OTDA | Ontario Tire Dealers Association

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RE: Ontario Tire Dealers Association (OTDA) Comments on Proposed Amendments to the Tires Regulation, O. Reg. 225/18

Dear Krista,

The Ontario Tire Dealers Association (OTDA) provides the following comments on the proposed amendments to the Tires Regulation (O. Reg. 225/18).

We generally support the intent of the proposed changes to strengthen tire recycling in Ontario as a first step toward addressing structural issues within the regulation. However, the current proposal does not address underlying structural issues and may create additional operational challenges and administrative burdens within the tire collection system.

We have identified several operational concerns and opportunities for improvement that we believe will aid in ensuring the system remains efficient, effective, and sustainable.

Should the government proceed with the proposed amendments, we believe that they should be time-limited in scope (not exceeding two years), to allow for an assessment of whether the changes are achieving their intended outcomes.

Our detailed comments and recommendations are outlined below.

**MECP Proposal *item 1 - Expand call-in requirements to all sites – Add a provision to require PROs to collect tires from any site that requests pickup and has 50 or more tires, and add a guaranteed response time during peak tire change times.***

The OTDA supports the intent of improving collection timelines and addressing tire accumulation at collection sites.

However, the proposed approach raises several operational and structural concerns that should be addressed to ensure the system functions effectively and as intended.

**1: Call-In Expansion**

The proposal maintains a distinction between "in-network" and "out-of-network" collection sites, where "out-of-network" sites will rely entirely on the "call-in" service network.

While the expanded call-in provision improves access in the short term, it does not resolve the underlying issues associated with a two-tier system. This not only places additional burden on collectors but also complicates operations for the RPRA, Haulers and PROs as they integrate new sites temporarily.

**Impact of the two-tier system:**

- Creates inconsistent service expectations across "out-of-network" collection sites.
- Does not clarify whether an "out-of-network" site that requests service becomes part of the network or remains outside and must continue relying on the call-in process for future collections.
- Expanded call-in adds administrative complexity for PROs, regulators, and service providers.
- Introduces operational challenges for collection sites using the call-in system, including the possibility of different haulers servicing the site each time.
- Requires collection sites to repeatedly communicate site-specific processes, verify requirements, and confirm insurance and WSIB coverage with each new hauler.
- From a hauler perspective, assignments may be issued for sites they are not equipped to service due to equipment limitations, tire types, location, or access constraints.

**Recommendation:**

The OTDA recommends that the Ministry transition toward a fully inclusive and clearly defined collection network in which all legitimate tire collection sites are formally recognized as "in-network" and receive regular tire collection services.

The RPRA should clearly define and publish the criteria for determining what constitutes an "in-network" site versus a "call-in network" site, and maintain a comprehensive, transparent list of sites requiring service under each category. Without a formalized and up-to-date collection site registry, such as the one previously administered by the RPRA, there is no accurate or transparent understanding of the total number of collection sites operating in Ontario or the true service requirements across the province.

Collection sites that generate tires as part of their ongoing, regular business operations, along with collection sites that pay recycling fees through the retail network to producers, should be classified as "in-network" and provided with consistent service. Categorizing these sites as "out-of-network" and requiring them to submit ongoing service requests to the RPRA through a call-in process creates unnecessary administrative burden and system inefficiency.

It is also unclear how RPRA would manage high volumes of calls from collection sites, particularly during seasonal fluctuations, or how these requests would be efficiently and equitably allocated to PROs without creating a significant administrative burden for RPRA, PROs, and haulers.

Recognizing legitimate collection sites as "in-network" and enabling direct service arrangements between collectors and haulers would reduce unnecessary oversight, improve system efficiency, and allow collectors and haulers to manage collection schedules and required planning more effectively.

**2. Threshold and Service Timelines**

The OTDA does not have concerns with the proposed 50-tire threshold; however, we question whether a fixed trigger point is the most appropriate approach.

