



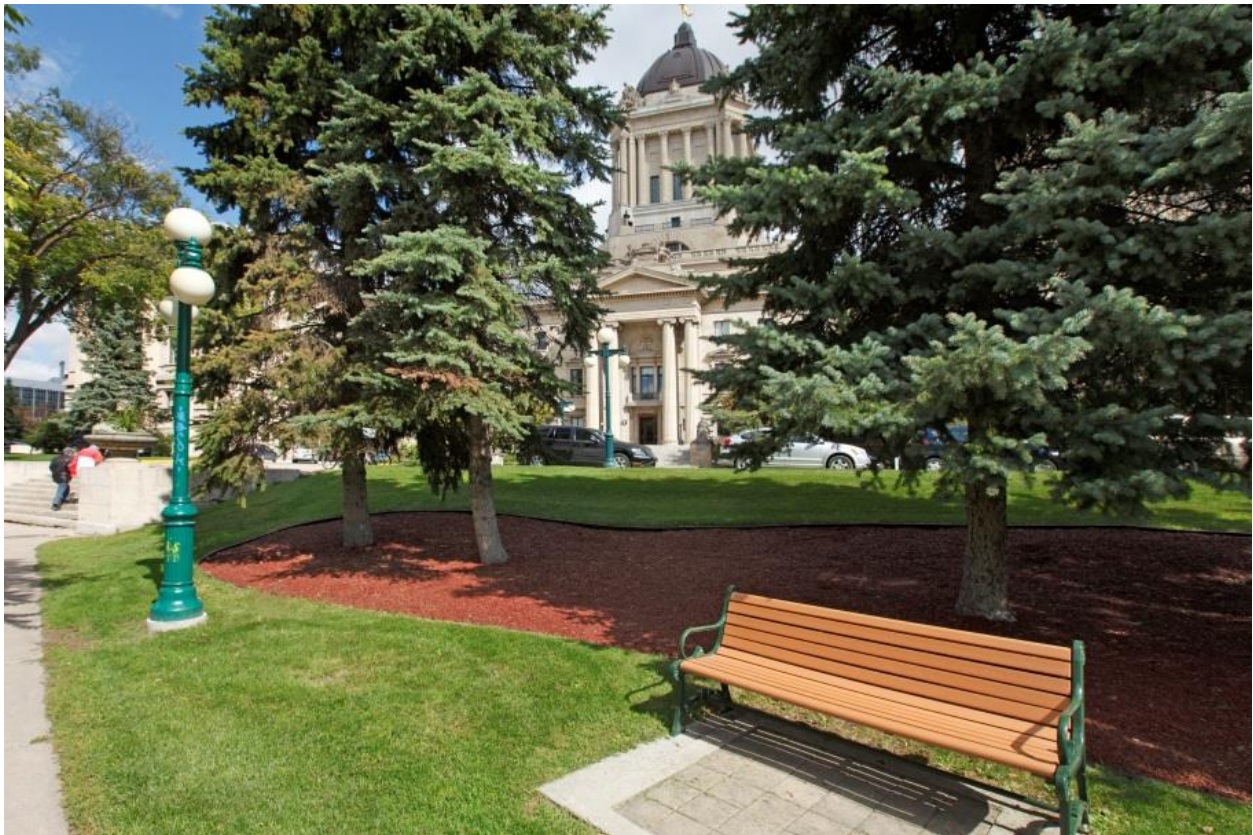
# Tire Stewardship Program Plan



2017-2021

## TIRE STEWARDSHIP MANITOBA 2017 - 2021 Program Plan

Organization: Tire Stewardship Manitoba Inc.  
Contact: Mr. Brett Eckstein, Executive Director  
Address: 1791 Dublin Avenue, Unit B  
Winnipeg MB R3H 1A9  
Telephone: (204) 661-3242  
Toll Free: (866) 724-5002  
Fax: (204) 668-9704  
E-mail: [info@tsmb.ca](mailto:info@tsmb.ca)  
Website: [www.tirestewardshipmb.ca](http://www.tirestewardshipmb.ca)



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## Executive Summary

Tire Stewardship Manitoba (TSM) is a not-for-profit corporation formed as a Producer Responsibility Organization (PRO) to represent tire stewards in Manitoba. TSM assumed responsibility for operating Manitoba's tire stewardship program after replacing government's Tire Stewardship Board (TSB) on April 1, 2008. Manitoba's tire stewardship program has successfully integrated steward responsibility for all designated types of tires and tubes sold in Manitoba, and the collection, recycling and disposition of discarded tires in all regions of the province.

Through the strong support and effort of over 1500 program stakeholders that includes two tire recyclers, one manufacturer, 1377 new tire retailers, motor and equipment dealers and generators, and 141 municipal and First Nations partners, TSM continues to meet its primary objective to recycle all tires available for recycling in Manitoba on an annual basis. Through the assistance of program stakeholders, over 1570 sites in Manitoba have been registered for discarded tire collection service by TSM. The program's two tire recyclers maintain the capacity and ability to collect and recycle all of Manitoba's discarded tires effectively and efficiently. The strong relationship between TSM, recyclers, government and stakeholders also provides a stable basis for building a sustainable tire stewardship program.

### TSM Program Performance Summary 2011 - 2015

	2011	2012	2013	2014	2015	5-Year Total / Average
<b>Material Generated</b> (Tonnes)	15,976	14,478	16,589	19,414	21,117	87,574
<b>Material Collected</b> (Tonnes)	12,835	12,875	14,713	15,636	19,242	75,301
<b>- Per Capita</b> (Kilograms)	10.6	10.3	11.6	12.2	14.8	11.9
<b>Material Recovery Rate</b>	80%	89%	89%	81%	91%	86%
<b>Total Program Cost</b> (Tonnes)	\$ 332	\$ 359	\$ 347	\$ 347	\$ 387	\$ 354

The collection and processing of over 19,000 tonnes of discarded tires and tubes in Manitoba creates approximately 70 full-time jobs and over \$7 million in direct economic activity annually. These tires are recycled into aggregate, crumb rubber, blast mats, and moulded products or as markets require can be exported as a fuel supplement replacing fossil fuel alternatives. Within the context of this plan, TSM will continue to work with Manitoba's tire recyclers to invest in and develop higher value tire-derived products and create employment within the province.

