



November 2, 2022

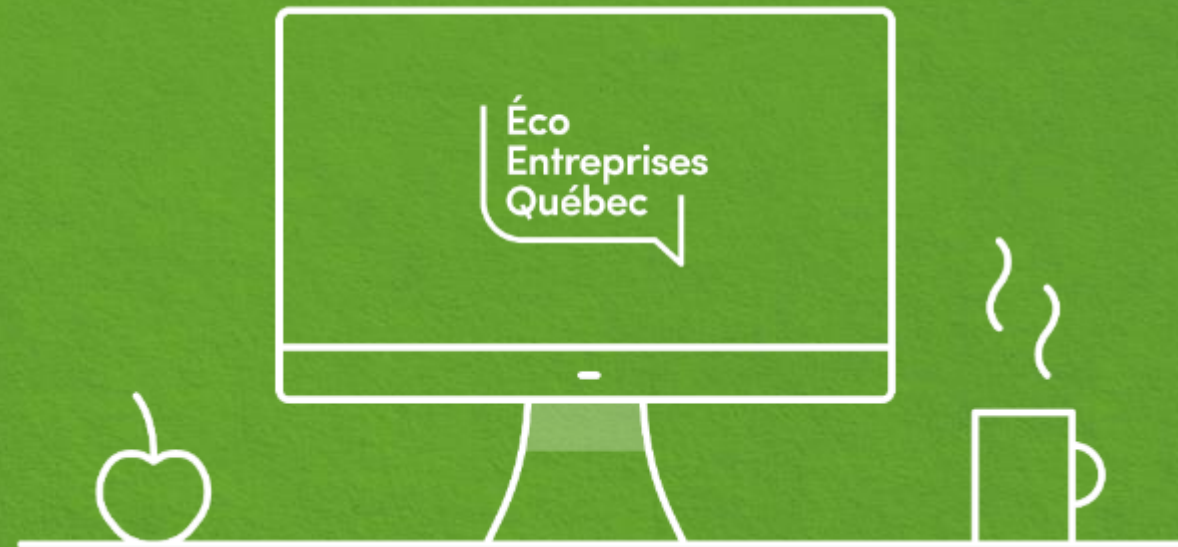
Presented by:

**Isabelle Laflèche**  
Director, Company Services

**Sébastien Giroux**  
Director, Schedule of Contributions and  
Business Intelligence

# 2023 Schedule of Contributions

# Opening remarks








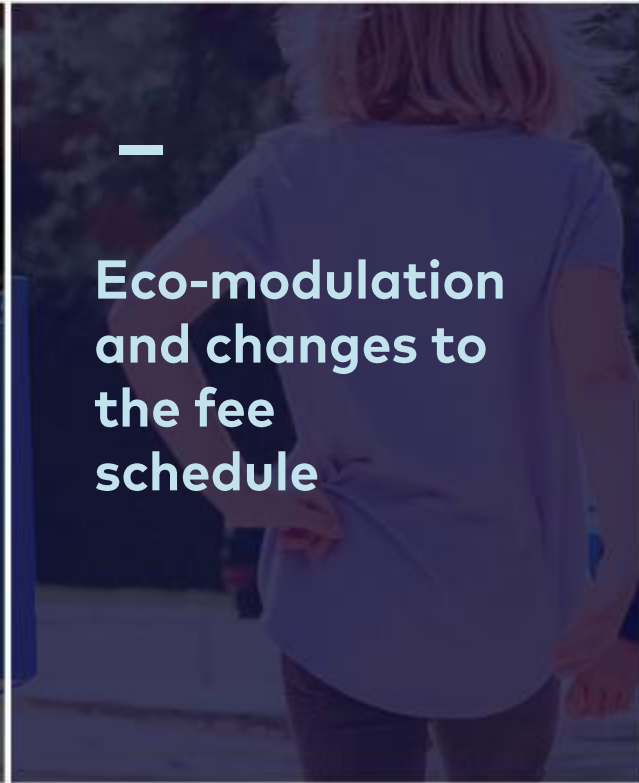
## 2023 Schedule of Contributions Consultation Meeting Objectives

- Present the background influencing net costs and the Schedule of Contributions
- Submit the 2023 Schedule of Contributions for consultation, including the extension of eco-modulation measures
- Get feedback from businesses and organizations

# Game Plan



The 2023  
Schedule of  
Contributions in  
a context of  
stability and  
transition



