

Consultation Proposal

Ontario Tire Stewardship Surplus Funds Distribution Plan

October 20, 2026 – November 10, 2026



Agenda

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Consultation scope and timing

- RPRA and OTS, which is currently administered by the court-appointed liquidator Doane Grant Thornton, are hosting a joint consultation to gather stakeholder feedback on a proposed plan to distribute OTS surplus funds to tire producer responsibility organizations (PROs) registered with RPRA.
- On October 1, 2026, the [Minister directed](#) OTS to disburse approximately \$30M in surplus funds to tire PROs to offset their costs related to the increased management target following the [September 2026 amendments to the Tires Regulation](#). The Minister also noted his expectation that in turn tire producers would not increase environmental handling fees on tires.
- The consultation period is from **October 20, 2026**, to **November 10, 2026**.
- A webinar will be held on **November 2, 2026**, from 1 p.m. to 2 p.m. [Register here to participate.](#)
- Questions or comments on the proposal can be submitted to consultations@rpra.ca by **November 10, 2026**.
- OTS will consider all feedback received during the consultation when finalizing the distribution plan before submitting it to RPRA for approval by **November 26, 2026**, as per the Minister's direction.
- RPRA will review and approve the plan, with or without conditions, **by December 10, 2026**, as per the Minister's direction.

Wind Up of the Used Tires Program and Ontario Tire Stewardship

- Ontario Tire Stewardship (OTS) operated the legacy Used Tires Program (UTP) under the Waste Diversion Transition Act, 2016 (WDTA).
- As directed by the Minister, OTS consulted on and submitted to RPRA in November 2017 a wind-up plan (WUP) to terminate both the UTP and OTS. RPRA consulted on the wind-up plan and approved it with conditions in April 2018.
- The UTP ended on December 31, 2018. As of January 1, 2019, producers of obligated tires have been subject to the requirements of the Tires Regulation under the Resource Recovery and Circular Economy Act, 2016 (RRCEA)
- Although the UTP ended on December 31, 2018, OTS continues to operate as a corporation as it continues to implement the approved WUP and finalizes legal, financial and operational obligations.
- As the court appointed liquidator for OTS, Doane Grant Thornton LLP acts as its agent and is responsible for:
 - implementing the provisions of the WUP, including any amendments, and
 - dissolving OTS as a corporate entity.

Previous Minister's directions on OTS surplus funds

February 17, 2017 Direction

- OTS directed to provide a description and proposal for dealing with any program surpluses and deficits
- OTS proposal to draw down approximately \$10M in surplus funds through a fee elimination approved by RPRA in April 2018 and any residual funds remaining following the completion of the wind up returned to former stewards

April 2, 2019 Direction

- Recognizing a significant increase in surplus funds due to a tax ruling by CRA, Minister directs OTS to return approximately \$38M in surplus funds to Ontario tire consumers
- OTS consultation on proposal to return \$38M to Ontario consumers halted. Plan was never finalized

June 19, 2019 Direction

- Recognizing the ongoing CRA tax matter and the uncertainty of the final surplus amount, Minister encourages OTS to develop a plan with a high level of flexibility so as much of the surplus can be used for the benefit of Ontario consumers

April 21, 2020 Direction

- Minister directs remaining surplus funds to be returned to stewards with the expectation funds be used to offset fees for tire recycling to benefit Ontario consumers.
- RPRA approved OTS plan to return surplus funds to former stewards in March 2021
- In June 2021, an interim amount of \$12M of the OTS surplus funds were distributed the eligible stewards as per the approved WUP addendum
- The remainder of the OTS surplus funds, currently estimated at \$34M, was set to be distributed to eligible stewards

Amendments to the Tires Regulation

- On September 22, 2026, the Government of Ontario [finalized amendments to the Tires Regulation](#).
- Among other amendments to the Tires Regulation, the government revised tire producer management requirements
 - Starting with the 2026 performance year, producers must manage 80% of tires they supplied into Ontario, based on a three-year rolling average, up from 65%.
- Visit [RPRA's Latest News post](#) to learn more about the changes and the guidance RPRA has provided to registrants
- Join one of RPRA's webinars for an overview of the Tires Regulation amendments and how they impact registrants:
 - **Producers:** October 26, 11:00 a.m. – 12:00 p.m. [Register Here](#)
 - **Service providers:** October 27, 2:00 p.m. – 3:00 p.m. [Register Here](#)
- For further information about the government's amendments to the Tires Regulation, [read the decision notice on the Environmental Registry of Ontario](#).