TSM conducts a year-round Be Tire Smart community education and awareness program. Each year TSM routinely attends dozens of community events that attract well over 250,000 people. Since 2010, 14,100 people attending these events have completed a consumer survey and interacted directly with TSM staff to learn how proper tire maintenance positively impacts tire life, vehicle safety and the environment. Total survey results accumulated to date indicate that 58% of respondents answered that they are aware of the program and know what happens to their scrap tires.

TSM consulted with stakeholders to develop the 2017-2021 Tire Stewardship Program Plan presented here. The feedback received from stakeholders demonstrates that well over 80% of all those surveyed through the Plan consultation in 2016 are mostly satisfied and agree with how TSM operates the existing approved tire-recycling program in our province.

Through the strong support of stakeholders, the 2017-2021 Tire Stewardship Program Plan continues to build upon the significant accomplishments of the TSM program and focuses on operating an effective, efficient and sustainable tire stewardship program. Financial projections for the duration of this plan indicate that continued prudence in TSM spending and the setting of steward-fees are necessary to maintain the program's sustainability. Therefore, without significant change to the existing program proposed, TSM is applying to the Minister of Sustainable Development for its third program plan approval since 2007, to extend its mandate to December 31, 2021.

# TSM PROGRAM PLAN

## Mission Statement:

**Tire Stewardship Manitoba is a province wide agent of the Manitoba tire industry committed to protection of the Earth's environment and promotion of economic benefit for Manitoba through the sustainable management of all tires and tubes in Manitoba.** (TSM Board of Directors, November 2007)

Tire Stewardship Manitoba's (TSM) mandate is to implement an approved tire stewardship program plan substantially in accordance with its intent, consistent with the requirements of the Waste Reduction and Prevention Act, the Tire Stewardship Regulation 2006, and the Guideline for Tire Stewardship, as approved and amended. To fulfill its mandate, TSM will work with Manitoba Sustainable Development and all program stakeholders to achieve the following objectives:

- Operate a program that addresses all tires and tubes in Manitoba.
- Ensure timely, cost efficient collection of all discarded tires from all parts of the province without user fees at the point of collection.
- Ensure adequate recycling capacity to prevent build-up of backlogs of whole or partially processed tires.
- Promote economically viable end uses and market applications for tires.

TSM is a not-for-profit corporation formed to manage the tire stewardship program on behalf of the tire industry stewards in Manitoba. TSM had its initial tire stewardship program plan approved in 2007 and renewed in 2011 in accordance with the Tire Stewardship Regulation 2006. Without significant change to the existing program proposed, TSM is applying to the Minister of Sustainable Development for a five-year program plan renewal to extend its mandate to the end of 2021.

## Program Plan Elements

Manitoba's tire stewardship program operated by TSM includes the following main elements:

- Steward-fee based revenue system to make the program financially viable
- Varying steward-fees according to tire type to avoid cross-subsidization
- TSM collection of steward-fees directly from tire retailers
- Collecting and recycling of all discarded tires and tubes
- Board governance representing industry stewards

## Governance Model

A volunteer Board governs TSM and is composed of several directors representing the following Member organizations:

- Tire and Rubber Association of Canada
- Retail Council of Canada
- Western Canada Tire Dealers

Collectively, these organizations represent the international tire manufacturers, major suppliers, and tire retailers in Manitoba. As of December 1, 2016, the TSM Board members were:

- Glenn Maidment  
Tire and Rubber Association of  
Canada
- David Lamb  
Tire and Rubber Association of  
Canada
- Joe Casciano  
Retail Council of Canada
- Kendale Penner  
Western Canada Tire Dealers
- Ken Essex  
Western Canada Tire Dealers
- Geoff Sine  
Member-at-Large

A multi-stakeholder advisory committee also contributes to good governance of TSM program operations. The committee is composed of representatives of recyclers, municipalities, industry consumers and the provincial government. As of December 1, 2016, the nine TSM Advisory Committee member organizations were:

- Manitoba Motor Dealers Association
- Association of Manitoba  
Municipalities
- Keystone Agricultural Producers
- Manitoba Trucking Association
- Western Equipment Dealers  
Association
- Reliable Tire Recycling
- OTR Recycling
- Green Manitoba
- Manitoba Eco-Network

TSM is accountable to its stakeholders and the public for the collection, recycling and environmentally sound disposal of all tires designated under the regulation. Through an open and transparent revenue system, TSM collects a steward-fee on the sale of new tires from the retailer and these fees pay for collecting and recycling Manitoba's discarded tires in an environmentally responsible manner. All steward-fees collected are applied by TSM to the operation and enhancement of Manitoba's tire stewardship program. TSM has developed board governance policies and procedures consistent with established industry standards and is subject to an annual professionally conducted audit.



**Consultation and Communication**

TSM is committed to a consultation process that allows all interested parties and affected industry stakeholders an opportunity to provide their valuable input toward the development of the 2017-2021 program plan. TSM's consultation process involved inviting input from key target audiences, including industry producers and other affected industries, community organizations and environmental interest groups, local governments, consumers and individuals to encourage those interested in responding with their constructive perspectives and comments.

To facilitate this consultation process, members of TSM's Stakeholder Advisory Committee representing generators, collectors, recyclers, industry consumers, environmental organizations, post-secondary institutions, local governments who provide ongoing advice on program policy and operation were presented a draft program plan consultation document through a consultation meeting and provided assistance in developing the consultation process used by TSM.



All registered TSM retailers and generators were provided the opportunity to comment on the Program Plan Survey that was posted on the TSM website at [www.tirestewardshipmb.ca](http://www.tirestewardshipmb.ca) through our website survey and comment field. Consumers and the general public were notified to participate in the consultation through point-of-sale information and a media release to local newspapers.

All Stakeholder groups, including the Advisory Committee, were notified of TSM's application to renew our program plan and provided sufficient opportunity for their organizations to engage in consultation with their membership for both individual comment and formal response from their respective organizations. This public consultation period ran from January 28, 2016 to March 4, 2016.

In general, stakeholders commented on the stewardship program's direction and renewal. Comments received by TSM from individual tire dealers, municipalities, tire recyclers, and groups or organizations representing local governments, industry, and environmental advocacy were replied to by TSM addressing specific concerns raised by individual stakeholders. All individual/stakeholder organization comments received and TSM replies are provided in a "What You Told Us" (See Appendix A) and are sent to the Minister of Sustainable Development when TSM submits its application for program plan renewal.

