

This document provides guidance to producer responsibility organizations (PROs) who have been retained by a producer to carry out the producer's responsibilities under the Tires Regulation - O. Reg. 225/18.

## **Background**

A producer's minimum collection requirements for a calendar year are determined by a calculation in the Tires Regulation that is based on a rolling three-year average of tires it supplied to the Ontario market, as follows:

- 2020 minimum collection requirement is based on the producer's supply data for 2015, 2016 and 2017
- 2021 minimum collection requirement is based on the producer's supply data for 2016, 2017 and 2018
- 2022 minimum collection requirement is based on the producer's supply data for 2017, 2018 and 2019
- and so on.

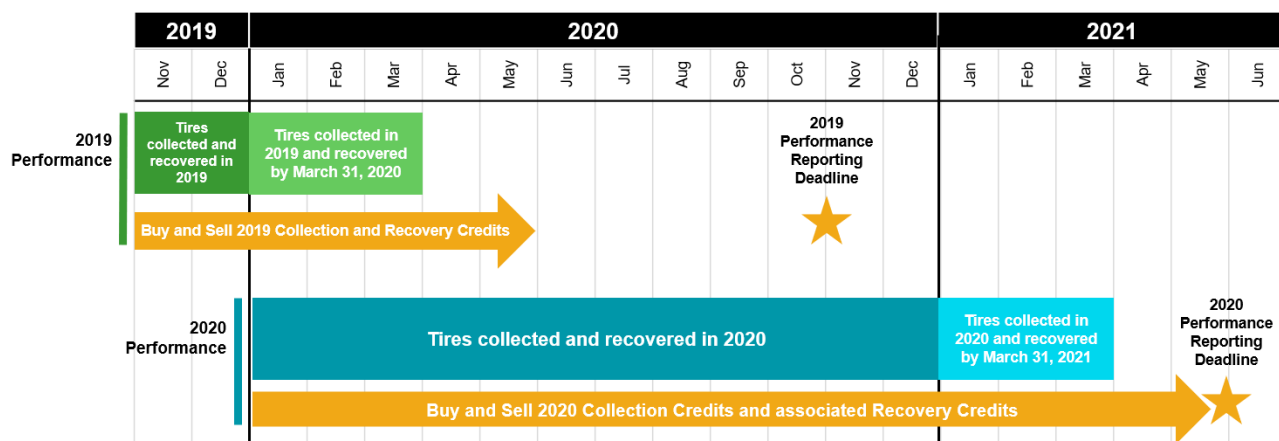
To achieve these minimum collection requirements, a producer must establish and operate a collection system that meets the requirements under the Tires Regulation (see [Compliance Bulletin – Tire Collection System](#) for more information). Producers, or PROs on their behalf, must operate the collection system year-round, regardless of whether they have reached their minimum collection requirements.

Regardless of whether a producer meets or exceeds their minimum collection requirements as determined by the above formula; each producer is required to achieve resource recovery of at least 85% of what they actually collected.

The annual collection period is the calendar year (January 1 to December 31), with all tires collected in the calendar year required to be recovered (reused, retreaded or processed) by March 31 of the following year. Each year, producers (or PROs working on their behalf) must report their performance of collection and resource recovery requirements into the Registry. Producers and PROs will be notified when the Registry is open for reporting.

2019 was the first year that producers were required to meet their collection and resource recovery requirements and report on their activities the following year in 2020.

The reporting timeframe allow producers or PROs to buy and sell collection and resource recovery performance credits to meet their performance obligations before the reporting deadline, indicated in the following diagram:



## Determining when tires are collected

Only tires that have been picked up from a collection site by a registered hauler and delivered to a registered processor, retreader, or a person for reuse, can count as collected tires toward a producer's minimum collection requirement ([Tires Regulation - section 4\(4\) para.1](#)).

The date that the tires are received by a processor, retreader or person for reuse, determines the calendar year in which they can be counted toward a producer's minimum collection requirement.

Tires that are delivered to a registered processor, retreader or a person for reuse, at any time in a calendar year can only count toward that year's collection requirement.

Producers, directly or through PROs on their behalf, are required to recover a minimum of 85% of the weight of those delivered tires through processing, retreading or reuse. This must be achieved no later than March 31 following the collection year to count toward that requirement.

