ReclayPRO

The Hon. Todd J. McCarthy
Ministry of the Environment, Conservation and Parks (MECP)
Government of Ontario
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Subject: Response to ERO 026-0218 Proposed amendments to the Tires Regulation (O. Reg. 225/18)

Dear Minister McCarthy,

Reclay StewardEdge is one of the five Producer Responsibility Organizations (PROs) for managing tires in Ontario. We work with producers and service providers across the province to support the collection, processing and recycling of regulated materials.

Under the ongoing open consultations, we welcome the opportunity to provide feedback for the proposed amendments to the Tires Regulation (O. Reg. 225/18) under the Resource Recovery and Circular Economy Act, 2016 (RRCEA). We also appreciate Ontario's continued advancement of the Tires Regulation under the Resource Recovery and Circular Economy Act, 2016, particularly efforts to:

- Improve collection accessibility
- Strengthen end-of-life management performance
- Reduce administrative burden while maintaining outcomes

However, as a PRO and a dedicated service provider for our tire producer clients, we foresee some of the proposed changes to cause unintended operational inefficiencies, cost increases, and compliance uncertainties for our clients. Please see below our detailed response in reference to the proposed changes:

- **Expand call-in requirements to all sites**
  We understand the intent to ensure all collection sites are serviced and are supportive of a requirement to collect all tires generated in Ontario. However, assigning pickups directly to PROs based on market share through RPRA may be operationally inefficient and will increase costs and red tape as RPRA would not be in a position to understand and optimize collection activities of PROs and their service providers. These costs would ultimately be passed on to producers and consumers. Therefore, our request is that further consultation be held to find an optimal solution before making changes that put further oversight tasks on the regulator, when PROs may soon be prepared to present an industry-led and more effective solution.

- **Add new requirement to manage tires within three (3) months of pick up**
  These revisions are in alignment with our current operations and should be manageable for any PRO representing producers.

- **Remove the $1 million cap – Administrative Penalties (AP) Regulation**
  We are aligned and support these proposed changes.

Please see below our detailed response in reference to the feedback requested to the possible changes to the Tire EPR regulations in near future:

- **Increase Ontario-based recycling for tires**
  We recognize the intent to support local processing. However, restricting processing to Ontario may be overly rigid and restrictive, and may increase costs, particularly for materials from northern or remote regions. Incentives that favour only Ontario processing may introduce inefficiencies and trade concerns.

- **Not permitting retreat to count towards management targets**
  Further, we are deeply concerned about the potential removal of retreading/repairing as counting towards producer management targets. While excluding retreading from management targets may redirect material to processors, it would do so by undermining one of the most environmentally beneficial pathways available. Retreading is a highly environmentally efficient option (extends product life, reduces emissions). It is highly cost-effective relative to full recycling/processing, supports local jobs and existing infrastructure, and aligns with the waste hierarchy (reuse before recycling). Key benefits of retreading include:

  1) **A true circular economy solution**: Retread is a process that replaces the worn-out tread of the tire and reuses the original casing. This process retains most of the material, energy, and embedded carbon and extends the product life of the originally manufactured tire while preserving its integrity and function. It keeps tires in use for multiple life cycles and reduces the need for virgin resources, aligning directly with circular economy principles of durability, reuse, and remanufacturing. Retreading also supports Canada's federal Zero Waste objectives by preventing waste at the source. It is important to note that retread (aka refurbish) is ranked above recycling in the waste hierarchy adopted by federal government's Zero Waste Strategy in the following order of preferred outcomes.

     1. Reduce
     2. Reuse
     3. Refurbish (Retread in case of tires)
     4. Recycling
     5. Energy Recovery (EFW)

     Therefore, it is a strong example of a true circular economy solution as it produces a durable product, offers high value retention, avoids waste and supports a true-closed loop system by taking tires away from disposal in the landfills, all while supporting jobs for Ontarians.