TSM's consultation for developing the 2017-2021 Program Plan demonstrated that well over 80% of stakeholder survey respondents are mostly satisfied and agree with how their industry program operates the tire recycling program in our province under the existing approved program plan. Manitoba's approach to tire recycling is effective in managing all tires and tubes in the most cost effective way for consumers, industry and government. The Plan presented here maintains the program as it has evolved since April 1, 2008. For more information on the results of the consultation and development of this Plan, see Appendix A.

## Program Stakeholders

### Manitoba Sustainable Development

The provincial government requires industry to have an approved tire stewardship plan according to the Tire Stewardship Regulation 2006, and monitors TSM's annual performance. TSM will continue to work with Manitoba Sustainable Development to ensure the achievement of the highest environmental standards and economic value for Manitoba's tire stewardship program.



### Tire Stewardship Manitoba Inc.

TSM is composed of a board of directors that governs all aspects of the program. The board conducts regular meetings, makes decisions on program direction, and produces an annual report to demonstrate the program's accountability to all stakeholders. TSM will continue to operate with the goal of achieving exemplary and ongoing improvement in board governance practices toward building an effective, efficient, sustainable and well-governed producer responsibility organization.

### Advisory Committee

Representatives from generators, collectors, recyclers, industry consumers and local governments provide advice on program policy and operations. TSM will continue to

support fully its multi-stakeholder advisory committee to ensure their ongoing contribution to good governance of TSM program operations.

### **TSM Management and Administration**

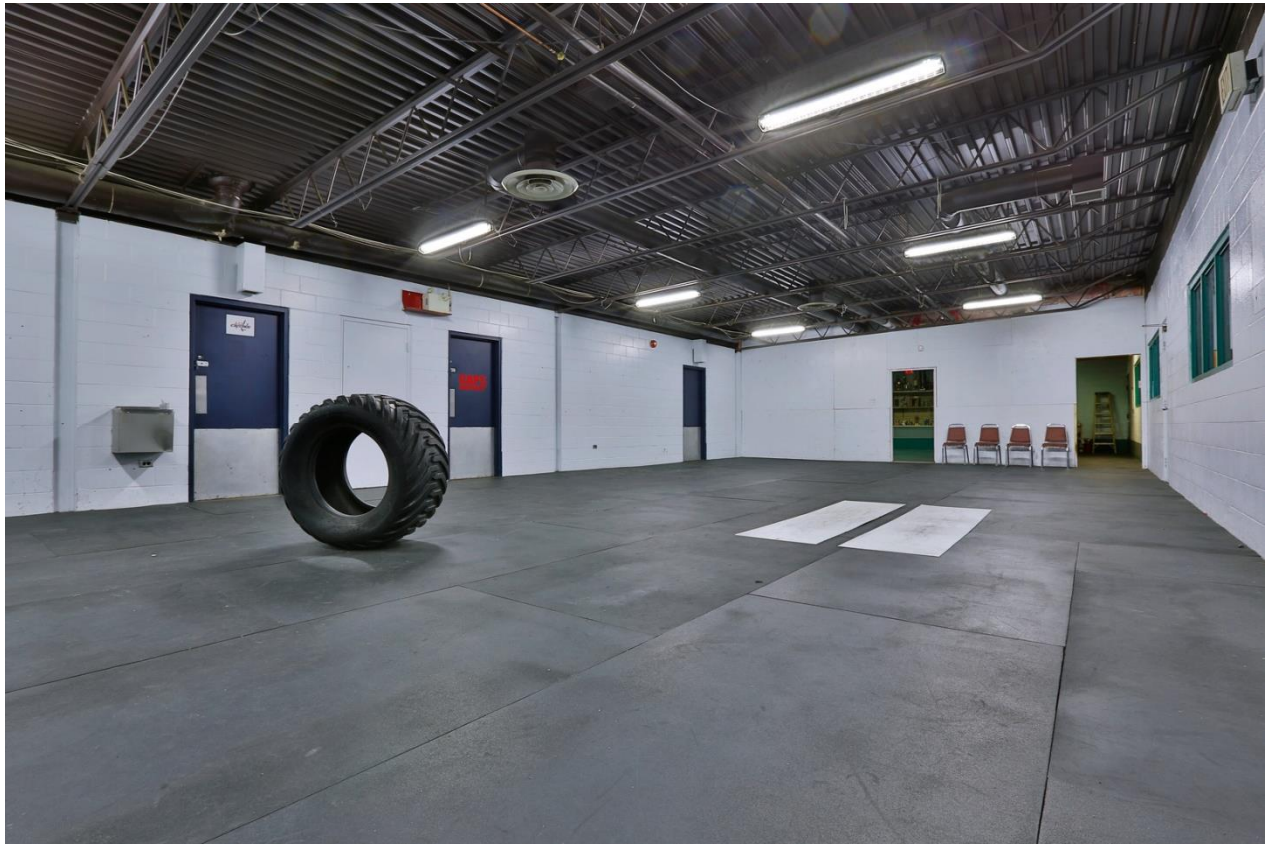
Management and Administration carry out the registration of retailers, generators and recyclers as eligible participants in the program. They also collect steward-fees from retailers to pay financial incentives to recyclers for the collection and recycling of discarded tires. Management and Administration also oversee all other aspects of program delivery and report on performance. TSM operates in accordance with the highest standards in all relationships with program stakeholders, the environment and the community. TSM fosters a climate that encourages innovation and diligence amongst staff. TSM will continue to monitor, with the support of the program's auditor, management performance based on compliance with board governance policies, administrative procedures and operations within the approved budget.

### **New Tire and Vehicle Sellers**

Tire retailers accept tires discarded by consumers and remit steward-fees to TSM. New vehicle dealers remit steward-fees for each tire included with the new vehicle sale. TSM will continue to represent and work with new tire and vehicle retailers as contributing program members and primary ambassadors to the consumer. TSM also will continue to work with our registered retail members to improve remittance procedures to manage and reduce program costs while ensuring fairness and a level playing field for all those selling new tires. For more information, see Appendix B; including, Registration Application (B1), Retailer Policies, Procedures and Instructions (B2), Schedule A (B3), Steward-Fee Return Form (B4), Steward-Fee Quick Reference Guide (B5), and Retailer and Generator Registrant Listing (B6).

