OTS will assess the outstanding surplus / deficit and identify root causes. Based on the results of the analysis, OTS will determine what action(s) may be most appropriate. These may include:

- Increasing or reducing the TSF as indicated by the actual cost recovery methodology (Actual Previous Year Costs ÷ Actual Previous Year Supply);
- Potentially utilizing OTS reserves to stabilize rates in billings to Stewards;
- Exploring ways to adjust the OTS cost structure to curtail the creation of a deficit.

# Revised Debt Repayment Proposal

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## Debt Stabilization Loan

OTS and Stewards, while rejecting the debt recovery approach proposed by the Minister, acknowledge the necessity to address the accumulated OTR Tire program debt, and to do so in a way that does not create significant adverse effects for the Stewards.

OTS is proposing that the On-Road Tire program provide a no-interest loan to the Off-Road tire program to bridge the debt while it is being paid down over a period of 10 years.

The loan will be repaid by OTR Tire Stewards only, through a combination of additional revenue and savings from program efficiencies.

# Revised Debt Repayment Proposal

## Draft Loan Repayment Schedule

YEAR	Loan Repayment Target
2013	\$2,000,000
2014	\$2,000,000
2015	\$2,000,000
2016	\$2,500,000
2017	\$2,500,000
2018	\$2,500,000
2019	\$3,000,000
2020	\$3,000,000
2021	\$3,500,000
2022	\$3,500,000
<b>TOTAL</b>	<b>\$26,500,000</b>

# Revised Debt Repayment Proposal

## Loan Repayment Adjustment

In order to ensure repayment of the Debt Stabilization loan, OTS will annually assess the need to add a “Loan Repayment Adjustment” to the OTR Tire TSFs, over and above the TSF / PTE calculated using the cost recovery methodology (Actual Previous Year Costs ÷ Actual Previous Year Supply).

This will be calculated as follows:

<b>\$ Loan Repayment Adjustment / PTE</b>	<b>=</b>	<b>Prescribed Loan Repayment amount for the Year (\$)</b>
		<b>OTR Supply Reported by all Stewards in PTEs</b>

# Tire Stewardship Fees

## 2012 TSFs Calculated using 2011 Actuals

2012 TSF by Tire by Type			
Tire Type	PTEs / Tire	TSF / Tire	Actual 2012 TSF
PLT	1	\$ 5.30	\$ 5.84
MT	5	\$ 14.65	\$ 14.65
Ag Drive	7	\$ 37.36	\$ 15.29
Small Industrial	2	\$ 10.67	\$ 12.51
Medium Industrial	6	\$ 32.02	\$ 12.51
Large Industrial	12	\$ 64.05	\$ 12.51
Small OTR	19	\$ 101.41	\$ 22.24
Medium OTR	87	\$ 464.33	\$ 97.30
Large OTR	93	\$ 496.36	\$ 104.25
Giant OTR	223	\$ 1,190.19	\$ 250.20

**NOTE:** The Industrial Category breakdown presented here is for discussion purposes only and neither the Categories nor the PTE allocations should be considered final

# Tire Stewardship Fees

2012 TSFs Calculated using 2011 Actuals and Including a Loan Repayment of \$2,000,000 (\$0.96 / PTE)

<b>2012 TSF by Tire by Type</b>			
Tire Type	PTEs / Tire	TSF / Tire	Actual 2012 TSF
PLT	1	\$ 5.30	\$ 5.84
MT	5	\$ 14.65	\$ 14.65
Ag Drive	7	\$ 44.08	\$ 15.29
Small Industrial	2	\$ 12.59	\$ 12.51
Medium Industrial	6	\$ 37.78	\$ 12.51
Large Industrial	12	\$ 75.57	\$ 12.51
Small OTR	19	\$ 119.65	\$ 22.24
Medium OTR	87	\$ 547.86	\$ 97.30
Large OTR	93	\$ 585.65	\$ 104.25
Giant OTR	223	\$ 1,404.29	\$ 250.20

