



SASKATCHEWAN SCRAP TIRE PROGRAM REVIEW

ADVISORY COMMITTEE FINDINGS & RECOMMENDATIONS

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McNair Business Development Inc. on behalf of the
Scrap Tire Program Review Advisory Committee

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1. PROGRAM REVIEW OBJECTIVES, PROCESS AND ENGAGEMENT

The Minister of Environment (the Minister) established an Advisory Committee in January 2017 to conduct an independent review of the Scrap Tire Recycling Program in Saskatchewan. The scope of the review requested was to engage with stakeholders and to examine the Legislation and Regulations related to the collection and recycling of scrap tires in the province to ensure there is an effective system in place for the collection of tires, but also one that promotes to the fullest extent possible a healthy and sustainable recycling industry within the province. The Advisory Committee was directed to conduct this review and provide recommendations to the Minister within 60 days. Please see Appendix A for a list of the Advisory Committee members.

The Advisory Committee's review process included obtaining input and feedback from stakeholders, reviewing best practices in other jurisdictions, reviewing the current Regulations and Legislation in place, and reviewing the approved Product Management Plans (PMP) and other associated documentation.



In terms of jurisdictional review, the scrap tire recycling programs in British Columbia, Alberta, Manitoba, Ontario, Quebec and the Maritime provinces were considered. Aspects the jurisdictional review included were legislation, governance, producers and processors, obligated products and fees, unique features, strengths and weaknesses.

A significant focus of this review process included engaging stakeholders in the industry to gain their perspectives, feedback and input on the Saskatchewan Scrap Tire Recycling Program. Stakeholders were asked to provide their views on the benefits and successes of the program and the challenges they have seen over the years. In addition, stakeholders were asked to provide their suggestions for improving the delivery of the program in the future and ideas on opportunities for establishing and growing a healthy and sustainable tire recycling industry in the province.

The Advisory Committee completed substantial engagement with a variety of stakeholders representing the different components of the scrap tire recycling system in the province including the program operator, industry and contractors, municipalities, government ministries, industry associations and public interest groups, and other stewardship management organizations. In total, 31 stakeholder interviews were completed as part of this process through in-person and phone discussions. Please see Appendix B for a list of stakeholders that participated in this process.

2. THE SASKATCHEWAN SCRAP TIRE PROGRAM OVERVIEW

A. BACKGROUND ON THE ESTABLISHMENT OF THE PROGRAM

In 1996, the Saskatchewan tire retailers recognized that scrap tires were an environmental concern and volunteered to take on the waste issues associated with scrap tires, at the time without government funding and associated regulations. The three founding members of the corporation included the Western Canada Tire Dealers, the Saskatchewan Urban Municipalities Association, and the Saskatchewan Association of Rural Municipalities.

At the time, the mandate of the program was to facilitate the collection and recycling of scrap tires. In 1998, it became clear that the voluntary program led by industry was not financially stable. Because the program was voluntary, only 250 of the current 1,320 retailers were participating in the program. Tire retailers that were supporting the program were losing business to those retailers that were not participating in the program. Through consultation with key stakeholders and industry partners, it was made clear that without the guidance of a product management program and supporting regulations for scrap tires, the program was not sustainable. In 1998, the Ministry of Environment promulgated the *Scrap Tire Management Regulations, 1998* to legislate a mandatory product management program. The expectation of the program was to:

- Divert scrap tires away from disposal at municipal landfills;
- Provide universal access to the program;
- Place the cost for the recycling or environmentally sound disposal on the consumer, retailer and manufacturer;
- Increase the life span of existing landfills; and
- Limit health issues and environmental concerns associated with stockpiled scrap tires.

The Scrap Tire Management Regulations

Since the *Environmental Management and Protection Act, 2002* and the pursuant *The Scrap Tire Management Regulations* were put into force in 1998, scrap tires have been managed in Saskatchewan under an Extended Producer Responsibility (EPR) model.

There are other EPR programs in Saskatchewan for the management of oil and antifreeze material, paint, electronic, commercial pesticide containers and paper and packaging products. These stewardship programs are run on behalf of industry to develop recycling options for managing their products responsibly when they reach end of their useful life. Regulations exist to enable oversight of the industry led stewardship organization (program operator) through requiring a Product Management Plan (PMP) to be approved by the Minister. Oversight involves program reviews periodically by the Minister and Ministry to ensure that the stewardship organization is meeting the goals and requirements of the program as described in the regulations.

Product Stewardship and Extended Producer Responsibility are systems-based solutions to reduce the life-cycle environmental and societal impacts of products and packaging. **Product stewardship** is the act of minimizing the health, environmental, and social impacts of a product and its packaging throughout its lifecycle. **Extended Producer Responsibility** is a product stewardship policy framework to help create sustainable systems that continually reuse the materials in commerce according to their highest and best use.

