

# SSTC®

SASKATCHEWAN SCRAP TIRE CORPORATION

ANNUAL REPORT

2006



RE-TIRE • RECLAIM • RECYCLE



*"I think it's fair to say we've exceeded all expectations that may have been projected for our first ten years of operation. With the ongoing support of our stakeholders, we plan to continue that trend well into the future."*

*SSTC Chairman Don Schlosser*

## **SSTC by the Numbers: 1996 – 2006**

**160,000,000**

pounds of waste tire rubber that has been recycled into usable, marketable items under the program

**8,000,000**

scrap tires that have been removed from the Saskatchewan waste stream since the tire recycling program was started 10 years ago

**171**

urban and rural landfills that have been cleaned up since 1996

**145**

number of landfills left to be cleaned up across the province

**100**

approximate number of jobs supported by the tire recycling industry in Saskatchewan

**3**

number of SSTC paid staff members who administer the entire province-wide tire recycling program

# Saskatchewan Scrap Tire Corporation

The Saskatchewan Scrap Tire Corporation (SSTC) was established in 1996. As a non-profit, non-government agency, the SSTC is responsible for the management and delivery of the province-wide tire recycling program for the people of Saskatchewan, in accordance with provincial legislation.

Accountable to both its stakeholders and the public, the SSTC manages the collection and processing of scrap tires for recycling and reuse in order to eliminate their entry into local landfills.

The SSTC works cooperatively with tire retailers, auto dealers, municipalities, local governments, regional waste authorities, processors, collectors and the general public to ensure that scrap tires are reclaimed and recycled, or reused in an environmentally-friendly and sound manner. Over 1,200 retailers are involved in the collection and recycling of approximately one million tires per year.

The program relies on a user-pay principle, which means that the consumer of the tire bears the responsibility for the waste product once it has reached the end of its useful life. The SSTC manages the public funds collected through the recycling levy and uses these funds to pay incentives to private companies to collect, process and recycle scrap tires. Surplus funds are used to clean up and reclaim existing landfills that contain used tires.

Scrap tires are recycled into dozens of useful, marketable items, and new applications are being developed all the time. The SSTC readily shares research and information with its sister associations across Canada to further the advancement of recycling practices and tire processing opportunities, and to find innovative new uses for recycled tire material.



*“Most people probably don’t know that the small recycling fee they pay when they re-tire a vehicle or buy a new car has made such a huge difference for the environment. Can you imagine what eight million tires would look like in a landfill?”*

*SSTC Chairman Don Schlosser*

## Chairman’s Report

It is with honour and pride that I present the 2006 Annual Report of the Saskatchewan Scrap Tire Corporation, on the occasion of its tenth anniversary.

Ten years is a very significant anniversary to achieve, and I want to extend my thanks to all of the people who have contributed their efforts to SSTC over the years, from staff to board members to our partners throughout the community.

Ten years of diverting scrap tires from landfills across Saskatchewan also added up to a very significant number in late 2006: our *eight millionth* tire recycled. That’s over 160 million pounds of scrap rubber that would otherwise have gone into landfills in our province. We should all be very proud of efforts that not only make a cleaner province, but also contribute products and services that benefit communities.

As the saying goes, the only constant is change, and that is especially true when it comes to economics. In the fall of 2006, SSTC announced its first-ever fee increase, to take effect in 2007. The increase allows SSTC to be able to continue its basic mandate, as well as the longer-term goal of clean-up of the tire stockpiles that continue to be stored at landfills and other sites around the province. I can honestly say that, for the most part, the fee increase was well-received, and we look forward to working with sustainable funding for the foreseeable future.

As we approach the second decade of SSTC’s existence, we are also entering an era of renewed concern for our environment across Canada and the world. This is truly an exciting time to be a leader in the recycling community in Saskatchewan and at large. I know that I speak for the entire SSTC board and staff when I say that we look forward to working towards many more significant milestones in the years ahead.

Don Schlosser  
Chairman

*“The Saskatchewan Scrap Tire Corporation (SSTC) and your Scrap Tire Management Program are one of our most important and successful flagship programs, demonstrating the philosophy of product stewardship.”*

*John T. Nilson, Q.C., Minister of Environment*



I would like to convey my warmest regards to the members and Board of Directors of the Saskatchewan Scrap Tire Corporation on the occasion of your 2007 annual general meeting.

