



# **Tire Supply Audit Procedure**

## **Consultation Report**

**December 23, 2019**

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## Introduction and context

From October 8, 2019 to December 11, 2019 the Authority consulted on the development of an audit procedure to verify the tire supply data that producers are required to submit to the Authority.

The Authority retained the accounting firm BDO Canada to review the draft procedure as part of the development process.

The Authority considered the feedback received during the consultation to develop the final procedure, which has been posted on RPRA's website under "Registry Procedures".

Questions about this report can be emailed to [consultations@rpra.ca](mailto:consultations@rpra.ca)

### About the Authority

The Authority is a regulatory body created by the Ontario government in November 2016 to enforce the requirements of the [Resource Recovery and Circular Economy Act, 2016 \(RRCEA\)](#) and the [Waste Diversion Transition Act, 2016 \(WTDA\)](#).

The RRCEA establishes a new resource management regime where producers are responsible and accountable for their products and packaging, recovering resources and reducing waste. The WTDA allows for the continuation of waste diversion programs and sets out provisions to wind up those programs as directed by the Minister of the Environment, Conservation and Parks.

### About the Supply Audit Procedure

As of January 1, 2019, the Used Tires Program operated by Ontario Tire Stewardship (OTS) was replaced by a new individual producer responsibility framework for tires overseen by the Authority. This new framework is outlined in the Tires Regulation (O. Reg. 225/18.)

Under the Tires Regulation, producers are required to report new tire supply data by May 31 every year. This is used to establish a producer's used tire collection target for the following year. Tire supply data can only be reported to the Authority by producers. It cannot be reported by a PRO on behalf of a producer.

Currently, most producers do not need to provide an audit report because they are reporting tire supply data that they previously submitted to OTS. However, since the OTS program ended in 2018, producers will need to submit an audit report to verify the supply data from 2019 that they report to the Authority, as well as in subsequent years. Producers will need to work with an independent auditor to complete an audit report in order to verify the supply data being submitted. The audit must be carried out by an independent auditor that is licensed or holds a certificate of authorization under the *Public Accounting Act, 2004* and conducted in accordance with the Authority's [Registry Procedure – Audit](#) and [Compliance Bulletin No. 3 – Supply Data Audits](#).

It is important to note that the audit requirement will not begin for most producers until the 2021 reporting cycle since data from 2016-2018 will be used to establish producer collection targets for 2020. In 2021, all producers will need to submit an audit report to verify their supply data from 2019.

## Principles for public consultation

The Authority's consultations are guided by the following best practice principles developed by the Organization for Economic Cooperation and Development:

***Inclusiveness and openness:*** Engage broadly with a wide variety of stakeholders, provide clear and understandable information, and make the consultation process accessible, comprehensible and responsive.

***Timeliness:*** Engage stakeholders early before decisions are made and provide regular opportunities for engagement on key program and policy matters.

***Accessible and cost effective:*** Consider a variety of tools and methods to gather feedback that promote efficient and cost-effective consultations.

***Balance:*** Provide opportunities for diverse perspectives and opinions to be heard and considered.

***Transparent:*** Record feedback, report back a summary to stakeholders, and synthesize feedback into programs and policies as appropriate.

***Evaluation:*** Demonstrate the impact of public consultations on program delivery and policy development.

## Consultation process

The Authority emailed tire producers and PROs notice of the consultation on August 29, 2019. A [dedicated page](#) on the Authority's website was created to promote the consultation.

Stakeholders were invited to submit feedback via one of two webinars or via email to [consultations@rpra.ca](mailto:consultations@rpra.ca) by December 11, 2019. The first webinar was hosted on October 8 and the second on November 19.

In addition to the webinars and email feedback, one-on-one consultation meetings and/or phone calls were offered to stakeholders to gain a better understanding of the comments they submitted and further explain the Authority's approach for developing the audit procedure.

The objectives of the first webinar were to:

1. Report on the conclusion of the review of weight conversion factors
2. Review the tire supply audit requirements under the Tires Regulation
3. Start the process to develop a tire supply audit procedure to meet those requirements

Following the first webinar, the Authority published the draft procedure on November 8, 2019 for comment and hosted a second webinar to receive feedback. Following the deadline for comments, the Authority completed the final draft and posted it on RPRA's website under "Registry Procedures".