In addition to these pure EPR programs, the beverage container program is operated under direct contract with the Government of Saskatchewan since 1988. The contract provides oversight, reporting requirements, performance goals and financial expectations for the operator. The regulations for the beverage container program are contained within *The Litter Control Act* which apply to all producers selling beverages in the province.

Tire Stewardship in Saskatchewan

This visual demonstrates the many participants under the EPR model for tire stewardship system in Saskatchewan. These participants need to collaborate to achieve the intended outcomes of the program. Current regulations are intended to allow for managing scrap tires through to a useful end life based on the importance of recycling, being responsible for greenhouse gas emissions, to avoid the hazards of tire stockpiles and to support the importance of recycling. Each of the participants of the “system” is equally important and all need to collaborate, integrate and support one another to achieve the intended outcomes. The program operator plays a critical role in creating and nurturing effective collaboration. It is essential to have clear definition of roles, responsibilities and lines of accountability for an effective and efficient system to get the best value in outcomes from consumer paid recycling fees.

Tire Stewardship in Saskatchewan



The Minister is ultimately responsible and accountable for an effective program in Saskatchewan. Obligations of the retailer are defined by the regulations set by the Minister. The program operator is the creation of the retailers and is ultimately accountable to the retailers. The program operator serves to administer a program defined by the retailers to meet the regulations as approved through the Product Management Plan (PMP) by the Minister. The program operator is responsible for administering an effective system and interacting with all participants. Transparency and open communication is critical for a successful tire stewardship program that is focused on results for Saskatchewan.

B. OVERVIEW OF SASKATCHEWAN SCRAP TIRE CORPORATION¹

The Saskatchewan Scrap Tire Corporation (SSTC) is the single program operator of the scrap tire recycling program in Saskatchewan. The mission of the SSTC is to develop, implement and maintain a single, cost-effective and province-wide tire recycling program on behalf of its stakeholders and the people of Saskatchewan. As such, SSTC is accountable to its stakeholders, the provincial government and the public for the collection, processing and environmentally sound disposal of tires in Saskatchewan.

Established in 1996, the SSTC is a provincially incorporated, non-profit organization governed by a seven member volunteer board representing the following groups:

- Retail Council of Canada
- Saskatchewan Urban Municipalities Association
- Saskatchewan Association of Rural Municipalities
- Western Canada Tire Dealers
- Western Equipment Dealers Association
- CAA Saskatchewan
- Saskatchewan Waste Reduction Council

¹ Information from SSTC’s website and Annual Reports



As the only organization approved by the Minister of Environment to administer the PMP for scrap tires on behalf of Saskatchewan tire retailers and sellers, the SSTC is required to meet the terms set out in *The Scrap Tire Regulations, 1998*. The SSTC is mandated by these regulations to fulfill three principles as outlined in Section 6 of the regulations:

1. Maintain record of the number of scrap tires collected, transported and recycled by participating retailers / sellers.
2. Provide a Saskatchewan wide service for collecting and recycling scrap tires, including scrap tires that are stockpiled in Saskatchewan.
3. Accept all types of scrap tires for collection, recycling, and management.

As part of its mandate, the SSTC works with many stakeholders involved and interested in the program including retailers, auto dealers, municipalities, local governments, regional waste authorities, processors, collectors, other scrap tire recycling agencies and the general public. To date, the SSTC's program has been guided by three important phases to divert scrap tires from the landfills to be recycled responsibly. The programs and activities involved in each of the three phases are funded through Tire Recycling Fees (TRF) that are charged to consumers on all new tires sold in Saskatchewan, which are collected by retailers and remitted to the SSTC. The SSTC operates the program on behalf of retailers to meet their obligations under the regulations.

Phase One - Current Generation Tire Clean-Up (ONGOING)

- The daily activity of collecting scrap tires accumulated at the retail level. The tires are picked up by SSTC collectors to divert them from disposal in landfills. This is done at no cost to the tire retailer.

Phase Two - Municipal Landfill Clean-Up (COMPLETE)

- Removal of pre-program tires from all registered cities, towns, rural municipalities, and villages that passed a by-law prohibiting the disposal of scrap tires in their community landfills. This phase was completed in 2009, and was only possible through the generation of surplus revenues from the program.

Phase Three - Private Stockpile Clean-Up (IN PROGRESS)

- This phase is the *Black Gold Rush* program. This is the removal of scrap tires that are privately owned on farmland and private property. This initiative by the SSTC is a one-time, free service. The policies of this phase are not extended to private retailers. There are only 69 RMs of the total 227 that have not received the program.

