

# February 2013 Used Tires Program Steward Consultation

**February 21<sup>st</sup>, 2013**

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

**For audio 416-343-2285 or 877-9698433**

**Passcode 4467765#**

# Agenda

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- Current Situation
- The Regulation
- Tire Classes
- Tire Stewardship Fees
- Annual Reconciliation
- OTR Tire program debt Retirement
- Rules for Stewards
  - Exemptions
  - Reporting & Remitting changes
- Communications
- Next Steps
- Questions

## Current Situation

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

***...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***

# Current Situation

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## Amended Regulation 84/03

- Lays out the Calculation Methodology OTS will use for the Base Fee and Reconciliation Fee

## Tire Class Document

- Lays out the OTS-determined tire classes for the purposes of assigning costs/calculation TSFs, and for the reconciliation, may be updated annually. Provides detail on what tires are in each class

## TSF Document

- Lays out the TSFs per tire class

## Rules for Stewards

- The administrative Rules for Stewards on how they report / remit to OTS and governs our interactions in other areas. Also contains tire definitions in Appendix A which define the "universe" of tires that Stewards are obligated to report and remit on, but does not provide guidance on how to classify those tires (that being in the Tire Class document)

# The Regulation

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On January 25<sup>th</sup> the Ontario Minister of the Environment approved the amended Regulation 84/03 setting out the cost recovery methodology for the Used Tires Program. This Methodology details how OTS will:

1. Calculate the annual base fee
2. Calculate the annual Reconciliation fee
3. Manage any annual deficits and / or surpluses

In both instances the fee is calculated using actual cost and tire supply information

**Explicitly establishes the Steward's obligation is not concluded until OTS has reconciled the actual costs for the year.**

Tire Class	Criteria 1	Criteria 2
1	On-Road Passenger, Light Truck Tires	Includes tires designed for use on: <ol style="list-style-type: none"> <li>1. passenger cars, light trucks, small Recreational Vehicles and multipurpose passenger vehicles (MPVs), including sport utility vehicles (SUVs) and crossover utility vehicles (CUV's).</li> <li>2. consumer or commercial light trucks, under 10,000 lbs/4500 kg Gross Vehicle Weight. Passenger and Light Truck tires must comply with Motor Vehicle Tire Safety Regulation (MVTSR), Technical Safety Bulletins (TSBs) 109 or 139.</li> <li>3. motorcycles, motorcycle sidecars, motor bikes, mopeds, mini-cycles, and golf carts, whether on or off highway.</li> </ol>
2	On-Road Medium Truck Tires	Also commonly known as Commercial Truck Tires – Truck and Bus tires including Wide Base or Heavy Truck tires designed for truck/bus applications and Larger RV tires not marked "P or LT". All of which comply with Motor Vehicle Tire Safety Regulation (MVTSR), Technical Safety Bulletin (TSB) 119.
3	Off-Road Pneumatic Tires and wheels not included in classes 1 or 2 and within the weight range in column 3.	1 to ≤ 15 kg
4		> 15 to ≤ 30 kg
5		> 30 to ≤ 70 kg
6		> 70 to ≤ 120 kg
7		> 120 to ≤ 250 kg
8		> 250 to ≤ 375 kg
9		> 375 to ≤ 700 kg
10		> 700 to ≤ 1200 kg
11		> 1200 kg
12	Solid & Resilient Tires and wheels not included in classes 1 or 2 and within the weight range in column 3.	1 to ≤ 30 kg
13		> 30 to ≤ 60 kg
14		> 60 to ≤ 250 kg
15		> 250 to ≤ 375 kg
16		> 375 to ≤ 700 kg
17		> 700 to ≤ 1200 kg
18		> 1200 kg

# Tire Class Document

## NOTE:

Tire weight categories are “exact”, tires with weights outside the designated ranges should be reported on in the next category

# OTS & Steward Revenue Proposal

## Annual Base Fee Calculation

Each year OTS will calculate the TSFs by Tire Class based on the prior year actual costs and supply

<b>TSF</b>	<b>=</b>	<table border="1"> <tr> <td><b>Actual Prior Year Program Costs</b></td> </tr> <tr> <td><b>Actual Prior Year tire supply in PTEs</b></td> </tr> </table>	<b>Actual Prior Year Program Costs</b>	<b>Actual Prior Year tire supply in PTEs</b>	<b>X</b>	<b>Actual Number of PTEs supplied in the Tire Class</b>	<b>÷</b>	<b>Number of Tire Units supplied in the Tire Class</b>
<b>Actual Prior Year Program Costs</b>								
<b>Actual Prior Year tire supply in PTEs</b>								