## What we heard

The Authority hosted two webinars, received fourteen written submissions and met with and/or had telephone conversations with six stakeholders throughout the consultation period. The webinar presentations and recordings can be found [here](#).

- **Phase One – Pre-draft Consultation Webinar, Tuesday, October 8** – 126 people registered and 96 attended.
- **Phase Two – Post-draft Consultation Webinar, Tuesday, November 19** – 100 people registered and 74 attended.

The feedback received is summarized below, as well as the Authority’s response to the comments. The Authority has categorized feedback according to the following themes:

- Proposed producer categories
- Frequency of audits
- Audit standards and procedures
- Cost

## **Proposed Producer Categories**

### *Stakeholder feedback*

There was general recognition of the desirability of recognizing the diversity of size amongst producers, with very few participants taking a position against dividing producers into the three groups. A concern was expressed about the possibility that a producer might go back and forth between categories as a result of changes in the producer’s annual collection target.

### *The Authority’s response*

The final procedure recognizes the three categories. We will track the changes in producer collection targets each year to determine if the categories should be modified.

## **Frequency of audits**

### *Stakeholder feedback*

Some stakeholders felt that an annual report was too frequent and would consume too many resources (e.g. financial, time, staff, etc.). It was suggested to change the frequency to once every three years, for example.

### *The Authority’s response*

Based on the large number of instances of inaccurate reporting experienced so far during this transition period, we are maintaining the requirement for annual third-party verification. The requirement to apply the procedure begins with the supply data that will be reported in 2021. In 2023, the Registrar intends to review the procedure, based on the experience that will have been gained by then. This review will be carried out in consultation with producers, to determine if it is appropriate to modify it.

## **Audit standards and procedures**

### *Stakeholder feedback*

Some stakeholders questioned why international standards were being applied. Very few stakeholders questioned why a standard was required at all, and instead suggested that the verification should be left to an auditor’s discretion.

### *The Authority’s response*

We have changed the applicable standard for large producers to the Canadian version. We are keeping the proposed procedures on the basis that this is a new area of verification and both producers and auditors will benefit from procedures that will focus attention on what needs to be looked at by an auditor, bringing efficiency to both the work and the cost to do the work. We recognized that there may be instances where it would be appropriate for an auditor to deviate from the procedures and additional provisions have been added to address that situation.

## **Cost**

### *Stakeholder feedback*

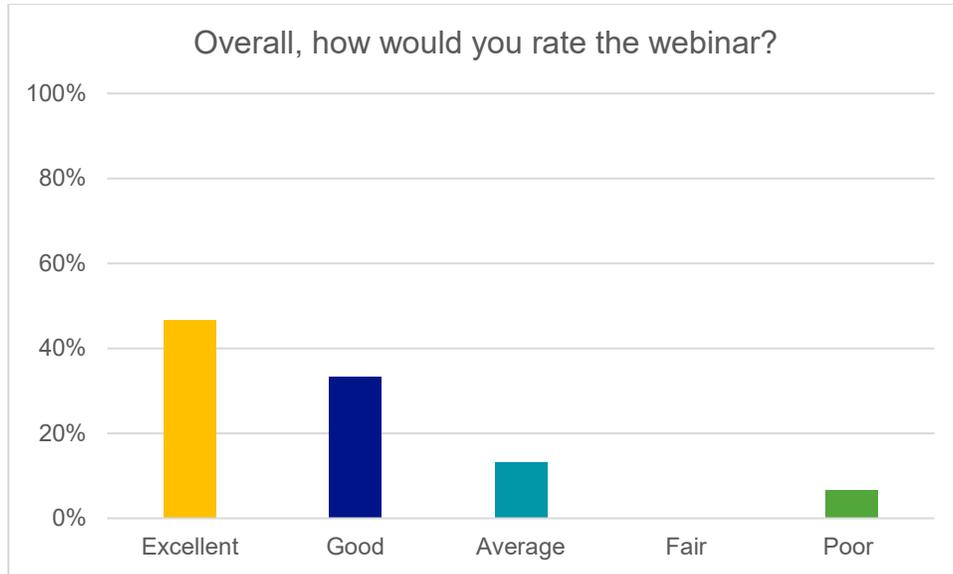
Some stakeholders raised concern about the additional cost to carry out third-party verification of supply data.

