
TIRE STEWARDSHIP PLAN

For

BRITISH COLUMBIA

August 17, 2006

Prepared and Submitted by: Tire Stewardship B.C. Association

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1.0 BACKGROUND

The Financial Incentives for Recycling Scrap Tires (FIRST) program was introduced in June 1991 in response to concerns that scrap tires were posing environmental and human health risks. The program provides a system of financial incentives for the transportation and recycling of scrap tires. Program funding was via a \$3 per tire levy on the purchase of new tires, which came into effect in 1990.

Under the program, BC generated scrap tires are converted into either a Tire Derived Product (TDP) or a Tire Derived Fuel (TDF). The primary TDP is crumb rubber (rubber granulated to the consistency of coarse salt or finer), which is sold for use in other products such as running tracks, livestock bedding and rubberized asphalt. TDF can be whole or shredded tires consumed to generate heat in cement kilns or co-generation facilities.

Since its inception the FIRST program has resulted in numerous benefits to the environment and economy of British Columbia. Over 40 million scrap tires have been diverted from inappropriate and environmentally damaging disposal through adapting more environmentally benign methods. In addition, economic benefits have been achieved through the development of a small, specialized sector, which is creating employment and other economic benefits from the processing, and use of scrap tires for alternate purposes.

The Ministry of Environment is responsible for delivering the FIRST Program. It provides the overall leadership and strategic direction and approves the program's major policy decisions. Day to day operations are contracted out to a consulting firm whose primary functions include claims processing, liaison with program participants, program monitoring and reporting and the provision of management consulting services.

In September 2002 the Ministry released its "Industry Product Stewardship Business Plan", in which the Ministry identified the FIRST program as a candidate for industry stewardship. In response to the Ministry's business plan, industry stakeholders, concerned with developing a means of ensuring that the environmental and economic benefits achieved by the FIRST program are maintained, submitted a tire stewardship proposal to the Ministry in December 2002. Building on the recommended model proposed by the Scrap Tire Advisory Committee, brand-owners and industry association representatives began discussions in February 2003 to identify the next steps in the transition from a government-operated tire-recycling program to an industry product stewardship model.

On June 5, 2003 the Rubber Association of Canada, the Western Canadian Tire Dealers Association and the Retail Council of Canada signed a formal Memorandum of Understanding proposing to create a not-for-profit society called Tire Stewardship BC Association to accept responsibility for the private sector stewardship of the FIRST Program and, henceforth, managing British Columbia's scrap tire program as an industry led initiative. Discussions with Ministry officials have been ongoing over this period.

On March 30, 2006 the Recycling Regulation was amended to include tires and agreement was reached soon thereafter between TSBC and MOE on an orderly transition from FIRST to industry stewardship.

2.0 INTRODUCTION

The purpose of this document is to outline the requirements of tire producers under the amended Recycling Regulation (449/2004) and to present a proposed industry stewardship plan, subject to the stakeholder consultations.

2.1 *Recycling Regulation 449/2004*

Originally approved as an Order-in-Council on October 7, 2004, the Regulation was amended on March 30, 2006 to include tires.

2.2 *Duty of Producer*

The Recycling Regulation defines “producer” as (i) *‘a person who manufactures the product and sells, offers for sale or distributes the product in British Columbia under the manufacturer’s own brand. (ii) a person who is not a manufacturer of the product but is the owner or licensee of a trade mark under which a product is sold or distributed in British Columbia, or (iii) a person who imports the product into British Columbia for sale or distribution.*

For the purposes of the Amendment and the industry stewardship plan, tire producers must prepare or be part of an approved stewardship plan. In addition, tire retailers must participate in an approved stewardship plan. The amended Regulation, Part 2, Section 5(1), has very specific requirements. This plan **must** include the following:

- The plan must be submitted for approval of the Director by August 28, 2006
- The plan must achieve a minimum 75% recovery rate (TSBC plans to recover 90%)
- Establish performance requirements
- Consult with stakeholders prior to submitting plan for approval and provide opportunity for stakeholder input
- Reasonable and free consumer access to collection facilities
- Adequately provide for the collecting and paying the costs to administer the program
- Make consumers aware of the program, location of collection facilities and how to manage products in a safe manner.
- Measure the performance of the stewardship plan in terms of management costs and environmental impacts
- Include a dispute resolution procedure between producers and persons providing services
- Measures to eliminate or reduce the environmental impact of the product throughout the product’s life cycle
- Measures to adhere to the pollution prevention hierarchy

In addition to the above requirements, Section 5(2) provides the Director with the option to consider a number of other factors before ruling on whether to approve the plan

- a) the advice of a committee of up to 12 persons the director appoints for the purpose of giving advice on the plan.
- b) The timelines and effectiveness of the plan respecting the matters referred to in subs (1)
- c) The population and geographical area of markets in which the producer sells, offers for sale or distributes the product
- d) The manner in which the product is marketed and retailed by the producer
- e) The nature of the product

- f) The amount of product the producer expects to sell or distribute each year
- g) The amount of product the producer expects to collect each year
- h) The size of the population intended to be served by each collection facility
- i) The provision of convenient options for the collection of products in urban centers and small isolated communities, and for persons with disabilities or who have no access to transportation
- j) The manner, kind and amount of advertising and consumer education planned by the producer to inform consumers of the location and operation of collection facilities and the environmental and economic benefits of participating in the product stewardship program
- k) The methods of product collection, storage, transportation and management
- l) The product stewardship programs of other producers in the same product category
- m) The structure of financial and operational co-operation with other producers

2.3 ENTITIES UNDER THE REGULATION

The Recycling Regulation for tires requires that any firm or person who produces or sells tires in the Province of British Columbia, (see Chapter 4.4 for a list of the type of tire products covered by the Regulation), must comply with the regulation. As the agent of tire producers and sellers, Tire Stewardship B.C. will create a web-based listing of all firms deemed to be subject to the regulation and encourage them to participate in the approved plan.

2.4 TIRE STEWARDSHIP B.C. ASSOCIATION

The Tire Stewardship BC Association is a not-for-profit society formed as the Agency by the major tire producers in British Columbia, in accordance with Part 1 of the *Recycling Regulation*, to create and manage a tire product stewardship plan for the province of British Columbia. The current members of TSBC include, The Rubber Association of Canada, Retail Council of Canada and Western Canada Tire Dealers Association. It is anticipated that in the near future other affected stakeholders may be invited to join the Board in order to ensure effective representation across all major producer organizations.

In addition, TSBC understands the potential advantage of having a multi-stakeholder advisory committee comprised of processors, transporters, municipalities, consumers and recognized environmental groups to ensure that those directly affected have a forum to communicate their views through the ongoing implementation and growth of this stewardship plan.

A list of TSBC board members is included in Appendix 9.2, along with a copy of the Association's By-laws.

The registered office of TSBC is located at:

Tire Stewardship BC Association
c/o Johns, Southward, Glazier, Walton & Margetts
Barristers & Solicitors
202 – 911 Yates Street
Victoria, British Columbia, V8W 2R9

Contacts: Mr. Glenn Maidment
The Rubber Association of Canada
Phone: (905) 814 1714
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Ms. Rachel Kagan
Retail Council of Canada
Phone: (416) 922-0553 x318
rkagan@retailcouncil.org

Mr. Don Blythe
Western Canada Tire Dealers Association
Phone: (604) 507 9772
wctda@telus.net

2.5 Program Management and Administration

The TSBC Association will be responsible for the overall leadership and strategic direction, and approval of all the program's major policy decisions. The Board will manage and oversee program operations including hiring an Executive Director under contract to: manage all the day-to-day operations of the program; work with and manage all Board approved outsourcing contracts; and be the main point of contact for program participants, other provincial programs and the public etc.

2.6 Goals

The FIRST Program presently operating in British Columbia has been successful in diverting over 90 per cent of all tires currently capable of being recycled within the bounds of existing economical technology. A primary goal of the program under private sector stewardship is, in a seamless transition, to not only maintain this significant achievement, but also to improve upon it, both within the domain of current tire recycling and by adding tires that are currently not being recycled. In addition to this primary goal the Association's intention is to:

- Operate a fiscally responsible and transparently accountable producer Association
- Eliminate existing scrap tire tipping fees
- Provide consumers with accessible collection of scrap tires at tire retailers throughout BC
- Introduce consumer education materials to extend tire life, thus reducing scrap tires
- Encourage local Landfill Bans once sustained scrap tire markets are developed
- Work with other provincial programs to address recycling of off the road tires (OTRs)

2.7 Environmental Protection Concerns

One notable advantage of a successfully operating scrap tire stewardship plan is the mitigation or elimination of any environmental concerns deriving from the amassing and improper storage of scrap tires. Such improper storage (of scrap tires) can result in very significant environmental protection problems. The most serious potential concern is the air and effluent pollution that may result from a tire stockpile fire. Once tires ignite they tend to be very difficult to extinguish and the resulting air emissions and effluent discharges can cause serious human health and environmental degradations

In addition, the above ground storage of scrap tires can be a breeding ground for rats and insects. Scrap tires are also very difficult to bury in a landfill. Due to their buoyancy, tires tend to force their way to the surface of the landfill over time. Most local governments have banned scrap tires from being disposed of in their landfills

It is the Association's intention to work with local fire authorities, health authorities and program participants to ensure that the risk of fire and the more recent concern of the West Nile virus, is mitigated through proper tire storage.

Given that the program will regularly collect, at dealer source as they are generated, and efficiently divert over 90 per cent of scrap tires to recycling operations, the above noted environmental concerns will be either be avoided or eliminated.

3.0 CONSULTATIONS and COMMUNICATIONS

Purpose

The purpose of the Consultation Process is to ensure all interested parties and affected industry stakeholders have an opportunity to provide input and to influence the final program plan, for the betterment of all British Columbians and the environment. TSBC has identified and initiated communications with the following five key target audiences for the purpose of encouraging respondents to offer constructive feedback to this stewardship plan. Results of these consultations can be found in Appendix 9.3.

3.1 Industry Producers

This group is comprised of representatives of tire manufacturers, tire retailers, automotive dealers etc. who may have obligations under the Recycling Regulation.

Industry and Trade Associations

Industry and trade associations are best able to identify and communicate with potential stewards (their members) to encourage them to participate in the consultation process. These associations include, but not limited to:

- Association of International Automobile Manufacturers' of Canada,
- Canadian Bus Association,
- Canadian Vehicle Manufacturers Association,
- Motorcycle and Moped Association,
- B.C. Recreational Vehicle Dealers Association,
- Western Canada Tire Dealers Association,
- Freight Carriers Association of Canada,
- Retail Council of Canada
- Rubber Association of Canada.
- New Car Dealers Association of B.C.
- Private Motor Truck Council of Canada
- Recreational Vehicle Owners' Association of B.C.

3.2 Other Affected Industries/Stakeholders

Representatives of other industries that may be affected by the development and implementation of an industry diversion program for tires. These industries may include:

- large industrial and commercial users of tires
- private companies providing collection of used tires
- transporters of used tires
- processors of used tires, and
- end markets for processed used tires.

3.3 Identified Community, Environmental and User Interest Groups

These groups include, but are not limited to:

- Canadian Automobile Association
- Canadian Institute for Environmental Law and Policy
- Citizen's Network on Waste Management
- Clean Air Foundation
- Recycling Council of B.C.
- Pollution Probe
- Sierra Club of Canada
- Consumers Association of Canada

3.4 General Public

Residents of British Columbia are consumers of tires and generators of used tires and may have a direct interest in the development of a diversion program for used tires. As such, the general public will be advised of consultation opportunities through regional awareness strategies and will be encouraged to review documents available on websites and communicate their questions in writing.

3.5 Municipalities

Union of B.C. Municipalities

Many municipalities, represented by the UBCM, currently provide collection facilities for used tires and may continue to do so under a diversion program.

3.6 Consultation Process

The consultation process contained the following elements:

1) *Prepare and Circulate a Pre-Consultation Paper*

Develop Consultation paper for stakeholders as a backgrounder to promote dialogue with the stakeholders.

2) *Database of Identified Stakeholders:*

Create an inventory of Producers and Affected Industries in database format that will form the core of consultation activities. This database will provide a basis for the longer-term use by TSBC in the period of implementation.

3) *Notice to Identified Stakeholders:*

A notice outlining the consultation process and schedule will be mailed to identified stakeholders.

4) *Press Release to Industry and Retailers Associations:*

A media release will be distributed to industry and retail associations' newsletters to inform their members of the consultation process and schedule.

5) *Press Release to British Columbia Business Media:*

A media release outlining the consultation process and schedule, with a special focus on workshops will be distributed to appropriate communications opportunities so that the workshops will be listed in “Coming Events”.

6) *Consultations Workshops:*

A minimum of four Consultation workshops will be held in British Columbia (Vancouver Is., Lower Mainland, Northern Interior and Eastern B.C.) will be held as key events in the consultation process, during the summer of 2006. Exact date, times and locations will be posted and circulated to affected, interested parties as soon as possible.