# Tire Stewardship Fees

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## Costs Included in TSF and Reconciliation Calculation

### Program Costs (which may include)

- Collection costs
- Transportation costs
- Processing Costs
- Manufacturing costs
- Costs associated with Market development and Promotion & Education programs
- Costs associated with Stockpile abatement
- Consultation costs
- Debt management costs
- Reserve development and management costs
- HST costs
- Costs associated with Compliance & Audit programs



# Tire Stewardship Fees

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## Costs Included in TSF and Reconciliation Calculation (continued)

### Administrative Costs (which may include)

- Legal costs
- OTS office operations costs
- Costs associated with OTS staffing
- WDO costs
- MoE Enforcement costs
- Meeting and Travel costs
- IT Services / Hardware & Software costs
- Bank charges
- Professional services costs
- OTS System/Data management costs

Other costs associated with the operation of the Ontario Used Tires Program as may be determined from time to time by the OTS Board

# Tire Stewardship Fees

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## GST / HST

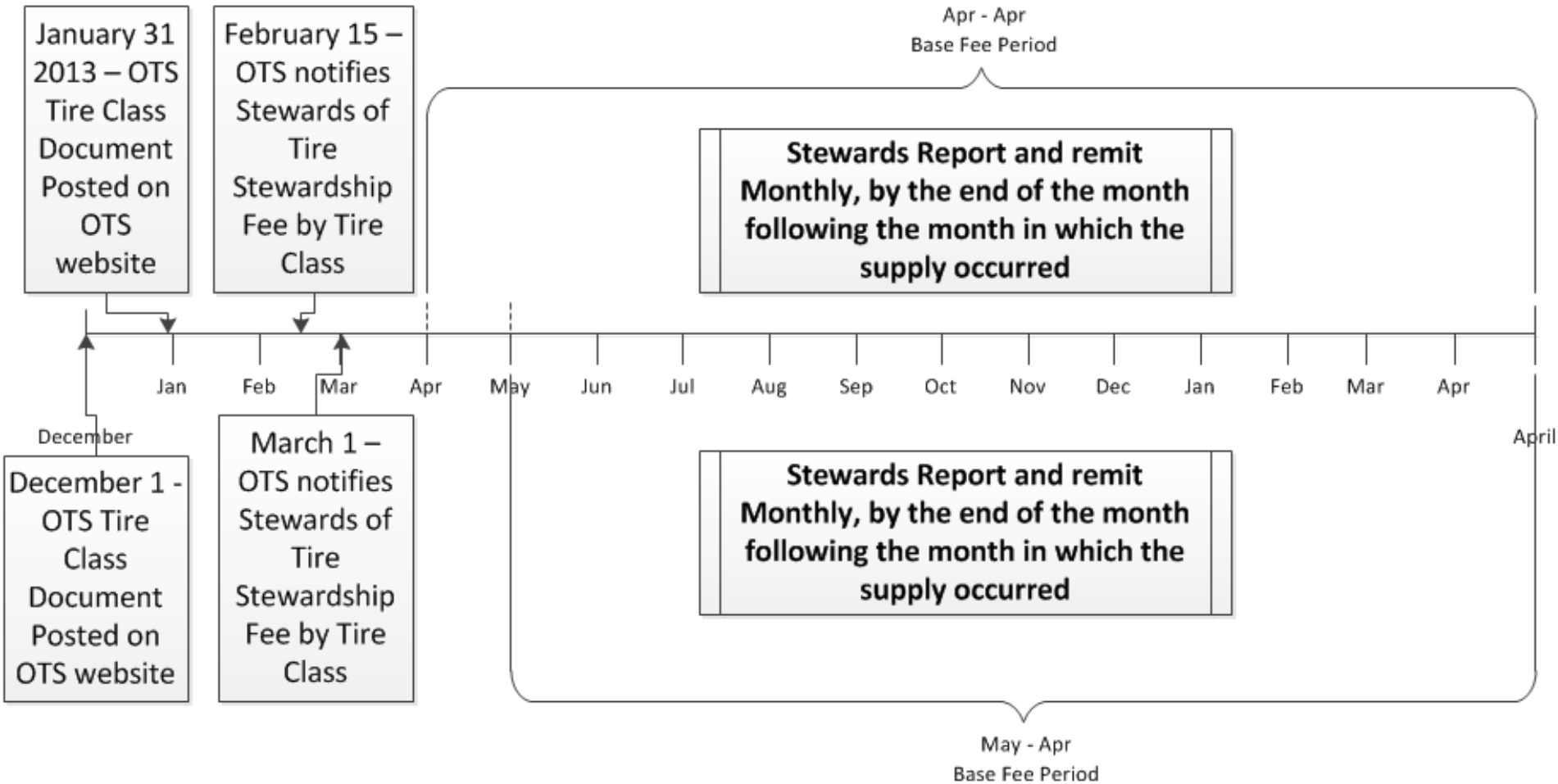
In the absence of a Ruling on the taxable status of the TSF, OTS is treating the HST payable on the CA and TI as an expense and is not claiming any Input Tax Credits. This effectively increases annual program expenses by the amount of the tax owing going forward:

