



**Developing a Sustainable Tire Recycling  
Market in Ontario  
December 5<sup>th</sup> 2013 Consultation**

# UTP Changes

As OTS enters its 5<sup>th</sup> full year of operation in 2014 the Ontario tire recycling industry has been transformed:

- Recycling capacity has more than doubled
- Manufacturing using Ontario crumb rubber has increased by approximately 130%
- \$50 million+ of new investment and over 200 direct new jobs have been created



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# UTP Changes

These developments have required OTS to rethink its engagement with the market, shifting from a focus on attracting new investment and capacity, to ensuring a stable, competitive and diverse Ontario tire recycling market.

OTS is proposing to make significant changes to the existing incentive programs over the next 2-years, while ensuring that the UTP continues to deliver on its accessibility and diversion objectives.

Consultations on these changes have been ongoing through the summer and into the fall.



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# UTP Incentive Changes

## Why Now?

- Reduce program costs and TSFs
  - Deliver on commitments to key Steward and end-user groups, particularly in the OTR tire category, to reduce TSF rates;
  - Avoid having to impose Reconciliation Fees on Stewards at end of year;
- Reduce the incidence of irrational and potentially predatory competition in the market
- Pay down accumulated OTR tire program debt and fund Operational Reserve
- Address regulatory and policy uncertainty which creates risk for Stewards and the Program



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# UTP Incentive Changes

## Cost Recovery Regulation

- Requires OTS to set TSF rates annually based on actual costs and tire supply from the previous year
- Any shortfall at the end of the year must be recovered through the charging of a “Reconciliation Fee” to Stewards



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# UTP Incentive Changes

## Debt Recovery

- In the 2009-2012 program years the UTP accumulated significant debt in the OTR tire program area
  - Current historic debt is approximately \$26 million
  - Paying off this debt requires OTS to identify opportunities for program cost reductions to generate funds to be used to pay down the debt



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# OTS Financials

## OTS Operational Reserve

OTS requires a reserve of \$19.5 million based on 2012 actuals:

- Currently have approximately \$13.5 million in reserve



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# OTS Financials

## TSF Rates

Ontario TSFs are the highest in North America, and the Program is under significant pressure from Government, WDO, Stewards, tire retailers and tire consumers to reduce TSF rates.

This effort is constrained by:

- Policy direction regarding how OTS can intervene in the market
- Restriction/lack of Government support for developing low-cost recycling options
- Additional costs incurred by OTS as a result of legislative design and policy direction from the Government / WDO

Under this framework reducing Program operational expenses across the Board is the only option to achieve significant TSF rate reductions





# UTP Incentive Changes

## HST

- Current interpretation by CRA of the taxable status of the UTP results in OTS incurring incremental tax costs on Administration, CA and TI
  - 2013 Forecast HST cost is approximately \$5 million per year under current program structure and rates



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# UTP Incentive Changes

OTS is aware of the prevalence of Processors funding payments to Collectors to secure tire supply

- Based on information gathered by OTS this activity constitutes a transfer of incentives from Processors to Collectors of between \$3 - \$5 million
- PI rate reductions to 2015 will result in an approximate \$3.6 million reduction in PI expense



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# UTP Incentive Changes

## Regulatory & Policy Risk – A Recent Example

On November 29<sup>th</sup> 2013 the Government of Ontario unilaterally amended the Used Tire Regulation to restrict OTS's ability to make necessary changes to the tire classifications and TSFs rates to ensure the financial stability of the program into 2015

- These changes were made without advance consultation or discussion with OTS
- As a result OTS's revenue will continue to be below what is required to fully fund OTR tire diversion costs

Additionally the Minister directed WDO to convene a stakeholder process to evaluate ways to divert OTR Used Tires that will lead to lower TSF rates and impact on OTR tire consumers.



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# UTP Incentive Changes

## Pre Program Used Tire Economics

Prior to the introduction of the UTP Ontario's used tires were managed based on a free-market approach involving:

- Used tire disposal fees
- Tip fees being charged by processors/disposal sites
- Open borders to the movement of used tires

Let's review the economics of used tires management under this system



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# UTP Incentive Changes

## Pre Program Used Tire Economics

Assuming 9 million used PLT tires were generated annually. Approximately:

- 80% attracted a disposal fee of \$3.00
- 10% attracted a disposal fee of \$4.00
- 10% attracted a disposal fee of \$5.00

Using these assumptions all of the 9 million PLT tires were managed for a total cost of **\$29.7 million**, or **\$3.30 / tire**



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# UTP Incentive Changes

## Pre Program Used Tire Economics

How was this \$3.30 / tire utilized?