### *The Authority's response*

One of the central reasons for dividing producers into three categories was to address the issue of cost, recognizing that 381 of the 445 registered producers are responsible for less than 3% of the tires supplied into Ontario. It was important to have a measured approach to the implementation of the compliance function in that context. Cost was also a consideration when deciding on appropriate verification procedures. The procedures focus an auditor's attention on the key aspects of tire supply, reducing uncertainty that might otherwise lead to higher cost auditor engagements. As a result, producers will be able to obtain competitive proposals from the auditor marketplace. We will monitor performance and carry out a review in 2023.

## Consultation evaluation

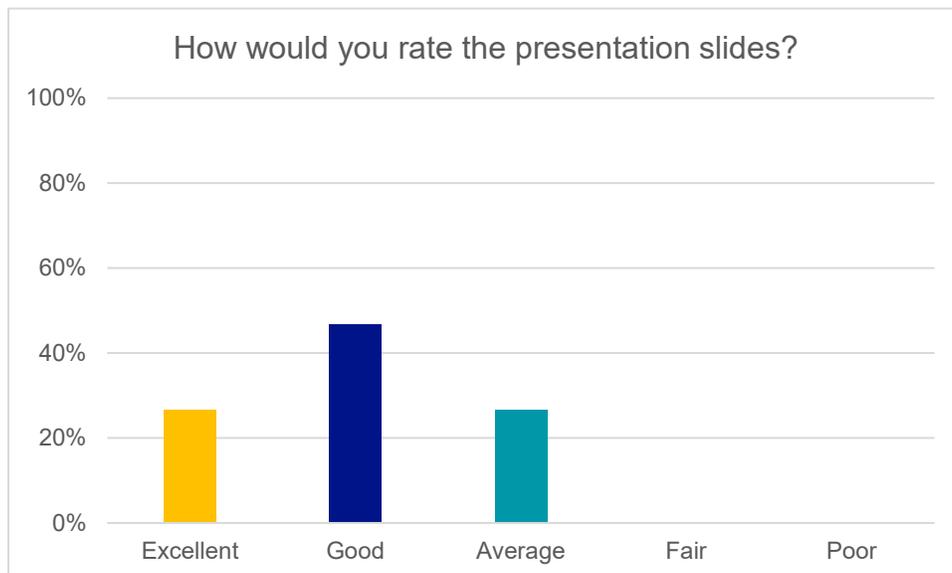
Following each of the two consultation webinars, participants were invited to complete a short feedback survey. The following charts show how participants rated the consultation process.