**NOTE:** The Industrial Category breakdown presented here is for discussion purposes only and neither the Categories nor the PTE allocations should be considered final



# Tire Stewardship Fees

TSF per Tire by Type as compared to pre-program Disposal Fees for Used Tires & New Tire Prices					
	Pre-Program Disposal Fee / Tire*	2009-2011 TSF	2012 TSF based on 2011 Actual Supply and Costs	New Tire Price (Low-Avg-High)	2012 TSF as % of Avg Tire Price
Passenger & Light Truck Tires	\$3 - \$5	\$5.84	\$5.30	\$45 - \$150 - \$300	3.5%
Medium Truck Tires	\$10-\$12	\$14.65	\$14.65	\$300 - \$500 - \$800	2.9%
Agricultural Drive Tires	\$36 - \$72	\$15.29	\$44.08	\$300 - \$1,100 - \$7,700	4.0%
Small / Medium / Large Industrial**	\$18 - \$48	\$12.51	\$10.62 - \$63.71	\$200 - \$350 - \$2,500	2.5% - 5.3%
Small Off The Road Tires	\$46 - \$60	\$22.24	\$119.65	\$700 - \$2,700 - \$6,700	4.4%
Medium Off The Road Tires	\$192 - \$408	\$97.30	\$547.86	\$3,000 - \$6,800 - \$21,000	8.1%
Large Off The Road Tires	\$468 - \$750	\$104.25	\$585.65	\$5,700 - \$13,000 - \$30,000	4.5%
Giant Off The Road Tires	\$750 - \$3,000	\$250.20	\$1,404.29	\$15,000 - \$43,000 - \$100,000+	3.3%

\*NOTE: Disposal fees quoted do not include the costs of transportation from a collector or generator site and do not assume comparable diversion outcomes to those mandated for the Ontario Used Tires Stewardship program.

\*\* NOTE: OTS is proposing to separate the Industrial Tire category into Small, Medium and Large for 2013

# Tire Stewardship Fees

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## GST / HST

In the absence of a Ruling on the taxable status of the TSF, OTS is treating the HST payable on the CA and TI as an expense and is not claiming any Input Tax Credits. This effectively increases annual program expenses by the amount of the tax owing going forward:

For 2012, these costs are forecast to be:

- On-Road Tires : \$3.7 million
- OTR : \$700,000

OTS is continuing to engage the Ontario Government for support to receive a favourable ruling from CRA on the taxable status of the TSF.

## Tire Stewardship Fees - Estimated Tire Weights

Through 2010 and 2011, OTS undertook several studies to assess the actual average estimated weights based on New and Used Tires in the Ontario market (New and Used tires average estimated tire weights used in the Plan were based on National average estimates).

As a result OTS identified variances between the average estimated weights used in the Plan and what the data from the field was showing:

- New tire weights were in some cases different
- Used tire weights in some categories had significant discount factors, while in others very little
- Rate of return of Used Tires vs. New supply varied depending on tire type and application

As a result of these investigations, OTS has revised the PTE/tire category assumptions used in the calculation of the TSFs

## Tire Stewardship Fees – Current Tire Weights

Tire	2011 PTEs
Passenger/LT	1
Medium Truck	5
Agricultural	11
Small & L Ind.	9
SOTR	16
MOTR	70
LOTR	75
GOTR	180

## Tire Definitions

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OTS will be issuing revised guidance to Stewards regarding categories and criteria to be used when reporting on supply of new tires into Ontario.

This guidance will only be in effect going forward, and will not be applied retroactively.

Tire Definitions methodology moving away from classification based on tire use or rim diameter and to classification based on tire weight. This results in tires being reported on in program categories that more closely align with operational costs incurred by the stewardship activities associated with that tire.

Additionally, OTS is proposing to introduce 2 exemptions for new tires from the obligation to report and remit.