Eco-modulation  
and changes to  
the fee  
schedule



Application rules



Discussion Period



# Impacts on companies

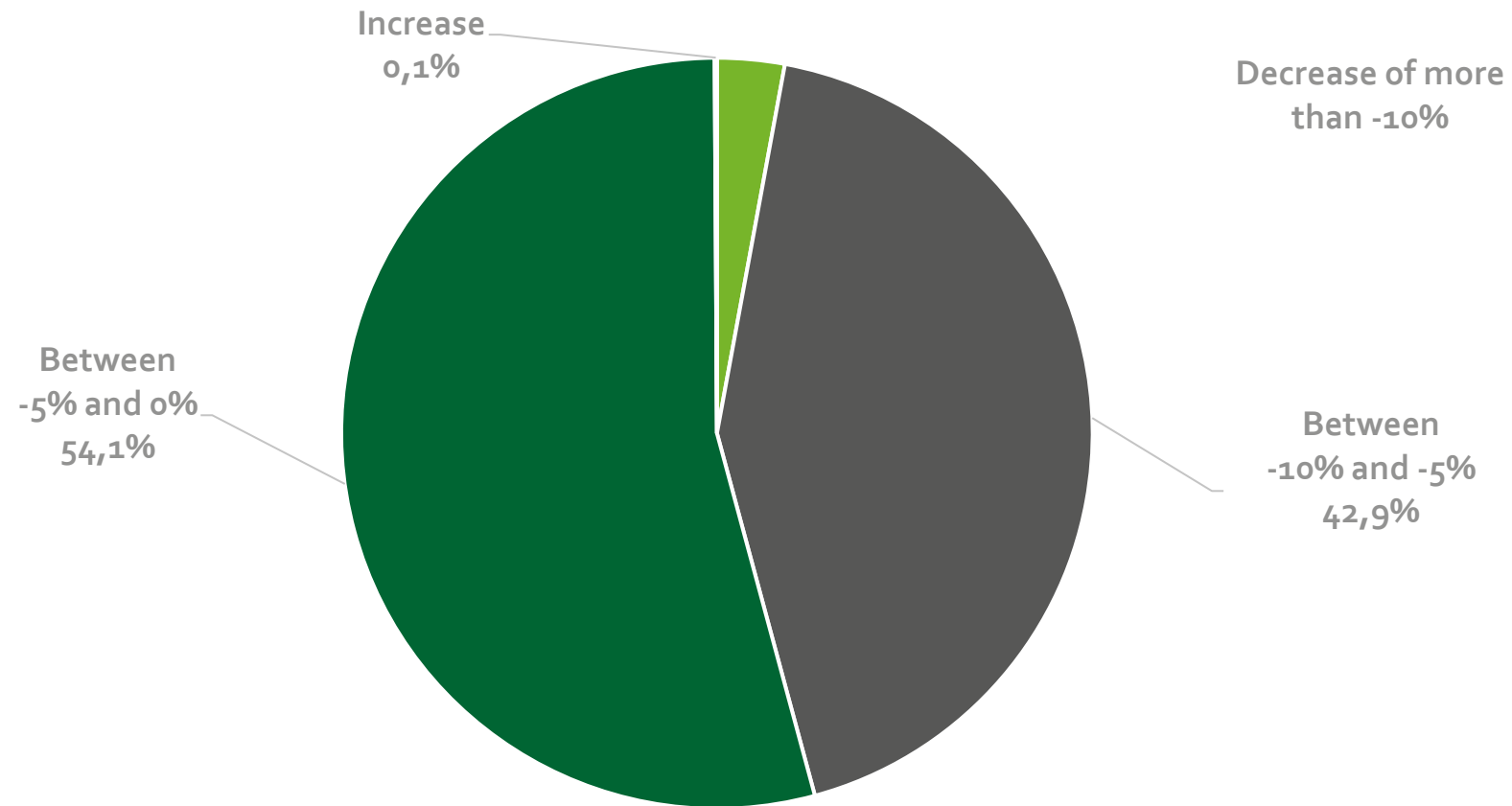


[ An average drop of 5.7%  
for contributions ]



## Overall impact at a glance

Distribution of companies based on the anticipated variation of their contribution \*



\* Including companies that pay a flat fee

## Anticipated variance of the 2023 Schedule contribution vs. the 2022 Schedule by major sector of activity







# The 2023 Schedule of Contributions in the context of stability and transition





## Curbside recycling is not spared during socio-economic upheaval

### Factors to be considered:

- Very high employment rate
- Labour shortage
- Inflation
- Consumer buying behaviour