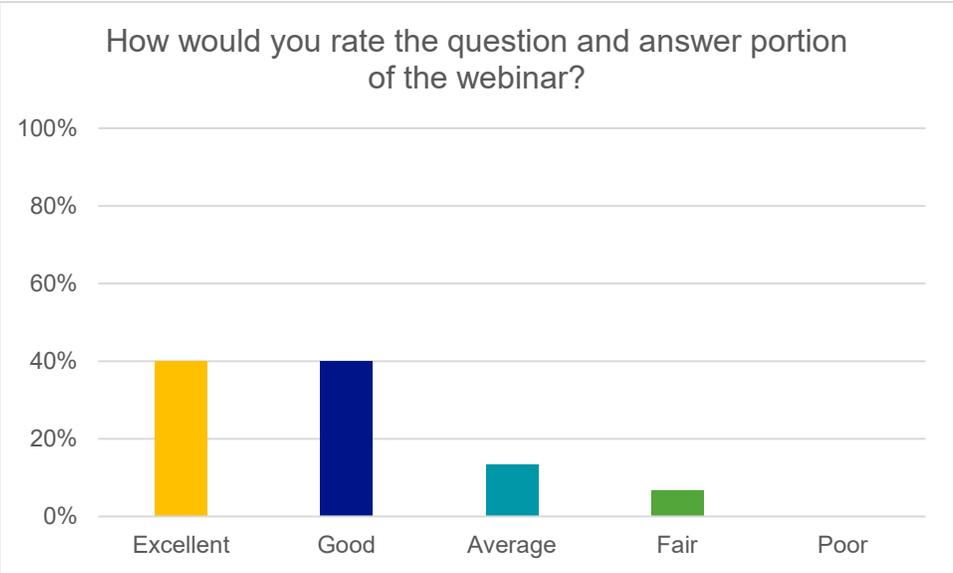
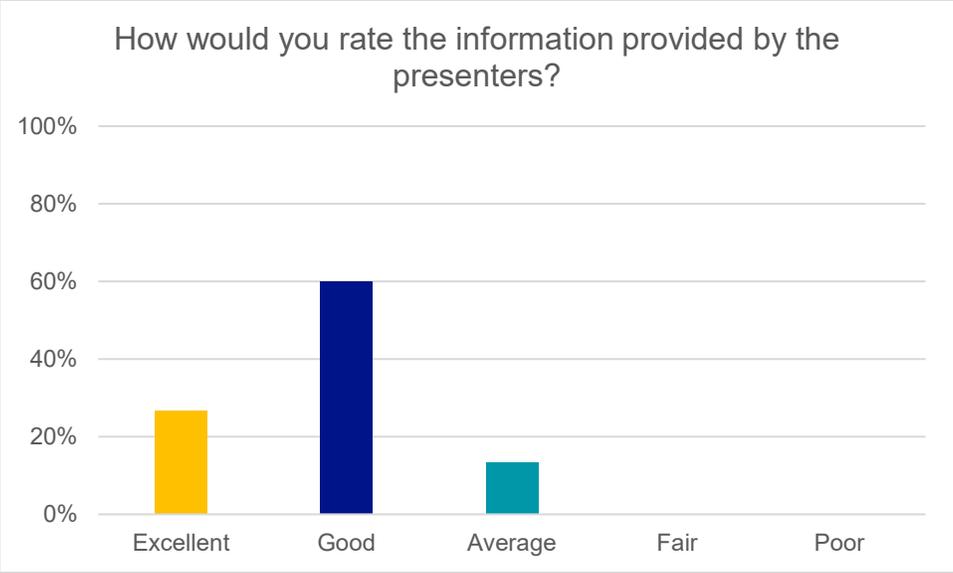


Comments on the overall satisfaction of the webinars included:

“Very knowledgeable, easy to hear, easy to read screen.”

“Very informative.”





Comments on the question and answer portion of the webinar included:

“Felt this took up too much time, questions were not always clear.”

“They sometimes went off topic, but still relevant.”

## Appendix A

Below are the questions and comments received during the webinars and one-on-one meetings, and via the written submissions, and the Authority's responses. Some comments were edited for length and clarity. Comments not relevant to this consultation have been excluded.

### Phase One – Pre-draft Consultation

Question/comment	Response
Which weight category does transport trailer tires apply?	The medium truck tire category would apply. Review the Registry Procedure – Weight Conversion Factors (Tires) for further details.
Is a PRO qualified to perform an audit?	Producers are responsible for retaining an auditor to verify their supply data, not PROs. PROs are not auditors; producers must retain an independent auditor.
We purchase hundreds of different tires to supply on our equipment. It is difficult and time-consuming to find the actual weights of these tires. Would RPRA consider a central database where manufacturers would be required to contribute that information? Then there is one source to be used by all producers which would contribute to consistency of reporting. This would also contribute to consistency in auditing as there is a known standard for each tire.	<p>The Authority has concluded that changes to the existing Registry Procedure for Weight Conversion Factors are not required at this time. We are proposing to work with vehicle manufacturers to continue to gather data and monitor whether changes are necessary.</p> <p>A main reason we maintained the existing weight conversion factors was to accommodate vehicle manufacturers, recognizing that there is a wide range of tires for vehicles.</p>
Why not base audit requirements on an asset level?	The Authority chose collection targets as they are based on the amount of rubber that you're putting into the market and correlates to the overall size of the organization.
Given the cost associated with an audit, has RPRA considered applying a de-minimis threshold to determine if an audit is necessary?	Yes, the de minimis is the threshold of the small producer category. We propose that those that fall into the small producer category will not have to complete an audit report; instead a percentage of small producers selected annually by the Registrar will be subject to an inspection procedure.
What is the cost of compliance that you have determined in your investigation for large producers?	The cost of the audit will be borne directly by the producer. The advantage of developing a procedure is to have a clear set of instructions for all large producers to go out