	Scenario 1 (all tires diverted)	Scenario 2 (75% of tire diverted)	Scenario 3 (50% of tires diverted)
Collector	\$1	\$1	\$1
Hauler	\$1.30	\$1.42	\$1.55
Processor / Disposal site	\$1	\$0.88	\$0.75
<b>Total</b>	<b>\$3.30</b>	<b>\$3.30</b>	<b>\$3.30</b>

- These costs can be used as a baseline against the incentives offered by OTS, taking into account market changes (e.g. 30% reduction since 2010 in weighted average transport distances for tires to be delivered to Processors in Ontario)



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# What are the Changes ? — Proposed 2014

- **January 1<sup>st</sup> 2014** – Reduce Processing Incentive (PI) rates by 10%
- **January 1<sup>st</sup> 2014** – Defer planned increase in Manufacturing Incentives (MI) and base tonne calculation
- **July 1 2014** - Shift the payment of the Collection Allowance (CA) to the Processor
- **July 1<sup>st</sup> 2014** – Shift Transportation Incentive (TI) Model to a simplified one which pays on weight of tires delivered
- **July 1<sup>st</sup> 2014** – Reduce PI rates by 15% and OTR PI premium to 15%
- **July 1<sup>st</sup> 2014** – Reduce MI by 38% (to a flat rate of \$80/tonne)



# What are the Changes ? - Proposed 2015

- **July 1<sup>st</sup> 2015** shift the payment of the TI to the Processor
- **July 1<sup>st</sup> 2015** – Reduce PI rates by 10% and OTR PI premium to 10%
- **July 1<sup>st</sup> 2015** – Reduce the MI by 38% (to \$50/tonne)



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# What are the Changes ? — Feedback

OTS launched consultations with stakeholders regarding these changes on July 10th 2013 and has held several sessions through the summer and fall.

Feedback has ranged from outright support and encouragement to implement faster to complete opposition. OTS has received some constructive feedback on amendments to the plan.

Notably several stakeholders opposed to the plan as presented have not to date proposed an alternate means of achieving the financial objectives or even making progress towards them



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# What are the Changes ? – Collector Feedback

- Will OTS mandate that Collectors be paid the CA by Haulers / Processors?

OTS does not intend to require the payment of the CA to the Collector, but does believe that current market demand for used tires will facilitate Collectors accessing appropriate CA payment (assuming the Collector is meeting the minimum conditions of the Collector Agreements re: Used tires).

- What action will OTS take if Collectors are not being paid?

In the event that Collectors are not being paid CA OTS would investigate whether there is a legitimate cause, for example Used Tires are not being stored in accordance with the conditions of the Collector Agreement. In the event of widespread non-payment OTS may resume payment of the CA directly to Collectors. Given the highly competitive market for used tires however OTS does not anticipate this will be an issue.



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# What are the Changes ? — Collector Feedback

- How will OTS ensure that Collectors are able to receive no-charge pick-up of their used tires?

OTS believes that the TI and PI rates being offered by the UTP will continue to be sufficient to ensure the no-charge pick-up of Used Tires from across Ontario.

In the event that this is not the case OTS may issue an exclusive Hauling RFP for competitive bid for underserviced areas. It is likely this contract would be awarded for a 12-month period after which market conditions would be reviewed.



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# What are the Changes ? — Hauler Feedback

- Under the DZM Model is OTS reducing the amount it pays for transport of Used Tires?

**No, the provincial average rate under the DZM model is the same as it is under the current model, \$150/tonne.**

- How will OTS ensure Haulers get paid on-time by Processors?

**OTS does not intend to intervene in the commercial arrangements between Haulers and Processors. OTS will be requiring Processors to post a Performance Bond which may be used to compensate a Hauler in the event a Processor closes without paying its supplying Haulers.**



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# What are the Changes ? — Hauler Feedback

- The DZM TI Model may result in parts of the province not getting serviced, how will OTS manage this?

While OTS is not convinced that some areas of the Province will not be serviced under a DZM TI model in the even there are service disruptions OTS may examine the TI rates and/or may identify areas of the Province which will be RFP'd to Haulers who will have exclusive rights to pick-up tires in that area.

- Is OTS trying to reduce the number of Haulers under the program?

No, however OTS does expect that consolidation within the industry is likely to continue as a result of greater overall market forces.