### **Generators**

Generators of discarded tires include transportation companies and auto wreckers that generate unwanted tires as part of their regular business. Generators that register with TSM can have their tires collected from their place of business where service is available, or may take their tires to a registered municipal landfill storage yard at no charge. TSM will continue to locate all points of discarded tire generation in the province and ensure they become registered collection points and receive service, at no charge; specific to the characteristics and needs of the region in which they are located.



## **Local Governments and First Nations**

Local governments and First Nations operate registered municipal landfill storage yards that accept discarded tires from consumers, new tire and vehicle retailers and generators at no charge. Municipalities receive TSM incentive payments to accept and appropriately store discarded tires generated in Manitoba. This reduces the risk of fires and environmental hazards. TSM, local governments and First Nations will continue to partner and work together to ensure tires are stored appropriately, collection is provided as warranted and unnecessary accumulation is avoided in rural, remote and historically under-served areas of the province. For more information, see Appendix C; including, Municipal Registration Application (C1), Municipal Policies, Procedures and Instructions (C2), Municipal Scrap Tire Claim Form (C3), Guidelines for the Storage of Scrap Tires in Manitoba (C4), Scrap Tires Management Guidelines (Picture Examples) (C5), and Municipal Registrant Listing (C6).

## **Collectors**

Collectors are the recyclers themselves or haulers who enter into business relationships with recyclers to pick up discarded tires from retailers and generators for delivery to recyclers. This service, where available, is provided at no additional charge to the retailer or generator. It is TSM's intention to ensure timely, cost efficient collection of all

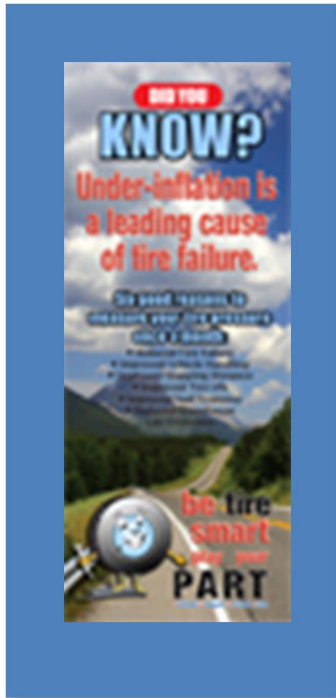
discarded tires and tubes from all parts of the province without user fees at the point of collection.

TSM will also continue to address collection in rural, remote and historically under-serviced areas such as First Nations' communities through partnerships with local governments and service providers in order to define service models to the specific characteristics and needs of each region.

## Recyclers

Manitoba companies recycle discarded tires for use in tire-derived products or fuel supplements. They also sell tire-derived products to markets in Canada and internationally. They submit claims to TSM for collection and recycling incentives. As of May 1, 2016, there are two recyclers: Reliable Tire Recycling and OTR Recycling. Clearline Technologies is a registered manufacturer of tire-derived products. It is TSM's intention to continue working with recyclers to ensure adequate recycling capacity to prevent build-up of backlogs of whole or partially processed discarded tires.





## Consumers

Consumers purchase new tires from retailers. Most consumers leave their scrap tires with the retailer for disposal. In addition, they purchase and use recycled tire products.

TSM will continue to operate a program that addresses all tires and tubes and provides consumers with accessible disposal points free of charge at tire retailers and other generators throughout Manitoba. Consumer point-of-sale information made available to retailers and consumers explains the program and products made from Manitoba’s scrap tires (See Appendix D1 and D2).

As an additional service to consumers, TSM also includes bicycle tire and tube collection free of charge at participating drop-off locations (See Appendix D3).



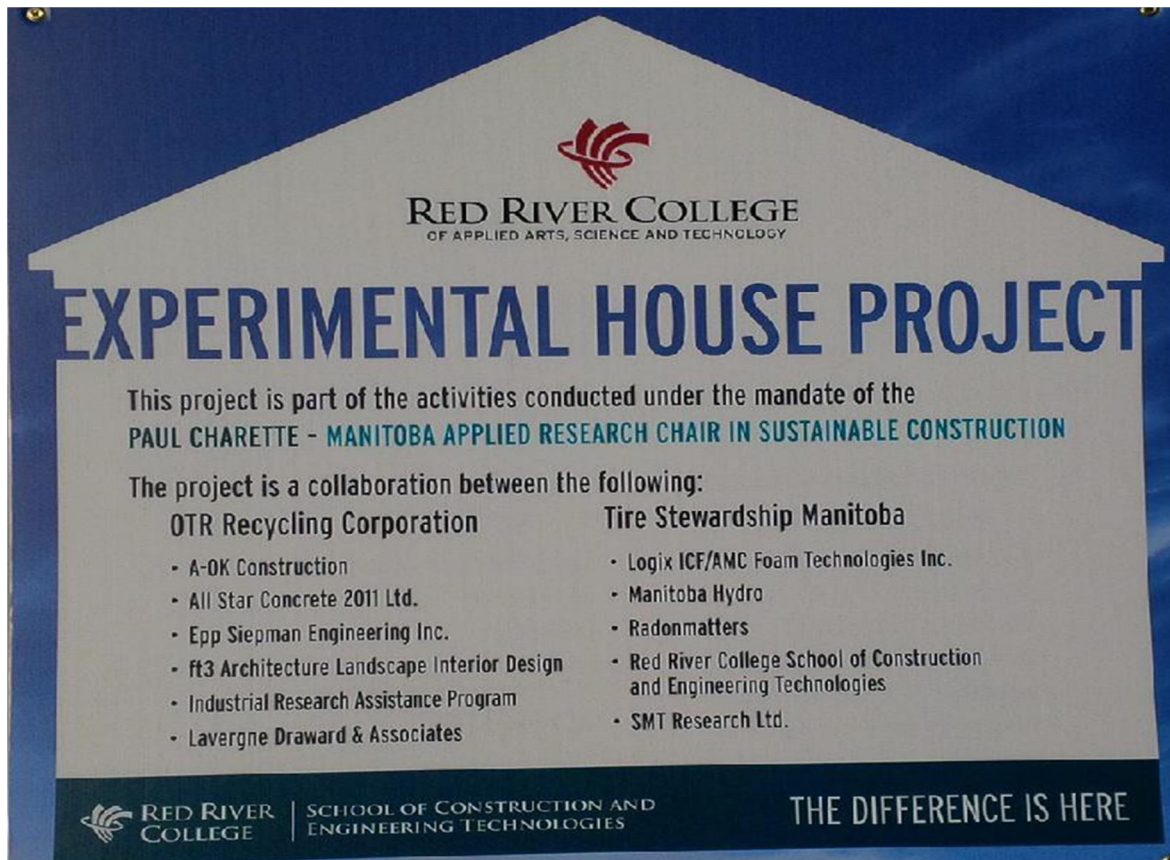
TSM will continue its successful public awareness and education partnership with the Tire and Rubber Association of Canada’s “Be Tire Smart Campaign” [www.betiresmart.ca](http://www.betiresmart.ca). The year-round campaign conducted by TSM provides consumer education materials to extend tire life and reduce the generation of discarded tires in Manitoba. Each year TSM routinely attends dozens of community events that attract well over 250,000 people. Since 2010, 14,100 people attending these events have completed a consumer survey and interacted directly with TSM staff to learn how proper tire maintenance positively impacts tire life, vehicle safety and the environment. Total survey results accumulated to date indicate that 58% of respondents answered that they are aware of TSM’s tire recycling program and know what happens to their scrap tires.