	<p>to the auditor market and select an auditor at a competitive price.</p> <p>The cost of compliance for large producers is already in the Tires Regulation – it requires a producer to engage the services of an independent auditor, which is a market-based cost.</p>
For small producers, would they then be exempt from an audit by an approved Auditor?	Yes, we are proposing that those that fall into the small producer category will not have to complete an audit report; instead a percentage of small producers selected annually by the Registrar will be subject to an inspection procedure.
Is your category based upon 3-year average or most recent year?	The thresholds are based on collection targets, which are based on a 3-year rolling average.
What percentage of "small producers" would be selected annually by RPRA - has this percentage been determined?	It hasn't been determined yet. The percentage will be set taking into account the availability of compliance resources, likely in the 5-10% range.
Have you considered "self-certification" for large producers with established internal procedures and substantial assets "at risk" if found to not comply?	We are open to receive a submission on what a "self-certification" would look like.
During your identification of audit standards, did you consider the international Environmental Audit standard ISO 14011?	Yes, we did consider that standard – we carried out a full scan of audit standards. From our perspective, that's a standard that applies in a different context – it's a physical environment-based standard, whereas ours is more aligned with a market supply type of audit.
Just a comment: making the volume band for medium companies too narrow could push increased costs on growing companies and could result in curtailing growth. Have you used the data you have been provided by all producers for each year to see how the bands would have moved if the RPRA was in force in 2017 and 2018?	The risk of impacting a business in the medium producer category (between 100,000 kg and 500,000 kg) is quite low. The verification procedures are going to be proportionate to the size of the business that falls into each category. We will continue to monitor the bands each year.
Have you determined the cost of the external auditor? Answer - No. Why not? Market based - yes but what is it? \$5,000 or \$50,000 or \$100,000?	In the context of large producers captured in the proposed threshold, we're talking about very large companies. The cost of an audit should not be out of proportion on a cost

	<p>basis. We can't speak to the actual costs of the audits – this will be determined by the auditors and producers.</p> <p>The Authority is creating a clear and prescriptive audit procedure to ensure auditors are fairly bidding.</p>
Would the bands be reviewed each year to keep them relatively normalized?	Yes, we will monitor the bands each year.
Why does it need to be a prescriptive approach? Why can the auditor not determine an appropriate audit methodology, based on the organization size, and provide an opinion? It is their designation on the line, after all?	We want to ensure that the process is predictable and cost effective, and ensure a level playing field for all producers.
Have any audit firms been involved with this consultation work?	Yes, we retained an audit firm to develop the audit procedure for performance (earlier in the year) and are building on that work to develop the procedure for supply. We have also had conversations with other firms to ensure they understand our approach.
How much consultation is being done with audit firms? When we've enquired about their services and receive blank looks. No one so far has contacted us looking for our business.	The first audit requirement is not needed until 2021, so it's a bit early for audit firms to be seeking business. We've had conversations with several firms and they understand the 2021 timeline and that producers will reach out ahead of that deadline.
Other than statistical vs non-statistical, will RPRA require auditors of large producers to complete specific audit procedures?	For reference, review the Tire Performance Audit Procedure – it will give you an understanding of our overall approach.
What are auditors looking for and how do they confirm if what we have reported is correct?	The final procedure will outline what is required in a producer's audit report and the steps that an auditor will take to complete the report.
Please consider large off-road tires that can vary in weight more than other smaller high production tires.	This has been considered as the collection targets used for the thresholds are based on weight.
With the statistical sampling, what is the "population" - is it individual tires, or something else?	The population is the number of transactions that a company engages in (e.g. sales, invoices, etc.).
Because our tire supply most closely resembles the idea of what I think the RPRA would consider a	Thank you for your feedback.

<p>small producer, we think that the cut-off for a small producer should be set at the 15000kg level that was suggested in the webinar.</p> <p>When we look at the range of producers as a whole, being able to obtain 95% confidence via an audit of large producers which includes over 80% of the entire tire supply in Ontario seems like a sufficiently large portion of the tire supply population. Consequently, we do not see a sufficiently increased confidence level obtained by making the producer group larger by using a lower threshold and believe that 1,000,000+ kg should be an acceptable range.</p>	
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## Phase Two – Post-draft Consultation