  2) **Lower lifecycle greenhouse gas (GHG) emissions**: According to an Ernst & Young (2016) report, the emission profile of a retreaded tire is less carbon intensive than that of a new tire. Retreading a tire reduces CO_2 emissions by roughly 24 per cent to 30 per cent compared to manufacturing a new tire and is also significantly more environmentally friendly than processing tires through other means.

3) **Reduced reliance on petroleum-based inputs:** According to the same study, manufacturing retreading tires versus new tires or recycled requires significantly less raw material input, including petroleum-based feedstocks. This has an increasing relevance for Ontario (and Canada) given the ongoing conflicts in the Middle East, among the major oil-producing regions, contributing to price uncertainty and supply risks. By reducing reliance on virgin petroleum inputs, retreading can help moderate exposure to these external pressures while supporting more stable and resource-efficient supply chains.

4) **Cost efficiency:** Retreading tires is often more cost-efficient than processing tires. If several thousand tonnes of management targets can only be achieved through processing, the cost for meeting the targets for producers could be increased by as much as 15%. These costs will be borne by producers and are likely passed on to consumers.

More broadly, this approach appears misaligned with a “Team Canada” model: one that emphasizes reducing interprovincial trade barriers and enabling the free movement of goods across provinces, as Premier Ford has long championed. Policies that constrain processing within a single province risk reinforcing fragmentation within Canada’s internal market, rather than advancing a more integrated and competitive national system, particularly at a time when Ontario businesses are already navigating tariff pressures and broader economic uncertainty. This would be costly for Canadian businesses and Canadians.

Notwithstanding the concerns outlined above, should a local processing requirement proceed, we are concerned this proposal could lead to a future state where Ontario’s processing infrastructure cannot absorb the volume of tires generated, leaving our producers in an unnecessary state of uncertainty and complexity. We encourage the government to investigate and release studies on the current state of Ontario’s processing capacity. This transparency would support clear, measurable policies and well-defined recycling targets while guiding investments to expand local recycling and prioritize outcomes such as reuse and high-value material recovery.

Thank you for the opportunity to provide input on this consultation. We would welcome the opportunity to discuss these comments further and provide any additional information that may be helpful. Kindly refer to Annex 1 for our formal response to the questions addressed in the stakeholder consultation document.

Sincerely,

Adrian Vannahme
CEO
ReclayPro

CC: RPRA Registrar

ReclayPRO

Annex 1

ITEM 1: EXPAND THE EXISTING "CALL-IN" COLLECTION REQUIREMENT TO ANY SITE THAT GENERATES TIRES AND ADD A GUARANTEED RESPONSE TIME – TIRES

Are there any other potential approaches for allocating sites that should be considered instead of RPRA assigning sites based on PRO market share?

We understand the intent to ensure all collection sites are serviced and are supportive of a requirement to collect all tires generated in Ontario. Our position is that all legitimate collection sites should first be consistently serviced, based on a structured review of PRO performance to identify where obligations are not being met. Assigning pickups directly to PROs based on market share through RPRA may be operationally inefficient and will increase costs and red tape as RPRA would not be in a position to understand and optimize collection activities of PROs and their service providers. Regulatory focus should be directed at addressing underperforming actors, rather than adjusting the system for all participants. Only after this baseline is achieved should any remaining regional service gaps be considered to be coordinated through RPRA.

Therefore, our request is that further consultation be held to find an optimal solution before making changes that put further oversight tasks on the regulator, when PROs may soon be in a position to present an industry-led and more effective solution. Alternatively, we suggest that this proposal be changed to be a void clause/mechanism if PROs can establish a clearing house by a set date, with agreement from RPRA.

Are the threshold of 50 tires and the proposed timeframes of one month and two months appropriate for PROs to respond to call-in collection requests?

Reclay is aligned with this timeframe, however, would like to emphasize that PROs should not be held liable for delays or errors made by haulers, e.g. if a hauler misses several pickups or goes out of business and leaves a site or region without service.

