

April 8th, 2019

The Honorable Rod Philips
Ontario Minister of the Environment, Conservation and Parks
777 Bay Street
5th Floor
Toronto ON
M7A 2J3

Re: April 2nd 2019 direction on OTS Surplus Funds

Dear Minister Philips,

I am writing further to your letter of April 2nd 2019 providing updated direction regarding the management of surplus funds from the wind-up of the Used Tires Program operated by Ontario Tire Stewardship (OTS). Your letter directs OTS to amend the existing Wind-Up Plan (WUP) to return any surplus funds to Consumers, and we will be working closely with the Resource Productivity and Recovery Authority (RPRA) throughout the development, consultation and implementation of this amendment.

While OTS fully expects a substantial surplus, it is important that I clarify the current financial forecast for the organization. Your letter notes that the “OTS is now expected to have surplus funds of approximately \$38 million, in part due to the resolution of a tax dispute with the Canada Revenue Agency”. While OTS has been working closely with the Canada Revenue Agency (CRA) to resolve outstanding tax matters relating to the payment of HST and the receipt of Input Tax Credits (ITCs), there are several claim periods that remain under review, each relating to different circumstances. Bearing in mind that certain amounts have yet to be resolved with the CRA, that the timing of the resolution of those amounts depends almost entirely on the CRA, and the need to retain a prudent amount for contingencies, there remains some uncertainty as to the amount and the timing for resolution of the various outstanding claims. This uncertainty will be taken into account as we design an appropriate amendment pursuant to your Direction.

I will ensure that the Ministry is kept up to date as the amendment to the OTS WUP is developed.

Yours very truly,



Bruce Campbell
Administrator

Cc:

Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Ms. Glenda Gies, Resource Productivity and Recovery Authority