

## Ontario Tire Stewardship - Press Release



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### Ontario Environment Minister Approves Used Tire Plan

MISSISSAUGA, ONTARIO--(Marketwire - April 9, 2009) - In a speech delivered at the Waste Diversion Ontario Annual General Meeting today the Ontario Minister of the Environment, the Honorable John Gerretsen, announced the approval of the Ontario Used Tire Program Plan, launching the most ambitious used tire stewardship program in the country.

The Used Tire Program Plan will implement a managed scrap tire solution for On-road and Off-road tires supplied into the Ontario market, diverting these tires away from burning and landfilling to 3R's processing that will see them reused and recycled into tire derived products (TDPs) such as under-the-hood automotive products, flooring, sports fields, play ground surfaces and construction-related equipment and materials.

The program is funded by Brand Owners and First Importers of tires supplied into the Ontario market, including tire manufacturers, retailers and vehicle manufacturers, who remit a Tire Stewardship Fee (TSF) to OTS for every tire supplied into the Province. These fees will be used by OTS to operate the Used Tire program, including the collection, transporting and processing costs of used tires, including those in stockpiles.

The program will manage all 12 million tires sold in Ontario annually, and will track the tires from collection at over 10,000 points across the province to their sale as tire-derived products, and includes an aggressive three year plan to eliminate the approximately 2.8 million stockpiled tires in 90 sites across Ontario.

"We are pleased with the Minister's decision to approve the Used Tires Program Plan." said Glenn Maidment, President of the Ontario Tire Stewardship (OTS) Board, "We are very pleased to see the tire industry showing leadership on this important issue by accepting responsibility for end-of-life management of used tires. In approving the Plan, the Minister facilitates significant investment in Ontario businesses handling used tires in environmentally-beneficial ways, creating jobs and a green economy for future generations of Ontarians."

In the first year the program will inject over \$22 million into the Ontario-based scrap tire processing industry, supporting Ontario-based processors as they invest in their businesses to increase capacity, adopt new scrap tire processing technologies, and create new "green" jobs in the Province.

With today's approval OTS will be moving forward to implement the Used Tire program, with September 1st 2009 being the official launch date. For more information on the Used Tire program, or to submit questions on the program, visit [www.ontariotirestewardship.org](http://www.ontariotirestewardship.org).

For more information, please contact

Ontario Tire Stewardship Chair

Glenn Maidment

905-814-1714

[www.ontariotirestewardship.org](http://www.ontariotirestewardship.org)

# Used Tires Program Plan Background Document

*April 2009*

## ***Protecting the Environment – Today and Tomorrow***

On April 9, 2009, the Minister of the Environment approved the Used Tires Program Plan submitted by Waste Diversion Ontario. With this program, Ontario's 12 million tires will be recycled into high value end uses. The Used Tires Program Plan can be viewed at <http://www.ebr.gov.on.ca/ERS-WEB-External/displaynoticecontent.do?noticeId=MTA10TYz&statusId=MTU4ODYz&language=en>

The Used Tires Program Plan is reflective of extensive consultation with manufacturers, retailers, haulers, processors, environmental non-government organizations, municipalities and other stakeholders, and represents an innovative, results-based diversion program for scrap tires in Ontario in a manner that is both environmentally responsible and economically sound.

The Program includes the following core components:

- An aggressive scrap tire collection and recycling system that will divert 90% percent of scrap on-road tires over the first 5 years of the program through a program funded by tire brand owners and importers (collectively referred to as 'stewards').
- An industry-leading initiative to collect and recycle almost 50% of the scrap off-road tires over the first 5 years of the program, also funded by tire Stewards.
- A comprehensive collection network for scrap tires that will make it easier for Ontario consumers and businesses to recycle their old tires.
- A stockpile abatement and remediation strategy that will result in the complete elimination of scrap tire stockpiles in Ontario within three years.
- Tracking systems that will help eliminate illegal dumping of scrap tires and ensure that tires are managed by service providers that have adopted best practices.
- Incentives to promote sustainable development and new markets for recycled materials and innovative uses for recycled rubber products. In the first year of the Program this will represent a \$22 million investment in the Ontario tire recycling industry, stimulating economic growth and increasing capacity.
- An inclusive administration model to help strategically guide the program to bring together industry stakeholders to ensure the effective and efficient delivery of the Used Tires Program.