7) *Website:*

The availability of the background information package and details regarding the development of the program plan and consultation dates will be posted at www.wctd.ca/tsbc.htm and links to members’ websites such as The Rubber Association of Canada and Retail Council of Canada etc.

3.7 Consultation Results and Learning

Introduction

An invitation to tire retailers, manufacturers and other interested parties was sent via letter on June 20, 2006, inviting people to attend one of four consultation sessions to learn and discuss the plan to transition the FIRST program to industry stewardship. Prospective attendees were encouraged to read the Backgrounder and Intentions paper which was posted to the TSBC web-site at that time. In addition, the Stewardship Plan was posted to the web-site several days prior the meetings and prospective attendees were notified and encouraged to read the document in advance.

The four consultations were held as follows:

July 17	Kelowna	22 attendees
July 18	Prince George	12 “
July 19	Surrey	44 “
July 20	Nanaimo	21 “

A complete list of attendees and comments, grouped by sector, is included in Appendix 9.5.

On balance, the consultations raised a number of good points and suggestions and there was genuine goodwill expressed for an expeditious transition. One point that became very clear was the need to quickly establish an Advisory Committee to assist the TSBC Board to address the issues raised. A number of attendees expressed willingness to sit on such a committee.

Issues Summary

The comments and suggestions are grouped by the following: Regional Districts, Processor/End-Users, Haulers, Retailers and Other.

In summary form, the key issues each group raised are as follows:

a) *Regional Districts*

First and foremost, the regional districts want to see cost recovery for the collection and storage costs they incur. There is an acknowledgement that not all regional districts need to be treated the same; some for example might choose to ban tires from their sites, while others may wish to act as a depot or marshalling yard for the tire board. There is a strong desire from the RD to have all tires included in the program as soon as possible. There was also uniform support for an advisory committee and that it should include the RD.

b) *Processors/End-Users*

End –use credits came up as an issue in several meetings, where it was noted that Alberta and Saskatchewan have a credit system in place whereby manufacturing firms, based in the province, receive a financial incentive to use Crumb Rubber.

Other processors raised concerns that some products identified in the plan were unwarranted in B.C., notably 4” tire shred and 80 mesh crumb rubber. Another important issue for some processors was the need to only accept tires from haulers of their choosing. Another issue expressed was the concern the tire board would encourage new entrants into the business, making everyone compete for too few tires, which ultimately hurts everyone. One processor expressed the concern the new board might drastically cut incentive rates with undue haste or proper notice.

c) Haulers

The current hauling rates have not kept up with inflation over the years and therefore in some regions of the province, notably lower mainland, haulers have introduced tipping fees to supplement their income. Some haulers expressed concern the new rates introduced by the tire board might reduce their current income levels. Several haulers expressed the need for representation on an advisory committee.

d) Retailers

Generally, retailers expressed the view the new program should be administratively simple and be a level playing field. In addition they will need to see extensive consumer literature.

e) Other

General concerns or issues not expressed elsewhere, include:

- need to improve tire recycling education and public relations
- need to strengthen environmental considerations in Guiding Principles
- need to ensure harmonization with neighbouring jurisdictions
- need to ensure the program is flexible and dynamic
- need to ensure cost containment

TSBC Issues Management

Going into the consultation process, the TSBC Board generally favoured the notion of continuing with the current FIRST program policies and procedures in the near term, and as much as practical, in order to minimize disruption in the marketplace. After listening to the concerns and issues raised and studying the comments received, the Board wishes to re-confirm this intention. That said, of the specific issues raised by the stakeholders, the Board makes the following comments:

Issues Management	
Issue	TSBC Response
1. Municipal Cost Recovery	TSBC is open to exploring the opportunities for selected regional districts to act as depots or marshalling yards for tire collection and storage. This represents an important topic for discussion at the Advisory Committee level, which would have RD representation. While the advisory committee could begin its work later this fall, TSBC cannot commit to introduction of such a plan until the financial implications are clearly understood and accounted for.
2. End-Use Credit	TSBC is open to the idea of an end-use credit, but this should be a topic for the Advisory Committee, and one which should not be expected to be introduced until after the stewardship plan is operational.
3. Tire Shred (4”)	The current FIRST program added a TDP3 category about ten years ago, which includes 4” tire shred for civil engineering applications. At the time, supply of scrap tires exceeded processor demand and so more uses were encouraged. Today, demand exceeds supply and so to

	encourage 4” shred only serves to take product away from higher value options. TSBC proposes to keep the TDP3 category, but to make the product only available on a case by case basis.
4. 80 Mesh Crumb Rubber	There is no significant market for this product and no reason to encourage its production in B.C.
5. Processor Choice	The current FIRST program allows processors the right to choose their scrap tire supplier. TSBC intends to follow this policy, but reserves the right to re-visit it if circumstances dictate.
6. New Entrants	In keeping with earlier positions, TSBC will, unless circumstances dictate otherwise, maintain the same FIRST policies for new entrants. It is the view of TSBC that current scrap tire demand exceeds supply and therefore potential new entrants will need to demonstrate how they can fit into the current market realities.
7. Reducing Rates	Both processors and haulers expressed some concern that TSBC might unilaterally reduce rates on selected subsidizes without due notice. In keeping with the planned approach to work within the FIRST program, as much as possible, Policy 29 states any changes which reduce the level of credit will be given one year’s notice, but may be implemented sooner if acceptable to affected stakeholders. With the exception of the TDF credit, TSBC will work within the parameters of Policy 29.
8. Hauler Tip Fees	TSBC is on record as having a goal to eliminate tip fees. But it is unlikely this can be achieved right from the start. TSBC needs to ensure its fiscal house is in order before committing the resources to attain this goal.
9. Retailer Issues	TSBC shares the concern of all tire retailers that the plan be simple to administer, promote a level playing field and provide retailers sufficient consumer educational material. This is why so much financial resources will be spent upfront to ensure a solid launch with strong participation from all retailers.
10. Other Issues	TSBC shares the concerns raised in Other Issues. We believe our plan will improve tire recycling education and public relations; it does encourage harmonization with neighbouring jurisdictions; it will be flexible and dynamic; the annual reporting will help to ensure cost containment, and TSBC will consider strengthening environmental language in the Guiding Principles.

Advisory Committee

In addition to these identified issues, TSBC agrees an Advisory Committee should be struck as soon as possible to address many of the concerns and challenges raised during the consultations. TSBC will be sending a letter to all attendees and stakeholders notifying them of such and seeking nominees from the various sectors. Based on the discussions to-date, TSBC believes the committee ought to include two processors, two haulers, two municipal representatives, an environmental rep, an end-user, an auto recycler, a representative from the automotive retailer

group and perhaps an MOE observer. This is not intended as a definitive list, but does reflect the discussions from the meetings. TSBC would hope to have the committee populated by mid- September and a first meeting later that month.

4.0 PROPOSED OPERATING MODEL

Unlike many other industry stewardship programs which are developed from scratch, British Columbia has had a very successful scrap tire program in place since 1991. As such, TSBC proposes a seamless transition to minimize disruption in the marketplace. Tire processors and transporters are well established, and approximately 90% of scrap tires are recovered for recycling purposes. This is an enviable result and therefore requires only modest improvements.

4.1 Program Stewardship

Under the amended Recycling Regulation, producers must develop or be part of an approved stewardship plan, and tire retailers must participate in an approved stewardship plan, if he/she sells tires in the province of British Columbia. According to Section 3.2 (1) “a retailer must not sell or offer to sell the product to consumers unless the retailer participates in an approved plan”.

It is anticipated the funding system will remain a retail-based funding model, as at present, with a few notable changes: eco fees will be set to reflect the environmental cost of end-of-life diversion, which will help to eliminate the unfair cross-subsidization which is currently inherent in the FIRST program. (Currently, the FIRST program charges \$3.00 for all highway-type tires, yet commercial truck tires, which weigh 5-6 times passenger tires, are more costly to recycle, thus small tire users are subsidizing the cost of large tire users). Secondly, all monies raised thru these eco fees will go to Tire Stewardship B.C. and will be used solely and completely to support tire collection and recycling.

4.2 Program Synopsis

- Eco fees, based on retailer tire sales, remitted to Tire Stewardship B.C.
- No-charge scrap tire pick-up, collection and transportation from Retail sites (see Chapter 3.7, Issue 8, Hauler Tip Fees)
- Other strategic arrangements to permit the efficient collection and transportation of tires from rural and northern areas to processing sites
- Incentive payments for transportation from collection points to processing sites
- Incentive payments for processors based on the Province’s Pollution Prevention hierarchy of increased payments for increased processing and value added
- An R&D program focused on market development to ensure environmentally efficient and economically viable markets for products from scrap tires
- A Public Education program to communicate the benefits of reduction, re-use and recycling, along with the specific tire-related benefits associated with improved vehicle and tire maintenance
- A Stockpile Clean-up program to ensure that stockpiles are remediated
- A formal dispute resolution process, incorporating both mediation and arbitration, to ensure that disputes are resolved in a timely, fair and impartial manner
- A Compliance Monitoring and Enforcement program to ensure that the incidence of ‘free riders’ is minimized

- Pre-established Key Performance Metrics which will set measurable, achievable targets for operations.

4.3 Proposed Funding Model

To provide sufficient revenue for the successful operation of the Tire Stewardship Plan, the funding model will follow the successful approach from the FIRST program, ie. a retail-based eco fee. Experience has shown that within the tire industry, a retail based eco fee is the only point throughout the distribution chain that can ensure a level-playing field and thus preserve the financial integrity of the program and be fair for all parties.

The current levy system under FIRST calls for a \$3.00 environmental levy based on the retail purchase of all tires costing more than \$30.00, with a few limited exceptions. Tire retailers collect the fee from consumers and remit the full amount to the Ministry of Finance, who then forward a significant portion, though not all of the amount, to FIRST to run the program. Tip fees have been introduced by transporters in some instances and the government has, from time to time, been forced to add additional funding to sustain the program.

In addition, the \$3.00 levy of passenger, light truck and commercial tires effectively means small tire users are subsidizing large tire users, because large scrap tires are more costly to recycle; secondly, when government adds funding support to FIRST, taxpayers are footing the bill, not tire users.

TSBC contemplates several initiatives to put the new program on more solid financial footing, including:

1. TSBC will conduct its due diligence to assess the true cost of environmental stewardship. An independent financial consultant has been hired to analyze the processor and transporters operations (with their full cooperation) to determine the true costs. This report is slated for completion by the end of Aug 2006 and will be incorporated in the decision-making process to determine the new eco fee structure.
2. Introduce an eco-fee as appropriate for each tire type, to cover the actual waste diversion cost. This will mean variable fees for passenger tires, commercial truck tires and other off-road (in several provincial jurisdictions, passenger and light truck levies are \$4.00, while commercial truck levies are \$9.00).

For the tire retailer community then, there are only two important changes proposed by TSBC, both of which will be simple and straightforward to administer:

1. the eco fee will be variable, based on the tire type sold
2. the monthly eco fee remittance is sent to TSBC, **not the Ministry of Finance**

4.4 Tire Product Category

Schedule 4 of the amended Regulation describes the tire product type to be captured under the new program as, “consists of pneumatic or solid tires designed for use on a motor vehicle, farm tractor, trailer, or other equipment or machinery but does not include

- a) tires designed for use on cycles, wheelchairs or three-wheeled motorized devices designed for the transportation of persons with physical impairment,
- b) tires designed for use on an aircraft or wheelbarrow,
- c) tires that ordinarily have a retail value of less than \$30; and

- d) tires designated with a tread code of C,E,G,L or IND in the 2005 Tire and Rim Handbook of the Tire and Rim Association of the United States, as amended from time to time.”

4.5 Scrap Tire Collection Facilities

Scrap tire collection system is well established in the tire industry as motorists and consumers leave their old tires at the retailer when purchasing new tires. The only time this doesn't happen is when a consumer is purchasing winter tires and elects to keep the other tires for the next season, or the consumer has an alternative use for the scrap tires, which rarely happens.

The TSBC Plan is mindful that in some instances tipping fees have crept into the current collection system. Once TSBC completes its due diligence process and can more accurately determine its cost structure, TSBC will endeavour to pay transportation rates which obviate the need for tipping fees.

In terms of the number and location of collection sites, any retailer who sells or leases a vehicle, or sells a tire is a collection site. A review of the Standard Industry Classification data indicates the following major groupings in B.C.:

Retail Tire Dealers	-	547
New Car Dealers	-	523
Service Stations	-	1222

In addition, there are farm equipment dealers, vehicle transport and leasing companies, motorcycle dealers, used car dealers etc. which will be collection sites across the province. Notices will go out to each of the respective associations and individual retail locations to make them aware of the pending changes and ensure their cooperation.

4.6 Processors/Transporters

The transportation and processing of scrap tires is well established in B.C. as a result of the FIRST program, and many useful program policies have been developed over the years. As such, TSBC will endeavour to keep the essential FIRST program and policy structure in place, during the start-up phase, but a thorough analysis of the incentive structure will be conducted prior to establishing an eco fee schedule.

