

OTS Technical Committee Meeting
Wednesday June 29th, 2011
9:00 AM – 11:00 AM
Markland Golf Course
Call-in 416-343-2285 or 1 877-969-8433
Passcode 4467765

Attendees

In Person

Reg #	Company Name	Name of Attendee
2010595	AADCO AUTO PARTS	Don Fraser
3000003	Canadian Eco Rubber LTD	John Cassell
3000051	Eco Tire Recovery	Stephen Manley
3000173	St Joseph's Tire	Ralph Tammaro
3000005	Peninsula Tire Export	Ron Politewicz
3000007	GLA Environmental Inc. For Harold Haulage	Grant Caven
3000010	Millennium Tires Recovery	Fabiano Sales
4000036	Rubber Ventures Corp	Doug Jones
3000156	Micor Recycling	Mark Chapland
3000183	Kal Tire Ontario	Matt Garcia
3000214	1794791 Ontario Inc.	David Alder
4000021	Moose Creek Tire Recycling	Pierre Villeneuve
4000037	Niagara Recycling Technologies	Ash Elgin
4000039	Liberty Tire Recycling Canada	Jesse Hertel
5000003	Fabricushion LTD	Mauricio E. Martinez
N/A	Ontario Waste Management Association	Peter Hargreave

Via Tele-conference

Reg #	Company Name	Name of Attendee
2003339	Fred Deeley Imports	Angelo Donoso
2012522	Haldimand County	Nicole Mundy
3000008	MacPhatter Group	Jeff MacPhatter
3000102	Waste Management	Antonella Ferro & Sheri Preece
3000165	Pack Pros Plus	Patrick Fenlon
5000011	Laverne Peters	North West Rubber
4000040	Berry Polymer	VINCENT WU

Meeting Notes

NOTE: the following notes are intended to supplement the presentation slides used during the meeting. The agenda was altered slightly to accommodate speakers/presenters. One item from agenda (item 9a) was moved to the beginning of the agenda.

9. New Business; 2012 Transportation & Processing Incentives for OTR Tires

- OTS is considering removing premiums associated with transporting and processing OTR tires.
- OTS looking for feed back from Participants from how the new business approach might impact their business. OTS wants to keep the tires in Ontario and build processing capacity there. There may be an incremental cost for certain tires types, e.g. Giant and Large OTR tires and OTS would like to get analytical feedback from Participants to illustrate the facts surrounding this issue.
- Comment from the committee regarding the notion that, although it may be cheaper to ship OTRs out of the Province, it might have been that the OTR Out of Province Processing rates were too low, perhaps resulting in a large Quebec-based processor going out of business. OTS noted that there were other factors at play affecting the business viability of the Quebec-based Processor as the Ontario tires were a small part of the overall tire volume accepted by this processor.
- Committee member noted that their understanding was that the DOT premium was to compensate Haulers for having to stage an OTR load, is that what OTS is looking at removing. OTS would like Haulers and Processors to quantify any incremental or additional costs associated with moving/processing OTR tires for review and consideration by OTS for example if an organization uses a boom truck what is the extra cost (i.e due to having an extra man or extra equipment etc.). OTS is open to providing incentives to cover this incremental cost however OTS is seeking feedback on when those costs occur.
- A caution was raised that, while some OTR tires may not weigh a great deal, they do take up space in a truck (i.e. Acs). OTS noted that that would be something we would have to be taken into consideration when assessing changes to the transportation incentives. OTS is trying to pay for efficient transportation activity.

Action ITEM: What does OTS need from the participants?

- Participants are asked to submit comments regarding additional costs associated with transporting and/or processing OTR tires (preferably by tire type) to OTS using either hauler@ontariots.ca or processor@ontariots.ca along with supporting documentation (cost sheets/labour costs etc.).

1) HST Update

The speaker opened the floor to questions from Committee members.

Q: My company is providing the service paying HST and GST on supplies and yet not receiving it with incentive payments? Why not?

A: OTS is providing incentives to encourage the right behaviour, not paying for services like other businesses. When businesses provide a service you apply GST/HST according to the way the Legislation is written. The BC program which is somewhat similar to the Ontario program received a ruling from CRA directing them not to pay HST for program incentives. The ruling received by BC and the facts leading to the ruling are similar to the OTS situation. The ruling says BC does not have to pay GST or HST. OTS has also consulted with a tax lawyer, who confirmed the OTS approach is correct, unless a future CRA ruling says otherwise. OTS is currently awaiting a specific ruling to the Ontario Program.

Q: Do tire dealers charge HST on the Tire Stewardship Fees (TSFs) when selling new tires to consumers?

A: From what OTS has seen, when a Retailer/dealer chooses to pass the fee down to consumers yes they do charge HST on the TSFs.

- OTS requested that all participants relay the OTS message to their peers who were not able to attend today's meeting. Let them know about the ruling request to CRA, and the rationale for the HST approach being used by OTS.
- OTS has also made a letter available on the OTS website for firms undergoing a CRA audit to reference in regards to the OTS ruling request. If a specific auditor requires additional information please refer them to OTS directly.