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

In Reclay's view, the standards for service need to and should remain same for equity of service on all sites in the province, However, for fairness, the sites outside of PRO's registered collection network must be awarded a higher degree of flexibility on timeliness to make accommodation for logistical organization for completion of collection duties.

Our rationale behind this request is that as a PRO we may or may not have the ability to put a new site on one of our existing routes and therefore may have to contract a new service provider that we may not have a working relationship with. Therefore, it is imperative that accommodations for logistical organization should be made if a site outside of a PRO's network is assigned to a PRO, since it may take several days, sometimes weeks, to identify a hauler and establish service.

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?

In Reclay's opinion, producers do not need to establish and operate more collection sites as part of their network to ensure tires are collected in a timely manner. It is instead paramount that all registered/eligible sites are serviced appropriately.

ITEM 2: Add a new requirement that collected tires must be managed within 3 months of pick-up – Tires

Is 3 months the appropriate timeframe to ensure tires are processed in a timely manner?

Yes, Reclay is aligned with this timeframe

Should the 3-month management requirement allow a portion of collected tires to be sent to energy from waste (EFW) facilities after targets have been met, rather than only allowing collected tires to be sent to registered processors or retreaders? If so, what should that portion be?

At Reclay, we operate at the intersection of circular economy policy and operational integration. Diverting end-of-life tires from landfill is a critical objective within Canada's transition to a more circular economy. Treating waste as a resource supports both environmental protection and broader energy transition goals. In this context, minimizing the number of tires sent to landfill should remain a clear policy priority.

The current regulatory framework is generally appropriate. However, greater clarity would be beneficial in establishing a defined hierarchy for end-of-life tire management, similar to the waste hierarchy outlined by the federal government in its Zero Waste Strategy in the following order of preferred outcomes:

1. *Reduce*
2. *Reuse*
3. *Refurbish (Retreading in case of tires)*
4. *Recycling*
5. *Energy Recovery (EFW)*

Within this framework, EFW should be reserved strictly as a last-resort option, applicable only when tires have reached the end of their usable life and no higher-value recovery pathways are viable.

To support this approach, enhanced reporting requirements could be implemented. These would require producers or processors to demonstrate that all reasonable efforts have been made to prioritize circular pathways as outlined above before diverting materials to EFW facilities.

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?

It is Reclay's viewpoint that the mechanism does offer a degree of flexibility to geographically challenging areas (e.g. Northern Ontario). However, in our opinion, if this mechanism is to be applied, it should be used only for a limited number of situations, only if no other nearby (including bordering jurisdictions) are able to offer reasonable processing opportunities. For example, the cost of processing tires generated in Northwestern Ontario or in Northeastern Ontario is likely to be higher than processing tires e.g. in Quebec or Manitoba.

ITEM 5: Remove the $1 million cap – Administrative Penalties (AP) Regulation

If stakeholders do not agree with removing the AP cap, are there any alternative recommendations that could encourage compliance?

Reclay has reviewed this provision and has no comments to offer at this time.

ITEM 6: Rules for shared PRO activities – Tires

APPROACH 1

It is thought that these rules would apply on a go-forward basis, effective upon filing but the ministry is seeking feedback if a longer transition is needed.

Reclay strongly advocates for the establishment of an industry-led Clearing House. However, in case that such an approach is not the final system selected for implementation, a longer transition period must be adopted.

Should the rules be based solely on RPRA's existing guidance, or are there additional elements that should be incorporated into the framework?

RPRA has made a significant contribution to bringing the existing Clearing House conversation to a point where the foundational elements are now in place. Given the progress to date, it may be appropriate to allow stakeholders to further develop and refine implementation approaches before additional regulatory direction is introduced. Therefore, as the organic next step, the Clearing House development progress would benefit from allowing PROs to work through the remaining operational details directly. We propose that the PROs be given until at least October 1, 2026, to establish a clearing house with rules, only after which the standards requirement should kick in.