Transportation Incentive

Payment for transportation is designed to accommodate the specific and unique characteristics of B.C. Drawing from successful experience in the FIRST program, the transportation incentive system is based on the tonnage of scrap tires being transported, and the distance from the collection point to the nearest processing point. At issue is the incentive rate which has not kept up with inflationary costs over time. TSBC will undertake a detailed analysis of these costs, and, coupled with the consultative process, establish a fair and equitable rate system at program transfer date.

This does not mean that tires must only be transported to the nearest processing point, only that the incentive payment for transportation will be based on the distance from the collection point to the nearest processor.

The Transportation Cost Model also takes into account the type of truck most likely used for collection, and incorporates the cost of loading that truck. Operating costs are based on

Transport Canada surveys of truck operators. The tire policies relating to the transportation of scrap tires, nearest processor, ferry credits, eligible distances to processor sites, and the schedule of trucking credits per kilometre/tonne will continue to be followed. A summary of all FIRST tire policies is included in Appendix 9.4.

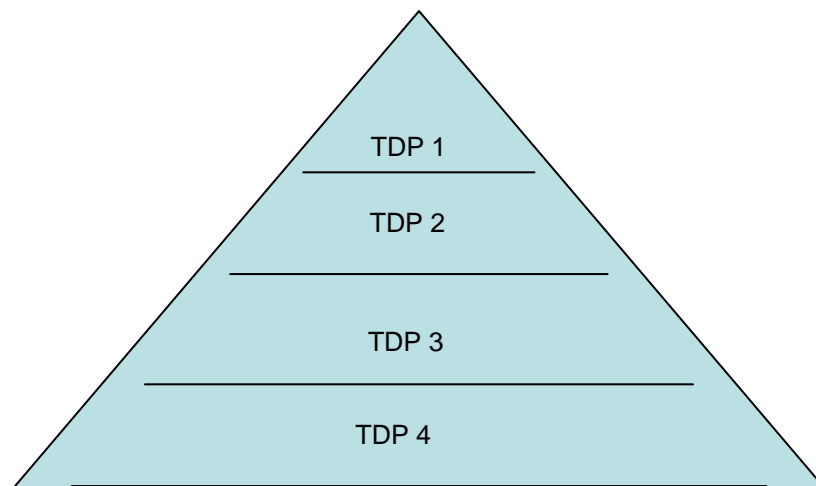
Processor Incentive

As required by the Regulation, the scrap tire recycling program will adhere to the pollution prevention hierarchy of reduce, reuse, recycle (TDP), recovery for energy (TDF) and residuals management. The Tire Stewardship BC Association will continuously strive for cost-effectiveness and efficiency while at the same time offer higher end-use credits for the processors and end-users that recycle the tire versus using them for energy recovery. Incentives will also be in place to ensure that very little, if any, residuals result from processing the tire.

The Tire Stewardship BC Association will continue to use the scrap tire processors currently registered with the FIRST program and adopt their protocols for determining the addition of new entrants. The processor registration process currently in existence will be maintained.

As with the transport incentive fees, a detailed analysis of the processing incentive structure will be undertaken prior to program transfer date. It is expected that processing incentives will encompass a pollution prevention hierarchy of incentive payments, with greater payments made for higher value end use applications requiring greater processing of the scrap tires.

Processing Credit Hierarchy



Notes:

- **TDP1** - Includes operations that reduce the scrap tire to a highly processed form, typically to a crumb rubber or powder form for use in producing new products such as blocks or mats (particle size up to approximately 5/16" *and* free of steel and fibre).
- **TDP2** - Includes operations that process or change the shape of the scrap tire but utilise components of the scrap tire essentially in their original form: examples include blasting mats and portable terrain mats. Also includes end products made from scrap tire shred: particle size range >5/16" up to 3/4".
- **TDP3** - Characterized by high-volume applications such as coarse shred used as road-fill.
- **TDP4** - The product will be made from the whole tire in its original form.

4.7 Dispute Resolution

Part 2, Paragraph 5 (1) (vi) requires a dispute resolution procedure for disputes that arise between a producer and the person providing services related to the collection and management of the product during implementation of the plan or operation of the product stewardship program.

Please see Appendix 9.1 for a complete description of the dispute resolution protocol.

4.8 Administration, Enforcement and Association Operation

A professional financial consulting firm will be contracted to collect the Eco fee from tire retailers, provide audit and compliance services for revenue collection, provide expenditure administration and audit and compliance services for expenditures. Monthly reports will be required from the contractor. The reports will be similar to what the contracting firm presently provides the FIRST program, except for the additional requirement for revenue statistics.

It is the objective of the Tire Stewardship BC Association to assess the fees that are required to operate the program and to conduct the necessary research and development work to ensure a sustainable tire-recycling program in the province of British Columbia. As a not-for-profit entity, TSBC plans not to budget for an annual surplus, though a contingency line item will be established for prudent fiscal management.

Annual audits of a representative number of tire retailers will be conducted by the contracted financial consulting firm to insure that all tire retailers are remitting the Eco fee and the amount that they submit is correct.

If it is identified that a tire retailer is not conforming to the Association's program requirements, then they may be de-registered from the program and the Ministry of Environment will be advised in writing, for subsequent action.

In addition, annual audits of a representative number of tire processors will be conducted by the contracted financial consulting firm to insure that the transportation and end-use credit claims are in accordance with the Tire Stewardship BC Association policies and procedures. Should violations be found to occur, the offending party will either be assessed a monetary penalty, suspended or removed from the program, or a combination thereof. Should a processor or one of their haulers be suspended or removed from the program, the tire retailers will be informed and the processor's name will be removed from the registered list of processors posted on the Tire Stewardship BC Association website.

5.0 ADDITIONAL STEWARDSHIP ELEMENTS

In addition to managing the collection and disposition of scrap tires in the province, TSBC will undertake additional stewardship programs to promote sustainable diversion. After ensuring that diversion activities operate efficiently and effectively, these other stewardship programs play a major role in advancing the development of recycling technologies and applications, development of new or expanded markets for recycled tire products, public education and awareness building through communications.

These program elements will be individually specified by plans that define deliverables, value-add and contribution to TSBC's mandate for the Scrap Tire Diversion program. Governance will be maintained by the establishment of sub-committees of informed volunteers who will collaborate with TSBC staff to ensure that the programs are delivered with optimum cost benefits.

Further details and plans under each of these program areas will be defined as part of the Year 1 Operating Plan that will be developed upon approval of this Stewardship Plan.

5.1 Research & Development

Over the past fifteen to twenty years, much research has been conducted around the world and in North America on the topic of tire recycling and product development. Tire Stewardship British Columbia can take advantage of this existing body of research, and will focus its efforts on commercialization and market development, especially in the promotion and development of economically viable market segments including:

- Fabricated Goods, produced from cut tires used to make mats, blasting mats, animal feeders, fencing, composters, planters, and rubber parts punched from cut tires.
- Civil Engineering applications for large tire shreds such as light-weight fill material in roadbed and embankment stabilization projects and whole large tires used as breakwaters and erosion barriers. Roadbed applications have demonstrated success at insulating against the effects of cold weather, thereby reducing the heaving and potholes associated with the Spring Thaw.
- Shredded and crumbed tires have been used for a range of purposes in engineered landfills.
- Medium-sized rubber crumb (5 – 10 mm) has become popular as a material for playgrounds, providing protection for children from falls and injuries. Similar material has also been used in equestrian training arenas (often mixed with sand) to provide a more secure and safer footing for horses. Rubber crumb has also been used in golf courses and sports fields to protect turf and provide better drainage.
- Pour-in-place surfaces for running tracks and playgrounds have been made using fine rubber crumb and a binding agent.
- A similar mixture of fine rubber crumb and a binding agent can be used to make a wide range of molded consumer products, including rubber mats, paving stones and blocks, curb stops, railroad crossings, automotive parts, solid wheels, fatigue mats, and box liners for trucks.
- Fine rubber crumb is a feedstock to a range of manufacturing processes.
- Loose rubber crumb is made into animal mattresses for dairy cattle.
- Ultra-fine rubber crumb has been an ingredient in sealants, soaker hoses, carpet underlay, and partially re-vulcanized rubber reclaim.
- Rubberized asphalt, using recycled rubber crumb either as a filler or aggregate replacement or as a binding agent, has been shown to enhance wear, traction performance and longevity of roads, as well as minimizing the wear-related rutting and frost deformation of roads in cold climates.
- Controlled combustion of tires can be used to recover the energy from the hydrocarbon component of tires. Both whole and shredded tires are used extensively in other parts of the world, including some other Provinces, with considerable success.

5.2 Stockpile Clean-Up

British Columbia has been remarkably successful in cleaning up stockpiles in the Province. A portion of the annual operating budget of Tire Stewardship British Columbia will be specifically allocated for tire stockpiles.

As these sites are assessed in detail as to number and types of tires, condition, topography and other issues impacting clean-up, specific project plans and financial commitments will be made. The investment available in any year of the program will be contingent on the operating budget and financial results of Tire Stewardship B.C.

The goal of this program is to eliminate any remaining stockpiled tires from various sites in the province during the initial five years of program operation. To some extent this will be contingent on the mix of processing alternatives available for these tires.

5.3 Public Education and Awareness

Tire Stewardship British Columbia recognizes that strategic measures are needed to promote the benefits of scrap tire recycling, and to encourage compliance and positive behaviour throughout the product supply chain. The tire industry estimates that up to 20 per cent of annual scrap tire generation can be avoided through improved maintenance and driving habits that could prolong tire life.

Tire Stewardship British Columbia will continue to work on promoting responsible behaviour and encouraging consumers and other stakeholders to reduce, reuse and recycle. Performance ratios and other program metrics have been designed in the Business Plan to provide ongoing information about the sources, geographies and diversion of scrap tires. Operating information provided through analysis of this data will be used on an annual basis to update the Business Plan.

Tire brand-owners, through their tire retailers throughout British Columbia, have an excellent opportunity through advertising and at point of sale to inform the consumer of the tire-recycling program. Given that their day-to-day normal commercial success in the marketplace is highly dependant on good constituent relationships, the Brand-owners do understand that there is much to be gained from regular and continuing constructive dialogue with both program participants and their constituency. Accordingly, a number of avenues will be used to educate stakeholders about the tire-recycling program:

- During the governance transfer process the Association will ensure that program participants are kept informed of key events and time lines.
- During the operational set up phase the Association will develop a communication and consultation plan directed to the program participants and their constituents.
- During the operational set up phase, the Association will undertake an extensive dealer start-up education program in order to familiarize all retail sellers of tires in the province with the new procedures.
- Brochures will be made available at the tire retailers informing tire consumers of the new Tire Stewardship BC Association, what they are doing to promote a scrap tire free

environment in British Columbia, and how the consumer can do their part to create a scrap tire free province.

- A British Columbia Tire Stewardship BC Association web site will be developed to provide consumers, local governments, existing and potential transporters and processors with detailed and current information on the program. A feedback mechanism will be included to allow for stakeholder input.
- A Consumer Information Line - a partnership will be explored with the toll free Recycling Council BC hotline to handle general calls from the public and to advise them where they can take their used tires and how tires are recycled. More difficult or technical questions will be referred to Association staff.

Once the new program is operational, over 90 percent of consumers will simply leave their scrap tires at the retailer at the time of purchase of new tires. Nonetheless, it is the Association's objective to eliminate tipping fees once the program is operating in a stable financial environment at which point TSBC will undertake an aggressive public awareness campaign to educate consumers on rubber recycling initiatives and to encourage them to adopt proper tire care practices to extend the life of their tires.

5.4 Pollution Prevention

One of the primary values of an *industry* stewardship plan is that there tends to be a much closer relationship and better communication between those who produce the product for its intended purpose, thru to its end of life management. The tire industry, for example, has a long and successful record of continuous product improvement, which has, over the years, reduced the number of new tires required for a given mileage, while improving performance and reliability.

“Reduce”

Following the principle of continuous improvement in environmental stewardship, the tire manufacturing industry has achieved considerable success in recent years in extending original tire life. In 1981, the expected lifespan of an average highway tire was approximately 47,000 kilometres. Due to extensive research and innovation on the part of industry, this lifespan has been extended to approximately 72,000 kilometres, over 50 per cent improvement. Another example of innovation now being introduced on certain model vehicles is the new “run-flat” tire technology that enables vehicle manufacturers to eliminate the spare tire, which could potentially reduce vehicle weight and improve fuel economy.

Industry has also long supported a number of consumer education initiatives, such as the “*Be Tire Smart – Play Your PART*” campaign, designed to encourage motorists to check their tire pressure monthly. The tire industry knows that with proper tire care, such as maintaining proper air pressure and tire rotation, consumers can expect to extend the life of their tires by 20% or more. Proper tire inflation also optimizes fuel consumption, thereby directly mitigating the contribution of greenhouse gases to the atmosphere. TSBC will use these materials with tire retailers to ensure this messaging gets across to consumers.