New Minister's Direction on OTS Surplus Funds

- On **October 2, 2026**, the Minister of the Environment, Conservation and Parks issued a new direction letter to OTS requiring it to return available surplus funds to tire producer responsibility organizations (PROs) registered with RPRA.
- The direction revises previous direction to OTS to disburse the surplus directly to former stewards of the legacy Used Tires Program. The new direction is intended to offset PRO costs related to the increased management target set in the recently amended Tires Regulation and protect consumers against increasing environmental handling fees on tires.
- Prior to making any disbursements, OTS is required to settle any outstanding payments related to the 2021 interim disbursement of surplus funds totaling \$12M that was distributed to individual tire producers.
- Disbursement payments will 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) will be paid to RPRA to offset its tires program costs.

Summary of Minister's October 2026 direction on OTS surplus funds

Requirement	Description
OTS surplus funds to be issued to tire PROs	OTS surplus funds to be issued by OTS to tire PROs to offset charges to their producer clients related to the increase in management targets.
No increase to tire recycling fees charged to consumers	- The Minister expects OTS surplus funds will be used by tire PROs to offset charges to their producer clients related to the increased management target. - Tire producers are expected in turn to not increase environmental handling fees on tires.
Establish per tonne amount	- OTS will determine a per tonne amount that applies to all PROs even though some may have different costs. - OTS will consult stakeholders to determine what a reasonable per tonne subsidy is for PROs to collect and process used tires as set out in the Tires Regulation
OTS surplus funds available for 65-80% portion of management requirement	- Funds will only be provided for processed tires that are used to satisfy the increase in the management target from 65% to 80% ("eligible tonnes"). - A PRO will not receive funding for processing tires beyond what its producer clients need to satisfy their 80% management target
Producers (and their PROs) must demonstrate that tires have been collected and processed prior to receiving funding	- To receive OTS surplus funds, each PRO will have to provide documentation that demonstrates that they have contracted for and completed collection and processing activities that satisfy their producer clients' management requirements. - Funds will only be provided for tires that have been processed – not retreaded or reused – to prioritize the collection and management of tires that are currently in stockpiles and/or backlogs.
OTS surplus funds available for 2026 and 2027 performance years	OTS will provide surplus funds to PROs for the 2026 and 2027 performance years only.

Update on OTS financial position

- As of May 2026, all outstanding tax and legal matters have been resolved.
- Below is a summary of OTS’ financial position, including forecasted expenses to implement the remaining steps in the wind-up plan, as well as the distribution of OTS surplus funds to PROs. Final program termination and corporate dissolution is anticipated in 2028.

OTS reserve as of Sept 30, 2026	\$36.76M
Uncashed cheques from 2021 interim surplus funds distribution to eligible OTS stewards	\$2.5M
Forecasted administrative and wind-up costs until 2028 • OTS liquidator fees ○ Ongoing file administration, including the resolution of the Uncashed Cheques ○ Review and assess PRO eligibility ○ Administering distributions to PROs ○ Coordinating the final wind-up activities and dissolution of OTS as a corporate entity • OTS liquidator legal fees • RPRA oversight fees • Other administrative costs and contingency	\$2.7M
OTS surplus funds available for distribution to PROs	\$31.06