**[ Results are positively impacted by  
other more favourable factors ]**





## Three main factors have a positive impact on unit rates

### In particular:


- Expense increases already integrated during previous Schedules
- A more favourable materials market, with historically high prices
- Reported quantities slightly up





**Caution is a must!**  
**In 2022, we are seeing lower  
material prices**



An aerial photograph of a dense, vibrant green forest. A winding river or stream flows through the center of the forest, reflecting the sky. The forest is thick with trees, and there are patches of white mist or fog rising from the canopy in several areas, particularly on the left and right sides. The overall scene is serene and natural.

# Eco-modulation of the Schedule of Contributions



## *Eco-modulation*

### The bonus is extended

- The ecodesign bonus was revised for the 2022 Schedule in order to facilitate the process for businesses and to increase the eligible amounts
- Growing interest from businesses through targeted business and association contacts and various newsletter communications:
  - Webinar
  - Interest expressed via the reporting portal

## *Eco-modulation*

### Measures in effect

- Additional data was collected during the 2022 Schedule reporting period to complete the disaggregation of polypropylene (plastic #5) and thus assign it its own rate for the 2023 Schedule.
  - Consistent with its generally higher recovery rate and better resale value, the rate for polypropylene in the 2023 Schedule will be lower than the rate for other plastics, polymers and polyurethanes (with which it was previously aggregated).
- New material subject to a rate: porcelain

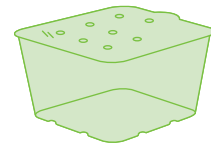


# Eco-modulation

## Other measures to come



- Finalize the update of its Eco-modulation roadmap for the Schedule
- Continue the study on an update of the credit for recycled content



- As of the 2024 Schedule, penalty or malus for PVC and degradable plastics
  - ÉEQ will study data from company reports in order to start the disaggregation from polystyrene and develop the penalty