Question/comment	Response
<p>The regulation states that a Large Producer is one that is required to collect more than 10,000kg in a year, and Small Producer collects less than 10,000kg...why is there now a further distinguishing between Large, Medium (which is not included in the Regulation) and Small? will the regulation be changed to reflect this deviation from the Regulation?</p>	<p>The definition of large and small producer found in the Tires Regulation is not relevant to this process. We're looking at the population sizes and range of collection targets among all producers and determining if it makes sense to divide them into three groups for the purpose of the audit procedure. This does not change the implications for producers in the regulation.</p>
<p>Why would RPRA not specify the Audit requirements for SMALL Producers (to ensure consistency, cost effectiveness, etc.) and allow the other producers to have an audit as determined by the Audit firm (not a prescribed 'minimum list' of things to do/verify)..it is their certification on the line...</p>	<p>We want a consistent approach for reporting to ensure regulatory efficiency. For each category of producer, we have come up with a procedure that will ensure consistency across the group. We have specified an inspection-based procedure for small producers.</p>
<p>As discussed with our auditors the Canadian equivalent is Standard CSAE 3000. Why not use the Canadian standard?</p>	<p>The difference between the Canadian and International standard is very limited.</p>
<p>The audit procedure deals with the supply side. Is there a collection audit procedure to ensure the recycling rate is achieved?</p>	<p>Yes, we developed an audit procedure for performance (i.e. resource recovery targets) reporting earlier in the year and it is now published on our website.</p>

<p>Is sample based on tire level or is it based on total?</p>	<p>The sample is based on transactions, or sales/invoices. If you sold 100 tires on one invoice, that would be one transaction (not 100).</p>
<p>Will the inspection procedure being used by RPRA's inspectors for Small Producers be provided to those Small Producers?</p>	<p>Yes, we will develop a questionnaire and share with a small producer ahead of an inspection. This is intended to be a planned visit, not a surprise.</p>
<p>Can you please clarify what you mean by a transaction?</p>	<p>Transactions are tires, or vehicles with tires on them, sold into the market. A transaction can include one individual tire, or a large quantity of tires sold at one time.</p>
<p>How will the auditor ensure the tire weight for an Auto manufacturer? Do they have to pull tires off 10 vehicles and remove them from the rim?</p>	<p>At a minimum, an auditor will want to confirm that you sorted your tires into the correct categories. It's not about physically removing and weighing the tires, it's about your approach to determining the category your tires fit into. This does not apply to small producers who do not need to submit an audit report.</p>
<p>Has the proposed changes to the weight conversion table come into effect? The main change to the table is to add subcategory of 1a and 1b, which motorcycle tires are likely fit in.</p>	<p>During the weight conversion factor consultation, we realized there wasn't enough data for us to split the PLT category into two categories. We committed to continue working with industry to get better data and determine if there is a way to split the PLT category in the future.</p> <p>In the meantime, producers can choose how they report their supply data and use the actual weight instead of weight conversion factors.</p>
<p>Will an audit still be required for the small producers if they use actual weights, instead of the purposed weights?</p>	<p>Producers always have the choice to use the weight conversion factors or actual weight of tires when reporting supply data. If you're in the small producer category, regardless if you've used the actual weights or weight conversion factors for reporting, you will not need to submit an audit report to verify. Instead, the Authority will conduct inspections of a percentage of small producers.</p>