In Ontario, the current annual scrap tire volume is approximately 12 million scrap tires, comprised of 10.6 million on-highway tires and the remainder a combination of industrial, farm and off-the-road tires. About 15% are currently directed to retreading and used tire markets and 3 to 4 million tires are currently exported to either Quebec or the U.S. to 3Rs or as tire derived fuel markets.

Ontario currently processes approximately 6 million tires into crumb rubber, which is incorporated into new molded rubber products, automotive parts, rubber asphalt, sports surfacing etc. In addition, about 750,000 tires are used to create blasting mats for the mining and road-building industries and another million tires enter the civil engineering markets as shredded material for leachate collection, road building and embankment stabilization projects where the light-weight characteristics of shredded rubber are preferable.

### ***New Solutions Required***

The issues associated with scrap tire disposal and stockpiles are well known. In addition to being an important waste disposal issue, stockpiles of old tires present serious health concerns to the general public. Tire stockpiles can be a haven for pests and mosquitoes, and a thus a breeding ground for the West Nile virus and other threats to public health. Tire stockpiles may also present serious fire hazards, as was witnessed in Hagersville in 1990.

The Used Tires Program will facilitate the diversion of tires by focusing on the development of a sustainable, rubber recycling industry in Ontario. Processors in the Province have been challenged by market price volatility as well as by access to scrap tires as feedstock for their processes. The Program addresses these issues by establishing a stable feedstock as well as by focusing investment on new products, technologies, and processes to avoid the need for landfilling and less favorable management options.

The Program includes an investment of over \$5 million to advance research & development (R&D) into the uses of scrap tires and to develop and implement a promotion and education (P&E) campaign to help draw scrap tires into the Program, and educate tire users on how to extend the life of their tires, reducing the annual scrap tire generation.

### ***Promoting the 3Rs***

The Used Tires Program promotes 3Rs end uses for scrap tires, in conformity with the WDA and the Minister of the Environment's 2008 Program Request Letter. The hierarchy of end-uses currently supported by the Program is crumb rubber, tire derived aggregate and fabricated products.

In addition the Program places special emphasis on the production of manufactured, calendared and extruded goods made from recycled rubber. The Plan contains a \$1.6 million investment in these processes in the first year. The value of this investment will be reviewed annually by OTS to continue to identify ways to grow Ontario capacity.

By implementing measures to allow scrap tire processors and manufacturers utilizing recycled rubber to invest in their Ontario businesses, the need to export scrap tires to other jurisdictions will be reduced and ultimately eliminated. Over the first five years of the plan, 90% of on-road tires can be responsibly managed through the introduction of hierarchical incentives to promote higher value-added products.

### ***Tire Stewardship Fee***

The Used Tires Program is funded by brand owners and first importers of tires, called 'stewards', who remit a Tire Stewardship Fee (TSF) to OTS for every tire supplied into the Ontario market. The TSF will fund Program activities including:

- The collection, transportation and processing of scrap tires;
- Operation of the scrap tire tracking and manifest system;
- The remediation of tire stockpiles in the Province;
- development of new end markets;
- new capital investment opportunities in leading-edge recycling technologies and value-added products;
- Programs related to P&E and R&D;
- Program administration including auditing; and

- On-going communications with stewards, service providers and stakeholders.

Tire stewards will be obligated to remit a Tire Stewardship Fee of \$5.84 per tire on new passenger, motorcycle or light truck tires, and \$14.65 per tire on new commercial truck tires. In addition other tires, such as industrial, farm and off-the-road tires will have proportionately higher fees as the cost to collect and recycle these tires are higher. The TSF will not be applied to retreaded tires.

OTS will review the fees on an annual basis to ensure that fees are set to collect only the revenue required to meet Program requirements.

### ***Stockpile Elimination***

One of the core elements of the Used Tires Program is the complete elimination of existing scrap tire stockpiles. It is estimated that approximately 2.8 million scrap tires currently sit in stockpiles across the province. OTS will work with the Ministry of the Environment to ensure an aggressive identification, prioritization, and execution of stockpile site clean-up.

### ***Ensuring Best Practices***

The Used Tires Program is based on stewards working to find effective end-of-life solutions for scrap tires. However, illegitimate scrap tire disposal practices exist in the marketplace today. The elimination of illegitimate disposal of scrap tires is one of the core objectives of the Program, and will be targeted by changing the current economics of scrap tire management to make 3Rs options more economically attractive than disposal, and by implementing a persuasive P&E program focused on tire users.