2) Diversion Update

- OTS noted that from the data reported it appears that overall collection numbers are flat or slightly lower than in previous years, and requested feedback from committee regarding what they have seen/are forecasting.
- A committee member noted that that is consistent with what they are experiencing in the market place.

Q: Do Board members who are Stewards find any trends in making and selling new tires?

A: In reviewing the Steward data (supply) there do not appear to be any significant trends at this time. OTS notes that it is likely that tire volume early in the Program tended to be higher than the current volume as many used tires found their way to the scrap tire stream.

Q: What is the projection for the diversion rate for OTRs this year?

A – It will likely be higher than our target, however it is not expected to be as high as in 2010, the 2011 rate will likely be 120 – 130%, down from 150% in Year 1.

3) Tire Collection Update

- OTS requested feedback as to what more could be done to promote the Pre-Program tire and Sub-Collector Programs.

- It appears that sub-collectors may be reluctant to join the program (perhaps cost or paper work is dissuading them).
- People may be stealing tires and therefore some smaller collectors may not feel the need to register (Haulers have expressed concerns that some Collectors have been broken into in the past)
- OTS noted that if Collectors (or any party) thinks that someone has stolen from them and/or broken into their property, the local authorities should be notified

Q: - At the last meeting you (Jen) said you were going to do a survey to see what kind of tires were in those classified stockpiles. Which are now considered pre-program tires versus Stockpiles?

A: - Clarification, the studies currently underway and/or out to tender do not focus on stockpiles. A standard stockpile update will be given later in the meeting. Of interest may be that smaller volumes of Pre-program tires are eligible for the Pre-program tire option to eliminate inventories of Pre-program tires and paying for pickup and processing from future incentives from other Programs is still an option available to interested parties.– OTS will discuss the idea of examining current tire volumes in the market place available for collection.

4) Tire transportation and Delivery

a. Ad hocs and Redirects:

Q: Recently OTS has restricted delivery to Windsor Rubber Why and for how long will this be in place?

A: Tire deliveries to Windsor Rubber Processing have been suspended to clear existing backlogs of tires in inventory. Haulers were notified by email and a notice is posted on ontariots.ca. Once shipments may be received by Windsor Rubber again, Haulers will be notified.

Q: What percentage of what has been processed has been done in province to versus out of province in the few months?

A: OTS will need to look into the exact percentages, however in the last few months, the great majority has been processed in province (compared to where we were last year)

b) Special Tire Collections (STCs)

- OTS is experiencing lower volumes of STC requests coming in to OTS. Number of STC requests are lower than last year.

c) T.I. Model (Fuel adjustments):

- Rates were adjusted effective July 1, 2011 to reflect higher fuel costs

Q: How do you plan on giving the notice to Haulers regarding rate changes?

A: OTS posts all changes on our website and sends an email notice to registered Haulers (email account on file). OTS will endeavour to give as much notice as possible, however there is no official notification period for fuel adjustments.

Q: Is OTS working on a project to contact inactive, registered haulers to determine if they are still in business?

A: Yes, this project is underway. We have contacted about 40-50 Haulers regarding their status with the program and will make updates as they become available.

5) Processing Update

Refer to Slides

6) Claims Update

Collector claims: Feedback requested about how to encourage more timely claim submission and not waiting until near the end of the 90 day filing period

- o Committee suggested moving the filing period from a 90 day delay to a 30 day delay (still require Collectors to submit quarterly); this comes with added processing spikes for OTS which also need to be considered.

Q: Some Collectors may not know that they can save before submitting and enter TCRs in real time, can this be communicated?

A: OTS has included this information in all training sessions and materials available to Collectors and will continue to let new participants know as well.

Q: Do Collectors need to file their paper work?

A: Yes, OTS requires that they submit paperwork because we need to verify the information being submitted against the Haulers information received.

Hauler Claims:

Q: Will the new web-based claim application use the same approach as the Processor application, ie, save and then go back the next day and submit more information before submitting.

A: -Yes

Q: About a year ago it was suggested that we move to having a hand held device to record information is this still in the plan?

A: Moving to an online solution will help to move OTS forward. OTS will be working towards new system in future, but this is a long term project that has yet to be scoped or firmed up, however it is on the radar.

Q: Will there be a black-out period for Haulers as there were for Processors (i.e. no claims can be submitted or completed while the 'switch' is taking place resulting in an influx of data entry for participants once the system does become available.

A: Yes there will likely be a black out period. OTS is looking for ways to minimize the impact on Haulers based on experience with Processors however to date nothing is confirmed, and it looks like a blackout period is likely.

Processor & RPM Claims: Refer to Slides

7) Stockpile Update: Refer to Slides

8) Communications: Refer to Slides

9b) RFP Update: Refer to Slides

10) Next Meeting: Wednesday, August 24, 9:00AM – 11:00AM, location TBD

***** REMINDER*** Discussion topics for next meeting on Wed. June 29, 2011 – please send to OTS by email.**