There are currently 1,380 retailers registered with the program in the province. Tire retailers are responsible for collecting tire recycling fees from consumers and remitting these fees to the SSTC. There are currently 4 collectors within the province. Tire collectors are contracted by the SSTC to pick up tires from retailers and transport them to processing facilities. There are currently two processors in the province. Tire processors are paid incentives by the SSTC to process tires and recycle them responsibly into marketable products.



C. ACKNOWLEDGEMENT OF THE PROGRAM'S SUCCESSES

Saskatchewan generates almost 1.5 million scrap tires annually. Prior to the program most if not all scrap tires landed in local landfills as domestic waste or they were stockpiled or buried. A number of tires were also dumped along roadsides throughout the province. Since SSTC's inception in 1996, the SSTC and the program participants together have realized many positive results as referenced in SSTC's 2016 Annual Report:

- Diverted more than 40 million pounds from Saskatchewan landfills as of 2016.
- There are currently 1,380 registered retailers reporting provincial tire supply of over 1.46 million tires in 2016.
- The overall recovery rate for all tire types in 2016 was 67% (the number of scrap tires collected divided by the number of new tire sold).
- The Community Demonstration Grant is available to municipalities, registered non-profit groups or organizations, schools, First Nations, and Metis communities, who have incorporated an ever-growing number of recycled rubber products into their community-based projects such as playgrounds, sports arenas, and walking paths. Over the lifespan of the program, the SSTC has “given back” a total of over \$296,000 to over 100 communities in the province.
- The Black Gold Rush program for private stockpile clean-up is nearing its end. A total of 227 rural municipalities have received the program with a total of 69 rural municipalities remaining. Cost of the program to date has been \$5.34 million, with more than half a million scrap tires being collected from private stockpiles.
- The Return to Retailer program provides Saskatchewan residents with an additional scrap tire disposal option. It is offered in 27 communities at 40 participating locations, and 12,086 scrap tires were collected in 2016.

The importance of the Scrap Tire Recycling Program in Saskatchewan is strongly recognized and acknowledged by stakeholders. Without a defined program like this one, improperly managed tires would continue to be stockpiled which is a fire hazard for communities, and end up again in landfills creating a habitat for mosquitoes, rodents, and other vermin.

D. ISSUES AND CONCERNS

In Saskatchewan, successes with the scrap tire recycling activities are demonstrated by the increase in the volume of tires collected and recycled through the scrap tire management program. However, there have been some notable concerns and issues building over a number of years that were introduced during consultations with many stakeholders. Issues included: the need to address certain large scrap tire stockpiles; the roles, responsibilities, accountability and transparency of those involved in the program; as well how to continue to ensure a sustainable recycling industry in the province, among other program related concerns.

As mentioned previously, adherence to the key principles of stewardship for an effective EPR model is needed or else the system breaks down. This is where issues and concerns have arisen over the years. System participants are currently not working in harmony. In the fall of 2016, these issues and concerns reached a point where the Ministry began to intervene through changes to regulations. As such, in January 2017, the Minister called for this program review to be conducted by an independent Advisory Committee.

3. OVERVIEW OF WHAT WE'VE HEARD

The Advisory Committee completed substantial engagement with a variety of stakeholders representing the different components within the scrap tire recycling program in the province. The Advisory Committee met with the SSTC, industry participants, contractors, municipalities, government ministries, industry associations, public interest groups and other stewardship management organizations. Stakeholders were provided the opportunity to provide feedback through in-person interviews, phone discussions and written submissions. Highlighted below is an overview of key points the Advisory Committee heard during these engagements, categorized around key themes that emerged including: *Stewardship Framework & Governance; Program Mandate & Management; Tire Recycling Fees; Legacy Scrap Tire Piles; and Market Development.*

A. STEWARDSHIP FRAMEWORK & GOVERNANCE

An EPR model works well if it is properly regulated. The model ensures proper governance, structure, responsibility, transparency, and accountability to ensure there is harmony in the system. The tire recycling program in Saskatchewan has been in place for over 20 years and the governing Scrap Tire Management Regulations (1998) have not evolved in changing industry needs, and have not addressed the increasing public expectations for governance, accountability and transparency. Under the current framework, there is lack of clarity and definition in the regulations regarding expected outcomes, governance, roles and responsibilities, and concerns regarding lack of transparency and accountability.