For 2013, these costs are forecast to be approximately \$5 million

OTS is continuing to engage the Ontario Government for support to receive a favourable ruling from CRA on the taxable status of the TSF, or to secure relief in the absence of a favourable Ruling

# Base Fee Timeline

## 2013-2014 Timeline



## 2014 - On timeline

# Tire Stewardship Fees

Tire Category	Tire Description	Tire Class	TSF	Definitions
On-Road Tires	Passenger & Light Truck (PLT)	1	\$5.69	<p><b>Passenger Tires, Small RV Tires, ST Trailer tires and Light Truck Tires and Temporary Spares</b> Includes tires designed for use on passenger cars, light trucks, small RVs and multipurpose passenger vehicles (MPVs), including sport utility vehicles (SUVs) and crossover utility vehicles (CUVs), including temporary spares.</p> <p>The Light Truck tire category includes tires designed for use on consumer or commercial light trucks, under 10,000 lbs/4500 kg. Gross Vehicle Weight. Passenger and Light Truck Tires must comply with Motor Vehicle Tire Safety Regulation (MVTSR), Technical Safety Bulletins (TSBs) 109 or 139.</p> <p><b>Motorcycle, Golf Cart</b> Includes all tires specifically designed for on/off highway motorcycles, motorcycle sidecars, motor bikes, mopeds, mini-cycles, golf carts.</p>
	Medium Truck (MT)	1	\$14.65	<p>Also commonly known as Commercial Truck Tires – Truck and Bus tires including Wide Base or Heavy Truck tires designed for truck/bus applications and Larger RV tires not marked "P or LT". All of which comply with Motor Vehicle Tire Safety Regulation (MVTSR), Technical Safety Bulletin (TSB) 119.</p>

# Tire Stewardship Fees

Tire Category	Tire Description	Tire Class	TSF	Definitions
Off-Road Pneumatic Tires	1 to ≤ 15 kg	3	\$5.88	Non-DOT Regulated Tires / Wheels and/or tires not meeting the Definitions for Passenger & Light Truck Tires or Medium Truck Tires
	> 15 to ≤ 30 kg	4	\$11.76	
	> 30 to ≤ 70 kg	5	\$29.40	
	> 70 to ≤ 120 kg	6	\$47.04	
	> 120 to ≤ 250 kg	7	\$117.60	
	> 250 to ≤ 375 kg	8	\$182.28	
	> 375 to ≤ 700 kg	9	\$352.80	
	> 700 to ≤ 1200 kg	10	\$546.84	
	> 1200 kg	11	\$1311.24	
Solid & Resilient Tires	1 to ≤ 30 kg	12	\$11.76	
	> 30 to ≤ 60 kg	13	\$23.52	
	> 60 to ≤ 250 kg	14	\$58.80	
	> 250 to ≤ 375 kg	15	\$182.28	
	> 375 to ≤ 700 kg	16	\$352.80	
	> 700 to ≤ 1200 kg	17	\$546.84	
	> 1200 kg	18	\$1311.24	

# OTS & Steward Revenue Proposal

## Annual Reconciliation Fee

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

$$\text{Reconciliation Fee} = \text{Annual Program Surplus / Deficit \$} \times \left( \frac{\text{Steward Actual current year reported Supply in PTEs}}{\text{Actual Supply Reported by all Stewards in PTEs}} \right)$$

In the event that there is an outstanding balance OTS will invoice Stewards. If there is a credit owing OTS may apply that amount against the Steward's fees, or may issue a refund to the Steward.