Many sites operate under arrangements where they may be willing to store additional tires to support more efficient routing and collection schedules for haulers. In practice, it would be more effective for collectors and haulers to determine service frequency on a case-by-case basis, allowing for greater operational flexibility and improved system efficiencies.

While the 50-tire threshold may be useful as a general guideline and was accepted under the previous OTS system, a more flexible, operationally driven approach, managed directly between collectors and haulers, would better support efficiency across the network.

The proposed service timelines, one month during peak periods (April–May, October–December) and two months during non-peak periods, may be appropriate for low-volume, "call-in" service collection sites; however, its application must be clearly limited to that category of sites only.

**MECP Proposal Questions:**

1) *Should the proposed service standards be different for sites within PROs' registered collection networks compared to those outside the network?*

**OTDA Response:** Simply setting collection service standards will not, on its own, eliminate collection issues and tire stockpiles, as it does not address the inefficiencies created by a two-tier collection model.

Collection sites that generate tires as part of ongoing business operations should receive consistent service  and not be differentiated based on arbitrary “in-network” or “out-of-network” PRO assignments.

At the same time, the OTDA recognizes that a separate “call-in” mechanism may be appropriate for one-time, exceptional, or low-volume situations requiring on-demand service.

The key requirement is that all legitimate, ongoing tire-generating collection sites are captured within a structured “in-network” model that ensures regular service. With this in place, a simplified and consistent service standard can be applied across the system.

2) *Should consideration be given to requiring that producers establish and operate more collection sites as part of their network to ensure tires are collected in a timely manner?*

**OTDA Response:** The expansion of collection sites should not be driven solely by geographic distribution. Simply adding sites based on location does not necessarily ensure that all legitimate tire-generating sites are being effectively serviced.

The priority should remain on ensuring that all legitimate tire-generating collection sites are properly recognized within a clearly defined “in-network” system and receive reliable, timely service based on actual operational demand.

Network design should be driven by service need and tire generation volumes, rather than simply geography alone, to ensure effective and equitable system performance.

**MECP Proposal Item 2 - *Add new management requirement – Add a new requirement that collected tires must be managed within 3 months of pick-up from any site.***

Timely tire management and processing are critical to maintaining confidence in Ontario’s tire recycling system and promoting efficient use of recycling infrastructure.

If implemented, additional safeguards and clear operational guardrails should be established to ensure the policy is not leveraged in a way that creates unintended advantages or imbalances within any single PRO network.

Appropriate controls are needed to ensure fair and equitable access to processing capacity across all PROs.

**1. 3 Month Feasibility**

We would recommend that processing facilities across Ontario be consulted as part of any review of processing requirements. This should include an assessment of both current and anticipated annual processing capacity, as well as actual volumes being processed within the province today.

In addition, this review should also account for seasonal fluctuations in tire generation and deliveries to processing facilities, as these variations can have a significant impact on short-term capacity constraints and system performance.

A clear understanding of these factors is essential to ensure that any processing timelines or requirements imposed are grounded in operational reality and achievable.

**2. Energy-from-Waste (EFW) Considerations**

If EFW is allowed as an option, the Ministry should:

- Establish a clear hierarchy for tire management, ensuring that registered processors and retreaders in Ontario have priority over EFW or landfill options.
- Consider that tires sent to EFW sites may not generate the same credit allocation as those processed through traditional recycling.
- Ensure transparency with consumers regarding the potential use of EFW or landfill options, as they directly contribute to tire recycling programs through recycling fees paid when they purchase new tires.

**MECP Proposal Questions:**

1) *Should the use of EFW for this portion of collected tires be restricted to specific geographic areas (e.g., rural Ontario) to reduce transportation impacts of shipping longer distances for processing?*

**OTDA Response:** Collection networks in Ontario are diverse, and tires are often consolidated at sorting or transfer facilities before being transported to final processing sites.

Restricting EFW by geography could disrupt these established logistics, reduce operational efficiency, and create additional administrative complexity for haulers and PROs.