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# What are the Changes ? — Processor Feedback

- The differential DZM Rates pick winners and losers among Processors, paying Haulers more to deliver Used Tires to specific area than others

The DZM TI rates are set using the same information as informed the setting of the existing TI credits, factoring in Collection costs, Sorting costs and Transport costs from point of origin to the closest available Processor (that can accept tires of that type). DZM rates vary depending on the Processors capacity, the geography and population density of the areas from with the Processor is assumed to receive tires (based on the Policy of “most efficient transport) and weighted average distance a tire must be transported to be delivered at the “local” Processor.



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# What are the Changes ? — Processor Feedback

- The reductions in PI rates are draconian, unnecessary and may negatively impact the ability of Processors to operate profitably, why does OTS feel they are needed?

The PI rate reductions are being proposed to:

- Meet the financial objectives of OTS to reduce TSF rates and address unfunded program liabilities;
- Reduce the amount of incentive being provided to the market as this is fuelling behavior which is counter-productive to the sustainable functioning of the market and risks stimulating anti-competitive or predatory practices;

The current PI rates were set to encourage and reward growth in new capacity, now that Ontario has achieved the needed processing capacity a reduction in rates is warranted and needed.



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# What are the Changes ? — Processor Feedback

- The revised PI rates being proposed by OTS are not sufficient to ensure that Ontario's tires are diverted in accordance with the Plan.

The PI rates being proposed by OTS reflect a deep investigation of rates paid in Ontario pre-program, PI rates in other Canadian jurisdictions with tire Stewardship programs in place, and tip-fee rates paid in US jurisdictions. Based on this OTS is confident that the rates will be sufficient to ensure Used Tires are diverted, and in conjunction with other OTS incentives, will support the high-value recycling option in Ontario.

Additionally the PI rate decreases are designed to reduce overall program PI expense by an amount which approximates the amount of subsidy Processors are providing to Collectors to secure Used Tire supply. While OTS is not opposed to these subsidies being paid, it is not the intent of the program to fund these activities.

When adding the MI to the PI paid on TDP sold to Ontario RPMs the combined OTS incentives / tonne of TDP continues to be well-above free-market rates, and 3<sup>rd</sup> highest in Canada.



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# What are the Changes ? — Processor Feedback

- The proposed rate reductions are reasonable, and will eliminate some of the “anti-competitive” activities in the market right now. Will OTS accelerate the pace of implementation of these changes?

OTS believes that a measured, staged approach to implementing the PI rate changes is necessary to allow Processors time to adjust their business plans and approach to TDP sales. The 2-year implementation timeline represents a reasonable balance between the need for OTS to reduce costs and ensure it is affecting the market fairly with its incentive programs, and the needs of the Processors for certainty and a suitable planning horizon.



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# What are the Changes ? — Processor Feedback

- TDP5 (Shred) continues to be produced in the absence of a domestic markets for this material. Will OTS eliminate the TDP5 PI?

OTS is not prepared at this time to eliminate the TDP5 PI as the developments of the TDA markets are an important avenue being explored by OTS to allow the program to access a potential low-cost recycling market.

OTS will be revising the specification effective July 1 2014 for TDP5 to require that product made and claimed as TDP5 must meet the ASTM Specifications of TDA, ASTM D6270. TDP5 not meeting this specification will be ineligible for PI and will be considered an “ineligible use”, which would be a contravention of the Processor Agreement.



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# What are the Changes ? — Processor Feedback

- As OTS shifts payment of the CA and TI to the Processor, will OTS review how it pays the Processor? I.e. will it revise its current approach to only paying the Processor on proof of sale of TDPs?

OTS will be implementing a hybrid Processor payment system which will provide a “Processor Stabilization Payment” upon receipt of Used Tires and a Processor Incentive on proof of sale of TDPs.

$$\begin{array}{l} \text{\$ Processor Stabilization} \\ \text{payment (paid on proof of receipt} \\ \text{of Used Tires)} \end{array} = \left[ \begin{array}{l} \text{Total Tonnes of} \\ \text{Tires Received} \\ \text{during Claim Period} \end{array} \times \begin{array}{l} \text{Average DZM TI} \\ \text{Rate for} \\ \text{Processor's Zone} \end{array} \right]$$

$$\begin{array}{l} \text{\$ Amount of} \\ \text{Processing} \\ \text{Incentive} \end{array} = \left[ \begin{array}{l} \text{Tonnes of TDP} \\ \text{sold during the} \\ \text{Claim period} \end{array} \times \begin{array}{l} \text{\$PI Rate + \$CA} \\ \text{Rate / Tonne} \end{array} \right]$$



# What are the Changes ? — Processor Feedback

- By shifting the CA and TI to the Processor is OTS just increasing their tax costs?