- Many stakeholders indicate that EPR is a good model and it is an important framework to ensure that it remains industry led at arm's length from government. There are other successful examples of EPR models and it is an important approach for handling end of life products.
- There were concerns that the principles of stewardship have not been withheld when it comes to managing scrap tires through to end of life and that the stakeholders are not collaborating positively to do so in order to solve the issues in Saskatchewan, to benefit Saskatchewan.
- There were various concerns or potential improvements noted regarding Board composition. For example, it was suggested numerous times that the composition of the Board be smaller, more competency based and industry driven, with commitment to the Saskatchewan marketplace.
- There were concerns around the level of transparency and accountability in terms of information reported by the program operator (for example, tires being shipped out of province) and accountability for issues that have transpired over the years of program management (for example, the legacy scrap tire stockpiles at Assiniboia and Lashburn).
- There were concerns and explanations of the challenges that have taken place over the years with the Board not being purely industry composed and the implications government representation has in making program decisions when board members are influenced by their constituents.
- Others indicated that the Board governance does not promote open communication among members. It was suggested that members are not always treated well, not allowed to ask questions and are not provided access to materials and information. It was suggested that there is a need to define Board governance process including code of conduct, and further definition of roles and responsibilities of Board members and management.
- It was noted by some stakeholders that currently the Board is receiving direction from management.

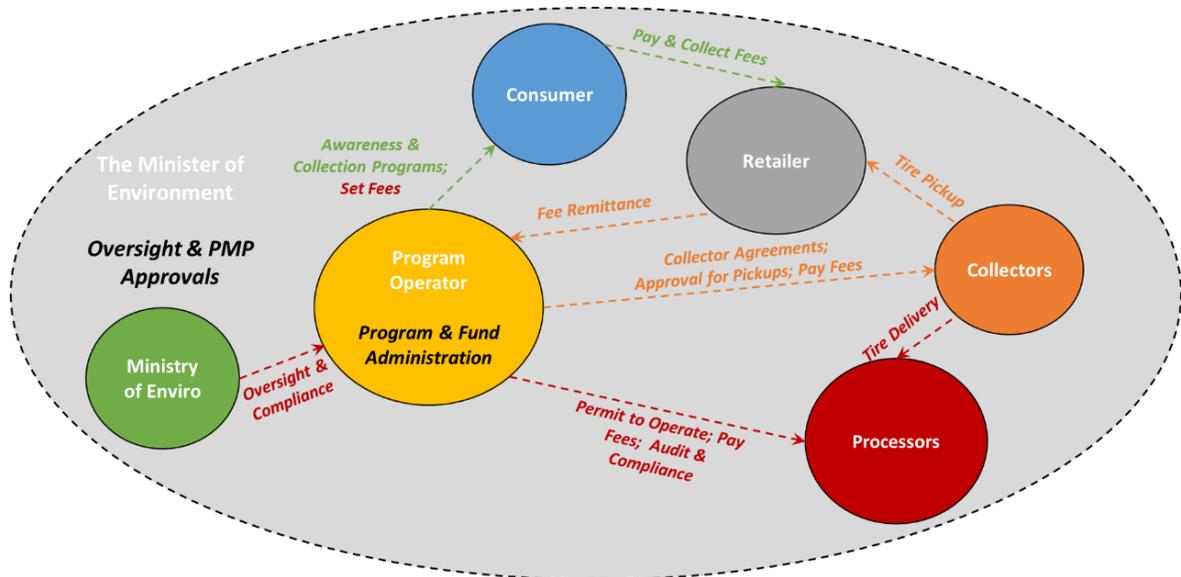


- It was suggested that there needs to be more collaboration with Saskatchewan industry participants and stakeholders for regular input on program decisions which affect the entire industry, rather than the program operator being prescriptive. This could be accomplished through the use of Stakeholder and Industry Advisory Committees that are engaged by the Board and Management to ensure increased collaboration, consultation and input from industry participants and stakeholders including Saskatchewan retailers, collectors, and processors.
- Many believe the Ministry’s role should be primarily oversight, but there is acknowledgement by some that there was a need for the Ministry to step in because of the challenges between stakeholders.
- It was suggested there is a need for increased transparency from SSTC with the Ministry, stakeholders and consumers.
- There needs to be increased oversight and compliance with the program operator, as well as with processors, to ensure the principles of stewardship are withheld and that scrap tires are recycled responsibly.



B. PROGRAM MANAGEMENT

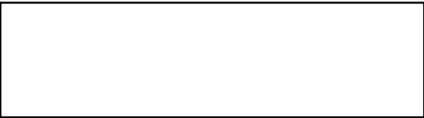
Tire stewardship under EPR requires a “system” that effectively collaborates and cooperates together among the key stakeholders to ensure successful collection, transportation and recycling of scrap tires in the province. The following visual provides a representation of the relationships between key stakeholders within the system and where there are currently issues based on what we heard from stakeholders (i.e. green = working well, orange = room for improvement, red = serious relationship strain and issues).



- Many stakeholders indicated that in Saskatchewan there is conflict and strained relationships within the industry (i.e. between the SSTC, collectors, processors and the Ministry) that are resulting in inefficiencies and problems for which ultimately the consumer and the public must pay for.
- Some stakeholders note they do not understand how program decisions are made, what it is based on and how much consultation and validation has taken place with the industry and



stakeholders. Examples include tire recycling fees, collection zones, where tires are being transported, the marshaling yard, etc.