Providing space for industry-led alignment will help ensure that any solutions brought forward are practical, durable, and informed by on-the-ground realities of the complex tire sector value chains.

Should these rules apply only to the Tires Regulation, or should they extend to all non-Blue Box EPR regulations?

With PRO experience in 10 + jurisdictions and a variety of material streams, Reclay speaks from a position of significant experience that when clearing houses that are truly neutral (i.e. where the administration is not tied to any specific PROs, as is for instance the case with the Ontario Blue Box Administrator system), they are recognized internationally as a useful market stability mechanism.

APPROACH 2

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

It is imperative that any clearing house model be set up and built by PROs to enable fair allocation of effort and cost using equivalency adjustments (region, shipment size, tire type, and recovery pathway). Also, only PROs have the expertise and data required to operate a clearing house, and administration by other parties would add significant amounts of red tape and complexity to the clearing house mechanisms.

Who should operate the clearinghouse: an independent third party or RPRA?

In line with established EPR principles, the clearing house function should be administered by an independent third party rather than the regulator. The OECD emphasizes that EPR systems are most effective when there is a clear separation between regulatory oversight and operational delivery, with producers responsible for system performance. A regulator-operated clearing house would blur this distinction, concentrating rule making, enforcement, and system operation within a single entity, and thereby weakening accountability and transparency. By contrast, an independent clearing house enables coordination across PROs while preserving competition, cost discipline, and innovation. This model is consistent with international best practice, where government sets the framework and enforces compliance, while neutral third-party bodies manage system operations.

Should this requirement apply across all non-Blue Box EPR regulations, including Tires, Batteries, EEE, and HSP?

Yes, a consistent, standardized approach across EPR regulations is preferred

ITEM 7: Increase Ontario based recycling – Tires

Which of the above options is the most appropriate, and what are the potential impacts and considerations associated with each option?

Reclay recognizes the intent to support local processing. However, restricting processing to Ontario may be overly rigid and restrictive, and would increase costs, particularly for materials from northern or remote regions. Incentives that favour only Ontario processing may introduce inefficiencies or trade concerns.

More broadly, this approach appears misaligned with a "Team Canada" model: one that emphasizes reducing interprovincial trade barriers and enabling the free movement of goods across provinces, as Premier Ford has long advocated for. Policies that constrain processing within a single province risk reinforcing fragmentation within Canada's internal market, rather than advancing a more integrated and competitive national system, particularly at a time when Ontario businesses are already navigating tariff pressures and broader economic uncertainty. Notwithstanding the concerns outlined above, should a local processing requirement proceed, we are concerned this proposal could lead to a future state where Ontario's processing infrastructure cannot absorb the volume of tires generated, leaving our producers in an unnecessary state of uncertainty and complexity.

We encourage the government to investigate and release studies on the current state and capacity of Ontario's processing infrastructure. This transparency would support clear, measurable policies and well-defined recycling targets while guiding investments to expand local recycling and prioritize outcomes such as reuse and high-value material recovery.

Should local processing requirements/incentives be considered for the Tires Regulation only or for all EPR regulations (including blue box)?

Local processing requirements or incentives are a significant undertaking that involves understanding the capacity to recycle locally against the volume generated, as well as the vast differences in the material streams. It also warrants learning about why and where these materials are currently managed outside the province. This exercise is important to understand the cost competitiveness, specialized processing capabilities, and accessibility to end markets.

A one-size-fits-all approach would therefore be inappropriate. Experience in Europe, North America, and beyond has shown that unbalanced or one-sided recycling policies, particularly when combined with open borders and weak enforcement, leads to market distortions, stranded capacity, as well as financial instability for recyclers.

