



**2008** ANNUAL REPORT



**TIRE STEWARDSHIP**  
Manitoba

A photograph of a tire swing hanging from a tree branch. The scene is set in autumn, with fallen leaves on the grass and some leaves on the tree. The background shows a field and a clear sky. The number '08' is overlaid on the image, with the '0' being a tire and the '8' being a large black digit.

**08**

**HIGHLIGHTS**

## EXECUTIVE SUMMARY

On April 1, 2008, Tire Stewardship Manitoba (TSM) assumed responsibility for operating Manitoba's scrap tire recycling program. TSM replaced government's Tire Stewardship Board (TSB) in operation from 1995 to 2008. TSM is a not-for-profit organization formed as a stewardship agency to represent the tire retailers of Manitoba.

2008 was a year of change and transition. Many participants and stakeholders played a part contributing to a successful transition from the government-led program to the new program operated by industry. The TSM Board of Directors and staff are proud to deliver our first annual report describing our 2008 activities, achievements and highlights.

The first major accomplishment was the smooth transition from government to industry. This was no small task for our staff and more than 1,200 retailers, scrap tire generators, processors and municipal partners who had to adapt rapidly to new procedures and rate structures.

The program has been extended to include all types of tires and tubes, including off-the-road (OTR) tires, and is designed to ensure that collection and processing service is available to all regions of the province, including areas historically under-serviced.



With the support of government cost-sharing, TSM conducted a major OTR scrap tire clean-up to collect and process nearly 12,000 OTR tires that have been stockpiled over the years under the former government program. These efforts have reduced the OTR scrap tire inventory to a typical yearly flow that will now be managed through the TSM program.

Through 2008, TSM also continued to address a number of operational challenges to improve the collection and disposition of scrap tires in the province. In particular, TSM reinstated the 50 cent scrap tire storage incentive to registered landfills, for aggregating and temporarily storing scrap tires in readiness for hauling to processors. The incentive has eliminated tipping fees that crept into the system over the past few years and improved the way tires are stored, further reducing fire, environmental and human health hazards. The incentive once again provides a free point-of-disposal option for Manitobans, removing incentives for illegal dumping of scrap tires.

There were 10,161 tonnes of scrap tires processed from April to December. Ninety-five percent of the scrap tires collected were recycled in Manitoba into products such as aggregate, crumb rubber, blast mats and moulded products. The remainder was exported as a fuel supplement replacing fossil fuel.

A child wearing blue denim jeans and pink boots is walking on a dark asphalt surface. The child is leaving a trail of pink chalk drawings, including a large 'X' and several smaller shapes. The background is slightly blurred, showing a white wall and some greenery. The overall scene is bright and outdoors.

# INDUSTRY GETS BEHIND THE WHEEL

## ABOUT US

Tire Stewardship Manitoba (TSM) is a not-for-profit organization formed to manage the scrap tire recycling program on behalf of tire retailers in Manitoba. TSM has had its tire stewardship program approved by Manitoba Conservation in accordance with The Tire Stewardship Regulation, 2006.

TSM is accountable to its stakeholders and the public for the collection, processing and environmentally sound disposal of all scrap tires designated under the regulation. TSM collects an eco-fee on the sale of new tires from the retailer. These fees are used to pay for transporting and recycling Manitoba's scrap tires, so that these tires are disposed of in an environmentally responsible manner. All of the eco-fees collected are used in the operation and enhancement of the tire recycling program in Manitoba.

A volunteer board governs TSM and is comprised of several directors representing the following member organizations:

- The Rubber Association of Canada
- Retail Council of Canada
- Western Canada Tire Dealers
- Manitoba Motor Dealers Association (term expired July 2008)

Collectively, these organizations represent the international tire manufacturers, major suppliers, and tire retailers in Manitoba.

A multi-stakeholder advisory committee also contributes to good governance of TSM program operations. The committee is composed of representatives of processors, municipalities, consumers, industry and the provincial government.

