

The purpose of this bulletin is to provide compliance guidance regarding the regulatory requirements that apply, starting January 1, 2019, when a tire resource recovery charge is identified to a consumer as a separate charge in an advertisement, invoice, receipt or similar record for the marketing or sale of a new tire or new vehicle to the consumer. Resource recovery charges are sometimes referred to as tire handling fees, recycling fees, or eco fees.

Under the Ontario Tire Stewardship program, the costs incurred by OTS were recovered from the OTS stewards. OTS stewards typically passed this cost on to consumers in the form of a tire handling fee that, as a matter of practice, appeared on a consumer's invoice as a separate charge.

The OTS program ends on December 31, 2018. Beginning January 1, 2019, tire producers become individually responsible for meeting tire collection and resource recovery targets. There will continue to be costs associated with the collection and recycling of tires.

Any decision by a producer or retailer about whether to identify these costs as a separate charge in any advertisement, invoice, receipt or similar record provided to a consumer is a business decision for that producer or retailer.

However, if a producer or retailer decides to show these costs as a separate charge to a consumer, the producer or retailer must do so in accordance with the requirements set out in the Tires Regulation (O. Reg. 225/18).

These requirements include:

- specific information must be provided to the consumer about the charge;
- the charge must accurately reflect the costs incurred in relation to resource recovery; and
- a report and audit must be submitted each year relating to how the charge was used.

Information Requirements

Section 14 of the Tires Regulation states:

Every producer and every person who markets new tires to consumers in Ontario, whether separately from or on a new vehicle, and who identifies, in an advertisement, invoice, receipt or similar record in connection with the supply of tires, a separate charge that relates to resource recovery or waste reduction of tires, shall implement a promotion and education program by providing the following information at the time the charge is identified in the same manner in which the charge is communicated:

1. The person responsible for imposing the charge.
2. How the charge will be used to collect, reduce, reuse, recycle and recover tires.

For the purposes of this requirement, the person responsible for imposing the charge in relation to tires being sold to a consumer will generally be the producer of those tires, based on the definition of producer in the Tires Regulation. Therefore, the producer must be identified in the advertisement, invoice, receipt or similar record as the person responsible for imposing the charge that is being passed on to the consumer. A statement indicating how the charge will be used to collect, reduce, reuse, recycle and recover tires must also be included.

An example of an acceptable statement in relation to a separate resource recovery charge is:

[name of producer] is responsible for imposing this charge. It is being used to cover the cost of collecting and recycling the tires you are buying today when those tires reach their end of life and are returned by you.

The statement must be communicated the same way the charge is being communicated. For example, in a print or online advertisement, the statement must be communicated in the same advertisement. In a radio, TV or video advertisement, if the charge is mentioned orally, the statement must also be delivered orally. If the charge is identified online as part of the purchasing process, the statement must be communicated to the consumer on the same part of the web page on which the charge appears. If the charge is printed on an invoice or receipt (hard copy or electronic) or cash register tape, the statement must be printed on the same invoice, receipt or register tape.

Reporting and Auditing Requirements

In addition to the requirements above, a producer or retailer who markets tires or new vehicles with new tires to a consumer, and identifies a separate tire resource recovery charge in an advertisement, invoice, receipt or similar record, must also provide, by October 31 of each year, an annual report to the Authority that contains the following information with respect to the previous calendar year:

1. How the charge has been used to increase collection, reuse, recycling and recovery of tires.
2. An audit, conducted by an independent auditor who is licensed or holds a certificate of authorization under the *Public Accounting Act, 2004*, verifying that the charge imposed accurately reflects the costs incurred in relation to the collection, reuse, recycling and recovery of tires.

The first report is due by October 31, 2020.