2) *What impact would allowing some tires to go to EFW have on the market for retreading tires and processing tires for other uses?*

***OTDA Response:*** The OTDA recommends MECP consultation with retread stakeholders to fully understand any potential market implications and ensure that EFW options do not inadvertently disrupt existing supply chains or economic relationships.

**MECP Proposal Item 5 *- Remove $1 million cap – Remove the cap on the maximum AP amount that can be issued for continuing and non-continuing contraventions.***

If implemented appropriately, this would not only support improved system performance but also encourage producers to take a more active role in their selection of a PRO, as well as in overseeing and ensuring their selected PRO meets established targets.

However, the removal of the cap must be accompanied by clear safeguards to ensure penalties are applied fairly and consistently. A system in which some producers are subject to administrative penalties while others are able to negotiate settlements with the RPRA is inconsistent and undermines confidence across the network.

The system should avoid scenarios where competitive dynamics between PROs result in producers being placed in a position of non-compliance due to factors outside of their control, including the actions or behaviours of competing PROs. While producers hold the regulatory obligations, certain risks created by PRO-level competition may be outside of their direct control.

Regardless of whether this change is implemented, the process by which the RPRA administers administrative penalties, including any adjustments related to economic benefit, must be clearly defined, consistently applied, and fully transparent.

Additionally, we believe that producers should select PROs based not only on relationships or affiliation, but also on demonstrated performance in meeting regulatory obligations. To support this, the OTDA recommends that the RPRA publish an annual, publicly available "report card" on PRO performance against producer obligations, including historical compliance data, to improve transparency and accountability in PRO selection.

**MECP PROPOSAL ITEM 6 *- Shared PRO activities – Consider if rules related to PROs sharing collection sites and trading excess performance to meet targets should be added to the framework.***

Clear rules for collaboration are necessary to ensure accountability, operational efficiency, and fairness while supporting the integrity of Ontario's producer responsibility framework.

**Recommendations:**

**Approach 1 - Use of Existing Guidance:**
Relying solely on existing guidance is not sufficient, as the current framework has not yet resulted in a fully functioning system since its implementation, and there is no basis to suggest it will improve in the short term.

Additionally, establishing all necessary agreements and arrangements between Pros would likely create a significant administrative burden and additional complexity, without clear evidence that it would improve efficiency within shared networks.

**Approach 2 – Clearinghouse Methodology:**
The OTDA supports the concept of an independent clearinghouse to allocate shared collection and recycling responsibilities and to establish standardized credit trading rules.

However, this approach should be considered a mechanism to address immediate or transitional system challenges, rather than a long-term structural solution.

While a clearinghouse may provide short-term stability and help address current market imbalances, the administrative complexity and associated operational costs of implementing and maintaining such a system could be significant and may ultimately increase overall system costs to consumers.

As such, it should be viewed as an interim tool to support system functionality while broader regulatory improvements are developed and implemented. Any consideration of a clearinghouse should also include a clear timeline to assess its effectiveness, cost implications, and ongoing necessity, rather than positioning it as a permanent structural solution.

**Key considerations for any clearinghouse model include:**

- The RPRA should not operate or manage the clearinghouse in any capacity.
- The clearinghouse must be fully independent, with no affiliation to PROs, producers, or service providers.
- Governance and operational rules must be clearly defined in advance to prevent market manipulation or strategic behaviour that could distort collection and processing outcomes. This includes safeguards to ensure PROs are not able to artificially inflate collection costs to drive up credit values within the clearinghouse,

nor accumulate or control credits or collection volumes in a manner that undermines fair and balanced system operation.

**MECP Questions:**

1) Who should be responsible for establishing the clearinghouse: PROs, RPRA, or the government?

**OTDA Response:** The government should be responsible for establishing the clearinghouse. This ensures impartiality and independence by providing a neutral framework.

**MECP PROPOSAL ITEM 7 - *Increase Ontario-based recycling – Consider if there should be any provisions (e.g. minimum requirement or incentives) for Ontario-based processing of materials.***

The OTDA supports the Ministry's objective of encouraging more tire processing to occur within Ontario.