#### **TSM BOARD MEMBERS**

**Glenn Maidment**

THE RUBBER ASSOCIATION OF CANADA

**David Lamb**

THE RUBBER ASSOCIATION OF CANADA

**Joe Casciano**

RETAIL COUNCIL OF CANADA

**Moe Tresoor**

WESTERN CANADA TIRE DEALERS

**Dave Seifert**

WESTERN CANADA TIRE DEALERS

**Shirley Canty**

MANITOBA MOTOR DEALERS ASSOCIATION (TERM EXPIRED JULY 2008)

**Keith Boyd**

MANITOBA MOTOR DEALERS ASSOCIATION (TERM EXPIRED JULY 2008)

#### **TSM ADVISORY COMMITTEE MEMBER ORGANIZATIONS**

Manitoba Motor Dealers Association

Association of Manitoba Municipalities

Keystone Agricultural Producers

Manitoba Trucking Association

Canada West Equipment Dealers Association

Reliable Tire Recycling

Winkler Rubber Products Corporation

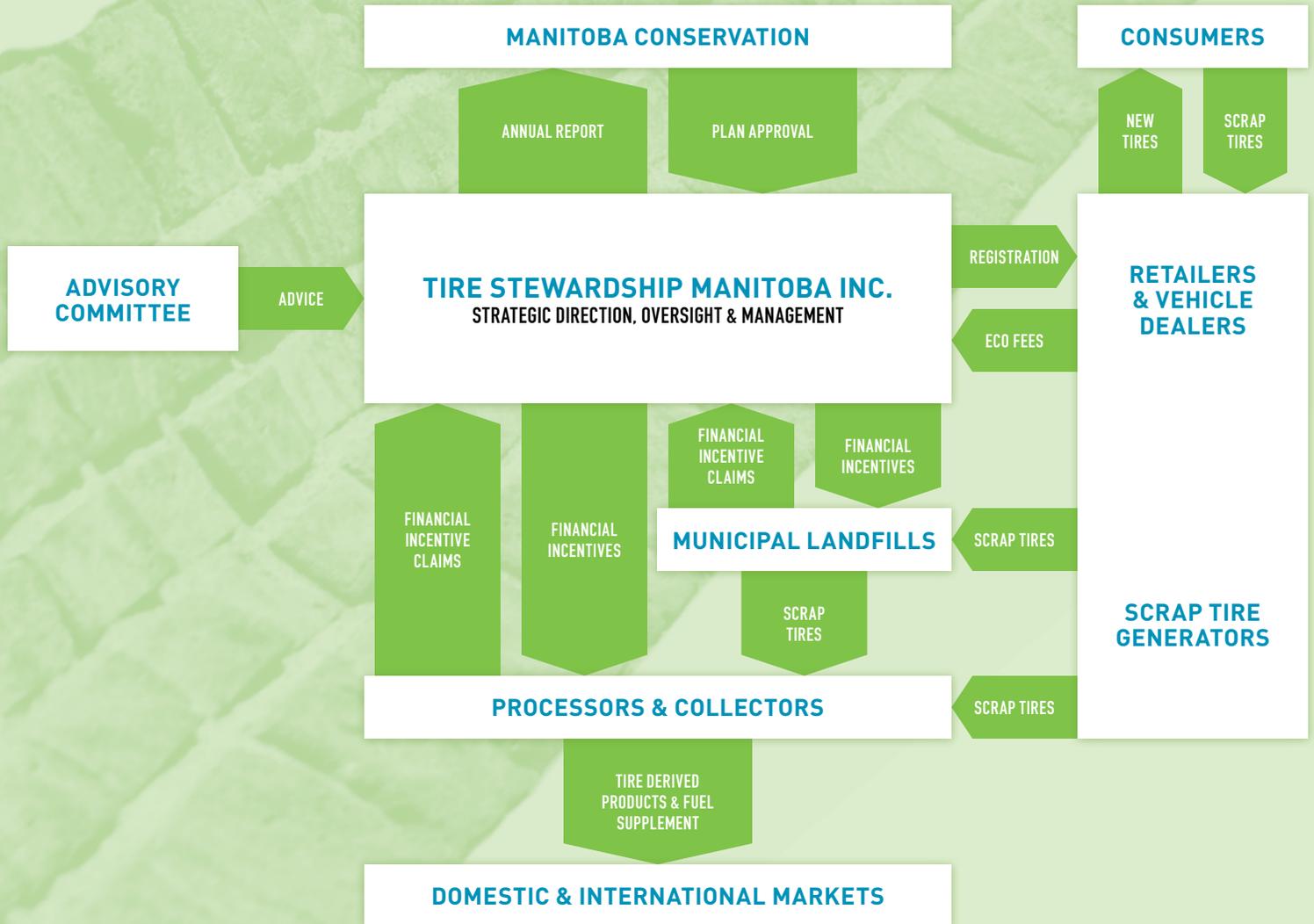
OTR Recycling

Green Manitoba, Manitoba Science, Technology, Energy and Mines

Pollution Prevention Branch, Manitoba Conservation

# TIRE STEWARDSHIP MANITOBA

## KEY STAKEHOLDER PROCESS





# TIRE STEWARDSHIP PROGRAM

## PROGRAM TRANSITION

A few significant changes have been made in the transition from the Tire Stewardship Board to Tire Stewardship Manitoba including:

- New eco-fees to make the program financially viable.
- Varying eco-fees according to tire type to avoid cross-subsidization.
- Tire Stewardship Manitoba collection of eco-fees directly from tire retailers.
- Collection and recycling of all tires and tubes.
- Governance structure changes to reflect the appointment of a new board representing industry stewards.



# STAKEHOLDERS & RESPONSIBILITIES

## **MANITOBA CONSERVATION**

The provincial government requires industry to have an approved scrap tire stewardship plan according to The Tire Stewardship Regulation, 2006, and monitors TSM's annual performance.

## **TIRE STEWARDSHIP MANITOBA, INC.**

TSM is comprised of a board of directors that governs all aspects of the program. The board conducts meetings, makes decisions on program direction, and produces an annual report to demonstrate the program's accountability to all stakeholders.

## **ADVISORY COMMITTEE**

Representatives from scrap tire generators, collectors, processors, consumers and local government provide advice on program policy and operations.

## **TSM MANAGEMENT & ADMINISTRATION**

Management and administration carry out the registration of retailers, scrap tire generators and processors as eligible participants in the program. They also collect eco-fees from retailers to pay financial incentives to processors for the transportation and processing of scrap tires. Management and Administration also oversee all other aspects of program delivery and report on performance.