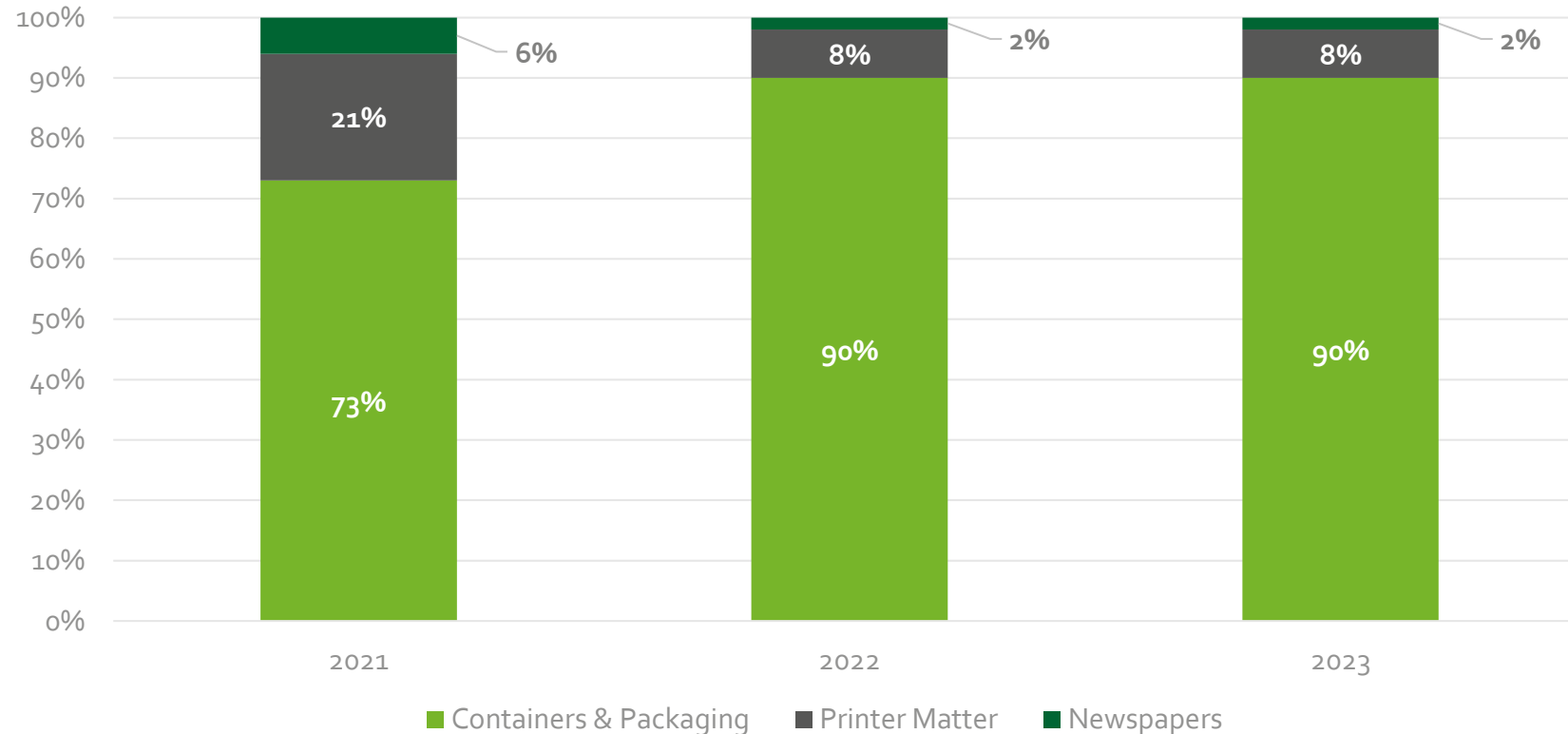


# Changes to the Fee Schedule



## Allocation of costs across three classes of materials

Since 2022, the Schedule calculates the share of costs allocated to each material directly, regardless of materials classes. The relative weight of each materials class has not varied this year.