“Reuse”

Industry is presently engaged in a number of “reuse” initiatives that give new life to used tires. The two principal methods of reuse are retreading and export of used tires. The TSBC plan encourages retreading of commercial truck tires, by placing the eco fee on new truck tires only, so the pricing spread favours retreads. A reused tire casing can also be retreaded up to three times, greatly extending the life of the product and diverting it from the waste stream.

The TSBC plan also allows collectors to cull used tires for export use. Due to more harsh winter driving conditions, B.C. motorists often discard used tires sooner than they might if the driving conditions were more favourable. These used tires can be sold to off-shore markets for continued use.

“Recycle”

In addition to a renewed focus on reduction and reuse of scrap tires, the TSBC plan will also establish a new program to encourage recycling. This program will optimize the collection and processing of scrap tires, as well as the development of end-markets and value-added products. This will be achieved by implementing a series of fundamental principles and processes, contained in this plan, that include:

1. ***A hierarchy of incentives that encourages value-added processes and products*** – In B.C., the scrap tire recycling industry has an existing capacity to process some 3.9 million PTEs of the scrap tires generated in B.C. into shred, crumb rubber and metal for recycling.

While end-use markets for crumb rubber are still developing, crumb is currently being used in a variety of Tire Derived Products (TDP), including products manufactured with recycled rubber content, rubberized asphalt, as well as some civil engineering and landscaping applications that provide effective alternatives to other materials. However, markets for value-added processing have been relatively volatile to-date as the supply (of scrap tires) and the demand (crumb rubber pricing) are not always aligned. TSBC understands that one of its primary roles following implementation of the plan, is to address market development to ensure a sustainable, vibrant rubber recycling industry in British Columbia.

2. ***Sustainable development for scrap tires*** – The TSBC plan will encourage sustainable development of scrap tires across the province by ensuring availability of scrap tire product at a predictable price. For processors this is always a key concern. How can they invest in new technology or new capital equipment if they cannot assure themselves of a predictable feedstock at a predictable price?
3. ***Formal manifest system to stop illegal dumping*** – TSBC will adopt the FIRST program’s manifest system, which will track tires from generation to final disposal and verify through audited data. While most retailers, haulers and processors strive to do the right thing in terms of being environmentally responsible, without a structured regime for scrap tire management, illegal dumping can and does occur. The TSBC program will solve this issue by tracking the scrap tire from the generator’s site thru to final disposition.
4. ***Secured funding for new technologies and innovation*** – Scrap tire processors will be paid a processing incentive by TSBC based on the value-add of their respective processed products upon proof of sale. To encourage higher value- added products, the incentive is based on a hierarchy of end-market development uses and processes. This supports the program objective of achieving a higher level of self-sufficiency for processing greater volumes of high value recycled products in British Columbia.

The TSBC plan will allocate a proportion of the eco fee to help develop new applications and end markets. Facilitating the development of value-added processing of scrap tires in B.C. will support a stable value chain. In turn, markets will become more self-sustaining while providing measurable environmental and economic benefits through increasing the value and range of recycled products and uses.

“Recovery”

Scrap tires are used extensively around the world as a fuel substitute because of their high BTU value and chemical consistency. Compared to a tonne of coal, for example, a tonne of scrap tires has approximately 25% higher BTU value. When used in a cement kiln operation, such as currently being used in British Columbia, air emissions can actually be improved because NOx and SOx are reduced substantially when scrap tires are added as a supplemental fuel.

If scrap tires are such a good option for energy recovery, some observers question why we should devote so much energy and effort to recycle them when the simplest and least costly alternative is to burn them. From a philosophical point of view, TSBC accepts the premise of the 5R Hierarchy, which is why the long term diversion of tires to energy in the plan is constant in percentage terms.

“Residual Management”

There has not been a great deal of work done in the area of residual management, with respect to scrap tires. When used as tire derived fuel for example, there is no residue as the ash is incorporated in the cement product. When crumb rubber is used in rubber asphalt applications, it can be effectively recycled as with traditional asphalt. The same is true for a host of other applications, but TSBC has not seen an extensive end-of-life-management study to confirm whether or not a problem exists. This may be an area TSBC can study once the program is fully operational, but there are no reasons to believe this is of major concern at this time.

6.0 PERFORMANCE MEASUREMENT

The Tire Stewardship BC Association is committed to providing an exemplary tire-recycling program that provides readily accessible points of return for scrap tires, is cost-effective, respects the 5 R hierarchy of reduce, reuse, recycle (TDP), recovery of energy (TDF) and residuals management and results in a scrap tire free environment.

Existing performance measurements such as recovery rate, tire-derived product to tire-derived fuel ratio, stockpiles of scrap tires and unit costs for transporting and recycling tires will continue to be measured and reported. During the first year of operation new performance measurements will be developed for revenue collection, program operating expenditures and best practices.

6.1 Performance Metrics

Performance will be measured according to the following key indicators for diversion operations, recycled products mix, core stewardship programs and Tire Stewardship British Columbia administration.

The following key performance indicators and Year 1 Goals will be subject to potential revision as the Year 1 Operating Plan is refined.

Diversion Operations

- Number of eligible scrap tires processed annually under Tire Stewardship British Columbia program

Year 1 Goal: Achieve a 90% compliance level on scrap tire collection and diversion with 3.8 million PTEs diverted in the calendar year

- Number of registrations vs. available generators, haulers, processors

Year 1 Goal: Achieve a 93% registration level on generators within British Columbia. Use the Hauler and Processor historical registration information from FIRST to define 93% of available capacity in the Province for scrap tire diversion

- Collection Performance

Year 1 Goal: Achieve a minimum of 2 Collections per year from each site (Generator Site or Holding Site)

- Diversion rate, number of units and percentages by Forward Sortation Area vs. estimated generation

Year 1 Goal: Implement Data Mapping technology to track scrap tire generation by FSA and audit compliance using vehicle registration and population metrics

- Compliance audits per quarter

Year 1 Goal: Establish compliance audit triggers, process and deliverables. Complete at least one compliance audit per quarter

- Compliance ratio vs. number of audits

Year 1 Goal: Establish compliance baseline on completed audits to set improvement goals

- Rate of stockpile abatement

Year 1 Goal: To complete stockpile abatement as required, not to exceed cost in the Five Year Financial Forecast

Recycled Products Mix and Market Development

FIRST program mix of primary scrap tire processing products i.e. Crumb, Fabricated Products, TDF Shred, Whole Tire TDF:

Product (Tonnes)	<u>2003</u>	<u>2004</u>	<u>2005</u>
Crumb Rubber	14250	15347	14893
Fabricated Products	170	470	558
TDF – Shred	1900	2250	3970
TDF – Whole Tires	<u>3200</u>	<u>3000</u>	<u>2600</u>
Total	19520	21067	22021

Year 1 Goal: Raise higher value-added Crumb Rubber products to 70% from 67.7% and reduce combined TDF production to 27.5 % from 29.8% (based on 2005 actuals)

Dispute Resolution

- *Goal: Resolve all credible disputes within 60 days*

7.0 ANNUAL GENERATION and RECYCLING FORECAST

It is fortunate that British Columbia has had excellent data collection through the FIRST program over the years because it allows for the setting of realistic targets moving forward. For example, from 2003 - 2005 the FIRST program collected 3504 and 3854 and 3766 thousand Passenger Tire Equivalents (PTE), respectively in the calendar years. The Rubber Association of Canada converted this data back to tire units, using industry ratios, and forecasted the annual generation of scrap tires, using normal industry growth of 2% annually. (It is assumed there is one tire scrapped for every new tire purchased).

In addition, the FIRST program statistics confirms the volume of scrap tire product which went to Tire Derived Product (TDP) versus Tire Derived Fuel (TDF). For the purpose of this plan, TSBC will strive to maintain the three-year historical average share of TDP versus TDF and in so doing, respect the pollution prevention hierarchy of the Regulation.

Tire Stewardship B.C.
Annual Generation & Recycling Forecast
 (based on 2003-05 FIRST Program Data)

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
FIRST Capture (90%)	PTE	3505	3852	3766	3841	3918	3997	4076	4158
FIRST Non-Capture (10%)		<u>350</u>	<u>385</u>	<u>377</u>	<u>385</u>	<u>392</u>	<u>400</u>	<u>408</u>	<u>416</u>
Annual Generation	PTE	3855	4237	4143	4226	4310	4397	4485	4574
<u>Convert PTE to Tires</u>									
Passenger Tires	1.0	2313	2542	2486	2536	2586	2638	2691	2745
Light Truck Tires	1.4	413	454	444	453	462	471	480	490
Medium Truck Tires	5.0	193	212	207	211	216	220	224	229
Total Tire Units		2919	3208	3137	3200	3264	3329	3395	3463
<u>RECYCLING DIVERSION (PTE)*</u>									
Tire Derived Product (TDP)		2957	3228	3122	3215	3279	3345	3412	3480
Tire Derived Fuel (TDF)		<u>547</u>	<u>626</u>	<u>644</u>	<u>626</u>	<u>639</u>	<u>651</u>	<u>664</u>	<u>678</u>
*based on transportation volume									
Total Recycling		3504	3854	3766	3841	3918	3997	4076	4158
Recycling Rate		90%	90%	90%	90%	90%	90%	90%	90%

Assumptions:

1. The 2003-05 Annual Generation figures are derived from FIRST capture rates
2. Year 1-5 Forecast based on 2% annual growth (industry norm)
3. Use RAC data to derive ratio for Passenger/Light Truck/Medium (60/15/25)
4. Assume TDF maintains historical average of approx. 16.3% of recycled product

7.1 Capture Rates

British Columbia is very fortunate at the moment, quite unlike many other provinces, because demand for scrap tires exceeds provincial supply. This is a highly unusual situation, caused by growing markets and growing opportunities for crumb rubber and oil sands projects on the one hand, and more interest in scrap tires as a fuel substitute on the other. As such, TSBC believes the current capture rate in B.C. is close to 100% of the available supply. The available supply is in recognition that not all scrap tires find their way through the recycling system. It is estimated, for example, that approximately 10% of scrap tires are culled for reuse in the used tire market, either domestically or off-shore. In addition, consumers use a small portion of scrap tires for other unintended uses, such as dock bumpers or farm silage etc. In total then TSBC believes the current FIRST program captures approximately 90% of the annual generation of scrap tires and is unlikely to growth the capture given the structural circumstances within the industry (there will always be a used tire market).

What is not entirely clear however is whether the demand for scrap tires is simply a short term aberration or a longer term trend. The implications for TSBC and the recycling community may well change if it is found that scrap tires (and crumb rubber, for example) begin to have a

positive value. If the market was willing to pay more for the final product, then perhaps the processor and transport incentives and eco fees could be reduced.

8.0 DIRECTOR'S REPORT

In accordance with Part 2, Section 8 of the Regulation, on or before July 1 in each year, TSBC will prepare an Annual Report for the Director for the one-year period ending not later than March 31 of that year or December 31 of the previous year, and post the report to our website.

The Annual Report will provide details on the effectiveness of its stewardship plan during the previous fiscal year of operation, including:

- a. A description of educational materials and educational strategies used
- b. The location and number of collection facilities
- c. Efforts taken to reduce environmental impacts throughout the product life cycle and to increase reusability and recyclability at the end of life cycle
- d. A description of how the recovered product was managed in accordance with the pollution prevention hierarchy
- e. The amount of product sold and collected and recovered
- f. An independently audited financial statement, detailing all deposits, refunds, revenues and expenditures and associated fees
- g. A comparison of the plan's actual performance versus targets and legal requirements
- h. Other information as required by the Director

Appendices

9.0

Appendix

Appendix 9.1: Dispute Resolution

Mediation Guidelines

The following rules and procedures shall apply with respect to any matter to be mediated by the parties under the terms of the Stewardship Plan (The Agreement).

1. Selection of Mediator

The Parties shall have seven Business Days from the Submission Date to agree upon a mutually acceptable mediator who shall be at arm's length from each Party and shall not be a member of the audit or legal firm or firms who advise either Party, nor a person who is otherwise regularly retained by either of the Parties (the "**Mediator**"). If no Mediator has been selected within such time, the Parties agree to jointly request that the B.C. *Arbitration & Mediation Institute* (or another mutually agreed-upon provider of mediation services) supply, within five days of the expiry of the seven day period above, a list of potential candidates to be the Mediator with qualifications as specified by the Parties in the joint request. Within days of the delivery of the list, the Parties shall independently rank the proposed candidates, shall simultaneously exchange rankings, and shall appoint as the Mediator the individual receiving the highest combined ranking who is available to serve in the role of Mediator.

2. Time and Place for Mediation

In consultation with the Mediator, the Parties shall promptly designate a mutually convenient time and place for the mediation and, unless circumstances require otherwise, such time shall not be later than seven days after the selection of the Mediator.