No, the issue for the program is that CRA does not see OTS as making a taxable supply. As a result we should not be (and now are not) collecting HST on the TSAF remitted by Stewards, and so cannot offset HST paid (on services, CA and TI) against HST collected.

This is not an issue for Processors, who clearly are making a taxable supply, and who can therefore offset HST paid against HST collected. In the event a Processor pays more than it collects, there is the ability to claim a credit from CRA.



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# What are the Changes ? — RPM Feedback

- In reducing both the PI and the MI OTS is impacting RPM's twice as Processors will inevitably increase prices and RPMs will be losing MI as it is reduced to a nominal level.

PI reductions should have minimal effect on TDP pricing provided Processors have not been unduly subsidizing TDP prices as this has not been the intent behind the PI paid to Processors.

OTS is aware that prices are being subsidized to a certain extent, and receives regular concerns from US Processors and Regulators about subsidized crumb rubber being sold into their market. Reducing the PI rates will encourage Processors to price TDPs at real-market prices.

RPMs will continue to receive incentives from OTS, and will be free to make their own determinations regarding the sourcing of TDPs from Ontario or out of province suppliers based on supply and pricing arrangements they are able to negotiate.



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# What are the Changes ? — RPM Feedback

- By reducing the MI OTS is saying that “RPMs and manufacturing is not important to the program”.

Since program launch OTS has focused on working with all stakeholders, including the consumers of recycled rubber manufactured products, to grow awareness of and markets for these products, and to support the continued growth and innovation of the Ontario RPMs.

The reductions proposed to the MI recognize the substantial growth with has taken place, the fully incremental nature of the MI, and OTSs intention to affect incentive changes fairly across all stakeholder groups.

OTS continues to value RPMs and their contributions to the program and to making high-value recycled rubber products in Ontario, and we are open to dialogue with all stakeholders on how to partner to continue to provide support even as the MI is reduced.



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# What are the Changes ? — General Feedback

- Why is OTS not eliminating or at least cutting the CA?

The CA was set based on a study undertaken during program development of costs incurred by Collectors in handling Used Tires. OTS was directed by WDO to provide this allowance to compensate Collectors for the loss of ability to charge a disposal fee, a portion of which was used to cover these costs.

In shifting the CA to be paid as part of the PI OTS will reduce CA expense by approximately \$1 million.

- I thought the new Cost-Recovery Regulation eliminated the deficit, why are you fixated to paying it down?

The Cost Recovery Regulation sets out a calculation methodology that eliminates the creation of future deficits, but does not address the historic OTR debt. OTS remains obligated to addressing this over the coming years.



# What are the Changes ? — General Feedback

- The Government says it will give you all the time you need to transition the program, why are you rushing these changes?

OTS is implementing these changes to address pervasive issues in the market which we believe are being caused by the high-level of incentives currently being offered, and to address the immediate financial needs of the program to operate in a balanced way and to reduce TSF rates.

Additionally OTS has a duty to ensure we are managing the program in a way that affects the market fairly and discharges Stewards' responsibilities in as efficient and effective a manner as possible

OTS is not relying on Government to make accommodations for the program but is instead taking responsibility for managing the financial and diversion obligations ourselves.



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## What are the Changes ? — General Feedback

- The timeline for changes being proposed results the program and stakeholders being in a constant state of change for the next 2 years. Can OTS consolidate the changes into fewer groups?

**OTS has taken this feedback into account and has adjusted the timelines for implementing incentive program changes.**



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# What are the Changes ? — Revised 2014

- **January 1<sup>st</sup> 2014** – Defer planned 10% PI rate decrease to July
- **January 1<sup>st</sup> 2014** – Defer planned increase in Manufacturing Incentives (MI) and base tonne calculation
- **July 1 2014** - Shift the payment of the Collection Allowance (CA) to the Processor
- **July 1<sup>st</sup> 2014** – Reduce PI rates by 25% and OTR PI premium to 15%
- **July 1<sup>st</sup> 2014** – Reduce MI by 23% (to a flat rate of \$100/tonne)
- **October 1<sup>st</sup> 2014** – Shift Transportation Incentive (TI) Model to the DZM and shift payment of TI to the Processors
- **July 1<sup>st</sup> 2015** – Reduce PI rates by 10% and OTR PI premium to 10%
- **July 1<sup>st</sup> 2016** – Reduce the MI by 20% (to \$80/tonne)