Strengthening local processing capacity can enhance economic benefits, reduce transportation and delivery impacts, improve oversight of tire management activities, and incentivize existing recyclers to expand operations or encourage new entrants into the Ontario recycling market.

Sending tires outside of Ontario does not provide the full economic benefits that a closed-loop recycling system should deliver.

**Considerations:**

1. **Require that a certain percentage of a producer's management target be met with tires processed at Ontario-based facilities**

The OTDA supports this approach and believes that, at a minimum, the percentage of a producer's management target allocated to Ontario-based processing should fully equate to the obligation level. For example, if the producer target is set at 65%, then 100% of that 65% should be processed within Ontario.

Consideration should be given to ensuring fair and equitable access to Ontario-based processing capacity for all producers and PROs. Care must be taken to avoid situations where a single producer, PRO, or group dominates available Ontario capacity, potentially placing others at an economic disadvantage and forcing reliance on out-of-province processing.

2. **Provide an incentive to count tires processed in Ontario at a higher value (e.g. 2 times the actual weight) than material processed outside Ontario**

The OTDA does not support providing an inflated incentive for tires processed in Ontario. Assigning a higher value, such as counting tires at twice their actual weight, would allow producers and PRO networks to meet their targets more quickly than seen under current market conditions.

3. **Apply a reduced credit for tire weight processed outside Ontario (e.g. counting 1 kg of out-of-province processing as 0.5 kg)**

The OTDA supports applying a reduced credit for tires processed outside Ontario.

This approach encourages PROs to prioritize Ontario-based processing, supporting the stability and growth of local recycling infrastructure, providing certainty to Ontario processors, and incentivizing expansion or new entrants into the market.

At the same time, it allows some flexibility for PRO networks to use out-of-province processing, but such use should be limited, with priority given to Ontario-based facilities.

**MECP Questions:**

1) **Should local processing requirements/incentives be limited to Ontario-based activities or expanded to Canadian activities?**

Prioritizing Ontario-based processing should be considered first, ensuring that local infrastructure, businesses, and employment benefit from the tire recycling system. Canadian-based processing outside Ontario should be considered as a secondary option, while all other out-of-country processing should be treated as the final option.

This hierarchy ensures supporting Ontario economic and environmental objectives, while still providing some flexibility for PROs to manage materials after Ontario capacity is fully utilized.

2) **If retreading was not allowed to count towards the management target for tires, would it help drive more material to Ontario-based tire processors?**

The OTDA believes that removing retreading credits from management targets would improve overall tire collections and help move more material into processing sites. Currently, retreading credits count proportionally toward targets, meaning that one kilogram of retreaded tire credits reduces the need to collect one kilogram of actual end-of-life tires.

However, the OTDA recommends consulting with retread stakeholders to fully understand any potential market implications. The regulation needs to ensure that removing/limiting/restructuring of retread credits does not inadvertently disrupt the retreading industry or negatively impact existing retread supply chains.

**Closing Comment item 7**

The OTDA recognizes that tire recycling in Ontario can be more costly than in other jurisdictions outside the province. Factors such as labour costs, utilities, and other operating expenses can place Ontario processors at an economic disadvantage when compared to facilities in other regions, particularly in the United States, where operating costs are lower.

However, while out-of-province processing may at times offer short-term cost advantages, an overreliance on such capacity can create long-term risks. If access to out-of-province markets were reduced or disrupted, Ontario could face challenges in managing its own tire recycling needs, particularly if domestic processing capacity is not available at sufficient levels in the interim.

Ontario's processing capacity needs to be protected to ensure the province’s tire recycling network remains sufficient and stable, and to maintain Ontario as a viable environment for investment and growth.

**Other considerations:**

Additionally, the OTDA would like to bring forward additional considerations that the MECP may wish to examine as part of this review. These items are intended to support the continued evolution of the Tires Regulation and to further strengthen, enhance, and advance the effectiveness of Ontario’s tire recycling system.