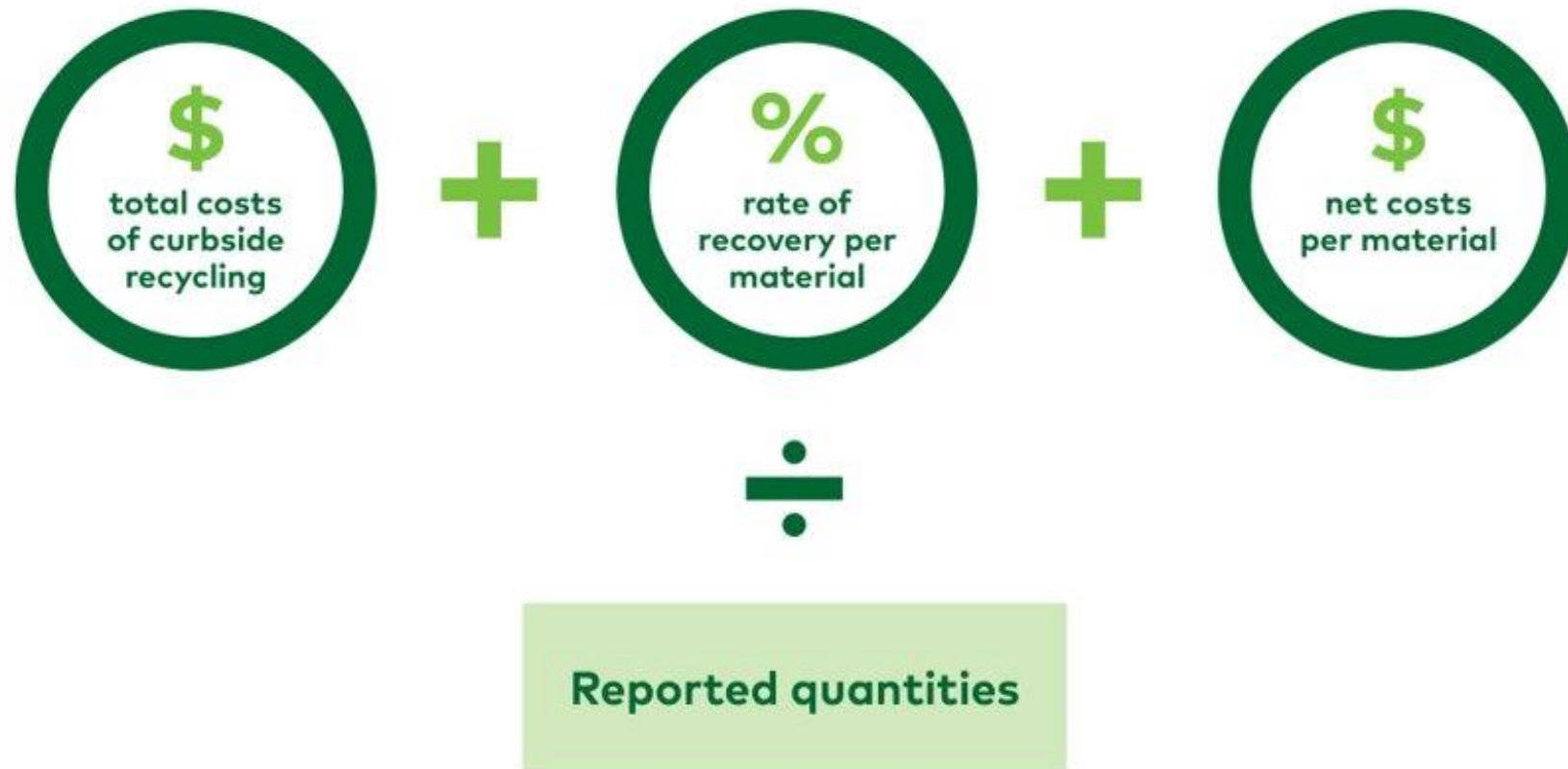


A man with a beard, wearing a blue button-down shirt and a headset, is sitting at a desk in an office. He is looking down at a document or laptop. The desk has a laptop, some papers, and a file organizer. The background is slightly blurred, showing an office environment. The text "Reminder on the Schedule of Contributions formula" is overlaid in white on the image.

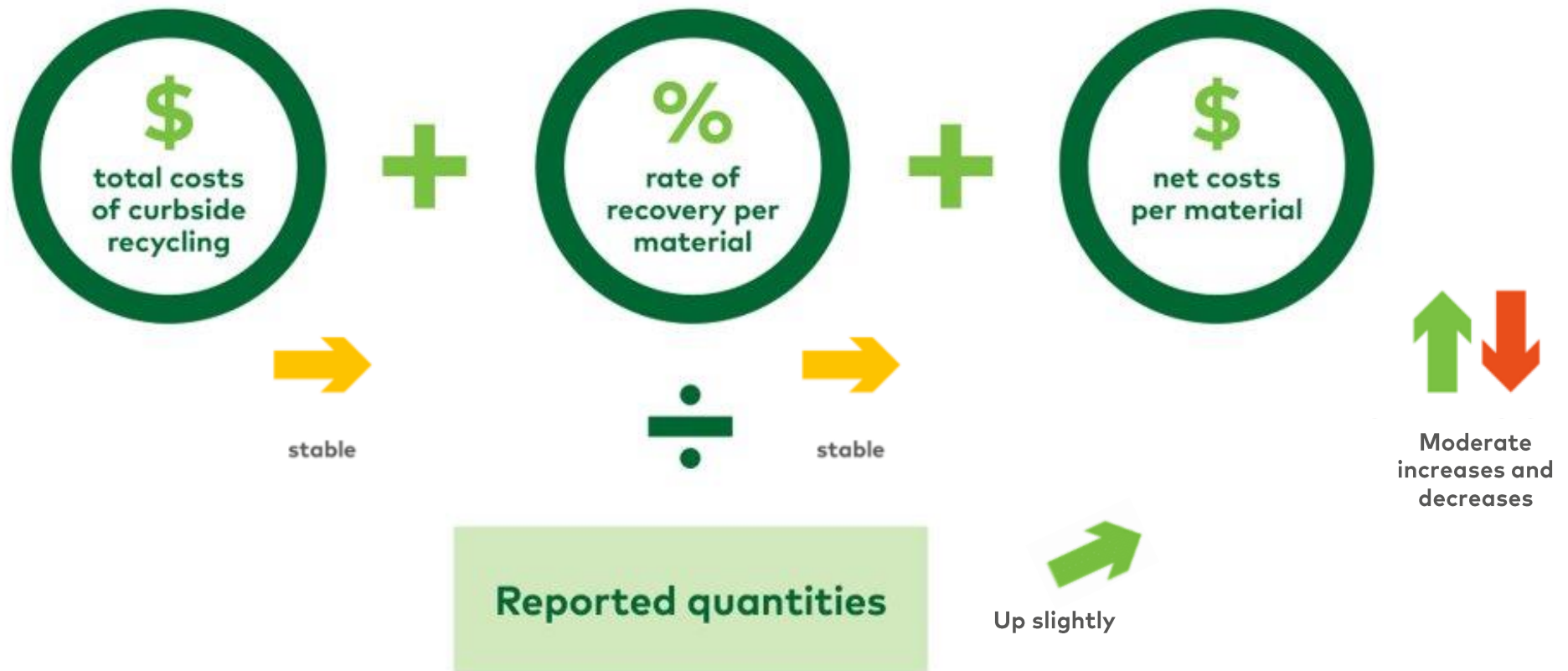
# Reminder on the Schedule of Contributions formula