The accomplishments that you have achieved this year and throughout the history of the program are much to be proud of and your hard work, dedication, ingenuity and perseverance have placed Saskatchewan at the forefront of recycling and waste diversion. The Saskatchewan Scrap Tire Corporation (SSTC) and your Scrap Tire Management Program are one of our most important and successful flagship programs, demonstrating the philosophy of product stewardship.

The province's approach to waste minimization is to emphasize a collaborative and cooperative agenda. This approach supports the development of strategic partnerships with industry stewards that have proven to be an effective mechanism in the development, implementation and delivery of environmental management and protection strategies.

The SSTC and its program are an integral part of the province's green strategy and our overall success in waste diversion and waste minimization activities. This has made this program an important part of the government's green agenda and our green and prosperous economy.

On behalf of the Government of Saskatchewan and the people of Saskatchewan, I would like to congratulate the Saskatchewan Scrap Tire Corporation and all its members for your hard work and dedication and I look forward to the your continued cooperation and ongoing success with this important stewardship initiative.

John T. Nilson, Q.C.  
Minister of Environment

## Message from the Minister



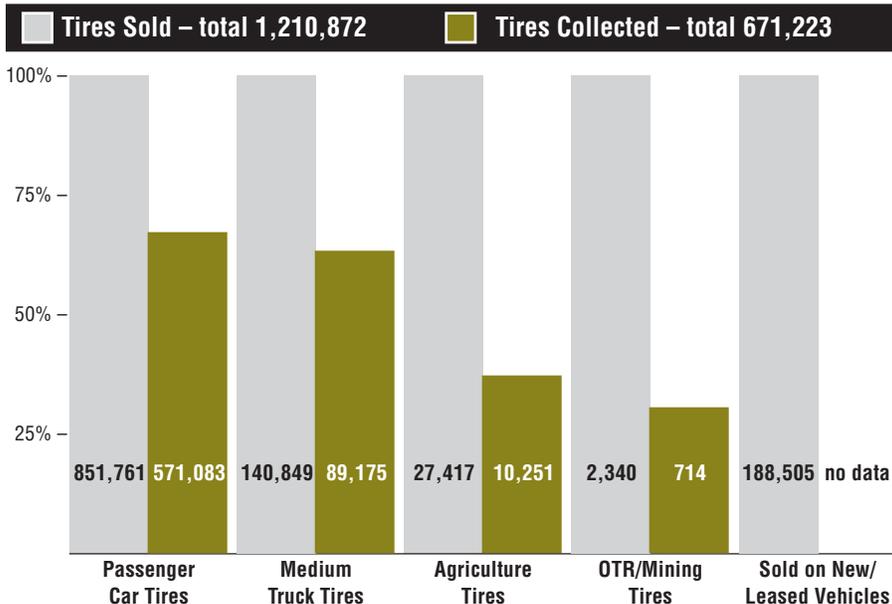
*On top of the environmental benefits, the tire recycling industry is also responsible for around 100 jobs and significant positive economic activity in Saskatchewan.*

## 2006 Highlights

### Saskatchewan Tire Recycling Program Celebrates Milestone

The Saskatchewan Scrap Tire Corporation (SSTC) is proud to have celebrated a recycling milestone this year. On November 1, 2006, SSTC marked the eight millionth used tire collected.

The milestone comes just ten years into the tire program's history, demonstrating the tremendous success it has had diverting millions of potentially hazardous and environmentally harmful nuisance products from the Saskatchewan waste stream and recycling them into useful, marketable items.



### Tires Sold in 2006

More than 1.2 million tires were sold in 2006 by over 1,200 registered retailers. Retailers charge, collect, and remit the tire recycling fee on each new tire sold in Saskatchewan. SSTC manages the funds uses the money to pay incentives to the companies who collect, process, and recycle scrap tires. Surplus funds are used to remove scrap tires from landfills and private stockpiles.

### Tires Collected in 2006

More than 670,000 scrap tires were collected in 2006, diverting millions of pounds of material from our landfills.