***Increasing Producer Obligations***

The current 65% producer obligation does not accurately reflect the day-to-day realities of tire generation, collection, and recycling needs in Ontario. A fixed percentage based on historical rolling averages does not adequately account for year-to-year fluctuations in tire generation or current system needs.

Reliance on this benchmark has also created confusion regarding the nature of producer responsibility. While the regulatory framework establishes a percentage-based obligation, there is also an expectation that all generated tires will ultimately be collected and managed, creating uncertainty for producers and PROs as to what “compliance” represents in practice, as well as uncertainty regarding overall costs and potential cost exposure or risk.

As a result, the 65% threshold is often interpreted as a full measure of responsibility, which leads to miscommunication, forecasting challenges, and complexity when managing volumes above the target.

If the underlying intent of the regulation is to ensure that tires are managed as they become available within the marketplace, then, in a purely theoretical sense, this would imply a 100% recovery objective; however, practical constraints make this unachievable as a regulatory obligation.

A more effective approach may be to separate the role of the obligation into distinct functions. A defined baseline (the 65%) would continue to support system funding, forecasting, and baseline performance expectations, while not being interpreted as the full extent of system responsibility.

Above this baseline, consideration should be given to an independent balancing mechanism, such as a clearinghouse, to manage variability in actual tire generation and collection. This would allow the system to respond more dynamically to current market conditions, rather than relying solely on a fixed historical percentage that may not accurately reflect present system needs.

An annual review process should assess performance above the baseline, including any surpluses or shortfalls managed through the clearinghouse. This data should then be used to evaluate whether the baseline remains appropriate and to inform periodic adjustments where persistent over- or under-performance is observed relative to the baseline.

This approach would maintain the baseline as a stable planning and funding anchor, while allowing for structured, evidence-based adjustments over time.

Regardless of policy direction, there must be clear and consistent communication that the 65% threshold is not the ceiling of producer responsibility. If the intent of the system is to ensure full management of available tires, that expectation must be explicitly defined to producers.

**RPRA Market Data – Gathering and Usage**

The RPRA's collection and evaluation of tire importation, generation, collection, hauling, and processing data is not sufficiently aligned with current market conditions.

The existing system relies on a three-year rolling average, with data that is already significantly outdated by the time it is applied; for example, 2026 targets are based on 2021–2023 data. This creates a lag between real-time market activity and system planning, resulting in targets that may not accurately reflect current tire generation or recycling needs.

As a result, producers, PROs, and service providers may be operating against benchmarks that do not reflect real-time conditions, leading to inefficiencies and planning uncertainty.

The RPRA should implement a more timely and responsive data collection and evaluation process to ensure that target-setting and system planning are based on current, accurate, and representative market information.

**Investment in Market Development for Tire-Derived Products**

The regulation should encourage producers/PROs to invest in/support the development of new/expanded end markets for materials derived from tire recycling, particularly crumb rubber.

Under the former Ontario Tire Stewardship (OTS) program, targeted investments helped expand the range of end-product markets for recycled tire materials, supporting demand and innovation. Currently, the regulation does not require similar market development, meaning that materials such as crumb rubber are largely dependent on existing markets, which are often saturated.

While this is not an immediate crisis, the absence of proactive market development can limit the efficiency and growth of the recycling ecosystem over time. Without investments to expand end markets, recovered materials may face slower uptake, potential backlogs, or limited opportunities for innovative uses. Supporting alternative markets ensures that the full lifecycle of recycled tires is realized and strengthens the circular economy for these materials.

Encouraging this type of market development aligns with past practices under the OTS and represents a best practice for creating a resilient, closed-loop recycling system that maximizes the value of recovered materials and supports the long-term sustainability of the tire recycling sector.

The OTDA appreciates the opportunity to provide input on the proposed amendments to the Tires Regulation, O. Reg. 225/18, and welcomes any questions or further discussion regarding our comments and considerations.

Best regards,

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