- There was consensus among stakeholders that collection for the most part is working well and is being done in a timely manner.
- It was noted that it is essential that processors work in collaboration and have good working relationships with all collectors. 
- There was difference in opinions among stakeholders in terms of the proposed zone collection approach:
 - Some feel zone collection would help remote communities that are currently having issues with slow collection. The zones will help ensure they receive better service.
 - However, there are other retailers that want to continue to be in control of who they choose to do business with. So in a sense, they prefer a free market approach rather than given a mandated collector based on the zones.
 - Three out of the four collectors are in favour of the zone collection as it will provide more certainty for where they are going for pickups which would allow for the ability to build efficiencies in their operations and improve customer service.
 - The collector not in favour with the zone collection prefers a free market approach as they have invested considerable time and effort in building their current retailer relationships through customer service.
- Many stakeholders indicated that the marshaling yard in Regina appears costly and inefficient in terms of the length of hauls, duplication in loading and unloading of tires.
- Collectors are concerned about the time it takes for them to drop off tires at the main processor.
- There is an opportunity for some collectors to expand their role to include sorting, loading, and staging. This would contribute to building efficiencies in the process and reducing the need for the marshaling yard.
- Stakeholders suggested there needs to be additional oversight of processors to make sure that they are in compliance with established environmental standards and approved uses, including having financial assurance for reclamation if a processor goes out of business to prevent the issues that exist at Assiniboia and Lashburn.
- Some stakeholders identified the importance of “dealing with our problem within our own borders” and bringing as much Saskatchewan benefit to our economy by supporting our processing industry here as long as they have the capacity.
- Some noted the interest in building more stability for processors in terms of expected tire shipments – quantity and timing – to better manage tire flow.
- Many stakeholders indicated that there needs to be an evaluation of incentive payments for processors. The current approach of “payment at the gate” 100% up front conceptually does not give motivation for processors to move products quickly through processing and recycling and incents stockpiling. Saskatchewan is the only jurisdiction that pays this way. However, it is recognized the challenges Saskatchewan has in terms of market size so potentially a processor could be paid 50% up front and the remaining 50% when they provide proof of tires being recycled into new products.
- It was suggested that clear contracts with service providers in terms of expected service, and adherence to obligations and standards, could make it easier for enforcing compliance and performance.
- There were questions from stakeholders around financial accountability and reporting, and ensuring the program operator is making the most of the tire recycling fees to get scrap tires

“We need to create an environment in Saskatchewan that makes it safe and easier for businesses to invest in this industry.”

recycled. However, others indicated the SSTC is in line with other tire stewardship organizations across Canada and is running operations efficiently.

- It was noted that audited financial statements are important but third party assurance is also effective to validate for the regulator, stakeholders, industry and public what the program operator is reporting on non-financial aspects (i.e. materials, processed, shipments, etc.).
- Some indicated there needs to be more focus on reducing expenses on low value, high cost activities such as “fancy” annual reports, newsletters and collateral materials. As well the costs associated with legal counsel that is involved in operations and at every Board meeting. This is a costly item that is being paid for by consumers.
- Scrap tires are currently being shipped out of province, as well as tires being transported and staged at a marshaling yard in Regina which is adding to transportation and handling costs. The duplication of efforts and increased costs means there is not as much value derived on the recycling end of the product lifecycle from the tire fees.

C. TIRE RECYCLING FEES

The SSTC introduced a fee setting methodology as part of the 2013 PMP proposal for 2014-2018. As part of this proposal they consulted with Canadian Association of Tire Recycling Agencies (CATRA) and other organizations across Canada are looking to adopt this approach. While there are concerns from SSTC that not increasing fees to the level proposed is impacting their ability to operate their programs effectively and sustain operations, other stakeholders are concerned about the negative impact of tire fees being higher than other jurisdiction competitors.

- Many stakeholders indicated that the SSTC has not been able to accomplish what they planned to do since the fee approvals were not increased.
- Some questioned if fees that result from using the fee setting methodology are vetted with local Saskatchewan retailers before fee increases are proposed.
- Stakeholders recognize that Saskatchewan has challenges regarding limited population base which means there is a low volume of tires and they are spread out all over the province. This creates challenges for industry sustainability and economies of scale, which creates higher costs to handle tires through the lifecycle.
- However, many stakeholders highlight the importance of ensuring Saskatchewan’s tire fees are in line with our competing jurisdictions to ensure we do not negatively impact our Saskatchewan retailers’ market share.
- Several stakeholders suggested that light truck tires should become their own category because they are more expensive to handle than passenger tires.
- Many stakeholders believe that the next fee increase proposed would put Saskatchewan retailers at a disadvantage.