3. Summary of Views

At least 48 hours prior to the first scheduled session of the mediation, each Party shall deliver to the Mediator and to the other Party, a concise written summary of its views regarding the facts and issues of the dispute. No such written summary shall be longer than five pages in length.

4. Staffing at Mediation

In the mediation, the Parties may be represented by counsel. In addition, the Parties may bring such additional persons (not exceeding five in number) as needed to respond to questions, contribute information and participate in the mediation.

5. Conduct of Mediation

The Parties, in consultation with the Mediator, will agree upon a format for the mediation, designed to ensure that the Mediator and each Party will have an opportunity to hear oral

presentations of the other Party's views on the matter of the dispute, and that each Party will attempt to resolve the dispute with the assistance of the Mediator. To this end, the Mediator is authorized to conduct both joint meetings and separate private caucuses with each Party in accordance with the agreed-upon format for the mediation.

6. The Mediator's Views

Any opinions or recommendations of the Mediator shall not be binding on any Party. The Mediator shall not be liable for any act or omission in his or her role as Mediator.

7. Length of Mediation

The Parties agree that the mediation will be concluded within 60 days after the date of the selection of the Mediator (the “**Mediation Period**”) unless the Parties and the Mediator agree in writing to extend the Mediation Period.

8. Withdrawal from Mediation

Any Party may withdraw from the mediation at any time by notifying the Mediator and the other Party in writing of its intent to withdraw, whereupon the provisions of Section 13.1 (c) of the Agreement regarding arbitration shall apply.

9. Conclusion of Mediation

If the Parties are able to agree upon mutually acceptable settlement terms within the Mediation Period, the Mediator, or one of the Parties at the Mediator’s request, shall draft a written settlement document incorporating all settlement terms. This draft settlement document will be provided to the other Party, edited as necessary and formally executed by both Parties and the Mediator.

If the Parties are unable to agree upon mutually acceptable settlement terms within the Mediation Period, the Mediator shall, within five days of the expiry of the Mediation Period, submit to the Parties a final settlement proposal which the Mediator considers equitable to both Parties. The Parties shall have five days to consider such proposal and to individually indicate to the Mediator whether such Party is willing to accept the final settlement proposal. If a Party does not respond within such five day period, such Party shall be deemed to have rejected the final settlement proposal, whereupon the provisions of Section 13.1 (c) of the Agreement regarding arbitration shall apply.

10. Fees of Mediator, Disqualification

Each Party shall bear its own costs with respect to the mediation and the fees of the Mediator shall be shared equally between the Parties, including a Party who has withdrawn from the mediation. The Mediator shall be disqualified as a witness, consultant, expert or counsel for either of the Parties with respect to the matters of the dispute and any related matters. If the dispute proceeds to arbitration, the mediator shall not serve as arbitrator, unless both Parties agree otherwise.

11. Confidentiality

All mediation sessions shall be confidential and no stenographic, visual, audio or electronic records shall be made of any one of them. All conduct, statements, promises, offers, views and opinions, whether oral or written, and all documents and records made or provided in the course of the mediation by either Party, either Party's agent, employee, representative or other invitee and by the Mediator (who will be the Parties' joint agent for the purposes of the mediation) shall be held strictly in confidence by both Parties and the Mediator. Any conduct, statements, promises, offers, views, opinions, documents and records shall not be discoverable or admissible for any purposes, including impeachment of any witness in any litigation or other proceeding involving either of the Parties, and shall not be disclosed to anyone who is not an agent, employee, expert, witness, or representative of a Party unless required to do so by law; provided, however, that evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

Arbitration Guidelines

The following rules and procedures shall apply with respect to any matter to be arbitrated by the Parties under the terms of the Agreement.

1. Initiation of Arbitration Proceedings

- (a) If either Party to the Agreement wishes to have any matter under the Agreement arbitrated in accordance with the provisions of the Agreement, it shall give notice to the other Party hereto specifying particulars of the matter or matters in dispute and proposing the name of the person it wishes to be the single arbitrator (the "**Arbitration Notice**"). Within 15 days after receipt of such notice, the other Party to this Agreement shall give notice to the first Party advising whether such Party accepts the arbitrator proposed by the first Party. If such notice is not given within such 15 day period, the other Party shall be deemed to have accepted the arbitrator proposed by the first Party. If the Parties do not agree upon a single arbitrator within such 15 day period, either Party may apply to a judge of the **British Columbia Court, General Division** for the appointment of a single arbitrator (the "**Arbitrator**").
- (b) The individual selected as Arbitrator shall be qualified by education and experience to decide the matter in dispute. The Arbitrator shall be at arm's length from both Parties and shall not be a member of the audit or legal firm or firms who advise either Party, nor shall the Arbitrator be an individual who is, or is a member of a firm, otherwise regularly retained by either of the Parties.

2. Submission of Written Statements

- (c) Within 20 days of the appointment of the Arbitrator, the Party initiating the arbitration (the "**Claimant**") shall send the other Party (the "**Respondent**") a Statement of Issue setting out in sufficient detail the facts and any contentions of law on which it relies, and the relief that it claims.

- (d) Within 20 days of the receipt of the Statement of Issue, the Respondent shall send the Claimant a Responding Statement stating in sufficient detail which of the facts and contentions of law in the Statement of Issue it admits or denies, on what grounds, and on what other facts and contentions of law it relies.
- (e) Within 20 days of receipt of the Responding Statement, the Claimant may send the Respondent a Statement of Reply.
- (f) The Statement of Issue, Responding Statement and Statement of Reply shall be accompanied by copies (or, if they are especially voluminous, lists) of all essential documents on which the Party concerned relies and which have not previously been submitted by the other Party, and (where practicable) by any relevant samples.
- (g) After submission of all the Statements, the Arbitrator will give directions for the further conduct of the arbitration.

3. Meetings and Hearings

- (h) The arbitration shall take place in the City of Vancouver, British Columbia or in such other place as the Claimant and the Respondent shall agree upon in writing. The arbitration shall be conducted in English unless otherwise agreed by the Parties and the Arbitrator. Including the final hearing, the arbitration shall be concluded within 90 days after delivery of the Arbitration Notice to the Respondent, subject to extension of such time period for a fixed period by written agreement of both Parties or by notice given by the Arbitrator to both Parties because of illness or other cause beyond the Arbitrator's control. Subject to any adjournments which the Arbitrator allows, the final hearing will be continued on successive working days until it is concluded.
- (i) All meetings and hearings will be in private unless the Parties otherwise agree.
- (j) Any Party may be represented at any meetings or hearings by legal counsel.
- (k) Each Party may examine, cross-examine and re-examine all witnesses at the arbitration.

4. The Decision

- (l) The Arbitrator will make a decision in writing and, unless the Parties otherwise agree, will set out reasons for decision in the decision.
- (m) The Arbitrator will send the decision to the Parties as soon as practicable after the conclusion of the final hearing, but in any event no later than 60 days thereafter, unless that time period is extended for a fixed period by the Arbitrator on written notice to each Party because of illness or other cause beyond the Arbitrator's control.

- (n) The decision shall be final and binding on the Parties and shall not be subject to any appeal or review procedure provided that the Arbitrator has followed the rules provided herein in good faith and has proceeded in accordance with the principles of natural justice.

5. Jurisdiction and Powers of the Arbitrator

- (o) By submitting to arbitration under these Rules, the Parties shall be taken to have conferred on the Arbitrator the following jurisdiction and powers, to be exercised at the Arbitrator's discretion subject only to these Rules and the relevant law with the object of ensuring the just, expeditious, economical and final determination of the dispute referred to arbitration.
- (p) Without limiting the jurisdiction of the Arbitrator at law, the Parties agree that the Arbitrator shall have jurisdiction to:
 - (i) determine any question of law arising in the arbitration;
 - (ii) determine any question as to the Arbitrator's jurisdiction; determine any question of good faith, dishonesty or fraud arising in the dispute;
 - (iii) order any Party to furnish further details of that Party's case, in fact or in law;
 - (iv) proceed in the arbitration notwithstanding the failure or refusal of any Party to comply with these Rules or with the Arbitrator's orders or directions, or to attend any meeting or hearing, but only after giving that Party written notice that the Arbitrator intends to do so;
 - (v) receive and take into account such written or oral evidence tendered by the Parties as the Arbitrator determines is relevant, whether or not strictly admissible in law;
 - (vi) make one or more interim awards;
 - (vii) hold meetings and hearings, and make a decision (including a final decision) in Ontario or elsewhere with the concurrence of the Parties thereto;
 - (viii) order the Parties to produce to the Arbitrator, and to each other for inspection, and to supply copies of, any documents or classes of documents in their possession or power which the Arbitrator determines to be relevant;
 - (ix) order oral discovery, provided that oral discovery of both Parties shall be completed within a consecutive 14 day period unless agreed otherwise by both Parties;
 - (x) order the preservation, storage, sale or other disposal of any property or thing under the control of any of the Parties; and
 - (xi) make interim orders to secure all or part of any amount in dispute in the arbitration.

6. Costs, Disqualification of Arbitrator

Each Party shall bear its own costs with respect to the arbitration and the fees of the Arbitrator shall be shared equally between the Parties. The Arbitrator shall be disqualified as a witness, consultant, expert or counsel for either of the Parties with respect to the matters of the dispute and any related matters.

7. Arbitration Act

The rules and procedures of the Arbitration Act shall apply to any arbitration conducted hereunder except to the extent that they are modified by the express provisions of these Rules of Arbitration.

APPENDIX 9.2

BYLAWS OF

**TIRE STEWARDSHIP B.C. ASSOCIATION
(THE "SOCIETY")**

PART 1 - INTERPRETATION

- I. (1) In these bylaws, unless the context otherwise requires;
 - (a) "directors" means the directors of the society for the time being;
 - (b) "Society Act" means the Society Act of the Province of British Columbia from time to time in force and all amendments to it;
 - (c) "registered address" of a member means the member's address as recorded in the register of members.
- (2) The definitions in the Society Act on the date these bylaws become effective apply to these bylaws.
- II. Words importing the singular include the plural and vice versa; and words importing a male person include a female person and a corporation.

PART 2 - MEMBERSHIP

- III. Active members of the society are the applicants for incorporation of the society, and those persons who subsequently become active members, in accordance with these bylaws and, in either case, have not ceased to be active members.
- IV. A person may apply to be an associate member upon being proposed and seconded in writing by active members and upon acceptance by the directors shall become an associate member.
- V. An associate member may apply to become an active member after one year of becoming an associate member in the society and if approved by the majority of the active members at the next annual general meeting after the associate member has made his/her application, will become an active member..
- VI. Only active members will be entitled to vote at any meetings of the society. The number of non-voting members will never be greater than the number of voting members.
- VII. Every member shall uphold the constitution and comply with these bylaws.
- VIII. The amount of the first annual membership dues shall be determined by the directors and after that the annual membership dues shall be determined at the annual general meeting of the society.
- IX. A member shall cease to be a member of the society,

- (a) by delivering the member's resignation in writing to the secretary of the society or by mailing or delivering it to the address of the society;
 - (b) on his or her death or in the case of a corporation on dissolution;
 - (c) on being expelled; or
 - (d) on having been a member not in good standing for 2 consecutive months.
- X. (1) A member may be expelled by a special resolution of the members passed at a general meeting.
- (2) The notice of special resolution for expulsion shall be accompanied by a brief statement of the reason or reasons for the proposed expulsion.
- (3) The person who is the subject of the proposed resolution for expulsion shall be given an opportunity to be heard at the general meeting before the special resolution is put to a vote.
- XI. All members are in good standing except a member who is in default of any of the Bylaws contained herein or who has failed to pay his/her current annual membership fee or any other subscription or debt due and owing by the member to the society and the member is not in good standing so long as the default of the Bylaws remains or as long as the debt remains unpaid.

PART 3 - MEETINGS OF MEMBERS

- XII. General meetings of the society shall be held at the time and place, in accordance with the Society Act, that directors decide.
- XIII. Every general meeting, other than an annual general meeting is an extraordinary general meeting.
- XIV. The directors may, when they think fit, convene an extraordinary general meeting.
- XV. (1) Notice of a general meeting shall specify the place, day and hour of meeting, and, in case of special business, the general nature of that business.
- (2) The accidental omission to give notice of a meeting to, or the non-receipt of a notice by, any of the members entitled to receive notice does not invalidate proceedings at that meeting.
- XVI. The first annual general meeting of the society shall be held not more than 15 months after the date of incorporation and after that an annual general meeting shall be held at least once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting.

PART 4 - PROCEEDINGS AT GENERAL MEETINGS

- XVII. Special business is:

- (a) all business at an extraordinary general meeting except the adoption of rules of order; and
- (b) all business transacted at an annual general meeting except,
 - i) the adoption of rules of order;
 - ii) the consideration of the financial statements;
 - iii) the report of the directors;
 - iv) the report of the auditor, if any;
 - v) the election of directors;
 - vi) the appointment of the auditor, if required; and
 - vii) the other business that, under these bylaws, ought to be transacted at an annual general meeting, or business which is brought under consideration by the report of the directors issued with the notice convening the meeting.