## **NEW TIRE & VEHICLE RETAILERS**

Tire retailers accept scrap tires and remit eco-fees to TSM. New vehicle dealers remit eco-fees for each tire included with the new vehicle.

## **SCRAP TIRE GENERATORS**

Examples of generators are transportation companies and auto wreckers that generate scrap tires as part of their regular business.

## **LOCAL GOVERNMENT**

Local governments operate municipal landfill storage yards that accept scrap tires from consumers, new tire and vehicle retailers and scrap tire generators. Municipalities receive TSM incentive payments and scrap tire collection to accept and appropriately store Manitoba generated scrap tires to reduce fire and environmental hazards.

## **COLLECTORS**

Collectors enter into a business relationship with processors to pick up scrap tires from retailers and scrap tire generators for delivery to processors.



## HOW IT WORKS: ECO-FEE TO END PRODUCTS

For every new tire sold a scrap tire will eventually be generated. Rather than taking up space in our landfills and posing a risk to human health and the environment, scrap tires are processed and used in environmentally responsible ways. To manage scrap tires generated in Manitoba, the retailer pays TSM an eco-fee for new tires sold in the province. 100% of fees collected go towards the operation of the scrap tire recycling program.

Properly managed scrap tires reduce environmental risk and create jobs and economic development in Manitoba. Manitoba's scrap tire products are sold locally and internationally. Scrap tires can be used to make flooring products for agricultural, recreational and industrial use. They are used for artificial turf fields, rubberized asphalt, blast mats, geo-technical projects and energy recovery.

### PROCESSORS

Manitoba companies process scrap tires for use in tire-derived products or fuel supplements. They also sell tire-derived products to markets in Canada and internationally. They submit claims to TSM for transportation and processing incentives. In 2008 there were three processors: Reliable Tire Recycling, Winkler Rubber Products Corporation and OTR Recycling.

### MARKETS

Various markets purchase tire-derived products from processors for sale or resale, or for further manufacturing into new products.