D. LEGACY SCRAP TIRE PILES

Legacy scrap tire piles are a result of processors going out of business resulting in increased environmental, health and safety risks for the public and nearby communities. Saskatchewan currently has two concerning stockpile issues at Assiniboia and Lashburn. Stakeholders are concerned and interested in seeing a solution to address these stockpiles as soon as possible and ensure program changes are made to prevent this from happening again in the future.

- Many stakeholders noted the concern with the two legacy stockpiles at Assiniboia and Lashburn and are concerned

“The legacy scrap tire piles that exist in the province are a huge concern and they need to be addressed immediately.”

- with the challenges of developing a solution, including who is responsible for the cleanup.
- It was noted that programs in other jurisdictions have not been tasked with clean-up of these types of legacy piles.
 - It is recognized the high cost it will be to cleanup these piles and challenges regarding where the funding will come from.
 - It was suggested that clean-up of legacy scrap tire piles could be tendered to industry for solutions to attract the best and most cost-effective proposal to address the issue.
 - Some feel having the 100% upfront payment to processors motivated the processor to “dump and run” which has now created a funding issue to clean-up tires which have already had the fee paid for by consumers to be recycled. Stakeholders feel this payment approach needs to be changed to incent the processor to process tires quickly and recycle them in a responsible manner to prevent future stockpiling.
 - In addition, stakeholders suggested the importance of having the processor provide a financial assurance so there are funds for reclamation if a processor goes out of business.
 - As mentioned previously, increased oversight and enforcement of compliance with processors is critical to ensure processors are adhering to set standards and guidelines in line with environmental practices. It was suggested that the Ministry is in a good position to be the regulator here as they do with other industrial businesses.
 - It was also noted that there are important guidelines for size and spacing of tire piles on processing sites as per the National Fire Code that should be adhered to as part of compliance.
 - As rural and urban municipalities have local jurisdiction to enforce fire code and ensure compliance, it is important these municipalities have the processes and procedures in place to ensure enforcement and compliance, including regular inspections.

E. MARKET DEVELOPMENT

Market development needs to be a significant focus of the processor to ensure they are developing recycled products from scrap tires that are in demand and have a market to sell their products. It is important that the industry and stakeholders within the tire stewardship system work together to manage scrap tires within the province as well as to encourage investment and sustainability of Saskatchewan businesses in the tire recycling industry, providing direct benefit to the people of Saskatchewan.

- There was consensus among stakeholders that because of the size of Saskatchewan’s population, there is not a large market to consume all the recycled products made from Saskatchewan scrap tires. While there is likely opportunity to further build the market in Saskatchewan, it is important for processors to build relationships and source markets outside the province in order to sell products and further build business sustainability.
- Stakeholders suggested that the program operator should put more effort into supporting marketing development to help build a sustainability industry in Saskatchewan. There are other jurisdictions that have programs and grants to support market development and investment by processors.
- Others suggested that the Ministry of Economy could be a valuable resource to provide guidance on market development activities and could support processors in finding new markets for recycled products.
- Some also indicated that there is an opportunity for government to be a leader in promoting the use of recycled tires, for example by promoting green procurement strategies in infrastructure development.

- Stakeholders suggested there needs to be more focus by processors on higher value products. However, it is also acknowledge that some of the highest value products like crumb requires significant volumes of tires which is a challenge for Saskatchewan.

FINDINGS SUMMARY:

As a result of the program review through analysis of what the Advisory Committee heard from stakeholders, as well as looking at other jurisdictions and review of industry documentation, the Advisory Committee concluded that:

- The associated legislation and regulations need to be modernized to adapt to the changing industry needs in Saskatchewan.
- There needs to be more oversight from the Ministry of Environment to protect our environment and to avoid fire and safety hazards of stockpiled tires.
- The EPR model, to be effective, needs stronger governance and increased collaboration, integration and accountability between all key participants involved in the tire stewardship system in the province.
- There needs to be more consultation and collaboration regarding program decisions to ensure they address the needs and opportunities with the retailers, collectors and processors.
- Program operations can be limited to core administration activities to lower costs to the consumers and get the best value from tire recycling fees being paid to manage scrap tires to end of life.
- Critical fire, health and safety risks from the two large legacy tire stockpiles at Assiniboia and Lashburn need to be addressed immediately.
- Part of stewardship requires an environment to support building a healthy and sustainable tire recycling industry here in Saskatchewan – it does not end with collection.