XVIII. (1) No business, other than the election of a chairman and the adjournment or termination of the meeting, shall be conducted at a general meeting at a time when a quorum is not present.

(2) If at any time during a general meeting there ceases to be a quorum present, business then in progress shall be suspended until there is a quorum present or until the meeting is adjourned or terminated.

(3) A quorum is 3 members present or a greater number that the members may determine at a general meeting.

XIX. If within 30 minutes from the time appointed for a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be terminated; but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place, and if, at the adjourned meeting, a quorum is not present within 30 minutes from the time appointed for the meeting, the members present constitute a quorum.

XX. Subject to bylaw 21, the president of the society, the vice president or in the absence of both, one of the other directors present, shall preside as chairman of a general meeting.

XXI. If at a general meeting

- (a) there is no president, vice president or other director present within 15 minutes after the time appointed for holding the meeting; or
- (b) the president and all the other directors present are unwilling to act as chairman, the members present shall choose one of their number to be chairman.

XXII. (1) A general meeting may be adjourned from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

- (2) When a meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given as in the case of the original meeting.
- (3) Except as provided by this bylaw, it is not necessary to give notice of an adjournment or of the business to be transacted at an adjourned general meeting.
- XXIII. (1) No resolution proposed at a meeting need be seconded and the chairman of a meeting may move or propose a resolution.
- (2) In case of an equality of votes the chairman shall not have a casting or second vote in addition to the vote to which he may be entitled as a member and the proposed resolution shall not pass.
- XXIV. (1) An active member in good standing present at a meeting of members is entitled to one vote.
- (2) Voting is by show of hands.
- (3) Voting by proxy is not permitted.
- XXV. A corporate active member may vote by its authorized representative, who is entitled to speak and vote, and in all other respects exercise the rights of a member, and that representative shall be reckoned as a member for all purposes with respect to a meeting of the society.

PART 5 - DIRECTORS AND OFFICERS

- XXVI. (1) The directors may exercise all the powers and do all the acts and things that the society may exercise and do, and which are not by these bylaws or by statute or otherwise lawfully directed or required to be exercised or done by the society in general meeting, but subject, nevertheless, to
 - (a) all laws affecting the society;
 - (b) these bylaws; and
 - (c) rules, not being inconsistent with these bylaws, which are made from time to time by the society in general meeting.
- (2) No rule, made by the society in general meeting, invalidates a prior act of the directors that would have been valid if that rule had not been made.
- XXVII. (1) The president, vice-president, secretary, and treasurer shall be directors of the society.
- (2) The number of directors shall be 3 or a greater number determined from time to time at a general meeting.
- XXVIII. (1) The directors shall retire from office at each annual general meeting when their successors shall be elected.

- (2) Separate elections shall be held for each office to be filled.
- (3) An election may be by acclamation, otherwise it shall be by ballot.
- (4) If no successor is elected the person previously elected or appointed continues to hold office.
- XXIX. (1) The directors may at any time and from time to time appoint an active member as a director to fill a vacancy in the directors.
- (2) A director so appointed holds office only until the conclusion of the next following annual general meeting of the society, but is eligible for re-election at the meeting.
- XXX. (1) If a director resigns his or her office or otherwise ceases to hold office, the remaining directors shall appoint an active member to take the place of the former director.
- (2) No act or proceeding of the directors is invalid only by reason of there being less than the prescribed number of directors in office.
- XXXI. The members may by special resolution remove a director before the expiration of his or her term of office, and may elect a successor to complete the term of office.
- XXXII. No director shall be remunerated for being or acting as a director but a director shall be reimbursed for all expenses necessarily and reasonably incurred by him or her while engaged in the affairs of the society.

PART 6 - PROCEEDINGS OF DIRECTORS

- XXXIII. (1) The directors may meet together at the places they think fit to dispatch business, adjourn and otherwise regulate their meetings and proceedings, as they see fit.
- (2) The directors may from time to time fix the quorum necessary to transact business, and unless so fixed the quorum shall be a majority of the directors then in office.
- (3) The president shall be chairman of all meetings of the directors, but if at a meeting the president is not present within 30 minutes after the time appointed for holding the meeting, the vice president, if any, shall act as chairman; but if neither is present the directors present may choose one of their number to be chairman at that meeting.
- (4) A director may at any time, and the secretary, on the request of a director, shall, convene a meeting of the directors.
- XXXIV. (1) The directors may delegate any, but not all, of their powers to committees consisting of the director or directors as they think fit.
- (2) A committee so formed in the exercise of the powers so delegated shall conform to any rules imposed on it by the directors, and shall report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held next after it has been done.

- XXXV. A committee shall elect a chairman of its meetings; but if no chairman is elected, or if at a meeting the chairman is not present within 30 minutes after the time appointed for holding the meeting, the directors present who are members of the committee shall choose one of their number to be chairman of the meeting.
- XXXVI. The members of a committee may meet and adjourn as they think proper.
- XXXVII. For a first meeting of directors held immediately following the appointment or election of a director or directors at an annual or other general meeting of members, or for a meeting of the directors at which a director is appointed to fill a vacancy in the directors, it is not necessary to give notice of the meeting to the newly elected or appointed director or directors of the meeting to be constituted, if a quorum of the directors is present.
- XXXVIII. A director who may be absent temporarily from British Columbia may send or deliver to the address of the society a waiver of notice, which may be by letter, telegram, telex or cable, of any meeting of the directors and may at any time withdraw the waiver, and until the waiver is withdrawn,
- (a) no notice of meetings of directors shall be sent to that director; and
 - (b) any and all meetings of the directors of the society, notice of which has not been given to that director shall, if a quorum of the directors is present, be valid and effective.
- XXXIX. (1) Questions arising at a meeting of the directors and committee of directors shall be decided by a majority of votes.
- (2) In case of an equality of votes the chairman does not have a second or casting vote.
- XL. No resolution proposed at a meeting of directors or committee of directors need be seconded and the chairman of a meeting may move or propose a resolution.
- XLI. A resolution in writing, signed by all the directors and placed with the minutes of the directors is as valid and effective as if regularly passed at a meeting of directors.

DUTIES OF OFFICERS

- XLII. (1) The president shall preside at all meetings of the society and of the directors.
- (2) The president is the chief executive officer of the society and shall supervise the other officers in the execution of their duties.
- XLIII. The vice president, if any, shall carry out the duties of the president during his or her absence.
- XLIV. The secretary shall
- (a) conduct the correspondence of the society;
 - (b) issue notices of meetings of the society and directors;

- (c) keep minutes of all meetings of the society and directors;
- (d) have custody of all records and documents of the society except those required to be kept by the treasurer;
- (e) have custody of the common seal of the society; and
- (f) maintain the register of members.

XLV. The treasurer shall

- (a) keep the financial records, including books of account, necessary to comply with the Society Act; and
- (b) render financial statements to the directors, members and others when required.

XLVI. (1) The offices of secretary and treasurer may be held by one person who shall be known as the secretary treasurer.

(2) When a secretary treasurer holds office the total number of directors shall not be less than 3 or the greater number that may have been determined pursuant to these bylaws.

XLVII. In the absence of the secretary from a meeting, the directors shall appoint another person to act as secretary at the meeting.

PART 8 - SEAL

XLVIII. The directors may provide a common seal for the society and may destroy a seal and substitute a new seal in its place.

XLIX. The common seal shall be affixed only when authorized by a resolution of the directors and then only in the presence of the persons prescribed in the resolution, or if no persons are prescribed, in the presence of the president and secretary or president and secretary treasurer.

PART 9 - BORROWING

L. In order to carry out the purposes of the society the directors may, on behalf of and in the name of the society, raise or secure the payment or repayment of money in the manner they decide, and, in particular but without limiting the foregoing, by the issue of debentures.

LI. No debenture shall be issued without the sanction of a special resolution.

LII. The active members may by special resolution restrict the borrowing powers of the directors, but a restriction imposed expires at the next general meeting.

PART 10 - AUDITOR

- LIII. This Part applies only where the society is required or has resolved to have an auditor.
- LIV. The first auditor shall be appointed by the directors who shall also fill all vacancies occurring in the office of auditor.
- LV. At each annual general meeting the society shall appoint an auditor to hold office until he or she is re-elected or his or her successor is elected at the next annual general meeting.
- LVI. An auditor may be removed by ordinary resolution.
- LVII. An auditor shall be promptly informed in writing of appointment or removal.
- LVIII. No director and no employee of the society shall be auditor.
- LIX. The auditor may attend general meetings.

PART 11 - NOTICES TO MEMBERS

- LX. A notice may be given to a member, either personally or by mail to the member at the member's registered address.
- LXI. A notice sent by mail shall be deemed to have been given on the second day following that on which the notice is posted, and in proving that notice has been given it is sufficient to prove the notice was properly addressed and put in a Canadian post office receptacle.
- LXII. (1) Notice of a general meeting shall be given to
 - (a) every member shown on the register of members on the day notice is given;
and
 - (b) the auditor, if Part 10 applies.(2) No other person is entitled to receive a notice of general meeting.

PART 12 - BYLAWS

- LXIII. On being admitted to membership, each member is entitled to and the society shall give to the member, without charge, a copy of the constitution and bylaws of the society.
- LXIV. These bylaws shall not be altered or added to except by special resolution.

DATED this day of July, 2003.

APPENDIX 9.3 TSBC Guiding Principles

In accepting responsibility for the scrap tire diversion program for the Province of British Columbia, TSBC believes a set of guiding principles is fundamental to the success of the initiative. The program will therefore:

1. Strive for fair and transparent operations, with a bias to practical solutions mindful of regional differences
2. Endeavour to minimize intervention in the marketplace and to ensure a level-playing field
3. Encourage, by way of financial incentives or other means, environmentally efficient and economically viable industries to collect, process and manufacture value-added products from scrap tires discarded in British Columbia
4. Disseminate public information to B.C. residents on diversion and the benefits of recycling tires
6. Where possible and practical, harmonize program elements with other Canadian provincially based and bordering US state diversion initiatives
6. Support actions to ensure that the diversion of scrap tires and tires from stockpiles conform with local, provincial, and national regulations
7. Recognize that the production, sale, use and recycling of tires operates in a global marketplace
8. Maintain standards that confirm scrap tire management is continually monitored, measured and quantitatively evaluated
9. Ensure that participants are held accountable for meeting performance measures, agreements, requirements and program targets
10. Ensure that sufficient resources are dedicated to research and development in order to operate in accordance with the principle of continuous improvement
11. Tire Stewardship B.C. will not accept any responsibility for historic tire waste for which no fee has been paid directly to TSBC

APPENDIX 9.4 – Financial Incentives for Recycling Scrap Tires (FIRST) Program**SUMMARY OF CURRENT PROGRAM POLICIES**

(Updated as of March 2006)

POLICY #3: Export

No financial assistance is available for the export of whole tires, partially processed products or TDF.

Processors are permitted to receive financial assistance, in the form of the usual transportation and end use credits, for the export of TDF upon proof of sale to an eligible end user in the export market. Priority must be given to serving the needs of British Columbia end users.

STATUS: APPROVED 92/12/01**POLICY #7: Audit Requirements**

The Ministry may require, at its sole discretion, that participants who receive funds under the program submit audited financial statements. The cost of these audits will be borne by the participants. As an administrative practice, the Ministry may choose to waive the audit requirement due to the high cost this may impose on some small participants. A preliminary minimum annual claim level of \$10,000 for processors and \$25,000 for end users has been set as an internal guideline for adherence to this policy.

STATUS: APPROVED 91/11/05**POLICY #14: Exclusive Rights**

The Ministry will not grant exclusive territory rights to any participant in the FIRST program, except as follows:

- The Ministry may assist local governments in the establishment of marshalling yards in areas where none exist or are likely to be established due to low volumes of tires or other constraints.
- The Ministry may revise transportation credit rates to support processors or end users in geographically separate regions.

STATUS: APPROVED 91/11/05**POLICY #17: Maximum Inventory Limits**

A registered processor may accept and receive the transportation credit for not more than 50,000 passenger tire equivalents (400 tonnes, whole or processed) until the processor has demonstrated that it has a market for its product. A maximum of 50% of this total may be accumulated before actual installation and operation of the processing equipment, provided the processor demonstrates a continual and significant financial commitment to processing tires.

Upon commencement of operations* and demonstration of a market for its product, a processor will be permitted to accumulate a total maximum inventory of whole tires, processed tires, partially processed product or finished product up to a maximum of *twelve months sales*. The maximum inventory level will include inventory held by parties on which the processor is deemed to have economic dependence in terms of markets even if a "sale" has been recorded. This is a maximum limit; lower inventory levels or further restrictions may be imposed by other

policies. This maximum permitted inventory will be established by the FIRST program manager in consultation with the affected processor.

Processors will be required to post a bond sufficient to reflect the level of inventory at their processing facility, and inventories at sites under their control, and the potential costs associated with any subsequent cleanup of that inventory.

