

# Welcome!

## Consultations on the 2021 Schedule of Contributions - Webinar

November 24, 2020



# Topics covered during the webinar

## 1.0

Message from  
the President  
and CEO

## 2.0

Consultations  
on the 2021  
Schedule of  
Contributions

## 3.0

Modernization  
of curbside  
recycling

## 4.0

New Eco-  
design Portal



# Message from the President and CEO



# About the 2020 Schedule of Contributions

- Probable publication of the 2020 Schedule in the *Gazette officielle du Québec* before the Holidays
  - Move the Schedule's publication back to have reporting and payment deadlines without additional fees
- 2019 actual municipal net costs aligned on ÉEQ's rate estimation

2020 Schedule Effective date	Reporting deadline (60 days)	Deadline for 1st installment (80%) or full payment of flat fee (100%) (90 days)	Deadline for 2nd installment (20%) (150 days)
Upon publication – Before the Holidays	Mid-February 2021	Mid-March 2021	Mid-May 2021



November 24, 2020

Presented by:

Marie Julie Bégin

Isabelle Laflèche

Geneviève Dionne

# Consultations on the 2021 Schedule of Contributions

# Agenda

Special Consultation on the 2021 Schedule of Contributions	
2:10	Objectives of the consultation meeting
2:15	Curbside recycling in times of crisis and a pandemic
2:20	2021 Schedule: Parameters and the Contribution Table
2:30	Towards greater eco-modulation for the Schedule to better support the value chain
2:50	Schedule application rules
2:55	Question period



## Meeting objectives for the 2021 Schedule of Contributions Consultation meeting

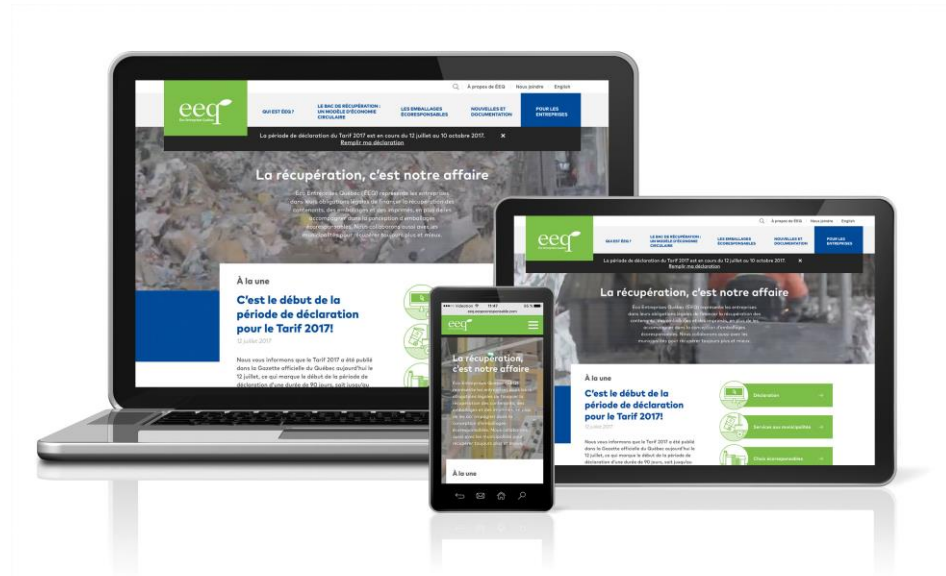
- Present the background influencing net costs and the Schedule of Contributions
- Submit the 2021 Schedule of Contributions including new eco-modulation measures for review
- Get feedback from businesses and organizations



# For more information

Visit [www.eeq.ca](http://www.eeq.ca) starting on November 26, 2020

- Complete presentation of meetings
- Meeting webcasts
- Draft 2021 Schedule of Contributions including the Contribution table
- Summary on the development of the Schedule of Contributions



A group of people are sitting around a table in a meeting. A man with glasses and a beard is smiling and looking towards the camera. A woman with blonde hair is also smiling and looking towards the camera. Another woman is visible in the background, looking at a laptop. The image has a dark overlay and a green triangle in the top right corner.