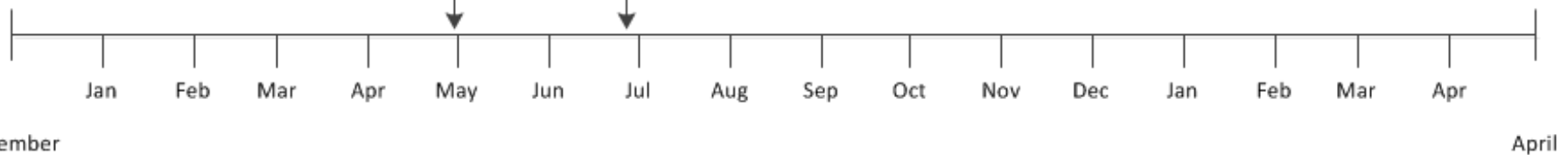
# Reconciliation Fee Timeline

2014 – 2015 - On

May 1 –  
OTS Notifies  
Stewards of  
amounts owing /  
owed based on  
Reconciliation

June 30 –  
Steward  
remits funds  
outstanding to  
OTS

In the event a Credit is owed to  
a Steward OTS will credit the  
Steward the outstanding  
amount by June 15<sup>th</sup> 2015, or  
refund the balance by June 30<sup>th</sup>  
2015



# OTR Tire Program Debt Retirement

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OTS has put forward a tentative schedule to retire the accumulated OTR Tire program debt over 10 years

- In calculating the annual Base Fee OTS will add the target debt repayment amount to the cost allocated to the OTR Tire Classes, building this cost into the TSF
  - 2013 debt repayment target is \$2 million , \$0.96 / PTE
- If the target amount is not collected for the debt recovery the balance will be built into the Reconciliation Fee calculation
- In the following year the debt repayment amount will be applied to the PLT tire cost allocation to offset costs allocated to this tire class



# 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>

# Rules for Stewards

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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.

# Rules for Stewards

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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.

# Rules for Stewards

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## Reporting & Remitting

OTS will be introducing a new on-line Reporting form and electronic remittance process effective May 1<sup>st</sup>, 2013

**For tires supplied as of April 1 2013 Stewards must report using the on-line form**

- The form has been revised:
  - New tire classes and TSF rates
  - New field for adjustments (based on tire supply reported in a previous period e.g. related to out of province supply, returns, etc...)
    - **Adjustments must be filed separately in this field**
    - Negative values cannot be accepted in the system, outstanding adjustments will have to be carried forward to the following month

# Rules for Stewards

My Claims

Registrant Information	
Registration Number: *	Registration Name (Legal Name): *
1000057	BLUEWATER FORD SALES LTD

Remittance Period	
Month: *	Year: *
April	2013
Prepared By: *	
shivangim@capris.com	

Tire Count Details							
Tire Category:	Tire Class:	Tire Type:	# Tires Supplied:*	# Tires Exported:	# Net Tires Supplied:	TSF Rate:	TSF Due:
On-Road Tires	1	Passenger & Light Truck <a href="#">[Definition]</a>	2	1	1	\$5.69	\$5.69
	2	Medium Truck <a href="#">[Definition]</a>	1	0	1	\$14.65	\$14.65
Off-Road Pneumatic Tires	3	1 to ≤ 15 Kgs <a href="#">[Definition]</a>	1	0	1	\$5.88	\$5.88
	4	> 15 to ≤ 30 Kgs <a href="#">[Definition]</a>	1	0	1	\$11.76	\$11.76
	5	> 30 to ≤ 70 Kgs <a href="#">[Definition]</a>	1	0	1	\$29.40	\$29.40
	6	> 70 to ≤ 120 Kgs <a href="#">[Definition]</a>	1	0	1	\$47.04	\$47.04
	7	> 120 to ≤ 250 Kgs <a href="#">[Definition]</a>	1	0	1	\$117.60	\$117.60
	8	> 250 to ≤ 375 Kgs <a href="#">[Definition]</a>	1	0	1	\$182.28	\$182.28
	9	> 375 to ≤ 700 Kgs <a href="#">[Definition]</a>	1	0	1	\$352.80	\$352.80
	10	> 700 to ≤ 1200 Kgs <a href="#">[Definition]</a>	1	0	1	\$546.84	\$546.84
	11	> 1200 Kgs <a href="#">[Definition]</a>	1	0	1	\$1311.24	\$1311.24
Solid & Resilient Tires	12	1 to ≤ 30 Kgs <a href="#">[Definition]</a>	1	0	1	\$11.76	\$11.76
	13	> 30 to ≤ 60 Kgs <a href="#">[Definition]</a>	1	0	1	\$23.52	\$23.52
	14	> 60 to ≤ 250 Kgs <a href="#">[Definition]</a>	1	0	1	\$58.80	\$58.80
	15	> 250 to ≤ 375 Kgs <a href="#">[Definition]</a>	1	0	1	\$182.28	\$182.28
	16	> 375 to ≤ 700 Kgs <a href="#">[Definition]</a>	1	0	1	\$352.80	\$352.80
	17	> 700 to ≤ 1200 Kgs <a href="#">[Definition]</a>	1	0	1	\$546.84	\$546.84
	18	> 1200 Kgs <a href="#">[Definition]</a>	1	0	1	\$1311.24	\$1311.24