<p>Feedback regarding the 3 categories of producers. Do you think in the future you will re-look at the "small" producer category? We are a small business and will come nowhere close to even reaching 10,000KG. Do you think in the future you will possibly make a category for producers to reach a goal under 10,000KG?</p>	<p>A de minimis threshold already exists in the regulation – if under 1000 kg, you don't have a collection target.</p> <p>In terms of the audit procedure, it is unlikely that we would reduce the small producer category to less than 10,000 kg. However, we will monitor the population sizes and may have to adjust the thresholds between categories.</p>
<p>Will the 3rd party audit still be required for small producers?</p>	<p>Small producers are not required to submit an audit report. Instead a percentage of small producers selected annually by the Registrar will be subject to an inspection procedure.</p>
<p>Can producers switch between actual weight of the tires or Weight Conversion Factors from year to year?</p>	<p>Yes. You can choose whatever method makes the most sense for your business.</p>
<p>We were told by RPRA that we could not use actual weights &amp; had to use the weights set by them. The information being given by your RPRA team is completely different than what you are telling us.</p>	<p>We have consistently told people that they can use either the actual weight of tires or the weight conversion factors. We also have a compliance bulletin (<a href="#">Compliance Bulletin No.3 – Supply Data Audits</a>) that outlines the procedure to use actual weights when reporting supply data to the Authority.</p>
<p>The information was very helpful.</p>	<p>Thank you for your feedback.</p>
<p>We agree with the breakdowns suggested for the producer categories of large, medium, and small based on the collection targets from the prior year that are laid out in that document. We also agree with the layout for auditing procedures for each category laid out in that document.</p>	<p>Thank you for your feedback.</p>
<p>We are small company, draft reporting by number of tires sold works.</p>	<p>Thank you for your feedback.</p>
<p>All producers should be subject to the same auditing standards. If RPRA is concerned over the burden an annual auditing procedure will put on small producers, the strictness and prescriptiveness of the auditing process for all producers should be reduced and applied equally to every producer.</p> <p>Audits should be carried out based on a single international standard, such as ISRS 4400, and this requirement should be applied to all producers.</p>	<p>Thank you for your feedback.</p>

<p>This auditing standard cannot also be accompanied by arbitrary and burdensome requirements that unfairly distinguish between producer sizes, as is currently proposed.</p> <p>Under O. Reg 225/18, supply audits are required on an annual basis. Given the frequency of these audit requirements, they should be limited to a single international standard as noted above. If RPRA is insistent on more stringent audit requirements, these more through audits should only occur every 3-4 years. Barring any amendment to the regulation that would rescind the annual audit requirement we recommend that the annual audit requirement be restricted to a minimally invasive standardized practice.</p>	
<p>Based on the proposed procedure, we would be classified as a large producer. The procedures for large producers appear to be applicable to large, complex, multi- tire type and location companies. It seems unfair to be subject to these requirements given the simplicity of our annual supply data.</p> <p>It is possible to add a classification for semi-trailer dealers and suppliers with much higher thresholds? Alternatively, is it possible to change the frequency to every 3 to 5 years? Under this periodic approach, another annual audit could be triggered if tire supply volumes change by more than 10%, which means 30% change in any given year.</p> <p>I do agree there needs to be procedures in place to ensure the proper reporting of the tire supply by Ontario producers, but the current proposal would be extremely onerous and costly to us and any other companies of similar size. I am sure this was not the intention of the proposal.</p>	<p>Thank you for your feedback.</p>
<p>It is our opinion that the requirement of having a 3<sup>rd</sup> party auditing firm complete such an extensive, time consuming and costly audit process annually, causes un-warranted business and financial burden on large tire producers. Large tire producers have sufficient controls, processes, product tracking and reporting capabilities in place, to mitigate risks between scheduled 3<sup>rd</sup> party audits.</p> <p>It is recommended that the 3<sup>rd</sup> party audit process for large producers, be adjusted to once every 3 years, depending on the results of the previous</p>	<p>Thank you for your feedback.</p>

<p>audit as this would be consistent with other similar provincial tire recycling program requirements.</p>	
<p>While we understand that an audit is needed, we are not clear and are concerned as to why a different procedure is needed, particularly, since the OTS audit process met the Ministry's requirements and we believe that they meet those under the RRCEA regulations.</p> <p>Despite the intent of imposing as little administrative burden as possible, the annual audit requirement for medium to large producers would add both a financial and human resources burden greater than that previously in place. The proposed approach needs to be modified so that the audit requirement is geared towards ensuring the proper functioning of the program and recognizes the standardized and repetitive nature of tires sales for automotive OEMs (i.e. should be undertaken every 2 to 3 years).</p> <p>Also, the procedure needs to be simplified for large producers. The proposed audit procedure would be disproportionately costly given the estimation process. The audit procedure for medium sized producers may be a more appropriate approach for auto OEMs [large producers] and the proposal should be modified as such. This would reduce costs to a level more reflective of the method that would be used by OEMs to identify the number of tires entering the market on new vehicles.</p> <p>Additionally, if companies are now responsible for retaining and paying for their own third-party audits, the fee paid to RPRA for each tire should be reduced or eliminated. Previously, the cost of audits by OTS were addressed in the operating costs of the program and the levy on the tire. This administrative fee should no longer be applied and is not appropriate if the responsibility is fully borne by the producer.</p>	<p>Thank you for your feedback.</p>
<p>We support the three primary objectives outlined in the consultation. We also agree that the three producer categories created by the Authority are a fair representation of the tire supply to market in Ontario.</p> <p>However, while we agree the three categories fairly represent how tires are supplied into the Ontario market, we do not agree with the proposition that</p>	<p>Thank you for your feedback.</p>