Proposed approach to distributing OTS surplus funds to tire PROs



Uncashed cheques from May 2021 interim distribution

- In May 2021, an interim amount of \$12 million was distributed to eligible former stewards based on the methodology described in the approved WUP addendum.
- As of the date of this presentation, approximately **\$2.5 million** of the issued cheques remain uncashed for various reasons. The approximately \$30M available in surplus funds available for distribution to PROs does not include the value of the uncashed cheques.
- Following RPRA's approval of the proposed surplus distribution plan, OTS will contact each of the impacted stewards and will issue replacement cheques.
- Stewards who do not cash their replacement cheque within six months of issuance (or who notify OTS in writing that they do not intend to cash their replacement cheque once received) will relinquish their right to their share of the 2021 interim distribution.
- Replacement cheques not cashed will become available for distribution to PROs in accordance with the approved surplus distribution plan.
- Any surplus funds not distributed during the 2026 and 2027 performance years, will become residual funds to be paid to RPRA to offset its tire program costs, which will effectively reduce RPRA program fees charged to tire registrants.

PRO reporting to determine tonnes eligible for OTS surplus funds

Requirement:

- To access the OTS surplus funds, each PRO will need to provide documentation that demonstrates they have contracted for and completed collection and processing activities that are used to satisfy the increase in the management target from 65% to 80% of the producer's 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% management target

Proposal:

• **Monthly reporting to RPRA:**

- Consistent with current monthly tire PRO reporting, **PROs will continue to submit performance reports** to RPRA within two weeks following the last day of each month to demonstrate they have contracted for and completed collection and processing activities.
- Each PRO will be required to provide **an attestation from a corporate officer of the business** stating the reported tonnes of collected, processed, retreaded and/or reused tires is accurate and true.
- RPRA may also request additional information to further verify tire PRO claims including weight documentation from haulers, processor invoices, bills of lading, and any relevant information related to tire recycling activities claimed by the PRO.

• **Annual performance reporting to RPRA:**

- Consistent with existing requirements, PROs will be required to submit their annual performance report to RPRA to further demonstrate the completion of collection and processing activities used to satisfy the increase in the management target from 65% to 80%.

• **Performance audit report to RPRA:**

- During the implementation of the OTS surplus funds distribution plan (**2026 and 2027 performance years**), PROs will be required to submit a performance audit report to RPRA for each year as per the [Tires Verification and Audit Procedure](#) to provide further verification of the collection and processing activities used to satisfy the increase in the management target from 65% to 80%.

****Report submission deadlines are subject to adjustment based on the Registrar's discretion.***

Authorizing the release of OTS surplus funds to tires PRO

Requirement:

- In order to receive the per tonne rate for reported eligible tonnes (65% to 80% of the producer's average weight of supply), each PRO will need to provide documentation that demonstrates they have contracted for and completed collection and processing activities that will satisfy the management requirement.
- 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% management target

Proposal:

- To authorize OTS' release of surplus funds to tire PROs for eligible tonnes, on a quarterly basis RPRA will provide OTS with the following documentation:
 - **Monthly reports submitted to RPRA by tire PROs**
 - **Attestation statements received from each corporate officer representing tire PROs**
- Using the documentation provided by RPRA, OTS will determine each PRO's quarterly allocation of funds based on reported eligible tonnes at the established per tonne amount.
- Each quarterly payment by OTS to a tire PRO will be **paid out at 75% of their total quarterly allocation** to account for anticipated adjustments throughout the performance year. The basis of the payment will be approved by the court in advance.
- On an annual basis, RPRA will provide OTS with the following documentation:
 - **Annual performance reports submitted to RPRA by tire PROs**
 - **Performance audit reports submitted to RPRA by tire PROs per the Tires Verification & Audit Procedure for the 2026 and 2027 performance years**
- **An annual true up payment** will be made to tire PROs following the completion of a performance audit report per the Tires Verification & Audit Procedure for the 2026 and 2027 performance years to account for adjustments and to release the 25% hold back portion of each PRO's allocation of funds.
- Adjustments to producer supply or performance data reported after the submission of the performance audit report deadline in each year **will not be eligible for retroactive OTS surplus funds**.