# Tire Definitions

Tire	2009 - 2011
<b>Passenger/ LT</b>	Passenger Tires, Small RV Tires, ST Trailer tires and Light Truck Tires and Temporary Spares, Motorcycle, Golf Cart and All-Terrain Vehicle Tires, Free Rolling Farm Tires, Forklift, Small utility, Bobcat/Skid Steer tires <16" rim diameter
<b>Medium Truck</b>	Medium Truck Tires
<b>Agricultural</b>	Agricultural Drive and Logger Skidder Tires
<b>Small &amp; L Ind.</b>	Forklift, Skid Steer Tires measuring 16.5" and over
<b>SOTR</b>	Small Off the Road Tires: 1300R24 to 23.5R25
<b>MOTR</b>	Medium Off the Road Tires: >23.5R25 to 33"
<b>LOTR</b>	Large Off the Road Tires: >33" and up to 39"
<b>GOTR</b>	Giant Off the Road Tires: > 39"
<b>Industrial</b>	Solid Industrial Tires

## Tire Definitions - 2013

On-Road	New Tire Description	PTE(s)
<b>PLT</b>	Passenger Tires, Small RV Tires, ST Trailer tires and Light Truck Tires and Temporary Spares, Motorcycle, Golf Cart and All-Terrain Vehicle Tires, Free Rolling Farm Tires, Forklift, Small utility tires	<b>1</b>
<b>MT</b>	Medium truck tires	<b>5</b>

## Tire Definitions - 2013

Off-Road (Pneumatic only)	New Tire Description (Kilograms)	PTE(s)
	<b>0 – 15</b>	<b>1</b>
	<b>16 – 30</b>	<b>2</b>
	<b>31 – 700</b>	<b>5</b>
	<b>71 – 120</b>	<b>8</b>
	<b>121 – 250</b>	<b>11</b>
	<b>251 – 375</b>	<b>19</b>
	<b>376 – 700</b>	<b>87</b>
	<b>701 – 1200</b>	<b>93</b>
	<b>&gt; or = 1201</b>	<b>223</b>



## Tire Definitions - 2013

Off-Road (Solid & Resilient only)	New Tire Description (Kilograms)	PTE(s)
	<b>0 – 30</b>	<b>2</b>
	<b>31 – 60</b>	<b>4</b>
	<b>60 – 250</b>	<b>10</b>
	<b>&gt; Or = 251</b>	<b>See pneumatic categories</b>

# Tire Stewardship Fees - Tire Definitions

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## New Tire Exemptions

For the 2012 Rules, OTS is proposing to enact exemptions from the obligation to report and remit on two categories of tires:

1. Tires under 7" overall diameter
2. Tires where the rubber component contains greater than 50% post-consumer content by weight

# Tire Stewardship Fees - Tire Definitions

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## New Tire Exemptions

1. Tires under 7" overall diameter

While these tires are present in the marketplace, research indicates that the quantity of material and costs that they represent in the Used Tire Program are immaterial. In addition, the application of the PLT rate TSF to these tires/wheels is disproportionate to both the costs incurred by the Program to manage them, and the price point at which they are supplied into the market (< \$15). As a result, OTS is proposing to exempt these classes of tires from the obligation to report and remit.

## Tire Stewardship Fees - Tire Definitions

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### New Tire Exemptions

2. Tires where the rubber component contains >50% recycled rubber from Used Tires

The intent of the OTS program is to stimulate higher value-added processing and manufacturing activity using recycled tire materials, the introduction of this exemption will provide a market signal to manufacturers of new tires that incents the use of recycled tire materials in new tire manufacturing. At this time, OTS is not aware of any manufacturer supplying tires that would meet this standard, however OTS will continue to monitor the tire market and assess the impact of the exemption on other Stewards and reserves the right to make modifications to / repeal this exemption as necessary to meet its other obligations with respect to the operation of the Used Tire Program under the Waste Diversion Act and the operating agreement with WDO.