## Three main drivers of rates per material



## Three main drivers of rates per material

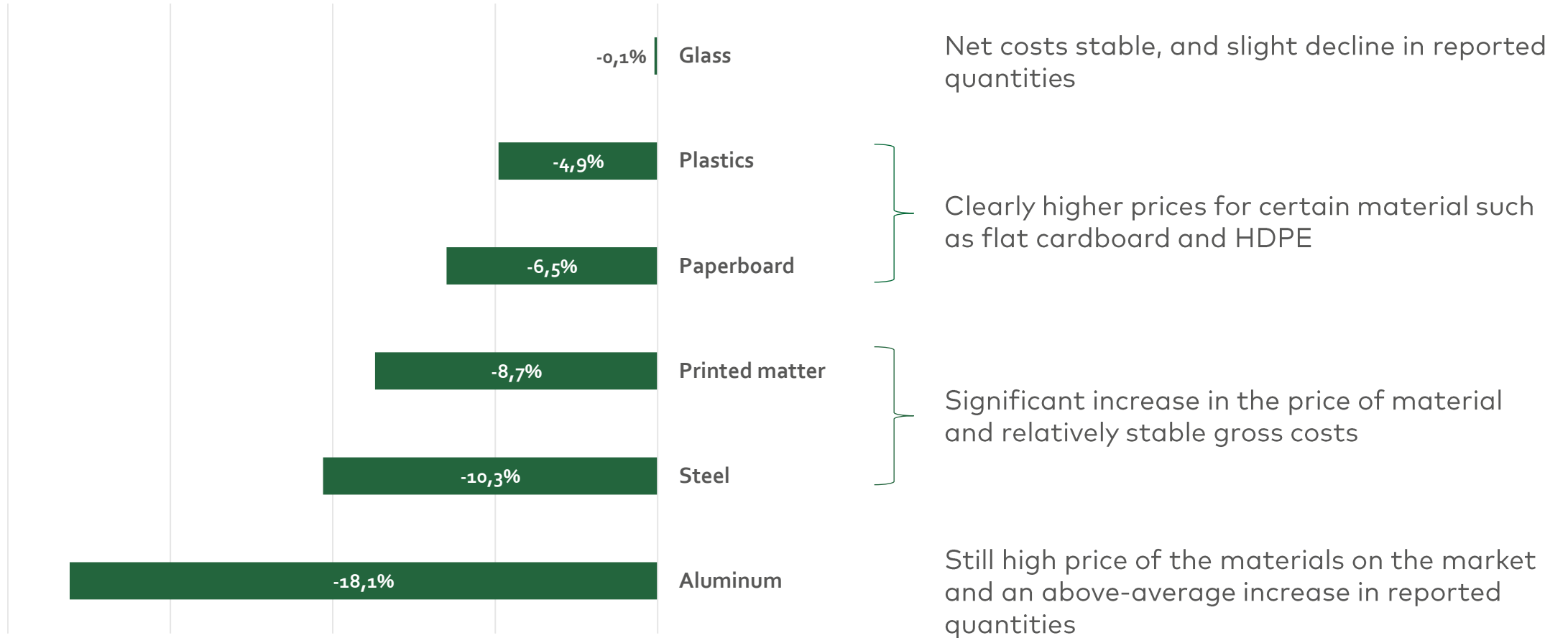






**Rates per material and  
explanation of variations**

## Combined effects of all factors on the Schedule of Contributions: Important variations based on the material





## Rates - Printed matter

Decrease marked by the significant increase in the price of the material and relatively stable gross costs.

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Printed matter - Average rate	270	246	-8.7
Newsprint inserts and circulars	244	220	-9.7
Catalogues and publications Magazines Telephone books General use paper Other printed matter	314	288	-8.2

## Rates – Paper, cardboard and other fibres

Decrease mainly influenced by the price of certain materials on the market.