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

A policy that prescribes strictly Ontario-based processing will be restrictive in nature, particularly in the absence of data confirming available in-province capacity. If all collected tires are consistently picked up and processed, as required under the regulation, existing processors would already be operating at or near capacity, making additional geographic constraints unnecessary. Further, restricting processing to Ontario would likely increase costs, as it reduces competitive tension and allows a smaller pool of processors to command higher prices. It also introduces clear inefficiencies in logistics; for example, transporting tires from Kenora to the Greater Toronto Area (GTA), rather than to closer facilities in Winnipeg, or from Ottawa to the GTA instead of Québec. The proposed approach is economically and environmentally counterintuitive, and the added costs would ultimately be borne by producers and, in turn, consumers, while also raising concerns with respect to the free movement of goods across provinces.

Therefore, it is Reclay's view that a tiered approach that encourages Ontario-based processing without penalizing responsible out-of-province processing within Canada would better balance policy objectives with cost efficiency, competition, and system practicality.

Notwithstanding the concerns outlined above, should a local processing requirement proceed, we strongly recommend that it be supported by a comprehensive, evidence-based assessment of Ontario's processing capacity and the broader economic impacts. This should include analysis of system costs, infrastructure readiness, regional logistics, and potential impacts on producers and consumers. Absent this, there is a significant risk of creating a system that cannot efficiently absorb the volume of tires generated, resulting in increased costs, operational complexity, and uncertainty for obligated producers. Regulatory changes of this nature should be grounded in clear data and demonstrated need to ensure they achieve intended outcomes without unintended consequences.

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

We are deeply concerned about the potential removal of retreading.

While excluding retreading from management targets may redirect material to processors, it would do so by undermining one of the most environmentally beneficial pathways available.

Retreading is a highly environmentally efficient option (extends product life, reduces emissions). It is highly cost-effective relative to full recycling/processing, supports local jobs and existing infrastructure, and aligns with the waste hierarchy (reuse before recycling). Key benefits of retreading include:

Keeping tires out of landfills
This is an underappreciated benefit that retreading plays in the tire lifecycle and one that deserves to be accounted for in this decision-making process. By extending the life cycle of a tire, retreading helps reduce pressure on Ontario landfills. According to a report by the Office of the Auditor General of Ontario (2023), Ontario's landfill capacity can only accommodate 13 more years of waste: they are filling up quickly. By extending the usable life of tires, retreading helps prevent unnecessary generation of end-of-life material and reduces the volume requiring downstream management.

Lowers lifecycle GHG emissions
As per Ernst & Young (2016), below is a quick emission comparison of a retreaded tire vs a new tire:

- **Carbon emissions:** retreading a tire reduces CO_2 emissions by roughly 24% to 30% compared to manufacturing a new tire
- **Raw materials:** Retreading uses 90 to 100 pounds fewer raw materials per tire, conserving natural resources
- **Oil consumption:** It takes roughly 7 gallons of oil to produce a retread, compared to 22 gallons for a new tire, saving 15 gallons per unit
- **Reduced transportation**: Because retreading facilities are often closer to the customer base, it reduces the logistics emissions associated with importing new tires from overseas.

True circular economy solution
Retreading is often cited as a circular economy best practice in the tire sector. It is one of the most

environmentally beneficial end-of-life pathways for tires, as it extends product life and reduces demand for new raw materials. It aligns with the waste hierarchy outlined by the federal government in its federal Zero Waste Strategy in the following order of preferred outcomes:

- Reduce
- Reuse
- Refurbish (Retread in case of tires)
- Recycling
- Energy Recovery (EFW)

By maintaining the retread option, Ontario can continue to achieve meaningful emission reductions and waste prevention outcomes.

Therefore, we firmly believe that retreading should remain a recognized and supported processing method. Excluding retreading from management targets would undermine these benefits by disincentivizing a proven circular solution and increasing the volume of tires entering lower-value processing streams. This could lead to greater system strain, including higher risks of stockpiling or landfill disposal where capacity or market conditions are constrained.