Totals	
Subtotal:	\$5112.42
GST/HST:	\$664.61
Penalties (Pen.):	\$0
<b>Total Remittance Payable (TSFs + Tax + Pen.):</b>	<b>\$5777.03</b>

PREVIEW

SAVE

# Rules for Stewards

Tire Category:	Tire Class:	Tire Type:	# Tires Supplied:*	# Tires Exported:	# Net Tires Supplied:		TSF Rate:	=	TSF Due:
On-Road Tires	1	Passenger & Light Truck <a href="#">[Definition]</a>	2	1	1	X	\$5.69	=	\$5.69
	2	Medium Truck <a href="#">[Definition]</a>	1	0	1	X	\$14.65	=	\$14.65
Off-Road Pneumatic Tires	3	1 to ≤ 15 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$5.88	=	\$5.88
	4	> 15 to ≤ 30 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$11.76	=	\$11.76
	5	> 30 to ≤ 70 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$29.40	=	\$29.40
	6	> 70 to ≤ 120 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$47.04	=	\$47.04
	7	> 120 to ≤ 250 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$117.60	=	\$117.60
	8	> 250 to ≤ 375 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$182.28	=	\$182.28
	9	> 375 to ≤ 700 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$352.80	=	\$352.80
	10	> 700 to ≤ 1200 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$546.84	=	\$546.84
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	13	> 30 to ≤ 60 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$23.52	=	\$23.52
	14	> 60 to ≤ 250 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$58.80	=	\$58.80
	15	> 250 to ≤ 375 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$182.28	=	\$182.28
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	18	> 1200 Kgs <a href="#">[Definition]</a>	1	0	1	X	\$1311.24	=	\$1311.24

# Rules for Stewards

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## Reporting & Remitting

OTS will be introducing a new on-line Reporting form and electronic remittance process effective May 1<sup>st</sup>, 2013

- TSF remittances may be completed through electronic bill payment, or Electronic Fund Transfer (EFT)
- OTS is in the process of being set-up as a payee with the 5 major Canadian banks (RBC, TD, BMO, Scotia, CIBC)
- Stewards banking with other Canadian banks may pay by EFT, and may notify OTS and we can explore being set-up as a payee with them
- Stewards banking with non-Canadian banks may only pay by ETF (contact OTS to set-up this process)

# Communications

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- I. New Rules, Fees and Tire Classifications have been posted to website  
  
([www.ontarioTS.ca](http://www.ontarioTS.ca) and soon on [www.RethinkTires.ca](http://www.RethinkTires.ca))
- I. Materials for Stewards to send to Channel Partners/Retailers – ready mid-March and will be posted to website
  - I. Retailer Fact Sheet covering both OTR and P/LT TSF changes
  - II. Retailer Frequently Asked Questions (FAQs)
  - III. Digital Retailer Brochures – both P/LT and OTR
- II. Association and OTS Partner Packages
  - I. Letters to CAA, TADA, OADA, NOMA, FONOM, OFIA, OTDA, CMA, OMA, others
- III. Other Consumer Resources
  - I. 50 millionth tire celebration press release, infographic, sharable tweets, Ontario Thank you video



# OTS Next Steps

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- **April 1<sup>st</sup> 2013** – New Tire Classes and TSF rates come into effect
- **May 31<sup>st</sup> 2013** – Deadline for Stewards to file first monthly report using new Tire Classes and TSFs

# Summary

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Questions?

Comments?

Concerns?

[Steward@ontariots.ca](mailto:Steward@ontariots.ca)

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