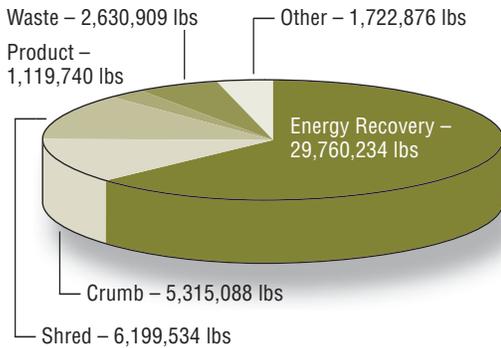
Over 1,200 tire retailers collect and remit the fee to the SSTC, which uses the funds to pay incentives to private companies that collect, process and recycle scrap tires.



## Tire Processing in 2006

2006 saw over 46 million pounds of scrap rubber turned into value added products or into raw material for manufacturing.

### Tires Processed – total 46,748,381 lbs



## Product Description

**Crumb Rubber** – Crumb rubber is used for a number of applications including playground surfacing, athletic fields and rubberized asphalt.

**Energy Recovery** – Shredded tires are used as an alternative energy source

**Waste Products** – Steel and fibre is removed from tires during the recycling process and whenever possible, recycled.

**Tire Shred** – Tire shred consists of 1" or 2" chunks of cut up tires and is used in civil engineering projects, including as a road base.

**Manufactured Products** – The range of manufactured products continues to grow, including patio paving blocks, truck bed liners, livestock feeders, vehicle ramps, planters, and roofing material.

**Other** – Material not recycled in Saskatchewan: large mining tires, tire tubes, sidewall rings, tires used for cattle feeders, and scrap tire material used by businesses not affiliated with SSTC.

## Landfill Clean Up (Phase II)

Surplus funds collected are used to remove tires from municipal landfills. Since 1996, SSTC has removed tire stockpiles in over 170 municipal landfills. Thirteen sites were cleaned up in 2006, removing 626,750 pounds of scrap tires.

A complete list of the sites that have been cleaned or those who are waiting for tire removal can be found at [www.scraptire.sk.ca](http://www.scraptire.sk.ca)





*The Saskatchewan Scrap Tire Corporation (SSTC) is a non-profit, industry-led association that manages and delivers the province-wide tire recycling program.*

## About SSTC

### Goals and Objectives

In 1990, 14 million scrap tires caught fire in the small community of Hagersville, Ontario. They burned for 17 days, emitting toxic smoke into the air and toxic chemicals into the ground, forcing the evacuation of 4,000 people. It remains one of the worst environmental mishaps in Canadian history, costing the province of Ontario more than \$12 million.

The incident served as a wake-up call across Canada about the dangers to which we were exposing our communities, our citizens, and our environment by continually piling more and more scrap tires in our landfills, waiting for such an accident to happen in our own back yards. In Saskatchewan alone, on top of the millions of used tires sitting in our landfills from past decades, we continued to generate an extra one million tires every year that were simply added to the waste stream.

The Saskatchewan Scrap Tire Corporation was established in 1996 to stop the growth of this problem, reverse the situation and eventually eliminate the danger altogether.

Specifically, the goals we have worked toward since our inception are:

- to deliver a successful and cost-effective scrap tire management and recycling program to the people and communities of Saskatchewan;

- to earn and maintain the support of Saskatchewan citizens and tire retailers, whose participation in the program is essential to its success;
- to prevent new scrap tires from entering the waste stream as they are generated, protecting the environment and extending the life of municipal landfills;
- to clean up decades worth of pre-program scrap tires from public landfills and private properties throughout Saskatchewan;
- to have these potentially hazardous and environmentally harmful nuisance products safely collected and recycled into useful, marketable items; and
- to encourage Saskatchewan citizens and communities to utilize products made from recycled scrap tires.

Over the years, the SSTC has enjoyed a number of success stories and milestones in achieving its goals. In 2006, we celebrated our tenth anniversary and the eight millionth tire recycled in Saskatchewan under our recycling program.

With the ongoing support of Saskatchewan people and our member associations, we plan to continue delivering one of the most successful tire recycling programs in Canada and achieving milestones for years to come.