STATUS: APPROVED 92/12/01

***ADDENDUM TO POLICY #17, APPROVED 97/05/06:**

Effective immediately, implement the following requirements: (1) in advance of its registration in the FIRST program, a new processor must demonstrate proof of having secured an acceptable site for its scrap tire processing facility; (2) within 90 days of the date indicated on the "Confirmation of Registration", the new processor must begin processing scrap tires in the manner described on its approved Form R, or as described on other documents approved by the FIRST program; and (3) having failed to commence operations as described in 2, the processor will, at the discretion of the ministry, be de-registered from the FIRST program and a new Application for Registration will be required in consideration of its reinstatement.

POLICY #18: Stockpile Removal

Applications for additional assistance by eligible parties will be considered on a site-specific basis where the available transportation credit is insufficient to cover the costs. All applications will be subject to availability of funds in the FIRST program budget.

Sites which are under local government control may be eligible for assistance under this policy. Removal of tires from a privately owned site is not eligible for assistance under any circumstances.

A local government must establish its eligibility under this policy prior to proceeding with the cleanup. It must also enter into a Letter of Agreement with the Ministry regarding the procedures to be followed.

Any funding provided would be a one-time contribution on the understanding that a tire management program would be initiated to avoid the need for any future cleanup project.

STATUS: APPROVED 93/04/02

POLICY #20: TDF Credit Rate

Reduce the TDF end use credit to \$110.00 per tonne effective May 1, 1993 to reflect the fuel value of TDF and the actual processing costs as demonstrated by the processors and end users of TDF.

STATUS: APPROVED 92/12/01

(Note: See Policy #26 for Whole Tire TDF Rate)

NOTE: TEMPORARY INCREASE TO CREDIT RATE IN EFFECT AUGUST 16, 2004 UNTIL FURTHER NOTICE @ \$127 per tonne.

POLICY #24: Financial Support for 2R Users

- No end use assistance is available for used and retreaded tires.
- Assuming suitable arrangements can be made, 2R users will be allowed access to stockpiles of tires at registered processing facilities, whose primary purpose is to process whole tires, with no reduction in transportation assistance to the registered processor. Where a reasonable request for access is denied, the

Ministry may intervene.

- Scrap tires diverted for 2R use at the generator's site, or prior to delivery to a registered processing facility, will not be eligible for transportation credit as the Ministry will be unable to secure independent verification of the existence or weight of the tires.
- Eligible uses of whole tires for purposes other than as a tire will be considered for the variable 3R rates of financial assistance as detailed in separate policies.

STATUS: APPROVED 95/07/11

**POLICY #26: Eligibility for Whole Tire Feed System
at Tilbury Cement to Receive Credits**

(1) Credit Rate

Effective January 01, 1995, the end use credit rate for passenger/light truck tires will be \$0.70/PTE or \$85.40 per tonne.

(2) Eligibility limit for MT tires

Credit eligibility for TDF for MT tires is only applicable in the case of one-time landfill cleanup projects, under pre-agreement between the Ministry and the local government operators, provided the tires are removed at no cost to the local government

STATUS: APPROVED 94/03/16

NOTE: TEMPORARY INCREASE TO CREDIT RATE IN EFFECT AUGUST 16, 2004 UNTIL FURTHER NOTICE @ \$0.80/PTE or \$98.00 per tonne.

POLICY #28: Credit Eligibility for Medium Truck (MT) Tires

As a general rule, only TDP processors will be eligible to receive full credits for MT tires, subject to demonstrated capacity, inventory controls and program budget restrictions.

Credit eligibility for MT tires will be extended to TDF processors for one-time landfill clean-up projects, under pre-agreement between the Ministry and local government operators.

If it becomes apparent that the TDP sector cannot handle the volume of MT tires, the TDF sector remains an alternative at the eligible TDF credit rates.

STATUS: APPROVED 94/07/05

***ADDENDUM TO POLICY #28, APPROVED 99/06/01**

Extend credit eligibility to medium truck tire residuals resulting from an approved TDP end use for use as TDF at the normal TDF end use credit rates.

POLICY #29: System Stability

- The Branch's normal practice will be to review the rates of assistance on an annual basis, with any changes to be announced on or as soon as possible after November 1st of each year.
- Changes which reduce the level of credit will be effective following a period of one year, but may be implemented sooner if acceptable to affected industry stakeholders.

- Changes which increase the level of a credit may be implemented immediately.
- The Branch reserves the right to change credit levels at any time when necessary for the viability of the program or to achieve important program goals, following consultation with, and as much notice as possible to, affected industry stakeholders.

STATUS: APPROVED 94/11/16

POLICY #30: TDP Credit Rate Structure

The rate of credit available to eligible end users will be based on the level of assistance required to realize the diversion and viability potential of the operation.

The rates of credit will be established as follows:

- **TDP1** - at up to \$1.50 per PTE (or \$183 per tonne). Includes operations that reduce the scrap tire to a highly processed form, typically to a crumb rubber or powder form for use in producing new products such as blocks or mats (particle size up to approximately 5/16" *and* free of steel and fibre).
- **TDP2** - at up to \$1.00 per PTE (or \$122 per tonne). Includes operations that process or change the shape of the scrap tire but utilise components of the scrap tire essentially in their original form: examples include blasting mats and portable terrain mats. Also includes end products made from scrap tire shred: particle size range >5/16" up to 3/4".
- **TDP3**, at \$0.50 per PTE (or \$60 per tonne), is characterized by high-volume applications such as coarse shred used as road-fill.
- **TDP4** - at a nil credit rate, where the product will be made from the whole tire in its original form. Transportation assistance will be available to ensure access to scrap tires as feedstock is available

The component values of the TDP1 rate are established under separate policy.

STATUS: APPROVED 94/11/16

NOTE: TEMPORARY INCREASE TO FOLLOWING CREDIT RATES IN EFFECT AUGUST 16, 2004 UNTIL FURTHER NOTICE:

- **TDP1** - at up to \$1.72 per PTE (or \$210 per tonne)
- **TDP2** - at up to \$1.15 per PTE (or \$140 per tonne)
- **TDP3** - at \$0.57 per PTE (or \$69 per tonne)

POLICY #40: Eligible Distance for Transportation Credit Purposes

ISSUE:

The appropriateness of a policy whereby the transportation credit paid is based on the distance to the nearest eligible registered processor, herein referred to as the "eligible distance".

DECISION:

Effective immediately, implement the "Lower Mainland Catchment Area" approach to eligible distance, as described below.

Lower Mainland Catchment Area:

This approach to eligible distance was developed on the basis of historical performance in PLT and MT flowed to existing participants. As such, this approach will be subject to review in the event of a change of distribution of the scrap tire processing capability across the province, particularly on Vancouver Island or in the central Interior. A significant change will necessitate an analysis of its impact on the policy's objectives, as provided above.

For purposes of eligible distance, the following five catchment areas, derived from existing processor locations, will be applied: (1) Vancouver Island; (2) Lower Mainland; (3) Northern; (4) Interior; and (5) South Eastern.

Based on these catchment areas, the movement of scrap PLT and MT tires that will presently qualify for transportation credits are:

1. from a Lower Mainland generator - - to a Lower Mainland processor;
2. from a Vancouver Island generator - - to a Vancouver Island or Lower Mainland processor;
3. from an Interior or Northern generator - - to an Interior or Lower Mainland processor; and
4. from a South Eastern generator - - to a South Eastern, Interior, or Lower Mainland processor.

The eligibility of claims for transportation credits will continue to be subject to compliance with all other FIRST Program policies and procedures.

It is the expectation of program administration that the Lower Mainland and existing Vancouver Island MT tire processors will work together to ensure an adequate supply of MT's remain available on Vancouver Island to meet local demand. In the absence of such cooperation, and with substantiated demand for scrap tires on Vancouver Island, the catchment area approach may also be extended to limit the flow of scrap tires from Vancouver Island.

It is the responsibility of participants to contact program administration for advance eligibility rulings in circumstances not addressed by the policy restrictions and expectations discussed above. In the absence of such discussion, the lowest eligible distance as determined by the FIRST program will apply.

Where a potential environmental risk or other serious program non-compliance issue exists, the Ministry and/or program administration will intervene to restrict the offending processor's ability to accept tires and will withdraw its eligibility to claim transportation credits. This limitation will override all other considerations within this policy.

Rescind policies # 15 and # 36.

STATUS: APPROVED 97/05/06

LXV. POLICY #40 (revised): Eligible Distance for Transportation Credit Purposes

STATUS: REPLACED EFFECTIVE 01/01/23 WITH POLICY #40 PREVIOUSLY APPROVED 97/05/06

POLICY #42: Reimbursement of Ferry Credits

- Effective June 15, 1997, implement standard reimbursement of One-Way Ferry Credits (either way, *as eligible*).
- Consistent with current practice, designate One-Way Ferry Credits to include:
 - one-way ferry fare for the truck and one driver; plus
 - a flat downtime allowance.
- Require submission of the original receipt for reimbursement of the ferry fare, with no supporting documentation required to claim the downtime allowance.

- The eligibility guidelines with respect to the minimum load size and the amount of the downtime allowance are:
 - ⇒ *Eligible load size for ferry fare reimbursement:* The load of scrap tires must consist of a minimum of 500 passenger tire equivalents and, as ferry fares are based on truck length, the transport vehicle must be filled at or near capacity with scrap tires. (**Replaced, see addendum below**).
 - ⇒ *Calculation of downtime allowance:* For each eligible load, a flat allowance of \$100 will be available for the Vancouver Island route. Assistance for other routes will be based on the average downtimes for those specific routes.

STATUS: APPROVED 97/05/06

NOTE: EFFECTIVE AUGUST 16, 2004 THERE IS NO LONGER FERRY CREDIT ELIGIBILITY FOR SCRAP TIRES LEAVING VANCOUVER ISLAND

*** ADDENDUM TO POLICY 42 APPROVED 01/01/31 - Revision of Ferry Credit Eligibility**

Effective February 15, 2001, the one-way ferry fare including driver and downtime (if applicable) will be pro rated based on the size of the load. The program has set a predetermined capacity for each load at .252 tonnes per linear foot of trailer space. Loads that do not meet this predetermined capacity will be pro rated.

Eligibility Requirements:

- **all** loads travelling by ferry/barge, regardless of size/weight, **must** be weighed and the original weigh scale ticket submitted with the corresponding Form A(s);
- the original ferry receipt **must** be submitted with the corresponding Form A(s) to allow for pro rating based on the actual ferry fare paid;
- the transporter **must** indicate on the ferry receipt the size of trailer used to transport the load i.e. the area where the tires are stored;
- the load **must** represent no less than 50% (**amended to 75% as of June 1, 2001**) of the predetermined capacity; and
- should the load exceed the predetermined capacity the reimbursement will **not** exceed the maximum amount eligible, i.e. the actual ferry fare paid including driver, and downtime (if applicable).

POLICY #45: Definition of an “Eligible Sale”

Implement the following definitions to support the end use financial assistance requirement for “proof of an eligible sale of the final product”. (*Eligible Sale* and *Arm’s-Length Transaction* have been derived from an interpretation of definitions contained in the Income Tax Act.)

ELIGIBLE SALE: An “*arm’s-length transaction*” for which the required “*proof of sale*” is rendered to the **FIRST program**. The burden will be on the processor to prove by the facts of a situation that a transaction was at arm’s-length. If the processor fails to meet this onus, the transaction will be considered *not* at arm’s length and consequently will not qualify for the end use credit.

Arm’s-Length Transaction: *Related persons or companies are deemed not to be dealing with each other at arm’s-length.* Related persons are generally those connected by blood, marriage or adoption. Related companies include those in which one company owns a significant interest in the other, or where a shareholder of one company owns a significant interest in the other company. The determination of whether an interest is “significant” will be at the discretion of the Ministry, and reasonableness will be the key. (*Company/shareholder* may be replaced with *partnership/partner*, for purposes of this definition.)

Proof of Sale: The proof of sale in support of a claim for end use credits will be:

- 1) A copy of the invoice to the product purchaser, clearly indicating
 - the purchaser’s name, address, and telephone number,
 - the date of the sale,
 - the date of product shipment^(a),

- name or description of the product^(b) sold,
 - the weight of the tire material contained in the product sold,
 - the proceeds^(c) of the sales transaction, and
 - the terms of payment;
- 2) Government approved weigh scale tickets to support the weight of the *tire material* contained in the product sold (note: where identical finished products are created on an ongoing basis, a scale ticket indicating the weight of the tire material contained in the product may be submitted to the FIRST program and, *if approved*, this weight may be referenced on subsequent end use claims);
- 3) For submission upon request, copies of the waybills, bills of lading, or other proof of product shipment to purchasers. At its discretion, the ministry may require the submission of shipping documents to support each claim for end use credits; and
- 4) For submission upon request, copies of production records sufficient to support the quantity and quality of tire material contained in the final products claimed for end use credits.
- (a) **Product Shipment:** The ministry reserves the right to verify with the purchaser the receipt of a product for which end use credits are being claimed.
- (b) **The Product:** Must be a product for which end use eligibility and credit rate have been confirmed by the FIRST program. The ministry reserves the right to verify with the purchaser the final application of a product for which end use credits are being claimed.
- (c) **The Proceeds:** The ministry reserves the right to verify the proceeds received by a participant for any sale for which end use credits are being claimed.