1.0

# Curbside recycling in times of crisis and pandemic

## Curbside recycling in times of crisis and pandemic

The impacts of the worldwide pandemic are unprecedented and affect all businesses across all sectors and industries:

- In Quebec, the recovery industry, which was still struggling to restart since Chinese markets banned imports of recyclables, has not been spared.
- Economic activities and business models for businesses across all sectors have been affected and have had to be adapted according to the new reality regarding consumer habits and work.
- The 2021 Schedule was developed while closely monitoring the situation and taking into account a series of factors based, among other things, on the findings of four ÉEQ reports produced with the aim of fully understanding the impacts of COVID:
  - On consumer habits in Quebec
  - On the curbside recycling system (Quebec, Canada, U.S. and Europe)
  - On the deposit system (Quebec, Canada, U.S. and Europe)
  - On company contributions (new publication, November 2020)



# Impacts of COVID on containers, packaging and printed matter

## Reduction in printed matter volumes

- Flyer distribution halted (retailers other than food products);
- Flyer size reduced during COVID (food products);
- Magazine printing volume reduced – still in effect;
- Practices being shifted to online format (invoices, warranties, etc.).



## Global increase of lighter-weight containers and packaging for consumer products

- Increased sales of food products, prepared foods, cleaning products;
- Increased sales of sports and leisure products;
- Increased online sales (shipping boxes);
- Increased sales of take-out.





2.0

# 2021 Schedule Parameters

## Development of the 2021 Schedule

### Update of inputs

Parameters	
1. Estimated municipal net costs for 2020	✓
2. Other costs: ÉEQ fees and other provisions, allowance to RECYC-QUÉBEC	✓
3. ÉEQ's total costs based on cost allocation among the three classes of materials	✓
4. Estimated quantities reported by businesses	✓



## Municipal net costs

### Monitor, validate and analyze to reduce risks

The purpose of the 2021 Schedule of Contributions is to compensate the efficient and effective net costs of municipal curbside recycling programs for calendar year 2020.

- Estimate the share of costs eligible for compensation from ÉEQ taking into account the ongoing recycling crisis and COVID pandemic:
  - Technical watch of municipal contracts completed par ÉEQ's Services to Municipalities;
  - Cooperation with RECYC-QUÉBEC to be informed about the latest data on new municipal contracts openings and impacts of COVID;
  - Approach or analysis of contracts awarded by the 20 largest municipal organizations;
  - Approach or analysis of the 22 materials recovery facilities to consider contract renewals and cost increases.

# Factors influencing net costs

Net costs = collection, transportation and sorting expenses – revenues from materials sales



## Materials Recovery Facilities' revenues still low

- Significant drop in revenues for PET and HDPE;
- Increase in revenues for corrugated cardboard compared to end of 2019, but 2020 average lower than 2019 avg;
- Glass is still in negative territory.



## Municipalities' expenses going up

- TIRU ceases activities – Manager of MRFs and collectors for several MRCs;
- Renewal of 2020 contracts and application of 2019 re-openings over one year;
- Application of the price index increase for transportation and MRFs.