Under the Used Tires Program scrap tire generators will not be charged a fee for the pickup of scrap tires. Haulers will be paid by OTS upon the delivery of the tires to approved scrap tire processors. In addition, a formal manifest system will be introduced to track tire movements from collection to processing into a recycled product entering the marketplace. This chain of custody will be regularly verified by OTS by auditing the reported movements of scrap tires and their final destinations. The payment of incentives to registered Collectors, Haulers and Processors will be contingent on the results of these audits, creating an incentive to recycle rather than illegally dispose of scrap tires.

### ***The Road Forward***

To drive the collection and diversion objectives of the Used Tires Program OTS will undertake a communication campaign to engage all stakeholders in the management of scrap tires. The target audience for the campaign will include:

- Stewards
- Consumers
- Tire retailers and mass merchants
- Collectors including municipalities
- Haulers
- Processors
- Retreaders
- Environmental groups

- Automobile dealers
- Agricultural and heavy equipment dealers

The communication campaign will be designed to engage the full range of stakeholders to direct scrap tires to 3Rs management and to eliminate illegitimate disposal of scrap tires.

The tools employed will include point-of-sale consumer information regarding the program and its objectives, newspaper advertisements, press releases, workshops, radio public service announcements and other communication resources, and will be developed in conjunction with stakeholders to yield maximum uptake of the program.

In keeping with 3Rs principles, a significant component of the communication campaign will be focused on educating tire consumers how to extend the life of their tires, thereby reducing the annual production of scrap tires. The Program estimates an annual reduction in the generation of scrap tires of 2% over the 5 years of the Program, avoiding the generation of almost 4,500 tonnes of scrap tires.

## **Conclusion**

The implementation of the Used Tires Program Plan will achieve a number of significant benefits for all Ontarians:

- **Environmental** – eliminating the illegitimate disposal of scrap tires, reducing the annual generation of scrap tires through ‘reduction education and managing the annual generation through reuse and recycling.
- **Health & Wellness** – reducing the risk of fire or spread of disease such as the West Nile virus by remediating all the tire stockpiles in Ontario in the first 3 years of the Program; .
- **Economic** – investing in the businesses that manage scrap tires in the Province of Ontario, contributing to their growth and economic well-being; and
- **Innovation** – funding research and development into beneficial management options for scrap tires, and by supporting the development of new processes and markets for recycled rubber products.

## Q&A

April 2009

# Ontario Used Tires Program Plan Q&A

### ***Does Ontario need a managed scrap tire diversion program?***

- The environmental issues associated with scrap tires are well known:
  - Stockpiles of tires present potential serious health concerns as a haven for pests and mosquitoes, and thus a breeding ground for the West Nile virus.
  - Stockpiles also present potentially serious fire hazards in our communities.
  - It is estimated there are approximately 2.8 million tires stockpiled in Ontario
  - Illegal dumping of scrap tires is an eyesore with municipalities and property taxpayers paying the costs to remove and manage these tires.
- Ontario currently generates over 11 million on-road scrap tires annually, but only about 50% are reprocessed here in Ontario into new products. The remainder is either exported to the U.S., landfilled, or stockpiled.
- There has been no organized effort to collect and recycle off-the-road (OTR) tires in Ontario to date, and little is known about the current management of these tires.
- Ontario is the only province in Canada without a managed scrap tire program. All other provinces have implemented systems that prevent illegal dumping and made significant progress, or completed, cleaning up existing stockpiles.
- The current free market system in Ontario has inherent flaws which:
  - Encourages illegal dumping;
  - Does not encourage the movement of scrap tires to local processors;
  - Does not support higher value recycling or innovation in scrap tire recycling; and
  - Does not encourage stockpile clean-up.

### ***Doesn't Ontario Have a Tire Stewardship Program Already?***

- There is currently no formal used tire management in place in Ontario. Used tire management decisions are driven by market economics, with lowest-cost processing options consuming tires to the detriment of 3Rs processing. Tire dealers and retailers charge disposal fees according to their business needs, and there is wide variance across the Province.
- The Used Tires Program will formalize the management of scrap tires in the Province, implementing robust tracking and auditing mechanisms along with incentives designed to “push” scrap tires to 3Rs processing, funded by a Tire Stewardship Fee (TSF) levied on producers for every new tire supplied into the Ontario market. The TSF will be remitted by the producers to Ontario Tire Stewardship and will be used exclusively to manage the program.