Therefore, the Advisory Committee believes there is a need to make changes to the program and its operations to:

1. Ensure there is an effective system in place to manage scrap tires to end of life and responsible reuse;
2. Immediately address public safety and environmental issues;
3. Promote an accountable and collaborative Extended Producer Responsibility (EPR) model; and
4. Ensure a sustainable tire recycling industry in Saskatchewan.

The following section outlines the Advisory Committee’s recommendations provided to the Minister of Environment based on these findings and conclusions as a result of this review process.



4. SUMMARY OF RECOMMENDATIONS

The Advisory Committee provided the following recommendations to the Minister for consideration on March 14, 2017. The Advisory Committee believes these recommendations will address the critical risks, improve industry relationships, and increase the effectiveness of the scrap tire stewardship system to contribute to promoting a healthy and sustainable recycling industry in the province. Implementation

of these recommendations involves a process of evolution to get to an improved system over a period of time, first focusing on establishing a stronger framework for tire stewardship to be managed within Saskatchewan.

A. Framework for Change and Alignment

- It is recommended that *The Scrap Tire Management Regulations (1998, 2016)* be replaced with new regulations to better reflect the changing industry needs and address increasing public expectation for governance, accountability, and transparency.
- Based on the new regulations, it is recommended that the Ministry put out a call for new PMP proposals to come forward that align with addressing the new regulations and other important program improvements that this review identified for consideration and approval.
- In the interim, it is recommended that the program continue to be managed on a status quo basis as per the existing PMP, regulations and oversight from the Ministry. There should be no program changes within this interim period.

B. New Regulations for a Strong Stewardship Framework

- It is recommended that the Extended Producer Responsibility (EPR) model continue to be used in managing tire recycling within the province, with strengthened definition in the regulations regarding outcomes, governance, and roles and responsibilities to address past issues and improve transparency and accountability moving forward through better oversight and collaboration.
- Whether it exists in regulations, the PMP or policy, it is recommended there should be further definition and clarification of the following:
 - i. Clearly define desired outcomes and expectations of the tire recycling program, including performance measures.
 - ii. Identify expected governance for the program operator including membership, board size and composition, and establishment of an advisory committee(s) to ensure strong industry and Saskatchewan representation and input. It is recommended that the members of the corporation consist solely of industry members with Saskatchewan interests, and a smaller Board of Directors be comprised of industry and potential independent expert members with a strong mix of skills for program leadership and end of life product management, with demonstrated interest in Saskatchewan.
 - iii. Clarify roles, responsibilities, rights and obligations of each of the stakeholders within the scrap tire stewardship system in the province, including for the provincial government, retailers, the approved program operator, processors, collectors and municipal governments. See Appendix C for recommended role definition.
 - iv. Define process for setting fees that are reasonable, minimize cross-subsidization, and are in alignment with industry and consumer expectations through industry research and direct engagement with Saskatchewan retailers. It is recommended that the Minister continue to approve fee increases.
 - v. Require that a new PMP be approved every three years, which replaces the previous PMP, with all contents within a single document. All plans, fees, obligations, practices, standards, etc. should be written within the PMP.
- It is recommended to enable the Ministry to define and enforce in the regulations, through policy or otherwise:
 - i. Acceptable and not acceptable end uses for recycled tire products;
 - ii. What state a scrap tire is considered non-hazardous waste, as well as what is considered legal and illegal disposal methods; and

- iii. Processor standards involved with permitting and licensing requirements through the Ministry, including financial assurances for reclamation and standards for storing on site, unlawful dumping, acceptable end uses, etc.
 - It is recommended to increase reporting information requirements from the program operator to the Ministry, stakeholders and the public.
 - It is recommended to enable the Ministry to apply oversight and enforcement procedures, including regular audits and penalties for non-compliance for the program operator.
 - It is recommended to require the program operator to establish comprehensive contractual arrangements with processors to provide clear guidelines, to allow for better planning and to enable sustainability for Saskatchewan industry.
 - It is recommended that no shipping of tires outside of Saskatchewan occur unless extraordinary circumstances where Saskatchewan processors do not have the capacity to handle tires.

C. Legacy Scrap Tire Piles

- It is recommended that action begin immediately to address the critical fire, health and safety risks with the two large legacy stockpiles located by Assiniboia and Lashburn.
- It is recommended the Ministry work with interested industry proponents to identify solutions to clean up these piles as quickly as possible for the least financial impact (i.e. tender, social impact bond, program operator long-term borrowing, etc.).
- It is recommended that the Ministry work closely with the affected municipalities during this process and keep public informed.
- It is recommended that a process be initiated to validate the current and future need for the marshaling yard. If there is not a demonstrated need, then cease all stockpiling of tires that are not scheduled to be transported to a regulated processor that is in compliance with environmental and permitting obligations.

