Date: May 1, 2026

To:
The Honourable Todd McCarthy
Minister of the Environment, Conservation and Parks
c/o Krista Friesen, Manager, Resource Recovery Policy Branch
Ministry of the Environment, Conservation and Parks

Submitted online via the ERO

Re: ERO Posting 026-0218 – Proposed Amendments to Tires and Other Producer Responsibility Regulations

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Costco Wholesale Canada Ltd. ("Costco") appreciates the opportunity to provide feedback on the proposed amendments to Ontario's producer responsibility regulations. While we recognize the Ministry's efforts to provide short-term operational relief, the proposed amendments don't address the structural deficiencies of Ontario's Individual Producer Responsibility (IPR) framework.

Programs under the model IPR have demonstrated unpredictability, imposition of undue burden, inefficiency, increased costs, which are ultimately borne by Ontario consumers. IPR has weakened public collection systems and hindered the environmental outcomes it was meant to improve. Moreover, the fragmented, multi-operator structure of IPR has unintentionally deterred transparent financial and operational reporting, weakened coordination, and made it harder to optimize system performance.

Ontario should pivot to a standard, program plan-based **Extended Producer Responsibility (EPR)** model. This approach is successful elsewhere in Canada, and Ontarians would benefit from aligning with proven best-practices. This shift must prioritize program plans, operated by a **single Producer Responsibility Organization (PRO)** per material category and enhanced **transparency** to achieve stable, cost-effective environmental outcomes for Ontarians.

ITEM 1: Expand "Call-In" Collection and Guaranteed Response Time (Tires)

Costco does not support the expansion of mandatory "call-in" collection requirements to a 50-tire threshold with rigid one-to-two-month response timelines without further operational validation. These prescriptive standards do not account for seasonal variability, logistics constraints, or the operational realities of servicing low-volume sites, especially in rural areas. Furthermore, no allocation model can ensure that RPRA fairly distributes these collections between PROs. Each collection has its own specificities, and balancing the load proportionally would require extensive expertise, analysis and data collection.

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Recommendation: Instead of prescriptive mandates, which consistently fail to adapt to the diverse dynamics and needs of a large territory such as Ontario, the province should transition to a standard Extended Producer Responsibility (EPR) model. Under this model, a comprehensive Program plan would outline the core principles of a unified collection system, specifically addressing the issues Ontario experienced in 2025, while also ensuring flexibility for the future and the ability to adapt to various geographic realities, and evolving needs of Ontarians. A program plan model would also ensure that a single PRO has the responsibility to collect from all Ontario collection sites, which avoids unfair allocation. This approach works in all other Canadian provinces, and Ontario should align.

ITEM 2: Requirement to Manage Collected Tires within 3 Months (Tires)

While Costco supports the objective of timely tire management, we oppose the introduction of a rigid three-month processing requirement. A mandated timeline leaves producers vulnerable to market pressures and fails to account for unforeseen disruptions (e.g., equipment failure, fires, or labor shortages) that have historically impacted Ontario's processing capacity.

Recommendation: Maintain flexibility by transitioning to a standard Extended Producer Responsibility (EPR) model, where requirements can be set in a program plan.

ITEM 3: Revise HSP Recycling Efficiency Rate (RER) Requirements

Costco supports the proposed one-year delay (to 2028) for the RER requirements for oil containers and antifreeze. This is a practical adjustment that recognizes current constraints in processing infrastructure.

Recommendation: Use this additional time to conduct a meaningful technical review of processing capacity and end-market availability to ensure future requirements are achievable. This also allows time to transition to a standard Extended Producer Responsibility (EPR) model, where this type of requirements can be set in a program plan. As supplied materials and processing technologies evolve, a program plan allows requirements to also evolve over time without the need for constant regulatory amendment.

ITEM 4: Clarify collection site requirements (HSP)

While Costco does not oppose the change itself, it feels necessary to highlight that prescriptive, rigid collection requirements embedded directly into the regulation are not sustainable, and are only necessary because IPR allows for multiple parallel collection systems. Trying to address the diverse and evolving needs of Ontario's communities under a regulation has led to countless amendments; and more will be required as the landscape continues to evolve - this can't be the solution.

Recommendation: Maintain flexibility by transitioning to a standard Extended Producer Responsibility (EPR) model, operated by a single PRO for each material category, where collection requirements can be set in a program plan.

ITEM 5: Remove the $1 Million Cap on Administrative Penalties (AP Regulation)

Costco opposes the removal of the $1 million cap on administrative penalties (APs). Layering uncapped financial penalties onto a fragmented and structurally flawed IPR system introduces extreme financial uncertainty for producers who are acting in good faith. Individually, Producers possess a limited capacity to influence the outcomes of these extensive and complex collection systems. Producers' difficulty in achieving compliance frequently stems from a confluence of factors, including the establishment of unattainable targets, the prevalence of unfair market practices (e.g., unaffiliated entities collecting designated material and subsequently demanding compensation from Producers at significantly higher rates), or the restricted ability of individual Producers and their PROs to undertake significant capital investment within Ontario's volatile and unpredictable IPR economy.

Recommendation: In the short-term, uncapped penalties should be strictly reserved for **"free-riders"** (producers who fail to register or report). For participating producers making good-faith efforts, the cap should remain, and enforcement should focus on due process and remediation rather than a punitive approach. In the long-term, Ontario needs to transition to a standard Extended Producer Responsibility (EPR) model, where PROs can be required to increase investment in public education, R&D or processing facilities - this enforcement approach actually forces collection systems to invest and make improvements, which then drives better environmental outcomes.

ITEM 6: Rules for Shared PRO Activities

We are against the introduction of new rules for shared PRO activities or a mandatory clearinghouse, as it adds further administrative complexity without resolving underlying coordination issues. These short-term solutions are a distraction from the real structural changes that Producers need to have in place to achieve the environmental outcomes sought by the government. It’s also worth adding that these issues are unique to Ontario’s unique IPR model; recycling programs in the rest of Canada are based on program plans and do not experience any of these issues.

Recommendation: Prioritize structural reform toward a program plan model, where each material category is managed by a **single PRO**, which inherently resolves coordination and credit-trading challenges at the root, rather than adding new administrative layers like a clearinghouse.

ITEM 7: Increase Ontario-Based Processing (Tires)

We are against prescriptive local-processing mandates, as these measures risk distorting market signals, increasing program costs, and constraining access to efficient processing pathways outside the province. Adding this type of inter-provincial trade barrier would artificially increase costs, which are ultimately borne by consumers, and would disincentivize innovation amongst service providers. This directly undermines national efforts to remove inter-provincial barriers, which are intended to strengthen our economy.

Recommendation: Focus on **economic instruments** (e.g., investment tax credits or R&D grants) to drive organic growth in Ontario's recycling infrastructure, rather than using prescriptive regulatory mandates.

Conclusion

The proposed amendments in ERO 026-0218 are short-term fixes for a system that requires fundamental legislative reform. Costco urges the Ministry to signal an immediate transition to a standard program-based EPR model. We remain committed to working with the government to build a recycling framework that is stable, transparent, and aligned with national best practices.

Sincerely,
Eric Sasseville
Manager, Stewardship Programs
Costco Wholesale Canada Ltd.