### ***Who Is Ontario Tire Stewardship?***

- Ontario Tire Stewardship (OTS) is a not-for-profit Industry Funding Organization established under the terms of the *Waste Diversion Act* by Waste Diversion Ontario. With the used tire program, OTS has been mandated to find new and innovative solutions for the responsible management of end-of-life scrap tires in Ontario. OTS has also been charged with developing a plan to eliminate scrap tire stockpiles across the province, and promote the reduction, reuse, and recycling of scrap tires.
- The OTS Board of Directors is made up of brand owners and first importers of tires including representatives of tire and vehicle manufacturers, distributors, and retailers.

### ***What Are The Program Benefits?***

- ✓ An industry managed scrap tire collection and recycling system that will divert over 90 percent of on-road scrap tires, annually, over the first 5 years of the program and establish an industry-funded, sustainable system.
- ✓ A stockpile abatement and remediation strategy that will result in the complete elimination of scrap tire stockpiles in Ontario within three years.
- ✓ Tracking systems that will help eliminate illegal dumping of scrap tires and ensure that tires are managed by service providers that have adopted best practices.
- ✓ Incentives to promote investment in the scrap tire processing industry and to develop new markets for recycled materials and innovative uses for recycled rubber products.
- ✓ A new dedicated Tire Stewardship Fee to be remitted by all brand owners and first importers of tires to fund the program, ensuring a level playing field.
- ✓ An inclusive administration model to help strategically guide the program to bring together industry and other affected stakeholders to ensure the effective and efficient delivery of the Used Tires Program.

### ***How Does the OTS Plan Work?***

The Used Tires Program brings together the major stakeholder groups in a cooperative model:

#### **1. Brand Owners and First Importers**

Tire brand owners, (which include tire manufacturers and major tire retailers), and first importers (companies that import tires for sale in Ontario, including tires installed on vehicles) are designated the Stewards and are obligated to pay a Tire Stewardship Fee (TSF) for every tire they supply into the Ontario market. This fee is paid to Ontario Tire Stewardship to cover the costs associated with collection and recycling of the scrap tires.

#### **2. Tire Retailers and Dealers**

Tire retailers and dealers collect used tires from consumers and provide temporary storage until they have sufficient quantity to warrant calling a Tire Hauler to pick-up the accumulated used tires.

Tire retailers and dealers may register with OTS as Collectors, and will be paid a Handling Allowance for each tire collected.

Tire retailers and dealers may also be Stewards if they are brand owners and/or first importers of tires in Ontario.

3. Municipalities

Currently 89 municipalities across Ontario collect used tires through collection events, at depots and through other channels. Under the Used Tires Program municipalities may register with OTS as Collectors of used tires and will be paid a Handling Allowance for each tire collected.

4. Tire Haulers

OTS will implement a registration and manifesting system to track scrap tire movement by registered haulers from all registered collectors to registered scrap tire processors, thus helping to eliminate the illegal dumping of scrap tires. Haulers are paid by OTS, after the scrap tires are delivered to a registered processor.

5. Rubber Processors and End Markets

The Used Tires Program includes processing and end-market incentives to promote the production of higher value added materials from scrap tires, such as crumb rubber, which can then be recycled into automotive parts, other molded products, rubberized asphalt, sport surfacing etc. Processors are paid on a hierarchical incentive structure, based on 3R principles, after their product is sold into the marketplace.

The Used Tires Program also includes elements that support broader program objectives including:

- R&D funding for rubber recycling and Tire Derived Products (TDP) utilization projects.
- Funding for a promotion & education (P&E) campaign to develop public education materials supporting program collection and diversion objectives.
- Clean up of existing tire stockpiles.
- Overall program administration including regular financial and operational audits to verify compliance with the Waste Diversion Act and the Program Plan and successful achievement of program objectives.

***What are the Next Steps for Implementing the Used Tire Program?***

- ❖ OTS will be contacting all used tire stewards, collectors, haulers and processors through target mailings and outreach sessions beginning at the end of April and continuing until program implementation on September 1<sup>st</sup>, 2009.
- ❖ Used tire stakeholders can visit the OTS website at [www.ontariotirestewardship.org](http://www.ontariotirestewardship.org) for implementation details in the coming weeks.
- ❖ Stewards, collectors, haulers and processors will be able to register with OTS starting July 1<sup>st</sup> 2009. This process will be available online through both the OTS website or by completing and submitting paper forms.
- ❖ For more information on the Used Tires Program Plan contact OTS at [info@ontariotirestewardship.org](mailto:info@ontariotirestewardship.org).