## Tire Stewardship Fees – Compliance Enforcement

OTS understands the potential impact of increased OTR TSFs on Ontario Stewards and Retailers and so will be stepping-up enforcement and audit activities in 2012 to ensure a level playing-field for the industry.

OTS will be seeking support from MoE Enforcement to pursue investigations regarding potential free-riders who are not registered program participants.

The tire industry is our best source of information regarding potential free-riders, however OTS has heard concerns about potentially having to provide information on customers. How can OTS facilitate the flow of information from industry while providing assurances regarding confidentiality?

## Tire Stewardship Fees – Reporting

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OTS has heard from Stewards that the ability to file TSF Remittance Reports and make remittances electronically would significantly reduce the administrative burden of the program.

In June 2011, OTS introduced the ability for Stewards to file their Remittance Reports on-line.

In Q3 of 2012, OTS will introduce electronic payment for Stewards in a phased roll-out.

In 2013, OTS is proposing to require all remittance reports and payments to be made electronically.

## Program Efficiency

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OTS is undertaking a number of measures to reduce program costs in all areas including:

- Administration
  - Staffing – OTS has undertaken a staffing internalization that has increased productivity and reduced overall headcount by 15%
  - Overhead – Recent move from “managed services” arrangement to OTS leased premises has reduced office costs by 10%
  - Systems – Selection of new IT provider has reduced system costs by approximately 20%
  
- Incentives
  - HST – OTS continues to work with the Ontario Government to achieve a favorable ruling on the program taxable status

## Program Efficiency (continued)

OTS is undertaking a number of measures to reduce program costs in all areas including:

- Incentives
  - Compliance / Auditing – OTS has increased Audit resources by 50% to improve compliance monitoring on both revenue and costs. Continue to work with MoE to receive appropriate Enforcement support
  - Rate Review – OTS is undertaking a review of the incentives rates and overall model to determine how to best continue to deliver high rates of diversion, while reducing cost per tonne supplied
  
- Oversight

As program performance has exceeded targets since inception, OTS will be seeking to reduce the cost burden of oversight by WDO going forward.



## Program Efficiency (continued)

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OTS is undertaking a number of measures to reduce program costs in all areas including:

- Collaboration
  - OTS is working closely with other Ontario IFO's as well as tire programs nationally to identify and leverage opportunities for cost sharing and efficiencies

## OTS Next Steps

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- **August 9<sup>th</sup>** 2012 - Steward Consultations
- **August 24<sup>th</sup>** 2012 – Steward Comments to be submitted to OTS
  - Email: [Steward@ontariots.ca](mailto:Steward@ontariots.ca)
  - Mail: **OTS, 300 The East Mall, #100, Toronto, Ontario, M9B 6B7**
- **September 3<sup>rd</sup>** 2012 – Steward Consultation report released (To Be Confirmed)
- **September 25<sup>th</sup>** 2012 – OTS brings 2013 TSFs, consultation report, recommendations on the Cost Recovery approach, Rules for Stewards to WDO Board for Consideration
- **Q4 2012** – MoE & WDO render decision on how to implement revised revenue model
- **February 1<sup>st</sup>** 2013 – New TSFs and Rules implemented

## Summary

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The proposed changes to the OTR TSF rate structure are long overdue and required in order to ensure program sustainability going forward.

While the TSF rate increases are substantial, an analysis of the impact of the increased rate shows that overall the TSF is a reasonable fraction of the average price of the tire to which it is applied, and significantly less than the price increases that have been applied in the OTR tire business over the last several years.

OTS remains committed to ensuring that the program is evolving to a lower cost per tonne model that will continue to deliver the successful high-value diversion while reducing Stewards' program costs, and to maintaining a level playing-field for Ontario Stewards and tire industry stakeholders.

# Summary

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Questions?

Comments?

Concerns?

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