Those completing the survey and take the time to learn more about tire maintenance and recycling receive a complimentary tire gauge to encourage drivers to measure their tire pressure monthly and are entered into an annual draw to receive one free set of tires or one of four portable 12V multifunction air-compressors as secondary prizes.

## Be Tire Smart Public Awareness Survey 2010 - 2015

	2010	2011	2012	2013	2014	2015	6-Year Total
<b>Survey Respondents</b>	731	1,582	1,194	2,272	3,404	4,917	14,100
<b>Stated Awareness</b>	480	1,269	800	1,477	1,600	2,606	8,232
<b>Percent Aware</b>	66%	80%	67%	65%	47%	53%	58%

### Markets



Various domestic and international Markets purchase tire-derived products from Manitoba recyclers for end-use, resale, or for further manufacturing into new products. It is TSM's intention to continue to promote economically viable end uses and market applications for discarded tires, and further promote new product and market opportunities for Manitoba recyclers through the Community Demonstration and Innovations Grant. The grant's objectives and requirements were developed in consultation with recyclers, research institutions and other industry and program stakeholders to ensure maximum value for products derived from tires discarded in Manitoba.

The Tire Stewardship Manitoba (TSM) Community Demonstration and Innovations Grant Program provides funding for the use of recycled tire products made from Manitoba tires in projects delivered by local governments, post-secondary and research institutions, community and youth groups, Aboriginal organizations, and First Nation communities. One time matching grants up to project levels of \$5,000, \$10,000 or \$20,000 are provided to communities and non-profit organizations to use and benefit from a wide range of recycled tire products. For more information, see Appendix E.

In accordance with the Minister's Guideline for a Tire Stewardship Program, TSM also subscribes to the following Tire Derived Product (TDP) hierarchy of discarded tire use to promote the continued recycling of tires available in Manitoba.



**TDP 1** . Includes operations that reduce tires to a highly processed form, typically to a crumb rubber and powder form for use in producing new products with recycled rubber content (particle size up to 5/16+to 40 mesh and lower)

**TDP 2** . Fabricated products made with at least 75% tire content (e.g. . blasting mats, traffic cone bases, etc.)

**TDP 3** . Tire shred with particle size of normally 2 . 4 inches produced as an alternative to granular material

**TDF** . whole or shredded tires used as tire derived fuel (TDF) to supplement other fuels in industrial applications

Figure 1: Order of preference for use of discarded tires in Manitoba.



## Annual Program Performance Summary

TSM is committed to complying with the following legislative and annual reporting requirements.

- **Act and Regulation** The Waste Reduction and Prevention Act, CCSM c W40; Tire Stewardship Regulation, 2006; Guideline for Tire Stewardship 2006-01E.
- **Products Covered** All tires and tubes. See Appendix B3 for details.
- **Tire Stewardship Program Plan** Submitted May 1, 2016 for Minister's approval.

### Act and Regulation

Section 4(2)(h) of the Tire Stewardship Regulation states "the payment of salaries and other costs of government for the administration and enforcement of this regulation and of the Act as it relates to tires;

Section 16(1) of the Tire Stewardship Regulation states "Within 120 days after the end of the fiscal year, an operator must provide to the minister an annual report summarizing the program activities of the operator in the fiscal year and containing audited financial statements covering the program for the fiscal year."

### Guideline

Performance measures must be able to show both what is recovered and what is not. May include: sale and recovery data, municipal waste composition study results, surveys of public awareness, the amount of scrap tires and tubes collected by service providers, number of collection points, proportion of product to be managed, according to the principles of pollution prevention and 4Rs hierarchy. Measure, monitor and report on program performance, including meeting designated material recovery rate targets. Include total amount of product sold and collected, with recovery rate (or alternative approach); amount of product collected and processed by region if possible.

### Stewardship Plan and Approval Letter

Program to track public awareness (through public engagement, surveys); accessibility (number of collection points); diversion rates and diversion per capita; consideration of tire recycling hierarchy.

## Indicators

### Operational

- Total material generated
- Total material collected
- Percent of material recovered
- Total material collected per capita
- Marketable products as percent of total tonnes of material recovered

### Accessibility

- Population coverage
- Percentage of Manitoba residents that have access to a collection site
- Number of collection sites
- Number of collection events
- Number of participating municipalities

### Awareness

- Percentage of population aware of the Program
- Communication efforts undertaken

### Financial

- Total program cost by volume
- Recycling costs per tonne
- Administrative costs per tonne
- Stewardship Programs cost per tonne
- Annual Audited Financial Statements

## Operating Model

For every new tire sold in Manitoba a tire will eventually be discarded. Rather than taking up space in our landfills and posing a risk to human health and the environment, discarded tires are collected to be recycled into new products in environmentally responsible ways. To manage discarded tires generated in Manitoba, tire sellers remit steward-fees to TSM for new tires sold in the province. One hundred percent of fees collected from stewards go towards the operation of the tire stewardship program.