## Determining when tires are recovered

Tires are not considered recovered if they are just delivered to the processor. Tires are counted as recovered when:

- Used tires flow through a processing facility and the constituent parts of the tires (i.e., processed material<sup>1</sup>) are recovered for the purpose of creating products or packaging allowable under the Tires Regulation (see section 11(5) for limitations). While the actual product or packaging does not need to be made by March 31 following the collection year to count as recovered, the processed material must be either used or transferred to an entity (i.e., ownership is transferred but not necessarily delivered) that will use it to create the product or packaging.
- Used tires flow through a retreading facility and are retreaded. The full weight of the retreaded tires counts toward the 85% resource recovery requirement. For

<sup>1</sup> Processed tire materials include crumb rubber, tire-derived mulch, tire-derived aggregate, tire derived rubber strips and chunks, tire-derived metals (no rims), fluff and fiber, and other – see Compliance Bulletin on Tire Annual Reporting Requirements.

information on how retreading counts toward a recovery obligation, please review the [Compliance Bulletin - Tire Retreading](#).

- Used tires are provided to a person for reuse. Reuse counts toward recovery when the tire is sold to a person for reuse, even if those tires have not yet been reused or modified for reuse.

## **Collection Credits**

If a PRO purchases collection credits, the weight of collected tires associated with those credits can be used by the PRO to meet the collection requirements on behalf of its producer customers.

The weight of tires associated with those credits becomes part of the weight of used tires actually collected by that PRO on behalf of its producer customers. This means that the PRO's producer customers must now achieve resource recovery of at least 85% of that increased weight.

The PRO must arrange for the collected tires associated with the collection credit to be processed, retreaded or provided to a person for reuse, as the Tires Regulation makes it mandatory for all collected tires to be managed by no later than March 31 following the collection year.

### Example – Collection Credits:

Producer A has a minimum collection requirement of 100,000 kg

Producer B has a minimum collection requirement of 80,000 kg

Producer A and B contract with PRO 1 to meet their producer responsibilities

In 2019, PRO 1 directly collects 160,000 kg of used tires against Producer A and B's combined minimum collection requirement of 180,000 kg. The resource recovery obligation, based on what was directly collected, is 85% of 160,000 kg, or 136,000 kg. If PRO 1 has achieved at least 136,000 kg of resource recovery on behalf of its two producer customers, it will have complied with the resource recovery requirement, but will be 20,000 kg short of meeting the producers' minimum collection requirement.

PRO 2 has collected more tires than it needs to meet the minimum collection obligation of its producer customers. If PRO 1 buys 20,000 kg of collection credits from PRO 2 to make up for its collection deficit, that 20,000 kg is added to the 160,000 kg already collected by PRO 1. PRO 1's producer customers are now in compliance with their collection obligation of 180,000 kg. However, PRO 1 must now achieve resource recovery of at least 85% of the combined total of 180,000 kg to comply with its customers' resource recovery obligation, which is 153,000 kg. PRO 1's recovery obligation (on behalf of its producers) has therefore increased by 85% of the 20,000 kg of collection credits purchased, or 17,000 kg. Likewise, PRO 2 has now reduced its recovery target by 17,000 kg by selling the 20,000 kg of collection credits to PRO 1.

For reporting purposes, each PRO reports the weight of tires collected, adding or subtracting any collection credits bought or sold, as the case may be. In this example, PRO 1 would report 180,000 kg collected by Producer A and B (160,000 kg directly collected plus the 20,000 kg purchased from PRO 2). PRO 2 would

subtract 20,000 kg from what it reports as collected on behalf of its producer customers.

### **Recovery Credits**

If a PRO purchases recovery credits, the weight of recovery credits purchased does not affect the collection requirement.

Example – Recovery Credits:

PRO 1 has a recovery requirement of 153,000 kg, based on what it actually collected on behalf of its producers (either through what it arranged to be collected or credits purchased from PROs). PRO 1 has only recovered 143,000 kg, falling 10,000 kg short of its producers' minimum recovery obligation.

PRO 2 has recovered more tires than it needs to meet the minimum recovery obligation of its producer customers.

For reporting purposes, each PRO reports the weight of tires recovered, adding or subtracting any recovery credits bought or sold. In this example, If PRO 1 buys 10,000 kg of recovery credits from PRO 2, PRO 1 would report 153,000 kg as recovered (the 143,000 kg it recovered plus the 10,000 kg credit purchased from PRO 2). PRO 2 would subtract 10,000 kg from what it reports as recovered on behalf of its producer customers.

	Revisions
<b>Issued September 2020</b>	N/A
<b>Reviewed April 2021</b>	Updated to apply to annual reporting