<p>the audit protocol for each category must be different, nor do we see where Regulation 225/18 allows the Authority the discretion for different audit procedures. Moreover, we believe the risk profile of Large and Medium Producers to be low: the majority are national or multinational enterprises with strong administrative policies in place and with corporate names to protect who would not knowingly misrepresent their tire supply. And while we expect that most of the Small Producers operate with high ethical standards, the likelihood of misrepresentation of tire supply could actually be higher with this small group.</p> <p>We agree regular compliance reviews are important. Administrative errors can and do occur even with the best of intentions and financial systems in place. That said, given the relative low risk of non-compliance and given all producers must be treated fairly and equitably, we recommend a more measured approach whereby each firm would attest their supply by a written attestation by the CFO each year. Audits would be undertaken when the tire supply volume dropped by a certain threshold, say 10% over previous year. And finally, producers could be enrolled in the Harmonized Compliance Reviews (many of whom already are) conducted by the Canadian Association of Tire Recycling Agencies (CATRA). We think this process respects the Authority's Objectives to provide an appropriate level of assurance, offers consistent verification of the tire supply and is cost effective and efficient.</p>	
<p>Most tires we supply into the province are class 1 and class 3 tires, however the weights of these, being golf cart tires, is far less than the prescribed rates provided by the schedules (which are based on automotive tires). The rates from the schedules do not realistically reflect the actual weight of tires produced. If we use these rates, our obligation is nearly double what it is. However, in order to ensure accuracy, the audit requirement dictates that we undertake a 3<sup>rd</sup> party audit to verify our calculations each time we report (i.e. annually), which we have now had performed twice, at a cost of nearly \$1,200 per audit. The administrative cost and time associated with the audit is prohibitive. There surely is a more cost effective and efficient process for auditing our data, while ensuring the integrity of the program. Perhaps a one-time submission of tire specs within our reporting? Or</p>	<p>Thank you for your feedback.</p>

<p>creation of a sub-class within class 1 for tires that are not automotive based?</p>	
<p>After reading the draft reporting requirements, we're shocked to see the additional money and resources that will be required to report our tire usage. The yearly RPRA registration costs alone are over \$2000. Companies don't pay yearly registration fees or supply yearly audited reports to government agencies for HST, Payroll remittances, WSIB, Corporate Tax, EHT, etc. but for some reason RPRA feels this is a reasonable request. Those agencies perform the audits when they see fit at their expense.</p> <p>We've paid to have custom computer software changes and you must understand the daily procedures for collecting, tracking and remitting tire fees is already an expensive burden. The consumer inevitably ends up paying for these through increases in pricing, but as a company it directly affects our operations with the bureaucratic red tape and the cost competitiveness against non-Ontario businesses. I don't think RPRA understands the tire market or the Companies in Ontario.</p> <p>We feel it is unreasonable to be required to perform a yearly audited report at our expense. If you'd like the audited report, you should pay for it. I question why we're even paying yearly registration fees.</p>	<p>Thank you for your feedback.</p>
<p>Being a large global company, we are required to work with established companies and firms that are vetted and adhere to our standards and confidentiality. As accounting firms come up to speed with the regulation and audit procedures and become readily available to offer their services towards compliance, it is unlikely that these firms will meet our requirements. We are also driven to keep our supplier of services to a minimum which may eliminate the addition of another accounting firm (including the cost to vet). To date we have spent approximately \$30,000 USD to audit previous years data for compliance with the new regulation. We had expected that the audit requirement would not be required for produces currently reporting under the new regulation much like the old requirements. To what level of cost do you expect to impose on producers for compliance?</p>	<p>Thank you for your feedback.</p>

What is expected under B(b)3.? Is it expected that the auditor selects 10 machines from the annual report and physically verify? Traveling throughout the province to physically locate machines could be a significant expense and since machines are not registered/titled like cars/trucks, the owner/location may be undeterminable.

