



OTS Year to Date Program Review & 2011 TSF Rates

December 7th, 2010

Meeting Overview

- Introduction
- OTS Progress To Date
- TSF Rates for 2011
- Adjourn

Introduction

- All meeting materials will be posted on the OTS website and sent to meeting participants following the conclusion of the session
- Questions are welcome during the session, or can be sent to OTS following the meeting at steward@ontariots.ca
- Questions specific to a particular Stewards account will not be addressed during the meeting but rather can be discussed with OTS Staff following the meeting

Introduction

Tire Stewardship Fees payable by Stewards upon the supply of a New tire into the Ontario market, are used to pay for used tire:

- Collection
- Sorting
- Transportation to an approved end use
- Processing and
- Manufacturing

Introduction

Program Objectives:

Used Tire Plan:

To divert 90% of On-Road Tires, and 50% of Off-Road Tires in 5 years

OTS:

Develop Ontario-based Processors and Markets to be able to absorb
100% of the annual generation of Scrap Tires

OTS Progress to Date

- Stakeholder Registration

	November
Stewards (active)	609
Collectors	6228
Haulers	155
Processors	31
Recycled Product Manufacturers	8

Registered Stewards include:

- Tire Manufacturers
- Vehicle / Equipment Manufacturers
- Tire Distributors & Retailers
- Vehicle / Equipment Distributors & Retailers
- Fleet / Equipment Owners & Operators
- Others

OTS Progress to Date

Compliance

OTS is committed to ensuring a level playing-field for all Stewards and Program Stakeholders. Since October 2009 OTS has been performing Desk and on-site compliance reviews and audits of program stakeholders based on:

- Stakeholder size
- Potential risk
- Random sampling of stakeholders' data

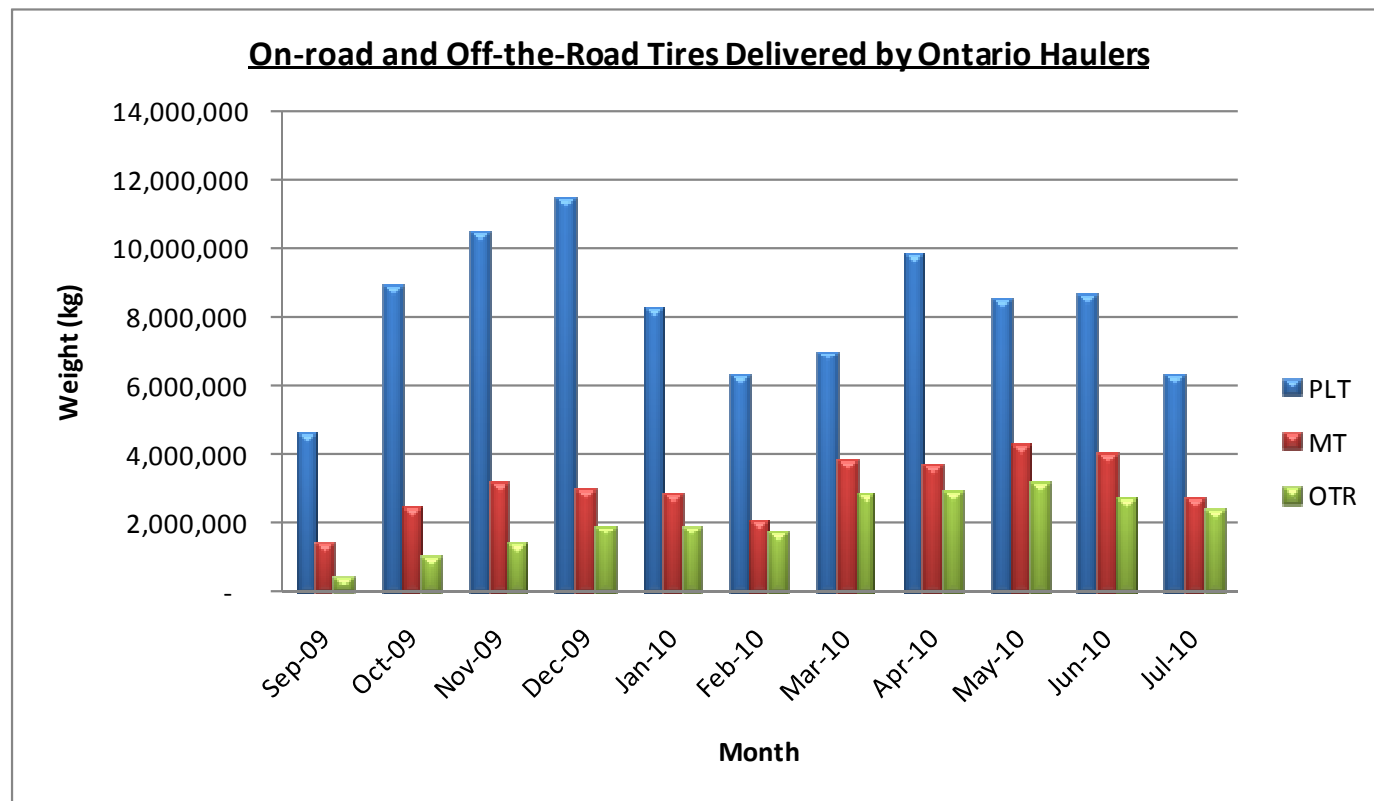
This program will be continued and expanded in 2011. For Stewards focus will be on full reporting and revenue compliance, and collection of penalties and interest on late remittances.

