



Press Release

Statement Regarding Tire Recycling in Saskatchewan

From Tire Stewardship of Saskatchewan (TSS)

April 30, 2024

TSS releases this statement to clarify recent public discussions regarding our organization and our operations.

The Tire Stewardship Program

Legislation requires tire retailers to have in place a program to manage scrap tires. Representative organizations of tire retailers established TSS in 2017. We have an independent industry-led board however we are required to develop a program plan every three years to be approved by the Minister of Environment. This Product Stewardship Plan is available on our website. Our activities are consistent with that plan. Also, our annual reports are on our website which outline our annual activities including our efforts to move the industry forward, and how we work with our contractors. Those interested in how we operate are encouraged to look at these documents. These documents are important as they demonstrate our commitment to transparency and accountability.

TSS and Contract Services

TSS contracts local companies for tire collections. The TSS also contracts for tire processing with processors. In the past Shercom Industries was contracted by TSS for processing, however it is unfortunate that past efforts to negotiate a new contract with Shercom Industries over many months of mediation failed. Terms offered by TSS were unacceptable to Shercom, and conditions required by Shercom were unacceptable to TSS.

TSS uses a fair and transparent process, through issuing a Request for Proposals, to determine contractors which best meet the needs of the program. It was never the intent of TSS to exclude Shercom from the RFP process, however it is the position of TSS that Shercom chose not to respond. Processors are not given exclusive "rights" or "entitlements" to scrap tire volumes and all contracts come up for renewal over time.

2017 Review

Based on concerns at the time, the government through the Ministry of Environment conducted a comprehensive review of the scrap tire processing industry in 2017 and recommendations included two significant changes to the program.

Timing of Payment of Incentive Fees to Processor: Saskatchewan stood alone as the only province where the payment of processor incentive fees was “at the gate” when scrap tires were delivered to the processor. In all other provinces, the “best practice” was for payment to be made based on the processor providing receipts showing the product type, the volume produced and that it was sold. This provides transparency for the product and volume produced, and where it ended up. This payment model (based on production and sales) incentivizes continuous processing of scrap tires (versus stockpiling), and the development of markets that need constant supply.

Also, with payment at the gate, there is the risk that once payment is made, the program manager has no control over whether the scrap tires are processed and no record of the actual product produced, and no record of where the final product ended up. There was a case of a Saskatchewan tire processor shutting down years ago after processor incentive fees were paid at the gate. Left behind were unprocessed scrap tires (for which incentive fees had been paid) that required an additional \$3M to clean up.

The 2017 review concluded that the payment model based on production and sales be included in all future contracts with processors. Shercom Industries never accepted this requirement under the new contract offer.

Manufacturing higher value products. The 2017 review concluded that while the existing processing industry did produce some manufactured products, most scrap tires were processed into low value Tire Derived Aggregate (about 75%) and that the market of TDA was limited and of low value. Saskatchewan produced a much higher portion of TDA than other provinces and lower amounts of crumb rubber. Some processors have the equipment and markets needed to process all of the scrap tires they receive into higher value crumb and crumb products.

The 2017 review concluded efforts should be made to reduce the manufacture of TDA in Saskatchewan and ensure a larger portion of scrap tires are refined into higher value crumb for the manufacture of products and other uses.

2023 Review

Given public statements made by Shercom Industries in the spring of 2023, while independent from government, TSS agreed, at the request of the Minister of the Environment, to cooperate with a review of certain matters. These are the same matters being raised today. The review was conducted by Cam Swan under the Ministry of Environment to look at: the southern processor RFP process for fairness; confirm the new payment model is best practice; and confirm the sustainability of more than processor in Saskatchewan. The review was completed in December of 2023 and concluded that TSS managed these matters appropriately.

Sincerely,

Colin Fraser
Chair, Tire Stewardship of Saskatchewan

For More information: please visit tssk.ca