Establishing the per tonne subsidy

Requirement:

- OTS shall determine a **single per tonne amount that applies for all PROs**, notwithstanding that individual PROs may incur different costs.
- OTS will consult with stakeholders to identify a reasonable cost for a PRO to collect and process a tonne of tires in accordance with the Tires Regulation
- 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.

Proposal:

- OTS will disburse surplus funds to registered tire PROs for all eligible tonnes, as reported to and verified by RPRA, at a **\$500 per tonne amount**.
- The per tonne amount will be used by tire PROs to offset charges to their producer clients related to the increased management target
- The per tonne amount provided in the final surplus distribution plan may be amended subject to stakeholder feedback recommending an alternative rate that more accurately reflects current PRO costs.
- The final surplus distribution plan will outline how the final per tonne amount was calculated, including what data was used.
- OTS and RPRA believe that there will be sufficient OTS surplus funds to pay PROs for all eligible collection and processing activities for the 2026 and 2027 performance years, allowing OTS to set a single per tonne rate for both performance years.
- RPRA and OTS will reassess the amount of available OTS surplus funds for distribution for the 2027 performance year and if new information indicates that insufficient funds are available to provide funding for all eligible tonnes at the per tonne rate, OTS will reduce the per tonne rate to ensure all eligible tones are able to receive equal funding.

Tire PRO reporting to RPRA and OTS payout schedule

Tire PRO performance reporting period	RPRA authorization to OTS to release surplus funds to PROs following data verification	Anticipated payment of OTS surplus funds to PROs for eligible tonnage
Q1 2026 – Q4 2026	April 2027	May 2027
2026 annual true up <i>*following submission of performance audit report to RPRA</i>	November 2027	December 2027
Q1 2027-Q2 2027	July 2027	August 2027
Q3 2027	November 2027	November 2028
Q4 2027	April 2028	May 2028
2027 annual true up <i>*following submission of performance audit report to RPRA</i>	November 2028	December 2028

- Consistent with current monthly tire PRO reporting, PROs will continue to submit performance reports to RPRA **within two weeks** following the last day of each month to demonstrate they have contracted for and completed collection and processing activities.
- RPRA will provide documentation to OTS to facilitate the release of surplus funds to tire PROs for eligible tonnes to be **paid out at 75% of their total quarterly allocation** to account for anticipated adjustments throughout the performance year.
- **Annual true up payment** will be made to tire PROs following the submission of the performance audit report per the [Tires Verification & Audit Procedure](#) for the 2026 and 2027 performance years to account for adjustments and **release 25% hold back portion** of each PROs allocation of funds.

**The payout schedule may vary due to adjustments to reporting deadlines made at the Registrar's discretion and/or requirements for additional review of reported data.*

Key questions for stakeholder feedback

RPRA is interested in your views on the following:

- Describe any challenges you foresee in providing the required information and/or meeting the proposed reporting timelines.
- How reflective is the proposed \$500 per tonne amount of current PRO costs to collect and process tires?
- As a PRO, are you and your producer clients able to meet the Minister's expectation to not pass on increased costs to consumers to meet the increased management target?
- Do you support the proposed quarterly payout frequency?
- Do you support the proposed 25% holdback until an annual true-up?
- Do you have feedback to provide on any other elements of the proposal?

Providing feedback and next steps

- Feedback on the proposed surplus distribution plan can be submitted to consultations@rprra.ca
- The deadline to submit your feedback is **November 10, 2026**
- For more information on this consultation, please visit our [consultation webpage](#).
- OTS will consider all feedback received during the consultation and submit wind-up plan amendments to RPRA for approval by **November 26, 2026**.
- It is the Minister's expectation that RPRA approve the surplus distribution plan, with or without conditions, within two weeks (**December 10, 2026**) of the plan being submitted.
- Stakeholder feedback will be summarized in a consultation report that will be posted to RPRA's website following RPRA's approval of the surplus distribution plan.
- Consultation participants will be notified when the surplus distribution plan is approved