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Paper, cardboard et other fibres - Average rate	336	314	-6.5
Corrugated cardboard	279	257	-7.9
Kraft paper bags and packaging	279	257	-7.9
Boxboard and other paper packaging	351	328	-6.4
Gable-top containers	364	356	-2.1
Laminated paper	490	462	-5.7
Aseptic containers	437	422	-3.5
Cork, containers and packaging made of wood	597	554	-7.4



## Rates – Plastics

Decrease mainly due to the higher price of certain materials on the market and complete disaggregation of PP from other plastics.

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Plastics – Average rate	599	571	-4.9
PET bottles, PET containers	460	441	-4.1
HDPE bottles and containers <5l	272	239	-12.1
Plastic laminates	767	732	-4.6
Shopping bags, films (HDPE and LDPE)	772	745	-3.5
Polystyrene (rigid, expanded food-grade, protection), PVC, PLA and other biodegradable plastics	1,361	1,273	-6.5
Polypropylene (PP)	520	419	-19.5
Other plastics, polymers and polyurethanes	520	476	-8.6

## Rates – Aluminum and steel

Significant decrease due to the still high price of the materials on the market and an above-average increase in reported quantities

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Aluminum (containers, other containers)	250	205	-18.1

Decrease marked by the significant increase in the price of the material and relatively stable gross costs

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Steel (aerosol containers, other containers)	266	239	-10.3



## Rates – Glass et ceramic

A mild increase caused by lower quantities reported in spite of stable cost allocation.

	2022 Schedule \$/t	2023 Schedule \$/t	Δ 2023 %
Glass – Average rate	260	259	-0.1
Clear (flint) glass	257	256	-0.3
Coloured glass	260	261	0.1
Ceramic and porcelain	534	500	-6.4

## Flat fees

Slight decrease based on average rate adjustment in the fee schedule

Eligibility criteria	2022 Schedule	2023 Schedule
> 1 MT and < 2.5 MT	\$920	\$880
> 2.5 MT and < 5 MT	\$1,845	\$1,760
> 5 MT and < 10 MT	\$3,685	\$3,520
> 10 MT and < 15 MT or between \$1M and \$2M	\$5,535	\$5,290





**Application rules**

# A look back at the 2022 Schedule rules

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## Rules had gone through a major overhaul

Several elements had made overhauling the 2022 Schedule of Contributions rules necessary, including:

- The Regulation to amend the Regulation respecting compensation, which made adjustments for the transition period to modernization and also incorporated changes in response to requests made by ÉEQ, as well as certain additional changes to improve the application of the compensation plan.

Following the publication of the 2022 Schedule, ÉEQ guided companies to help them understand changes in order to facilitate their reporting process.

As the application of some of the changes has proven to be more complex than anticipated, we will take a few minutes to provide some clarifications.

## *Obligation of e-commerce platforms for products purchased from outside Quebec*

### Specifying the extent of obligations

- When a product is acquired from outside Quebec, contributions must be paid:
  - by a person who operates a transactional website through which the product is purchased, which enables a person who has no domicile or place of business in Quebec to commercialize, market or distribute a product;
  - by the person from whom the product was purchased, whether or not they have a domicile or place of business in Quebec, in other cases.



## *Obligation of e-commerce platforms for products purchased from outside Quebec*

### **All obligated, but several possible situations**

All companies that generate materials from e-commerce are now obligated, but responsibility varies according to the situation:

- ✓ Is the product sold only on transactional websites?
- ✓ Does the product's seller have a place of business in Quebec?
- ✓ Is the transactional website operator also the seller of the product or are they acting only as an intermediary?

## *Obligation of e-commerce platforms for products purchased from outside Quebec*

### List of companies expected to report

- Considering that operator of a transactional website who do not have a place of business in Quebec are now obligated under section 2.1.6
- Considering that they are only responsible for what is purchased through their platform and not for what is purchased through retailers or distributors having a place of business in Quebec (stores or website) that sell their products
- The list of companies expected to report will not include their name
- A communication plan will be put in place to inform the companies targeted



# 2023 Schedule Rules

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## A year marked by stability

Considering that the 2022 Schedule included several modifications, ÉEQ recommends **limiting changes** to the rules for the 2023 Schedule.

ÉEQ is proposing to **extend the measures** introduced in the last two Schedules and to **add a single change** in order to promote compliance and enhance fairness, namely the introduction of a penalty for failure to register and file a report, a change that had already been announced during the February consultations.