# What are the Changes ? – Collection Allowance

- **July 1 2014** shift the payment of the Collection Allowance (CA) to the Processor as part of their Processing Incentive (PI)
  - Closes a loophole which encourages over-reporting of quantities of tires being collected
  - Reduces HST cost by \$1 million
  - Reduces OTS Administration costs
- **No reduction in CA rate budgeted at this time**



# What are the Changes ? – Transportation Incentive

- **October 1<sup>st</sup> 2014**
  - shift the Transportation Incentive (TI) Model to the Delivery-Zone Model
  - Shift payment of the TI to the Processor
    - Reduces opportunity to game the system by misreporting point of pick-up
    - Streamlines the TI rates to simplify for Haulers and
    - Reduce OTS Administration
    - Reduces HST costs by approximately \$3 million



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# What are the Changes ? – Processing Incentive

- Defer 10% PI reductions January 1 2014
- **July 1 2014** Reduce PI rates by 25%
  - Reduce OTR PI premium to 15%
- Eliminate Feedstock PI rates
- TDP5 will have to meet ASTM TDA Specification

Tire Category	TDP Type	July 1 2014 PI Rate / Tonne	2013 PI Rate / Tonne
<b>On Road Tires</b>	TDP1	\$ 203	270
	TDP2	\$ 173	230
	TDP3	\$ 117	155
	TDP4	\$ 49	65
	TDP5	\$ 42	55
	Total		
<b>Off Road Tires</b>	TDP1	\$ 233	337.5
	TDP2	\$ 198	287.5
	TDP3	\$ 134	193.75
	TDP4	\$ 56	81.25
	TDP5	\$ 47	150
	Total		



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# What are the Changes ? – Processing Incentive

- July 1 2015 reduce PI rates by 10% and reduce OTR tire PI rate premium to 10% (vs. current 25%)

Tire Category	TDP Type	July 1 2015 PI Rate / Tonne	2013 PI Rate / Tonne
On Road Tires	TDP1	\$ 182	270
	TDP2	\$ 155	230
	TDP3	\$ 105	155
	TDP4	\$ 44	65
	TDP5	\$ 37	55
	Total		
Off Road Tires	TDP1	\$ 200	337.5
	TDP2	\$ 171	287.5
	TDP3	\$ 116	193.75
	TDP4	\$ 48	81.25
	TDP5	\$ 41	150
	Total		



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# What are the Changes ? – Processing Incentive

OTS is aware of the prevalence of Processors funding payments to Collectors to secure tire supply


- Based on information gathered by OTS this activity constitutes a transfer of incentives from Processors to Collectors of between \$3 - \$5 million
- PI rate reductions to 2015 will result in an approximate \$3.6 million reduction in PI expense



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# What are the Changes ? – Processors

## Processor Bond Calculation


$$\begin{array}{l} \text{\$ Amount of} \\ \text{\textbf{Processor}} \\ \text{\textbf{Performance}} \\ \text{\textbf{Bond}} \end{array} = \left[ \left( \begin{array}{l} \text{Total} \\ \text{Tonnes of} \\ \text{Tires} \\ \text{Received} \\ \text{during} \\ \text{previous} \\ \text{calendar} \\ \text{year} \end{array} \times \frac{1}{6} \right) \times \begin{array}{l} \text{Average} \\ \text{DZM TI} \\ \text{Rate for} \\ \text{Processor's} \\ \text{Zone} \end{array} \right] + \left[ \begin{array}{l} \text{Processor's} \\ \text{PI Claim} \\ \text{Total for} \\ \text{previous} \\ \text{calendar} \\ \text{year} \end{array} \times \frac{1}{4} \right]$$

- Bond requirement will come into force October 1 2014
- OTS may draw against the Bond to address breaches of the Processor Agreement, regulatory orders, or to pay service providers
- Maintaining the Bond at the prescribed level is a requirement of the new Processor Agreement
- OTS may review bond requirement / amount in future





# What are the Changes ? – Manufacturing Incentive

- Immediately defer planned adjustments to the MI for January 1<sup>st</sup> 2014
- **July 1 2014**
  - Shift to a flat rate MI (i.e. no “Base” or “Incremental” rates) of \$100 / tonne
- **July 1 2016**
  - Reduce MI rate to \$80 / tonne