Properly managed discarded tires reduce environmental risk and create jobs and economic development in Manitoba. Manitoba's tire-derived products are sold locally and internationally. Tires can be used to make flooring products for agricultural,

recreational and industrial use. They are used for synthetic turf fields, rubberized asphalt, blast mats, geo-technical projects, energy recovery and other applications.

TSM’s program operating model is based on the requirements outlined in the Regulation and Minister’s Guideline, as well as the historical, geographic and diverse character of the province. From large urban centres to rural, remote, northern and First Nations communities of the province, TSM must work with all stakeholders to ensure collection and recycling capacity is matched to the province’s longer hauling distances, seasonal access and relatively low discarded tire volumes compared to other markets in Canada and North America.



TSM’s operating model is comprised of these two basic elements – Revenue System and Rate Setting Process:

**Revenue System**

TSM has successfully implemented a retail-based funding model that is the only point though the distribution chain that can ensure a level playing field, preserve the financial integrity of the program, and be fair to all parties. TSM will continue to operate its revenue system supporting variable rates based on the tire type sold that are remitted by registered retailers to TSM.

## Rate Setting Process

TSM has developed policies for reviewing and setting collection, processing and steward-fee rates to ensure the efficient, effective and sustainable operation of the tire stewardship program. TSM's approved program plan highlighted the need to address three major rate-setting areas that may require adjustment from time to time: collection incentives, processing incentives and steward-fees.

## Steward-Fees

As rates must be sufficient to cover the entire costs of the program, it is TSM's intention to exercise continued prudence in TSM spending and the setting of steward-fees for the duration of this proposed program plan (Appendix B3: Tire Stewardship Manitoba Schedule A, Tire Definitions, Steward-Fees and Interest Schedule Effective April 1, 2015). By policy, to change the steward-fees, a stakeholder consultation and a minimum of a 90-day notice is required.

## Recycling Incentives

Recycling incentives encourage the appropriate storage, collection and processing of discarded tires, as well as the manufacturing of new recycled tire products in Manitoba in the following manner:

- *The Municipal Scrap Tire Storage Incentive* encourages local governments to appropriately store Manitoba tires at their landfill transfer stations where they are collected at no charge. (see Appendix C3)
- *Collection Incentives* encourage registered tire recyclers to collect Manitoba tires, including loading, unloading, hauling and assuming liability for tires held in their possession until processed and sold.
- *Processing Incentives* encourage registered recyclers to reduce whole Manitoba tires into processed material for end sale or further manufacturing into recycled tire products.
- *Manufacturing Incentives* encourage registered manufacturers to manufacture a greater amount of higher-value recycled products in Manitoba using Manitoba processed material.

Incentives can depend on a variety of factors that recyclers may or may not have control over. To safeguard against inefficient or poorly managed operations TSM will continue to benchmark its recycling credits against other provincial tire recycling programs and out-of-province recyclers to ensure its credits are in-line with comparable programs and

markets. TSM also conducts independent audits to monitor recycler profitability and compliance.

TSM may adjust any of these four recycling incentives as necessary to ensure the sustainable, effective and efficient storage, collection, processing and manufacturing of discarded tires. By policy, TSM will provide 90-day notice to lower incentive rates. TSM can raise rates immediately if warranted. Disagreements will be referred to the Mediation and Arbitration Guidelines that form part of TSM's recycler agreement which are binding on both parties.

### **Budget and Rate Review Considerations**

TSM financial projections indicate continued prudence in TSM spending and the setting of steward-fees are necessary to maintain the program's sustainability for the duration of the 2017-2021 Program Plan. A 90-day notice is required to change steward-fees or reduce collection and recycling incentive rates. As such, adjusting for increased volume and revenue, TSM will strictly adhere to the level of compensation for collection and recycling in the program plan 2017-2021 financial forecast. TSM's normal practice is to review steward-fees and the rates of assistance on an annual basis.

### **Dispute Resolution Process**

TSM is committed to resolving disputes that may arise with any program partner in a timely, fair and impartial manner through both mediation and arbitration for those rare occasions where even with the best of mutual intentions parties disagree on the methods and manner of program implementation.

TSM has adopted both Mediation and Arbitration Guidelines (see Appendix F) approved in its first program plan in 2007. These Guidelines provide a transparent pathway that specifies process, roles and timing.

## **TSM Program Plan 2017-2021 Financial Forecasting**

TSM strives to manage program finances in a manner to ensure efficient, effective and sustainable program operations and the environmentally responsible recycling of tires. Although there are many factors that can influence revenue and expenditure forecasting, TSM has taken steps to manage finances to limit unexpected expenditures as much as possible. Revenue trends are less predictable as consumer preferences for winter tires, new car sales and economic growth can change financial outcomes from one year to the next.

An increase in new tire sales is the most direct cause of an unexpected variance of predicted revenue, particularly in the passenger/light truck (PLT) tire category. Winter tire and new car sales can also create a larger gap between revenue and direct expenditures as most often no scrap tires become available for recycling at the time of sale. These factors add to the number of tires that are currently on the road, held in storage for later use or in recyclers' inventories. The collection and recycling of all tires and tubes must be included in TSM's financial planning.

Although the TSM Stabilization Reserve is restricted to managing the organization's finances, TSM has twice reduced the steward-fee on PLT tires from \$4.50 to \$4.00 to \$3.75 since 2013 to adjust to market trends and growth in stabilization reserve holdings. Any further change to steward-fees during the 2017-2021 Program Plan will depend on the revenue generated and the cost of recycling tires.

TSM revenue also includes investment income generated from the stabilization reserve. The investment income may add to the stabilization reserve or provide TSM with revenue to avoid raising steward-fee rates when the revenue generated for specific tire categories may not match recycling costs for those tires in any given year.

It is TSM's intention to continue prudent fiscal and program policy measures to maintain the stabilization reserve equal to annual program revenue as much as possible for the duration of the 2017-2021 program plan.

