



357-2026-2567

October 1, 2026

Mr. Jonathan Krieger
Liquidator, Ontario Tire Stewardship
c/o Doane Grant Thornton LLP
Email: Jonathan.Krieger@ca.gt.com

Dear Mr. Krieger:

I am writing regarding the wind up plan developed by Ontario Tire Stewardship (OTS) for the Used Tires Program under the *Waste Diversion Transition Act, 2016* (WDTA).

In response to recent disruptions in tire collection and recycling activities across Ontario, pursuant to section 14 of the WDTA, I am directing OTS to amend its wind up plan in accordance with the requirements below. Generally, remaining surplus funds will be issued to producer responsibility organizations (PROs) that are registered with the Resource Productivity and Recovery Authority (RPPRA) to provide services to tire producers under the Tires Regulation (O. Reg. 225/18), made under the *Resource Recovery and Circular Economy Act, 2016*.

On September 21, 2026, the Tires Regulation was amended to increase the management target from 65 per cent to 80 per cent, starting in 2026 and each year thereafter. This will improve tire collection and help reduce collection disruptions by requiring that tire producers and PROs collect and manage more tires. Further information about this regulatory amendment can be found on the [Environmental Registry of Ontario](#).

My expectation in directing that remaining OTS surplus funds be issued to tire PROs is that the funds will be used to offset the costs PROs would otherwise charge to their producer clients related to the increased management target. Tire producers should not, in turn, have to pass on increased costs to consumers, while PROs have access to the OTS surplus funds.

To offset the increase in costs in 2026 attributable to the increase in the management requirement, OTS shall develop an approach based on the following elements:

- When a PRO is able to demonstrate to OTS that its producer client can account for a tonne of processed tires in satisfaction of that producer's 2026 management obligations in section 12 of the Tires Regulation, OTS shall provide a standard amount of funding to the PRO in respect of that tonne.
 - Funds shall only be provided in respect of managed tires that have been processed – not retreaded or reused – as this will prioritize the collection and management of tires that are currently in stockpiles and/or backlogs.

- OTS shall determine the amount to pay each PRO on a per tonne basis by identifying a reasonable cost for a PRO to collect and process a tonne of tires in accordance with the Tires Regulation.
 - OTS shall determine a single amount that applies for all PROs, notwithstanding that individual PROs may incur different costs.
 - Based on 2017 and 2018 cost data from the former OTS program adjusted for inflation, the ministry estimates this amount may be approximately \$500 per tonne for tires to be collected and processed. This \$500 per tonne amount, however, shall not limit OTS's ability to determine an alternative amount if OTS believes that an alternative amount better reflects current PRO costs.
 - If, after calculating the per tonne amount, OTS does not believe there will be sufficient funds to pay PROs for all eligible collection and processing activities in 2026, OTS shall reduce the per tonne amount so all payments can be made in accordance with this direction.
 - In its amended plan, OTS shall outline how it determined the final per tonne rate, including what data was used and which stakeholders were consulted with.
- Funds shall only be provided for tonnes of processed tires that are used to satisfy the increase in the management target from 65 per cent to 80 per cent of the producer's average weight of supply.
 - No funds shall be provided in respect of a tonne of processed tires that would be used to satisfy the producer's management requirement if it had remained at 65 per cent of the average weight of supply.
 - A PRO shall not receive a payment for a tonne of processed tires if that tonne is in excess of what its producer client needs to satisfy its 80 per cent management target under section 12 of the Tires Regulation.
 - OTS shall work with RPRA to determine when each PRO has achieved these thresholds.
- In order to receive the per tonne rate for the target increase, each PRO will need to provide documentation to OTS that demonstrates they have contracted for and completed collection and processing activities that will satisfy the management requirement.
 - OTS shall consult on an approach for receiving and verifying documentation from PROs and the payment frequency for the available funding.

The above distribution is only in respect of management obligations in the Tires Regulation in 2026. It is my expectation that some surplus funds may remain after this process has concluded. If so, OTS shall provide funds to PROs in respect of the 2027 management target in accordance with the same principles that applied to the 2026 management target, including that funds shall only be provided in respect of the increase in the management target attributable to the recent regulatory amendments.

For greater certainty, it is my expectation that OTS will determine details for how funds will be dispersed to PROs for both the 2026 and 2027 management target as part of the same development and consultation approach and that there is no need for OTS to calculate a different per tonne rate for 2027 activities.

If OTS does not believe that there will be sufficient funds to administer the program as it did in 2026, OTS shall determine a method of reducing the payments to each PRO in a way that ensures that the maximum amount payable to each PRO is proportionate to that PRO's share of the collective increase in managed tires that producers must account for because of the amendments to the Tires Regulation.

Prior to making any disbursements in accordance with this wind up direction, OTS shall settle any outstanding disbursement activities related to the 2021 disbursement cycle where an interim portion of the surplus was distributed to individual tire producers.

Disbursement payments shall only be made with funds that are in excess of any amounts OTS expects to need to complete its wind up activities. If OTS's actual wind up costs are less than what was budgeted, any final, residual amounts (including any funds that were not distributed to PROs for activities related to the 2026 and 2027 target increases) shall be paid to RPRA for the purpose of offsetting costs of tire producers' fees paid annually for RPRA's oversight activities.

This direction revises the previous directions issued to OTS, including the most recent direction issued on April 21, 2020, in regard to how the surplus and residual funds from the Used Tires Program must be managed.

OTS shall submit the amended plan to RPRA for approval by November 26, 2026. It is my expectation that RPRA will approve amendments to the plan resulting from this clarification within 2 weeks of the plan being submitted by OTS.

Throughout development, consultation and implementation of the amendments to the wind up plan, OTS shall engage and cooperate with RPRA. And RPRA shall provide support to OTS if there are activities identified during development of the wind up plan amendments that OTS needs RPRA's input to deliver.

Lastly, OTS and RPRA shall post this direction on their websites.

Sincerely,



Todd McCarthy
Minister of the Environment, Conservation and Parks

c: Sarah Harrison, Deputy Minister of the Environment, Conservation and Parks
Robert Poirier, Chair, Resource Productivity and Recovery Authority
Noah Gitterman, CEO, Resource Productivity and Recovery Authority