

May 2, 2023

Honourable Dana Skoropad
Minister of Environment and MLA for Arm River
Government of Saskatchewan
Email: env.minister@gov.sk.ca

Shercom Industries – Shut Down of Tire Processing Activities

Dear Minister Skoropad,

I am writing to you in your capacity as the Minister responsible for overseeing Tire Stewardship of Saskatchewan Inc. (TSS) according to *The Scrap Tire Management Regulations, 2017* and the *Environmental Protection Act, 2010*.

Today, we learned that Shercom Industries will be closing its processing facilities in Saskatoon. It appears decisions taken by TSS forced this closure by redirecting the supply of recyclable tires away from Saskatoon-based Shercom to a US company that does not have an operating plant in the province.

By any measure, Shercom is a made-in-Saskatoon success story. Under the free market, Shercom Industries became the largest tire collector in the province, and the only tire processor. Shercom's success in tire collection was owed to its preferred service, its dealer loyalty program, its community sharing program, and its consumer-based zero cost tire recycling program. Shercom's innovation in tire collection has created over 130 jobs and returned \$40 million to Saskatchewan's economy. Its success in processing was a result of its innovation, high value added, efficiency and product and market development. Shercom has processed all the current generation tires in Saskatchewan for the last decade. In 2020, we were proud to recognize Shercom as Saskatoon's Business of the Year.

Today, we have learned that TSS has:

- Restricted "dealer choice" as to who can pick up their tires, effectively eliminating Shercom's supply and the free market for used-tire recycling in Saskatchewan.
- Divided the province into commercial zones, dissolving Shercom's dealer clients and collection network and tendering them out for bids.
- Denied Shercom's collection proposal, meaning Shercom will no longer be collecting used tires after 25 years in business in Saskatoon.
- Redirected a minimum of 40% of tires to a US company that they hope will set up operations in Moose Jaw.

Shercom has initiated layoffs, and is ending its processing activities, as the supply of tires from southern Saskatchewan has stopped.

Further, Shercom has indicated that it "...will continue to manufacture molded goods here in Saskatoon, being forced to buy crumb rubber from Alberta, BC, and Manitoba. This will also come with significant freight charges, further undermining our business model. In the long term there is no reason or future for Shercom to stay in this province."

/2

Minister Skoropad, this is alarming and concerning. For Saskatoon's economy, it means a net loss of jobs. For the government, it means a net loss of tax revenue as Shercom reduces the size and scope of its operations. And, for Shercom, it means a once strong company has been apparently undercut by unwarranted TSS decisions overseen by your ministry.

The TSS decisions and path that has led to today's developments warrant further investigation by the ministry. Our concern is the apparent unwarranted regulation of a once "free market" that is now siphoning jobs and market opportunities away from our city and reassigning them to business interests outside our borders.

Thank you for looking into this matter.

Sincerely,



Jason Aebig, CEO
Greater Saskatoon Chamber of Commerce

cc: Hon. Gordon Wyant, MLA for Saskatoon Northwest
Hon. Don Morgan, MLA for Saskatoon Southeast
Hon. Paul Merriman, MLA for Saskatoon Silverspring-Sutherland
Hon. Bronwyn Eyre, MLA for Saskatoon-Stonebridge-Dakota
Mr. Ken Cheveldayoff, MLA for Saskatoon Willowgrove
Mr. Marv Friesen, MLA for Saskatoon Riversdale
Ms. Lisa Lambert, MLA for Saskatoon Churchill-Wildwood
Mr. David Buckingham, MLA for Saskatoon Westview