### CONSUMERS

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



# GOALS & ACHIEVEMENTS

## PROGRAM GOALS

### GOALS FOR 2008 WERE AS FOLLOWS:

- Create a program that addresses and ensures the effective environmental management of all scrap tires generated in Manitoba.
- Ensure timely, cost-efficient collection of scrap tires from all parts of the province without user fees at the point of collection.
- Ensure adequate processing capacity to prevent backlogs of whole or partially-processed scrap tires.
- Promote economically viable end uses and market applications for scrap tires.
- Operate a fiscally responsible and transparently accountable producer organization.
- Provide consumers with accessible disposal points for scrap tires at tire retailers and other generators throughout Manitoba.
- Introduce consumer education materials to extend tire life, thus reducing scrap tires.

# PROGRAM PERFORMANCE

TSM's key accomplishment for 2008 was a smooth transition for all stakeholders from a government-run program to an industry-run program.

PERFORMANCE MEASURE	RESULT
<b>Public Awareness</b>	<p>During TSM's first year of operation, our main focus was getting retailers informed and registered with the new program. Retailers are TSM's primary ambassadors to the consumer. We used several communication vehicles to educate our stakeholders:</p> <ul style="list-style-type: none"> <li>• point of sale brochure</li> <li>• retailer display poster</li> <li>• website: <a href="http://www.tirestewardshipmb.ca">www.tirestewardshipmb.ca</a></li> <li>• toll-free phone number: 1.866.724.5002</li> </ul>
<b>Program Accessibility</b>	<p>By the end of 2008, there were 1025 retail and municipal collection points that accepted scrap tires across the province.</p>
<b>Scrap Tire Diversion</b>	<p>There were 10,161 tonnes of scrap tires processed from 11,472 tonnes of new tires sold, for a nine-month diversion rate of 89%. This represents 8.39 kilograms of scrap tires diverted for every resident of Manitoba.</p>
<b>Scrap Tire Products</b>	<p>The ratio of Tire Derived Product (TDP) to Tire Derived Aggregate (TDA) to Tire Derived Fuel (TDF) Export was: 7:12:1.</p>
<b>Compliance Audits</b>	<p>Deferred to 2009.</p>
<b>Dispute Resolution</b>	<p>No disputes were filed.</p>
<b>Management Performance</b>	<p>Three (3) staff hired:</p> <ul style="list-style-type: none"> <li>• executive director</li> <li>• office manager</li> <li>• retailer relations and administration</li> </ul>



# PROGRAM INITIATIVES



## NOTABLE INITIATIVES DURING 2008 WERE:

### OFF-THE-ROAD (OTR) SCRAP TIRE ROUND-UP

Nearly 12,000 of Manitoba's scrap OTR tires that accumulated at landfills and dealer yards over the past number of years were collected and processed under a round-up that was cost-shared with government. The province-wide collection and subsequent processing of Manitoba's scrap OTR tire inventory was conducted largely by OTR Recycling of Ashern. Reliable Tire Recycling of Winnipeg also participated in the June to December round-up. TSM has now assumed responsibility for all OTR scrap tires and is encouraging further processor investment and development for tire products derived from scrap OTR tires.

### MUNICIPAL INCENTIVE PROGRAM

TSM re-instated the Municipal Scrap Tire Storage Incentive Program that ended in 2005. In addition to TSM paying collection costs, the program pays municipalities 50 cents per tire to accept (free of charge) and appropriately store Manitoba generated scrap tires. This initiative helps reduce fire and environmental hazards.

### CITY OF WINNIPEG ASPHALT PROJECT

The City of Winnipeg used over 11 tonnes of crumb rubber made from Manitoba scrap tires by Winkler Rubber Products to pave a pedestrian-bicycle path on the north side of Bishop Grandin Boulevard between Glen Meadow Street and River Road. Using rubberized asphalt on pathways enhances users' physical comfort while increasing surface longevity. Using rubberized asphalt in road paving will provide the additional benefit of pothole reduction and vehicle noise reduction. TSM will continue to work with stakeholders to develop future projects using materials derived from scrap tires.