# UTP Incentive Changes

Taken in Aggregate these changes should allow OTS to reduce overall program costs by 3-5% in 2014 and a further 6-8% in 2015

- Based on current needs OTS is seeking to reduce program costs by a minimum of \$7 million per year in order to achieve the financial and market objectives

NOTE: This target does not include the implementation of any TSF rate decreases



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# UTP Incentive Changes

Taken together these changes will:

- Reduce program costs
- Drive out inefficiencies in the program and tire recycling market
- Encourage the development of a competitive, sustainable, tire recycling market in Ontario



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# UTP Agreement Changes

OTS has been working on revising the stakeholder registration Agreements and has received important feedback from stakeholders regarding the need for additional requirements.

The new Agreements will be posted on the OTS website by end of day Friday December 6<sup>th</sup> .

Stakeholders should review the revised Agreements and submit any comments they may have by **January 10<sup>th</sup> , 2014**.

OTS will provide notice of the final Amended Agreements **by January 17<sup>th</sup>** after which Stakeholders will have **45 days to either accept the Agreements or submit a Rejection notice.**



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# UTP Agreement Changes

## Collectors

- Requirement to report to OTS on all Used Tires including those culled by the Collector, and on Non-eligible material, such as pre-program tires and rims etc...
- Must maintain documentation to support all Used Tires managed by the Collector, including those culled
- Responsible for actions of subcontractors
- Not use the OTS trademark without prior approval by OTS



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# UTP Agreement Changes

## Collectors

- Allow OTS access at any time without advance notice to perform a spot yard count
- OTS may provide the Collection Allowance to any person which it determines appropriate
- OTS may require a Collector to only use Used Tire collection services / providers as specified by OTS
- OTS may recover any amounts paid in respect of false statements by the Collector from the Collector



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# UTP Agreement Changes

## Haulers

- Requirement to report to OTS on all Used Tires including those culled by the Hauler, and on Non-eligible material, such as pre-program tires and rims etc...
- Must maintain documentation to support all Used Tires picked-up by the Hauler, including those culled
- Responsible for actions of subcontractors
- Not use the OTS trademark without prior approval by OTS
- Non-Eligible materials are expressly not eligible for payment of any incentives



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# UTP Agreement Changes

## Haulers

- Allow OTS access at any time without advance notice to perform a spot yard count (including those tires in a vehicle etc...)
- OTS may provide the Transportation Incentive to any person which it determines appropriate
- OTS may recover any amounts paid in respect of false statements by the Hauler from the Hauler
- OTS may require a Hauler to provide advance notice to OTS of the time and location of a Used Tire delivery only use Used Tire collection services / providers as specified by OTS





# UTP Agreement Changes

## Haulers

- Any costs associated with audits, inspections of compliance reviews may be recovered from the Hauler by OTS
- OTS has no liability for Used Tires, Non-eligible materials or culled Used Tires



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# UTP Agreement Changes

## Processors

- Requirement to report to OTS on all Used Tires including those culled by the Processor, and on Non-eligible material, such as pre-program tires rims, fibre, wire, etc...
- Must maintain documentation to support all Used Tires received by the Processor, including those culled
- Responsible for actions of subcontractors
- Not use the OTS trademark without prior approval by OTS
- Non-Eligible materials are expressly not eligible for payment of any incentives



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# UTP Agreement Changes

## Processors

- Allow OTS access at any time without advance notice to perform a spot yard count (including those tires in a vehicle etc...)
- Post and maintain a Performance bond in the amount determined by OTS and in a manner determined by OTS
- OTS may recover any amounts paid in respect of false statements by the Processor from the Processor



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# UTP Agreement Changes

## Processors

- Any costs associated with audits, inspections of compliance reviews may be recovered from the Processor by OTS
- OTS has no liability for Used Tires, Non-eligible materials or culled Used Tires



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# UTP Incentive Changes

## Next Steps

Following this session OTS will begin moving towards implementation of:

- The presented CA changes
- The DZM TI model
  - OTS will continue to work with stakeholders on refining “catchment zones” and rates leading up to October 2014 implementation
- The presented PI changes
- The presented MI changes



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# UTP Incentive Changes

## Next Steps

December 6<sup>th</sup>, 2013 – OTS will post the Consultation Power Point, Agreements, and Q&A docs from earlier Consultations on the OTS website

OTS invites all stakeholders to provide any comments they may have by January 10th 2014 by e-mail at [info@rethinktires.ca](mailto:info@rethinktires.ca)



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