*The activities undertaken as part of the program are funded entirely through the tire recycling fee that is levied on the purchase of new tires.*



## **Tire Recycling Fees**

In accordance with provincial legislation, a tire recycling fee (TRF) is charged by retailers on the sale of all new tires in Saskatchewan. Retailers remit all revenues generated through the TRF directly to the SSTC, which uses them to manage the province-wide tire recycling program, pay for the collection and transportation of scrap tires, and support projects and companies that recycle scrap tires. Excess funds are dedicated to the landfill clean-up component of the recycling program, and will eventually enable the SSTC to address private tire stockpiles across the province.

## **Program Phases**

The SSTC's tire recycling program operates in three distinct phases:

**Phase 1 – Current Generation Tires:** To prevent the problem from growing even larger, Phase 1 of the program keeps scrap tires out of the waste stream as they are generated. When retailers install new tires on consumers' vehicles, the used tires removed from the vehicles are kept on-site by the retailers, picked up by collectors and transported directly to processing facilities for recycling. This is done at no cost to the retailer.

**Phase 2 – Landfill Clean-Up:** Any surplus revenue left each year over after Phase 1 is completed is devoted towards Phase 2 of the program. This

involves the clean-up and recycling of tire stockpiles built up over several decades in city, town, village and rural municipal landfills throughout Saskatchewan. This clean-up is done once per landfill at no cost to the municipality.

**Phase 3 – Private Stockpiles:** Once Phase 2 is completed and all municipal landfills in the province have been cleared of tires, Phase 3 of the program will begin. This will involve the clean-up and recycling of tire stockpiles found on private properties throughout Saskatchewan. With a number of municipalities still waiting to have their landfills reclaimed, no private tire stockpiles have yet been addressed under the program.

## **Enabling Legislation**

Provincial legislation requires that all retailers in Saskatchewan who sell new tires as part of their business operations must establish a provincially-approved "product management program" for the handling of used tires, or enter into an agreement with an entity willing to operate such a program on their behalf.

The tire recycling program delivered by the SSTC is currently the only such product management program approved in the province for handling used tires. As a result, participating in the SSTC's program is presently the only way for Saskatchewan tire retailers to comply with the legislation.



*160,000,000 pounds of scrap rubber has been turned into environmentally friendly products such as playground equipment, truck bed liners, livestock feeders, interlocking patio and paving bricks, vehicle ramps, planters, mats and a lot more.*

The provisions outlined above are spelled out primarily in the following three pieces of legislation:

- *The Environmental Management and Protection Act, 2002*
- *The Scrap Tire Management Regulations*
- *The Summary Offences Procedure Act, 1990*

This legislation is maintained and enforced by the provincial government. Anyone in violation of these provisions is open to prosecution under the law, and will be dealt with by provincial enforcement officials.

### **Board of Directors**

The SSTC is managed by a volunteer Board of Directors. Board members are selected by stakeholder associations representing a broad cross-section of interests in the tire recycling field, including tire, vehicle and equipment dealers, municipalities, and environmental groups. The stakeholder associations and their Board representatives for 2006 were:

- Saskatchewan Urban Municipalities Association (SUMA) – Don Schlosser, SSTC Chair
- Saskatchewan Automobile Dealers Association (SADA) – Susan Buckle, SSTC Vice Chair

- Saskatchewan Association of Rural Municipalities (SARM) – Don Taylor, Treasurer
- CAA Saskatchewan – Kevin Lane, Director
- Canada West Equipment Dealers Association (Can-West) – Pat Zatylny, Director
- Canadian Tire – Don Funk, Director
- Saskatchewan Waste Reduction Council (SWRC) – Joanne Fedyk, Director
- Western Canada Tire Dealers (WCTD) – Don Blythe, Director

The Minister of Environment appoints non-voting, technical advisors to participate with the Board, which for 2006 were as follows:

- Saskatchewan Environmental Protection Branch – Tracy Roy, Richard Wilkins

### **Staff**

The SSTC and its tire recycling program are administered by three staff members:

- Theresa McQuoid, Executive Director
- Jane Relke, Accounting/Compliance Services
- Jayda Mann, Administrative Assistant