### VILLAGE OF DUNNOTTAR SEWAGE LAGOON FILTRATION PROJECT

TSM supported Green Manitoba's efforts to assist the Village of Dunnottar explore the feasibility of using Manitoba scrap tire aggregate as a passive filtration technology to improve the quality of Dunnottar's wastewater lagoon effluent. The passive filter treatment system was constructed in the late summer of 2008 using more than five tonnes of two-inch aggregate supplied by Reliable Tire Recycling. It is hopeful that the unique characteristics of this type of scrap tire material will work to provide the best opportunity for final land application of sequestered or removed nutrients such as phosphorus, from the wastewater. Phosphorus has proven to be partly responsible for algae growth on Lake Winnipeg. Further testing and study of the lagoon project in the Village of Dunnottar is underway. Positive findings could lead to local technology development for the use of scrap tire aggregate in Manitoba lagoon filtration systems to improve the health of communities and water quality.

### EXTENDING TIRE LIFE

Recycling tires at their end-of-life is important but lengthening life so that fewer are used is essential. Tire manufacturers are making progress. Since 1981 the average tire life has gone up 53 percent (from 46,000 kms to over 72,000 kms). Also, average tire rolling resistance has reduced by more than 25 percent, simply by making the tires lighter and stronger. Manufacturers also recognize the need to balance environmental concerns with tire safety and customer satisfaction. TSM is proud to support the Be Tire Smart Campaign which focuses on educating the motoring public on the benefits of proper tire inflation and maintenance.

## AUDITORS' REPORT

**To the Board Members of  
Tire Stewardship Manitoba Inc.**

We have audited the statement of financial position of Tire Stewardship Manitoba Inc. as at December 31, 2008 and the statements of operations and reserve and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures

in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and the changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



**CERTIFIED GENERAL ACCOUNTANTS**  
Winnipeg, Manitoba  
April 2, 2009

**TIRE STEWARDSHIP MANITOBA INC.**

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2008

**ASSETS**

**CURRENT**

Cash and cash equivalents	\$ 1,690,803
Accounts receivable	540,903
Grant receivable – Province of Manitoba (note 3)	60,000
Prepaid expenses	3,511

2,295,217

**CAPITAL ASSETS (note 4)**

26,965

\$ 2,322,182

**LIABILITIES**

**CURRENT**

Accounts payable and accrued liabilities	\$ 224,497
Goods and services tax payable	84,868

309,365

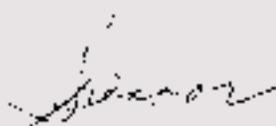
**RESERVE**

**STABILIZATION RESERVE (note 5)**

2,012,817

\$ 2,322,182

APPROVED ON BEHALF OF THE BOARD:



**Director**



**Director**

The accompanying notes are an integral part of these financial statements.

**TIRE STEWARDSHIP MANITOBA INC.**

**STATEMENT OF OPERATIONS AND RESERVE**

YEAR ENDED DECEMBER 31, 2008

**REVENUE**

Eco-fees		\$ 3,989,018
Grant – Province of Manitoba (note 3)		600,000
Interest		6,547
		4,595,565

**RECYCLING COSTS**

Payouts to processors	\$ 2,066,637	
Payouts to municipalities	16,319	
OTR cleanup	150,000	2,232,956

**GROSS MARGIN**

2,362,609

**ADMINISTRATIVE EXPENSES**

Amortization	6,703	
Board	15,179	
Computer support	32,631	
Conferences	1,633	
Contract financial management	14,963	
Equipment leasing	796	
Insurance	5,876	
Interest	721	
Office	31,242	
Postage and courier	4,979	
Professional fees	25,388	
Program implementation	20,000	
Rent and property taxes	8,059	
Salaries and benefits	165,229	
Telephone	4,467	
Travel	11,926	349,792

**EXCESS OF REVENUES OVER EXPENDITURES**

2,012,817

**STABILIZATION RESERVE – Beginning of year**

-

**STABILIZATION RESERVE – End of year (note 5)**

\$ 2,012,817

The accompanying notes are an integral part of these financial statements.