## 2017-2021 Financial Projections

REVENUE	FY2017	FY2018	FY2019	FY2020	FY2021
Steward-Fee	\$ 5,810,000	\$ 5,955,250	\$ 6,104,131	\$ 6,256,735	\$ 6,413,153
Interest	\$ 350,000	\$ 357,000	\$ 364,140	\$ 371,423	\$ 378,851
Total Revenue	\$ 6,160,000	\$ 6,312,250	\$ 6,468,271	\$ 6,628,157	\$ 6,792,004
<b>RECYCLING INCENTIVES</b>					
Processing	\$ 3,050,500	\$ 3,081,005	\$ 3,111,815	\$ 3,142,933	\$ 3,174,363
Collection	\$ 2,491,500	\$ 2,516,415	\$ 2,541,579	\$ 2,566,995	\$ 2,592,665
Municipal Storage	\$ 155,000	\$ 156,550	\$ 158,116	\$ 159,697	\$ 161,294
Manufacturing	\$ 72,000	\$ 72,720	\$ 73,447	\$ 74,182	\$ 74,923
Subtotal	\$ 5,769,000	\$ 5,826,690	\$ 5,884,957	\$ 5,943,806	\$ 6,003,245
Gross Margin	\$ 391,000	\$ 485,560	\$ 583,314	\$ 684,351	\$ 788,760
<b>STEWARDSHIP PROGRAMS</b>					
Community demonstration grants	\$ 100,000	\$ 101,000	\$ 102,010	\$ 103,030	\$ 104,060
Public Education Program	\$ 35,000	\$ 35,350	\$ 35,704	\$ 36,061	\$ 36,421
Special projects	\$ 20,000	\$ 20,200	\$ 20,402	\$ 20,606	\$ 20,812
Subtotal	\$ 155,000	\$ 156,550	\$ 158,116	\$ 159,697	\$ 161,294
<b>ADMINISTRATIVE EXPENSES</b>					
Advertising and communications	\$ 47,000	\$ 47,470	\$ 47,945	\$ 48,424	\$ 48,908
Administration and corporate	\$ 564,650	\$ 570,297	\$ 575,999	\$ 581,759	\$ 587,577
Green Manitoba agreement	\$ 39,350	\$ 39,744	\$ 40,141	\$ 40,542	\$ 40,948
Subtotal	\$ 651,000	\$ 657,510	\$ 664,085	\$ 670,726	\$ 677,433
Total Expenses	\$ 806,000	\$ 814,060	\$ 822,201	\$ 830,423	\$ 838,727
Net Operating Surplus(Deficit)	-\$ 415,000	-\$ 328,500	-\$ 238,886	-\$ 146,072	-\$ 49,967
Reserve Beginning of Year	\$ 5,378,333	\$ 4,963,333	\$ 4,634,833	\$ 4,395,947	\$ 4,249,875
Reserve End of Year	\$ 4,963,333	\$ 4,634,833	\$ 4,395,947	\$ 4,249,875	\$ 4,199,908

## Financial Forecast Assumptions and Notes

1. TSM 2017-2021 Financial Projections based on TSM's approved FY 2017 Budget.
2. Revenue estimates for FY 2017 to FY 2021 based on average annual growth equal to 2.5% per year and TSM Steward-Fee Schedule A effective April 1, 2015.
3. Expenditure estimates for FY 2017 to FY 2021 based on average annual growth equal to 1% per year and TSM Recycling Incentives effective April 1, 2017.
4. TSM stabilization reserve results from an excess of revenues over expenditures from the program's contingency budget. TSM has restricted the reserve to manage the organization's finances. The amount, up to one-year's revenue equivalent, is subject to change at the discretion of the Board of Directors.
5. Forecast numbers may differ slightly due to rounding.

## First Nations and Remote Communities Strategy

As part of TSM's commitment to serving all Manitobans, a First Nations and Remote Communities Strategy is to be developed that commits to allocating resources and building partnerships with historically underserved communities, Manitoba PROs, and both provincial and federal governments to achieve sustained collection in

communities where there are currently little or no tire recycling opportunities.

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***TSM Registered First Nations,  
Northern and Remote  
Communities***

*Town of Churchill*

*City of Thompson*

*City of Flin Flon*

*Town of Gillam*

*Town of Grand Rapids*

*Town of Leaf Rapids*

*Town of Lynn Lake*

*Town of Snow Lake*

*Town of The Pas*

*Aboriginal & Northern Affairs  
(Hollow Water Regional Waste  
Site)*

*Cormorant Community Council*

*Mallard Community Council*

*Sioux Valley Dakota Nation*

*Cross Lake Band of Indians*

*Meadow Portage Community  
Council*

*Peguis First Nation*

*Wabowden Community Council*

*Duck Bay Community Council*

*Waterhen Community Council*

*St. Theresa Point First Nation*

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Manitoba's tire recycling program has met the challenge of removing tires from engaged First Nations, northern and remote communities where all-weather road or rail access has made collections routine, collecting 158,595 (PTE) since 2013 from the registrants (see Appendix G, for a listing of registered First Nation and Northern Communities). Achieving this success in communities with limited or seasonal road access had been much less attainable until recently.

In partnership with other PROs, TSM assisted in developing resources and removing or managing materials such as used oil, batteries, electronics, household hazardous waste, thermostats and over 1400 discarded tires from the Northern First Nations community of St. Theresa Point for the first time during the 2015 winter ice-road season.

To further these efforts, TSM is committed to working with our partners to identify additional First Nations and remote communities willing to engage in tire recycling and meet the necessary requirements under TSM's *Municipal Tire Storage Incentive Program* (see Appendix C3). The program provides a 50-cent per tire incentive to the community to support their efforts to manage and store discarded tires in addition to the free hauling arranged by Manitoba's tire recyclers that all TSM registered communities receive.



## GLOSSARY OF TERMS

**“Act”** means The Waste Reduction and Prevention Act, as amended from time to time.

**“AG”** means agricultural tire.

**“Blast Mat”** means a mat derived from scrap tires and used to suppress the shock and spread of debris during explosive demolition.

**“Board”** means the board of directors of the corporation.

**“Chair”** means the chair of the board of directors.

**“Collection”** means the collection of scrap tires from registrants in Manitoba.

**“Collection Incentive”** means the financial incentive, as from time to time determined and payable by TSM to the recycler or processor for the collection and transportation of tires from a registered retailer or registered generator to the recycler or processor.