D. Program Management and Mandate

- It is recommended that further investigation be conducting into the program management issues identified during stakeholder engagement in collaboration with stakeholders. This investigation should be completed while the new framework is being established.
- It is recommended that required changes validated during this investigation should be incorporated into the call for a new PMP.
- It is recommended that any new PMP include a process of consultation and collaboration with key stakeholders through the established Advisory Committee.
- Until the new regulations come into effect and a new PMP is operational, it is recommended that in the interim the program be managed status quo with no major program management changes.

Appendix A – Advisory Committee Members

Advisory Committee Members

Richard (Porky) Porter – Chair (Warman)

Mike Hutchison – Kal Tire (North Battleford)

Curtis Onishenko – McKercher LLP (Saskatoon)

Amy McNeil – SARC (Saskatoon)

Review Coordination, Advisory & Support

Doug McNair, McNair Business Development Inc. – Lead

Rachelle Holterman, McNair Business Development Inc. – Coordination, Delivery and Analysis

Logan Harris, McNair Business Development Inc. – Analysis and Support

Appendix B – Participating Stakeholders

Association of Regional Waste Management Authorities of Saskatchewan
CAA Saskatchewan
Canadian Association of Tire Recycling Agencies
Crown Shred & Recycling
Kal Tire
Ministry of Economy
Ministry of Government Relations
Ministry of Highways & Infrastructure
OTR Recycling Inc.
Paul Tandler Trucking Ltd
Recycle Saskatchewan
 CleanFARMS
 Electronic Products Recycling Association
 Multi-Material Stewardship Western
 Product Care Association of Canada
 Saskatchewan Association for Resource Recovery Corporation
Retail Council of Canada
RM of Corman Park
RM of Lake of the Rivers
Saskatchewan Association of Rural Municipalities
Saskatchewan Scrap Tire Corporation
Saskatchewan Urban Municipalities Association
Saskatchewan Waste Reduction Council
Saskatoon Regional Economic Development Authority
Shercom Industries
Summerhill Group
Tire and Rubber Association of Canada
Town of Assiniboia
TW Trucking
Western Equipment Dealers Association
General Public

Appendix C – Recommended Tire Stewardship Role Definition

Tire Stewardship Participant	Recommended Role & Responsibilities
Provincial Government	The Minister of Environment is responsible for establishing and setting the mandate for tire stewardship in Saskatchewan through legislation and regulations. The Ministry of Environment is responsible for ensuring tire retailers are in compliance with the requirements of the regulations. The regulations require tire retailers to establish a tire recycling program for scrap tires or to participate in a recycling program that is operated on their behalf. The Ministry approves a Product Management Program (PMP) and monitors adherence to the details of the PMP and any conditions put on its approval. It is recommended that the Ministry be the regulator to enforce compliance of environmental standards and acceptable uses with the processors.
Saskatchewan Tire Retailers	Tire retailers in the province are responsible for establishing a tire recycling program for scrap tires or to participate in a recycling program operated on their behalf. Tire retailers are responsible for registering with the program and remitting consumer-paid tire recycling fees to the program operator to be used for tire collection, transportation and recycling. Tire retailers should adhere to standards related to tire storage on site and ensure fee remittance and collection is done on a regular basis.
Program Operator	The approved program operator is responsible for executing the approved PMP to manage the tire recycling program on behalf of the retailers. The program operator is expected to solely focus on the necessary activities to administer an effective and cost-efficient system for managing scrap tires to end of life and responsible reuse and support a sustainable tire recycling industry in Saskatchewan. The program operator must build positive working relationships to enable a successful and efficient system for collection, transportation and recycling of scrap tires in the province to bring the most benefit for Saskatchewan consumers and businesses.
Tire Processors	Processors are responsible for the safe and environmentally responsible processing and recycling of scrap tires into acceptable end use products for sale into the market. Processors must obtain a permit to operate from the Ministry of Environment and provide the required financial assurances to address reclamation of tires in the event the processor discontinues business. Processors must comply with all applicable regulations and standards as put forth by the Ministry as it relates to acceptable end uses, site storage, unlawful dumping, etc. Processors should be focused on market development and value-add products to build sustainability beyond processing incentives.
Tire Collectors	Collectors are responsible for the timely collection of tires from retailers and transportation of these tires to processing and recycling facilities. As this is a provincial system, collectors should develop positive working relationships with fellow collectors to collaborate to ensure efficient and cost-effective collection and transportation of tires.
Municipal Governments	Municipalities are responsible for ensuring any processing and recycling facilities in their municipalities adhere to requirements within their community plans and bylaws. This includes enforcing building code requirements as per the National Building Code of Canada and enforcing fire code requirements under the National Fire Code and <i>The Fire Safety Act</i> . It is essential that local municipalities have the systems in place to do proper inspections and compliance to ensure the safety of the community.