As with the previous Schedule, fee rules **apply to all curbside recycling materials**, i.e. containers and packaging, printed matter and newspapers, although the latter will continue to be represented by RecycleMédias.



## *Exemption regarding the change to the notion of first supplier*

### Section 2.2.1.1

- The regulation published last May made a change to the notion of first supplier in order to be consistent with the curbside recycling EPR
- This change shifted the responsibility for reporting containers and packaging from indirect sales to the person who **reintroduced** the products into Quebec (retailers) instead of the brand owner (manufacturers)
- An **exemption** was added in the 2022 Schedule so that this change would not come into effect, considering that it could not be announced during the consultations and that the impact was significant for the businesses targeted

## *Exemption regarding the change to the notion of first supplier*

### Points to be considered:

- There is also a **regulatory issue**, as printed materials were not included in the MELCC amendment
  - The Ministry expects to make changes this fall in order to rectify the situation
- This is an important change that will require adjustments to methodology
- ÉEQ will have to implement a communication plan in order to guide businesses through this transition.

For these reasons, ÉEQ recommends **extending the exemption**, which will allow businesses to adjust to this important change and the Ministry to make the necessary regulatory change to include printed matter.

## *Measure to foster compliance and reinforce equity*

### **Penalty for failure to register and report**

As announced during the 2022 Schedule consultations, ÉEQ is introducing a new administrative measure, a penalty for failure to file a report:

- This measure will be applied when canvassing companies that have never reported to ÉEQ
- ÉEQ will engage with industry associations during the year to discuss this measure, which may affect their members



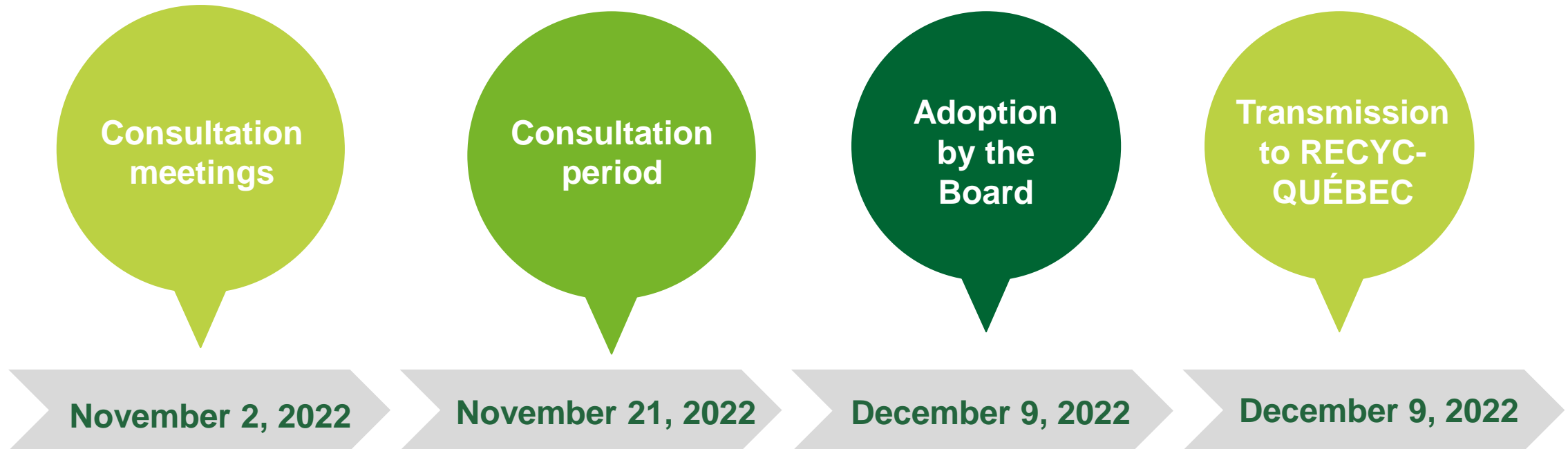


**Discussion Period**



Next steps

## Timeline for the 2023 Schedule of Contributions special consultations





Éco  
Entreprises  
Québec

# Closing remarks

# For more information

2023 Schedule Consultations

Visit [www.eeq.ca](http://www.eeq.ca)

- Complete presentation of meetings
- Draft 2023 Schedule of Contributions, including the Contribution Table
- Summary on the development of the Schedule of Contributions
- Questionnaire
- Meeting webcasts (a few days later)

**Thank you**  
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