## Saskatchewan Scrap Tire Corporation

# Financial Statements

December 31, 2006

### Management's Responsibility

To the Members of Saskatchewan Scrap Tire Corporation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance Committee are composed entirely of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

January 26, 2007

Management

Management

### Auditors' Report

To the Board Members of Saskatchewan Scrap Tire Corporation:

We have audited the balance sheet of Saskatchewan Scrap Tire Corporation as at December 31, 2006 and the statements of revenue, expenses and reserves and cash flows 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
January 26, 2007

Chartered Accountants

**Saskatchewan Scrap Tire Corporation  
Balance Sheet  
As at December 31, 2006**

	2006	2005
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	600,600	1,612,658
Accounts receivable	9,510	49,517
Funds held in trust (Note 3)	122,068	100,752)
Prepaid expenses and deposits	17,129	10,950
	<b>749,307</b>	1,773,877
<b>Capital Assets (Note 4)</b>	<b>79,256</b>	70,382
<b>Investments (Note 5)</b>	<b>329,712</b>	293,171
	<b>1,158,275</b>	2,137,430
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	508,779	256,652
Goods and services tax payable	79,079	64,187
Funds held in trust (Note 3)	122,068	100,752
	<b>709,926</b>	421,591
<b>Reserves</b>		
<b>Unrestricted reserve</b>	-	1,715,839
<b>Stabilization reserve (Note 6)</b>	<b>448,349</b>	-
	<b>1,158,275</b>	2,137,430

Approved on behalf of the Board

  
Director

  
Director

**Commitments (Note 7)**

**Saskatchewan Scrap Tire Corporation  
Statement of Revenue, Expenses and Reserve  
For the year ended December 31, 2006**

	2006	2005
<b>REVENUE</b>		
Tire recycling fee	4,700,092	4,474,415
Interest	90,952	85,797
	<b>4,791,044</b>	4,560,212
<b>RECYCLING COSTS</b>		
Recycling fee commission	83,946	78,615
Provision incentive payments – collectors, processors, etc (Note 7)	5,237,259	3,706,527
Professional fees – compliance reviews	151,747	151,488
Special projects	201,511	292,656
	<b>5,674,463</b>	4,229,286
<b>PROGRAM ADMINISTRATION EXPENSES</b>		
Advertising and promotion	30,872	17,221
Amortization	25,036	14,726
Bad debts	-	23,937
Computer support	28,504	17,252
Conferences	2,426	5,125
Directors' remuneration	21,650	22,801
Equipment rental	3,495	5,231
Insurance and licenses	4,422	4,271
Meeting expense	3,167	2,950
Office operations	4,748	4,017
Postage	7,161	4,826
Printing and publications	20,865	21,706
Professional fees	38,171	51,502
Rental	24,563	14,519
Salaries, wages and benefits	141,823	133,502
Stationary and supplies	4,603	8,971
Telephone, fax and internet	6,664	7,431
Training and education	859	150
Travel	15,042	10,420
	<b>384,071</b>	370,558
<b>Net loss</b>	<b>(1,267,490)</b>	(39,632)
<b>Unrestricted Reserve, beginning of year</b>	<b>1,715,839</b>	1,755,471
<b>Transfer to Stabilization Reserve (Note 6)</b>	<b>(448,349)</b>	-
<b>Unrestricted Reserve, end of year</b>	<b>-</b>	1,715,839

**Saskatchewan Scrap Tire Corporation**  
**Statement of Cash Flows**  
**For the year ended December 31, 2006**

	2006	2005
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from customers	4,740,097	4,462,749
Cash paid to suppliers	(5,630,833)	(4,327,893)
Cash paid to employees	(141,823)	(133,502)
Interest received	90,952	85,797
	<b>(941,607)</b>	87,151
<b>Investing activities</b>		
Purchases of capital assets	(33,910)	(61,544)
Increase in investments	(36,541)	(9,873)
	<b>(70,451)</b>	(71,417)
<b>(Decrease) increase in cash resources</b>	<b>(1,012,058)</b>	15,734
<b>Cash resources, beginning of year</b>	<b>1,612,658</b>	1,596,924
<b>Cash resources, end of year</b>	<b>600,600</b>	1,612,658
Cash and cash equivalents consist of:		
<b>Cash</b>	<b>348,023</b>	581,273
<b>Short-term investments</b>	<b>252,577</b>	1,031,385
<b>Total</b>	<b>600,600</b>	1,612,658

**Saskatchewan Scrap Tire Corporation**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2006**

**1. Incorporation and commencement of operations**

Saskatchewan Scrap Tire Corporation is incorporated under the *Not-for-profit Corporation's Act* 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 Scrap Tire Management Regulations*.