OTS is collaborating with the Investigations and Enforcement Branch of the Ministry of the Environment regarding enforcement action against a group of non-compliant Stewards.

Program Accomplishments To-date

Diversion Rates

- Passenger and Light Truck tires exceed 93%
- Medium Truck tires exceed 95%
- Off-the-Road tires exceed 100%



To date OTS has not sent **any** tires to landfill either in or out of province.

Program Accomplishments To-date

Capacity Increases & Investment in Ontario

- 4 Ontario Processors adding 2.5 million tires of capacity
- 1 new Processor in place adding approx. 1.5 million tires of capacity
- 3 New Processors coming to Ontario (1 to open in January, 2 others in various stages of approval)
 - Adding approximately 8 million on-road tires worth of capacity and 25,000 tonnes worth of OTR tire capacity
- 2 existing Rubber Product Manufacturers (RPM) adding capacity
- 2 new RPMs setting-up operations in Ontario
- **Combined investment to date \$6-8 million, expected investment in 2011 \$15-\$25 million**
- **Estimated new job creation in 2010 = 35-50**
- **Estimated new job creation in 2011 = 50-70**

Program Accomplishments To-date

Forecasted 2010 YE Financial Position

- Program will be in strong financial Position overall
 - PLT category to end with a surplus
 - MT category to end with a shortfall

Variances in PLT and MT tire actual diversion costs vs. budget are primarily due to on-going changes in the processing market driving variances in the Transportation and Processing costs due to need to leverage out of province options.

Expect greater market stability in 2011

- OTR category to end with a shortfall
 - OTR supply has lagged behind expectations, this has resulted in reduced revenue

OTS will address variances in tire category budgets in future years, no on-going cross subsidization will occur

Current Program Challenges

GST / HST

- Rulings in other jurisdictions from CRA state that incentive payments should not attract tax, however indications are that CRA in Ontario is leaning towards ruling that OTS should pay the taxes
- OTS argument is that the Program should be deemed a taxable supply, collecting HST and paying the taxes and collecting the ITCs
- CRA's interpretation is that the IFO is responsible for funding the program, not the Steward

The implication of CRA interpretation:

- OTS is on the hook for \$10 Million additional expense
- this adds \$0.83 per PTE

OTS needs the MOE's support with CRA to clarify intent of Waste Diversion Act to make Stewards responsible for funding the program consistent with EPR principles

Tire Stewardship Fees in 2010

Tire Category	Tire Fee
Passenger & Light Truck, also includes, but is not limited to: -Small RV, ST, Temp Spare, Motorcycle, Golf Cart, ATV, Free-rolling Far, Utility, Small Trailer -Small Industrial & Forklift and skid/steer tires 16" and under	\$5.84
Medium Truck Tires	\$14.65
Industrial and Skid/Steer tires 16.5" rim diameter and greater	\$12.51
Ag Drive and Logger Skidder	\$15.29
Small OTR (from 1300-24 to 23.5-25")	\$22.24
Medium OTR (> 23.5 to 33" rim diameter)	\$97.30
Large OTR (>33" up to an including 39" rim diameter)	\$104.25
Giant OTR (> 39" rim diameter)	\$250.20

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Tire Stewardship Fees in 2011

- Currently No changes in TSF rates for the 2011 Program year when compared to the 2009-2010 Program year
- OTS is continuing to engage with OTR tire Stewards to assess expected actual supply of OTR tires for 2011.
 - OTS will be revisiting the OTR tire TSF rates early in 2011
 - Expect that OTR tire TSF rates will increase
 - Stewards will be given 90 days notice of rate changes

Questions?

Resources:

- E-mail: Steward@ontariots.ca , info@ontariots.ca
- Phone: 888-687-2202
- Fax: 866-884-7372
- OTS Website: www.ontariots.ca
- OTS Website – Stewards Section:
<https://www.ontariots.ca/?q=RolesOpsStewards>
- Steward Guidebook:
<https://www.ontariots.ca/files/Steward%20Guidebook.pdf>

Adjourn Meeting