**“Collector”** means the recyclers or processors themselves or haulers who enter into business relationships with recyclers or processors to pick up discarded tires from retailers and generators for delivery to recyclers or processors.

**“Corporation”** means Tire Stewardship Manitoba.

**“Crumb Rubber”** means a recycled rubber product with granular consistency produced from scrap tires.

**“Environmental Laws”** means any and all applicable laws, statutes, regulations, treaties, orders, judgments, decrees, official directives and all authorizations of any department or body of any federal, provincial, regional or municipal government or any agency thereof relating to the protection of the environment.

**“Generator or Registered Generator(s)”** means an organization that generates scrap tires and is registered with TSM as a generator (e.g. auto dismantlers).

**“Hauler”** means a person or corporation engaged in the business of collecting and transporting tires from registered retailers or registered generators to the recycler or processor.

**“Imported Tires”** means whole tires or semi-processed tires generated from a location outside Manitoba.

**“Inventory”** means whole tires, semi-processed tires, and finished products or residuals from TDP or TDF processes and includes both regulated and unregulated tires.

**“Manufacturer Agreement”** means the contract executed between TSM and a manufacturer to formalize the terms of participation in the manufacturing incentive program.

**“Manufacturing Incentive”** means the support paid to a manufacturer to create an eligible final product from a recycler’s or processor’s recycled scrap tires. It is used to encourage registered manufacturers to manufacture a greater amount of higher-value recycled products in Manitoba using Manitoba processed material.

**“Member or Membership”** means a member of the corporation.

**“Molded Products”** means scrap tire derived recycled rubber molded products (e.g. sidewalk blocks, rubber flooring, road curbs, etc.)

**“MT”** means medium truck tire.

**“OTR”** means off-the-road tire.

**“PLT”** means passenger and light truck tire.

**“Policies and Procedures”** means the policies and procedures established by TSM and delivered to the stakeholders as amended from time to time.

**“Processing”** means any process that transforms scrap tires into a tire derived product (TDP) or derived fuel (TDF) for which there is an end market.

**“Processing Incentive”** means the financial incentive, as from time to time determined and payable by TSM to the recycler or processor to process eligible Manitoba scrap tires.

**“Producer Responsibility Organizations (PROs)”** means not-for-profit industry organizations that manage programs to enhance material recycling in Manitoba.

**“PTE”** means a passenger tire equivalent that weighs 10.51 kilograms, or as determined by TSM from time to time through scrap tire weight and characterization audits.

**“Recycled or Recycling”** means any process that transforms scrap tires into new products for which there is an end market.

**“Registered Manufacturer”** means an organization that has executed a manufacturer agreement with TSM.

**“Registered Retailer”** means a person or corporation who has completed registration and entered into a retailer agreement with TSM to participate in the program.

**“Regulations”** means the regulations passed pursuant to The Waste Reduction and Prevention Act.

**“Resident”** means a person who generates a scrap tire from a residence in Manitoba.

**“Retailer”** means an organization that sells tires or equipment with tires on it and is registered with TSM as a retailer.

**“Retailer Agreement”** means an agreement in writing between TSM and a retailer by which the retailer has agreed to participate in the program.

**“Rubberized Asphalt”** means a pavement material that consists of regular asphalt mixed with crumb rubber made from recycled tires.

**“Scrap Tire or Discarded Tire”** means a tire that through use, storage, handling, defect, damage or another similar circumstance can no longer be used for its original purpose.

**“Steward”** means a steward of tires.

**“Steward-Fee”** means the fee that retailers remit to TSM for every new tire sold and which funds the TSM program.

**“Steward of Tires”** means

- (i) the first person who, in the course of business in Manitoba, supplies a tire to another person; or
- (ii) a person who, in the course of business in Manitoba, uses a tire obtained in a supply transaction outside of Manitoba;

**“Supply”** means to transfer a property interest by

- (i) Sale, whether conditional or otherwise;
- (ii) exchange;
- (iii) barter;
- (iv) lease or rental whether with an option to purchase or otherwise; or
- (v) gift, but does not include a supply that is effected solely to create a security interest within the meaning of The Personal Property Security Act or the Bank Act (Canada).

**“Recycler or Processor”** means a participant engaged in an activity that converts the scrap tire into a tire derived product (TDP) or tire derived fuel (TDF) for which there is an end market and has executed a processor agreement with TSM.

**“Recycler Agreement or Processor Agreement”** means the contract executed between TSM and a processor to formalize the terms of participation in TSM’s tire collection and processing program.

**“TDA”** means tire derived aggregate, which consists of shredded scrap tires and is used in many civil engineering applications.

**“TDF”** means tire derived fuel.

**“TDP”** means tire derived product.

**“Tire”** means a tire that is manufactured for use on the wheels or rims of a powered vehicle or a trailer that is designed to be towed by such a vehicle and includes a tube that is manufactured for use inside such a tire, whether the tube is supplied in conjunction with a tire or separately.

**“Tire stewardship program”** means a waste reduction and prevention program for scrap tires approved under Section 6 of the Act.

**“TSM”** means Tire Stewardship Manitoba.

## LIST OF APPENDICES

### Appendix A: CONSULTATION

“What You Told Us”

### Appendix B: RETAILERS

- B1 Retailer Registration Application
- B2 Retailer Policies, Procedures and Instructions
- B3 Schedule A
- B4 Steward-Fee Return Form
- B5 Steward-Fee Quick Reference Guide
- B6 Retailer and Generator Registrant Listing

### Appendix C: MUNICIPAL

- C1 Municipal Registration Application
- C2 Municipal Policies, Procedures and Instructions
- C3 Municipal Government Scrap Tire Claim Form
- C4 Guidelines for the Storage of Scrap Tires in Manitoba
- C5 Scrap Tires Management Guidelines (Picture Examples)
- C6 Municipal Registrant Listing

### Appendix D: CONSUMER

- D1 Point-of-Sale Information for Consumers
- D2 I used to be a Tire (Brochure)
- D3 Bicycle Tire Recycling Program (Program Proposal, Notification Letters, List of Registrants)

### Appendix E: MARKETS

Community Demonstration and Innovation Grant Program

### Appendix F: DISPUTE RESOLUTION PROCESS

Mediation Guidelines

### Appendix G: FIRST NATIONS AND REMOTE COMMUNITIES

First Nations and Northern Communities Registrant Listing