STATUS: APPROVED 97/06/13

POLICY #46: Review of Eligible End Use Criteria (Draft)

Under a pilot project:

- **Implement the new “Eligible End Use Evaluation” (Form E) effective immediately** to clarify the specific eligibility criteria;
- **Make the applicant’s submission of a business plan mandatory.** The business plan should cover the proponent’s first five years of operation and should be based on the “Preliminary Credit Rate Criteria” included on the Form E; and
- **Adopt the new “Eligible End Use Evaluation & Confirmation Procedures”** to define the eligibility review process and responsibilities.

STATUS: UNDER REVIEW 00/04/12

POLICY #47: Transportation Credit Rate Review - 2001

- Effective August 1, 2001, implement a new transportation credit rate structure.
- For detailed information on the rate structure, please refer to the schedule of trucking credits included in the information package.

STATUS: APPROVED 01/7/13

NOTE: TEMPORARY INCREASE TO CREDIT RATES IN EFFECT AUGUST 16, 2004 UNTIL FURTHER NOTICE. PLEASE REFER TO THE SCHEDULE OF TRUCKING CREDITS INCLUDED IN THE INFORMATION PACKAGE FOR DETAILED INFORMATION.

LXVI. POLICY #50: Security Requirement

A security is defined as a non-cancelable commitment. The security is a written instrument executed by the processor and a second party, e.g. a financial institution, to assure fulfillment of the processors obligations to the FIRST Program. In the event a processor abandons its site or is otherwise unable to process and/or sell its inventory, the security must assure payment, to the extent stipulated, of any loss sustained by the FIRST Program and/or costs incurred to clean up the site. The security may also be used to recover any overpayment of FIRST program credits.

A list of ministry-approved securities is available upon request from the program administrator.

All FIRST program processors with an inventory limit of greater than 50 tonnes must post a ministry-approved security based on the processors set inventory limit with a minimum security required of \$100,000.

For a processor applicant, requiring an inventory of greater than 50 tonnes, the posting of a security approved by the Director will be required during the application process as a pre-requisite to registration approval.

Failure to comply with the posting of a security requirement will result in registration cancellation for existing participants and the rejection of any new processor applications.

STATUS: APPROVED 01/02/23

Note: For detailed copies of program policies or questions concerning these policies please contact IBM Business Consulting Services at (250) 220 1133 or by email at rosemary.sutton@ca.ibm.com

Appendix 9.5 Consultation Report

Introduction

As a requirement of the Recycling Regulation, B.C. Reg 449/2004, Tire Stewardship B.C., as the agent for industry stewards, consulted with affected stakeholders during the week of July 17, 2006. The purpose of the consultations is to get feedback on the Stewardship Plan before it is sent to government for final approval in late August.

In summary form, here are the key messages we heard from the various stakeholders and attendees. TSBC still encourages written comments on or before July 31, 2006.

Regional Districts

1. Municipalities/regions do handle tires and incur associated costs. Currently there is no province-wide standard on how those costs are covered. Some regions/municipalities charge tipping fees to offset the costs, others absorb the costs into general tax base. They expect that there will likely remain some tires that end up at their landfill for management even after TSBC system in place. Somehow the new system should acknowledge the municipal costs as well. However, the main issue is cost recovery, not profit. They indicated that they are open to removing consumer tipping fees for tire disposal if the cost of managing those tires was covered by the new TSBC system.
2. Regions/municipalities would like to see Off-The-Road tires added to the Regulation at some point in the future. However, they did not suggest the TSBC plan should be amended now to include OTRs.
3. There was support from some municipalities and haulers that certain sites, particularly in remote regions, should act as a tire depot for consumers and small tire retailers because it improves efficiency of the collection system.
4. Regions/municipalities indicated their strong desire to see as little disruption as possible to ensure that the tires continue to be managed efficiently during the transition to the new system (for example, question was raised around the issue of managing existing stockpiles, though no regional district suggested they had any significant stockpile of tires).
5. Regions/municipalities main interests are fourfold:
 1. cost recovery
 2. the assurance that there's a long-term solution to the management of scrap tires.
 3. a simple, effective system
 4. level playing field for rural municipalities
6. One municipal participant indicated that they may even consider implementing supporting policies (ex. landfill bans) if they can see scrap tire management system is sustainable and effective.
7. Caution to be mindful of cross-border issues (ex Peace River, BC/Grand Prairie, AB)
8. Advisory board should include non-industry reps such as municipalities. (Several regional representatives offered to sit on the advisory committee).
9. Regional districts are sometimes hampered by their Bylaws ie. may not accept tires greater than 16" in diameter (as an intention to only collect passenger type tires). However, it is very possible these days to have 26" passenger tires. Regions may need to re-visit bylaws.

10. It was suggested TSBC canvas the regional districts to ascertain the volume of scrap tires they collect annually. There is general consensus this is not a large problem, but it does need to be included in the stewards plan and selected municipalities may have an important role.
11. One operator of a private depot suggested municipalities should ban tires from landfills and not compete with private industry. Others weighed in that banning tires from landfill would only encourage more illegal dumping.
12. MOE reminds us the Recycling Reg requires consumers get free access to collection sites
13. General consensus from regional/municipal participants was that TSBC is headed in the right direction.

Processors/End-Users

1. Recommend an end-use credit for rubber manufacturers using B.C. crumb rubber, similar to Alberta and Saskatchewan.
2. Alberta Crumb Rubber credits are much higher than B.C., making it difficult to compete in our own provincial market
3. Need assurance of scrap tire supply
4. Must have the right to choose who they accept tires from, for safety and quality control reasons. If forced to take tires, the program will not work
5. TDP1(80+ mesh) is not required, nor should be encouraged in BC
6. 4" tire shred is not supported under FIRST, therefore should not be supported under TSBC (it only encourages small time operators to produce low value shred, which takes tires away from high-value crumb rubber producers)
7. Chinese imports of finished product are making it difficult to compete
8. Processors support the municipal view that landfills are a natural depot for some tires.
9. Processor indicated that economies of scale in the tire processing business has to be respected; it is a highly capital-intensive business and if there too many processors competing there may not be enough material to sustain any of them.
10. What will TSBC Board do in case of Conflict of Interest? (Conflict of Interest guidelines will be developed and posted on the TSBC website. In addition, as in most industry boards, directors declare any conflict and do not vote on matters affecting the conflict)
11. Processors encouraged TSBC to broaden board perspective by including other perspectives/stakeholder interests either on the board on through an advisory committee
12. In the context of "seamless transition", tire processor encouraged maintaining the existing approach to transportation credits. The current approach evolved over ten years and is now working so adopt it as is going forward. The concern was that any change to the current approach may encourage less sustainable players to enter the market for short term gain and de-stabilize the current marketplace for tire processing, effectively undermining the long-term sustainability of the existing infrastructure in the province.
13. Participants stated concerns that disruption to current system would occur if TSBC does not receive timely approval on their plan (i.e. transition and timing are key issues)

14. Processors also stated their underlying fears that current rates under the FIRST program could be reduced by TSBC when they take over the program Jan 1, 2007 and encouraged the Ministry to ensure safeguards exist against this possibility.
15. For the review of the credit system, processors encouraged the TSBC to adopt an inclusive approach and provide details asap in order to allow sufficient time for individual business to budget accordingly.
16. Processors need lots of notice, ie. 6 months before TSBC makes any significant changes

Transporters/Haulers

1. FIRST worked well for first 3 years, but credits have not kept up
2. Regional depots are a good idea because can't get a semi into small tire retail locations
3. PST issue in border communities
4. Lower mainland haulers collect a tip fee, so not paying a transport credit on culled tires should not be a problem
5. Haulers who cull tires before taking scrap tires to processor, do not collect a tip fee under FIRST program
6. Instead of eliminating tip fees, hauler suggests a variable fee schedule for pick-up
7. What if TSBC Plan is not approved?
8. Mounted tires an issue, especially big tires
9. Truckers have maintenance contracts and raising levies will affect them if they are not given sufficient notice ie 6 months
10. Hauler supports the municipal view that landfills are a natural depot for some tires. Therefore, the new system should not disregard the role of municipalities/regions.
11. Levy/credit rates need to better reflect economic realities
12. The current mechanism under the existing FIRST program for dealing with the REUSE of tires works well and should not be abandoned
13. Haulers looking for the right to maintain tipping fees in certain circumstances
14. Participants stated concerns that disruption to current system would occur if TSBC does not receive timely approval on their plan (i.e. transition and timing are key issues)
15. Hauler encouraged TSBC to broaden board perspective by including other perspectives/stakeholder interests either on the board on through an advisory committee structure
16. Haulers also stated their underlying fears that current rates under the FIRST program could be reduced by TSBC when they take over the program Jan 1, 2007 and encouraged the Ministry to ensure safeguards exist against this possibility.

Retailers

1. Level playing field for retailers/producers is critically important

2. There will need to be extensive public/consumer (as well as retailer) education to ensure that the changes in the system are well understood
3. Retailers stated their interest in having a clear and SIMPLE variable levy system.
4. With current levies of \$3.00 and current tipping fees in place, the TSBC Plan of \$4.00 for passenger/light truck and elimination of tip fees, ought to be sufficient.
5. Be cautious of raising processing credits too high, as it will only encourage more entrants into that business.
6. TSBC needs to address OTR tires asap
7. Consider eliminating the processing credit on tire derived fuel to encourage more tires for value-added processing

General Comments

1. Preference that any monies that may remain at the end of the FIRST program be “transitioned” to TSBC to support early stages of new program
2. Improving education programs on scrap tire recycling is strongly encouraged. This was discussed both in terms of doing more PR and education on tire recycling process but also in regards to providing clear information on how the system works, where the money goes, what levies are on what tires, etc. (i.e. the consumer is confused about the current FIRST program)
3. RCBC was identified as one group that may be appropriate to consider in an advisory role. However, general consensus that the board role and advisory role should be considered separate.
4. Thought should be given to strengthening the environmental considerations of tire recycling within the guiding principles. It was generally acknowledged that both the draft plan and the Regulation do provide some clear indications regarding the environmental perspective but the guiding principles was not reflective of this.
5. General consensus that the tire levy should reflect the cost of managing that particular class of tire.
6. To the extent reasonably possible, design for environment (DfE) should be considered as part of the levy setting process
7. Caution not to set the levies higher than in neighbouring jurisdictions (especially Alberta) otherwise sales will shift. (i.e. “harmonize with Alberta or BC retailers near the border will likely lose some business)
8. The program should be flexible to keep pace with market realities. The dynamic nature of the market means you need to have a dynamic fee/payment and levy structure.
9. A process for containing the cost to the consumer is important too
10. The protection of the environment is not sufficiently featured in the guiding principles
11. The process and requirements around the submission of TSBC’s required annual reports/audited financial statements to the Minister need to be clarified between TSBC and government (confusion as to whether consultation is required on that plan, when it can be posted publicly and by whom, etc.)
12. Current levies under FIRST program need to be updated to reflect current market realities and ensure sustainability of system. However, harmonization of fees/levies with other jurisdictions is desired to the extent possible. Working to deal with these types of issues through organizations like CATRA was seen as positive and important.

13. General consensus that broadening the perspectives of the TSBC either through the board structure or through the advisory role would be positive in many ways, including assisting with stakeholder and public perceptions around transparency and accountability
14. The possibility of adding OTRs to the system should be considered and pursued once the rest of the program is fully operational
15. There was some confusion indicated by retailers regarding their responsibilities as outlined in the recent amendments to the recycling regulation. There will be a need for clear communication on their role under the regulation as well as under the TSBC plan.
16. Further clarity around the process to be undertaken by the Ministry in rescinding and/or amending a plan is needed
17. General consensus that current tire levies are insufficient requiring other monies (ex. tipping fees) to sustain the existing scrap tire management infrastructure
18. Participants encouraged TSBC to implement a comprehensive support system to complement the levy/credit system. (i.e. promotion and education programs, end-use R&D, etc.)
19. Care must be taken in any revisions to the credit system to ensure that different cost structures (in different regions as well as in different collection processes) are recognized
20. General consensus that the timing around consultation and implementation needs to be well-coordinated between TSBC, Ministry of Environment, and the stakeholders to avoid disruption
21. Policies around the hierarchy of end-uses needs to be based on scientific evidence to the extent possible (ex. life cycle analysis-based)
22. Concluding comment and general consensus was a positive feeling regarding TSBC taking over the FIRST program and moving forward in the direction outlined in the TSBC business plan. (i.e. “small tweaks needed but TSBC seems to be moving in the right direction”)

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Tire Be Gone Recycling
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