**TIRE STEWARDSHIP MANITOBA INC.**

**STATEMENT OF CASH FLOW**

YEAR ENDED DECEMBER 31, 2008

**CASH PROVIDED (USED) BY:**

**OPERATING ACTIVITIES**

Operations	
Excess of revenues over expenditures	\$ 2,012,817
Item not involving cash	
Amortization	6,703
	.....
	2,019,520
Changes in non-cash working capital balances	(295,049)
	.....
	1,724,471
<b>INVESTING ACTIVITIES</b>	
Capital assets	(33,668)
	.....
<b>INCREASE IN CASH AND EQUIVALENTS</b>	<b>1,690,803</b>
<b>CASH AND EQUIVALENTS – Beginning of year</b>	<b>-</b>
	.....
<b>CASH AND EQUIVALENTS – End of year</b>	<b>\$ 1,690,803</b>

The accompanying notes are an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

## NOTE 1 – INCORPORATION AND COMMENCEMENT OF OPERATIONS

Tire Stewardship Manitoba Inc. is incorporated as a Non-Profit Organization and is exempt from income taxes. The purpose of the Corporation is to establish and manage a mandatory scrap tire waste reduction program on behalf of its members as set out in The Waste Reduction and Prevention Act (Manitoba Regulation 222/06).

## NOTE 2 – ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

### REVENUE RECOGNITION

Revenue from tire recycling fees is recognized when retailers submit reports for tires sold which includes the following month reports for the prior month. All other revenue is recognized in the period it is earned.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less.

### CAPITAL ASSETS

Capital assets are initially recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	30%
Office equipment	declining balance	20%
Computer software	declining balance	100%

Amortization is based upon estimated useful life of assets with half the normal rate taken in year of acquisition.

### MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after the evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided when necessary.

### RECENT ACCOUNTING PRONOUNCEMENTS

Tire Stewardship Manitoba Inc. adopted Canadian Institute of Chartered Accountants (“CICA”) handbook sections 3862 – financial instruments – disclosures, and 3863 – financial instruments – presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Corporation is exposed, and how the risks are managed by the Corporation. Section 3863 provides standards for the presentation of financial instruments and non-financial instruments derivatives. The Corporation does not expect these new standards to have a material impact on its financial statements; however, these standards may have an impact on the financial statement disclosure in future.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

## NOTE 3 – GRANT FROM PROVINCE OF MANITOBA

Tire Stewardship Manitoba Inc. received a \$600,000 grant, of which \$60,000 was receivable at year-end, from Manitoba Conservation to facilitate implementation of the Tire Stewardship Program Plan as per the transition agreement established between the Province of Manitoba and Tire Stewardship Manitoba Inc. This grant is to also assist in whatever clean-up of special projects that remained at time of transition.

## NOTE 4 – CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 23,935	\$ 3,590	\$ 20,345
Office equipment	4,383	438	3,945
Computer software	5,350	2,675	2,675
	\$ 33,668	\$ 6,703	\$ 26,965

## NOTE 5 – STABILIZATION RESERVE

As directed by the Board of Directors, the reserve resulting from excess of revenues over expenditures was restricted to ensure that it is dedicated to future liabilities relative to tires currently on the road. The amount of the reserve is subject to change at the discretion of the Board of Directors.

## NOTE 6 – COMMITMENTS

The Corporation has entered into one lease agreement with estimated minimum annual payments as follows:

2008 \$ 2,685

In 2008 the Corporation provided incentives to the processors to process and sell their products. The incentive was paid when the product was sold. In 2009 the program will be changed to provide processors with a collection fee for taking delivery of program tires that will be separated from the incentive payment made to processors upon proof of sale for products sold.

## NOTE 7 – FINANCIAL INSTRUMENTS

The Corporation as part of its operations carries a number of financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accruals and Goods and Services Tax payable. The carrying amount of all the remaining Corporation's financial instruments approximates their fair value, due to their relatively short-term maturities.

## NOTE 8 – COMPARATIVE FIGURES

There are no comparative figures as this is the Corporation's first year of operations.



**TIRE STEWARDSHIP**  
Manitoba

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**Recycled**

Supporting responsible use  
of forest resources

[www.fsc.org](http://www.fsc.org) Cert no. SW-COC-002558  
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