**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. 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. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**Investments**

Investments are carried at the lower of cost and market value.

**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 estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30%
Computer software	declining balance	100%
Office equipment	declining balance	20%

In the year of acquisition, amortization is taken at one-half of the above rates.

**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 collectibility and an appropriate allowance for doubtful accounts is provided when necessary. Amortization is based on the estimated useful lives of the assets.

**Saskatchewan Scrap Tire Corporation**  
**Notes to the Financial Statements**  
continued

As explained in Note 7, the incentive payments to the processors are payable only after the processing is complete and the product is sold. Therefore, an inventory of processed and unprocessed tires exists at the processor's plant. This inventory is estimated based on collector reports and the actual inventory may vary significantly from this estimate. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

**Recent accounting pronouncements**

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. Section 3855 *Financial Instruments – Recognition and Measurement* establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Section 3861 *Financial Instruments – Disclosure and Presentation* discusses the presentation and disclosure of these items. The application of hedge accounting is covered in Section 3865 *Hedges*. Section 1530 *Comprehensive Income* establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to hedges or other derivative instruments, outside of net income, in a statement of comprehensive income. The Company has not yet determined the effect of these new standards on its financial statements.

**3. Funds held in trust**

Funds held in trust represents a security bond being held for certain processors.

**4. Capital assets**

		<b>2006</b>		<b>2005</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	<b>Net book value</b>
Computer equipment	115,944	52,787	63,157	55,229
Computer software	13,830	13,166	664	91
Office equipment	39,452	24,017	15,435	15,062
	<b>169,226</b>	<b>89,970</b>	<b>79,256</b>	<b>70,382</b>

**5. Investments**

	<b>2006</b>	<b>2005</b>
Greystone – balanced fund	329,712	293,171
	<b>329,712</b>	<b>293,171</b>

Market value of the Greystone investments at year end was \$377,146 (\$336,602 in 2005). Long-term investments tested for impairment on an annual basis.

**6. Stabilization Reserve**

During the year, the Board internally restricted funds through the establishment of a stabilization reserve for the following purposes.

- i) to ensure that funds are available in the event of windup that it could proceed in an orderly manner; and
- ii) to ensure that funds are available to meet the potential incentive(s) owing to processor(s) for the whole tire and unsold product(s) from previously delivered tires. (See Note 7).

The amount of \$448,349 was transferred to the reserve as at December 31, 2006 and is subject to change at the discretion of the Board of Directors.

**7. Commitments**

The Corporation has entered into various lease agreements with estimated minimum annual payments as follows:

2007	13,326
2008	13,677
2009	13,985
2010	6,993

In addition, the Corporation has entered into agreements to provide incentives to the processors to process and sell their products. The incentive is paid when the product is sold. At December 31, 2006, whole tire and unsold product was estimated at 309,320 (942,592 in 2005) passenger tire equivalents (PTE). The incentive payments to processors range from \$0.50 to \$2.75 per PTE, which could amount to \$ 850,630 (\$2,592,128 in 2005).

**8. Financial instruments**

The Corporation as part of its operations carries a number of financial instruments which include cash, accounts receivable, investments, accounts payable and accruals and Goods and Services Tax payable. Estimated fair values of investments reported in Note 5 are based on quoted market prices of the Corporation's investments. The carrying amount of all the remaining Corporation's financial instruments approximates their fair value, due to their relatively short-term maturities.

**9. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

*In 2006, 13 landfills were cleaned up through the scrap tire program,  
removing 626,750 pounds of tires from the waste stream.*



**Visit our new website for more information  
[www.scraptire.sk.ca](http://www.scraptire.sk.ca)**

**SSTC**

S A S K A T C H E W A N  
SCRAP TIRE CORPORATION

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