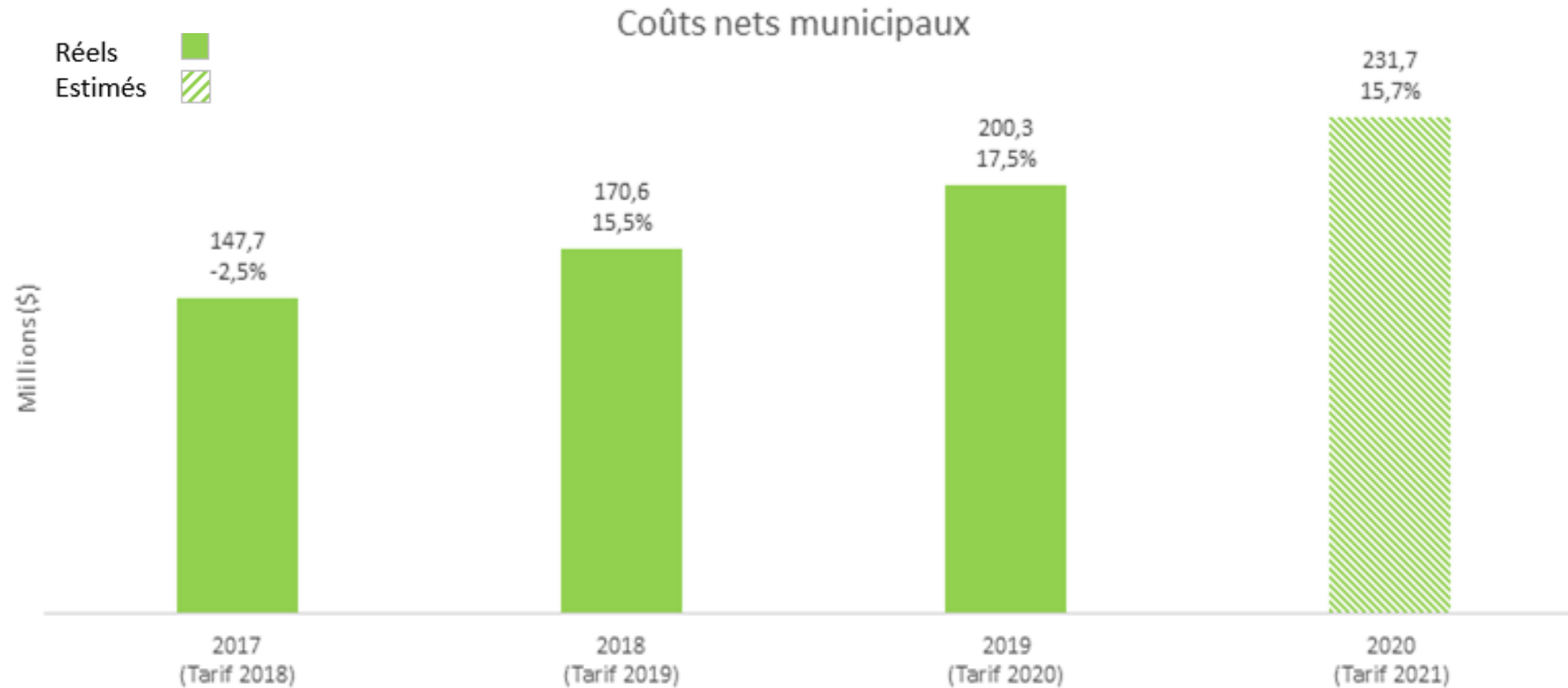


## Increase of the P&E factor deduction

- Municipal net costs on the rise overall;
- Broad variations that influence the calculation of the performance and efficiency factor comparing municipalities;
- Net: Deduction of the P&E factor estimated at \$23.5M in 2020 vs \$11M in 2019.

## Total municipal net costs for 2020 estimated at \$231.7M

15.7% increase of total net costs based on 2019 actual costs compared to a 17.5% increase between 2019 et 2018.





## ÉEQ's share of municipal net costs eligible for compensation estimated at \$197.1M

Increase of ÉEQ's share of estimated costs is 10.8% over 2020SoC

	2020 Schedule	2021 Schedule
Estimated total municipal net costs	\$198.1M	\$231.7M
Deduction for non-designated materials (6.45%)	(\$12.8M)	(\$15.0M)
Deduction for P&E factor	(\$11.0M)	(\$23.5M)
Inclusion of municipal management costs (8.55%)	\$16.0M	\$16.6M
Deduction of the share for Newspapers (6.5%)	(\$12.4M)	(\$13.7M)
ÉEQ's efficient and effective eligible costs	\$177.9M	\$197.1M
<i>Variation</i>	+ 23.2%	+ 10.8%

## Other costs (ÉEQ fees and other fees)

4.3% drop of other costs

	2020 Schedule	2021 Schedule
ÉEQ fees	\$6.0M	*\$6.0M
Provisions for bad debt	\$3.7 M	\$4.1M
Participation support: Innovative Glass Works Plan	\$0.6M	\$0.6M
Provision for recycled content credit	\$0.3 M	\$0.5M
Anticipated reports from low-volume producers	(\$1.8 M)	(\$2.9M)
Allowance paid to RECYC-QUÉBEC	\$2.8M	\$2.8M
Other total costs	\$11.6M	**\$11.2M
<i>Variation</i>	0.9%	-4.3%

\*Preliminary management fees for ÉEQ

\*\*Difference resulting from rounded figures

## Total costs to be taken into account in the Schedule calculation: \$208.2M (up 15.7%)

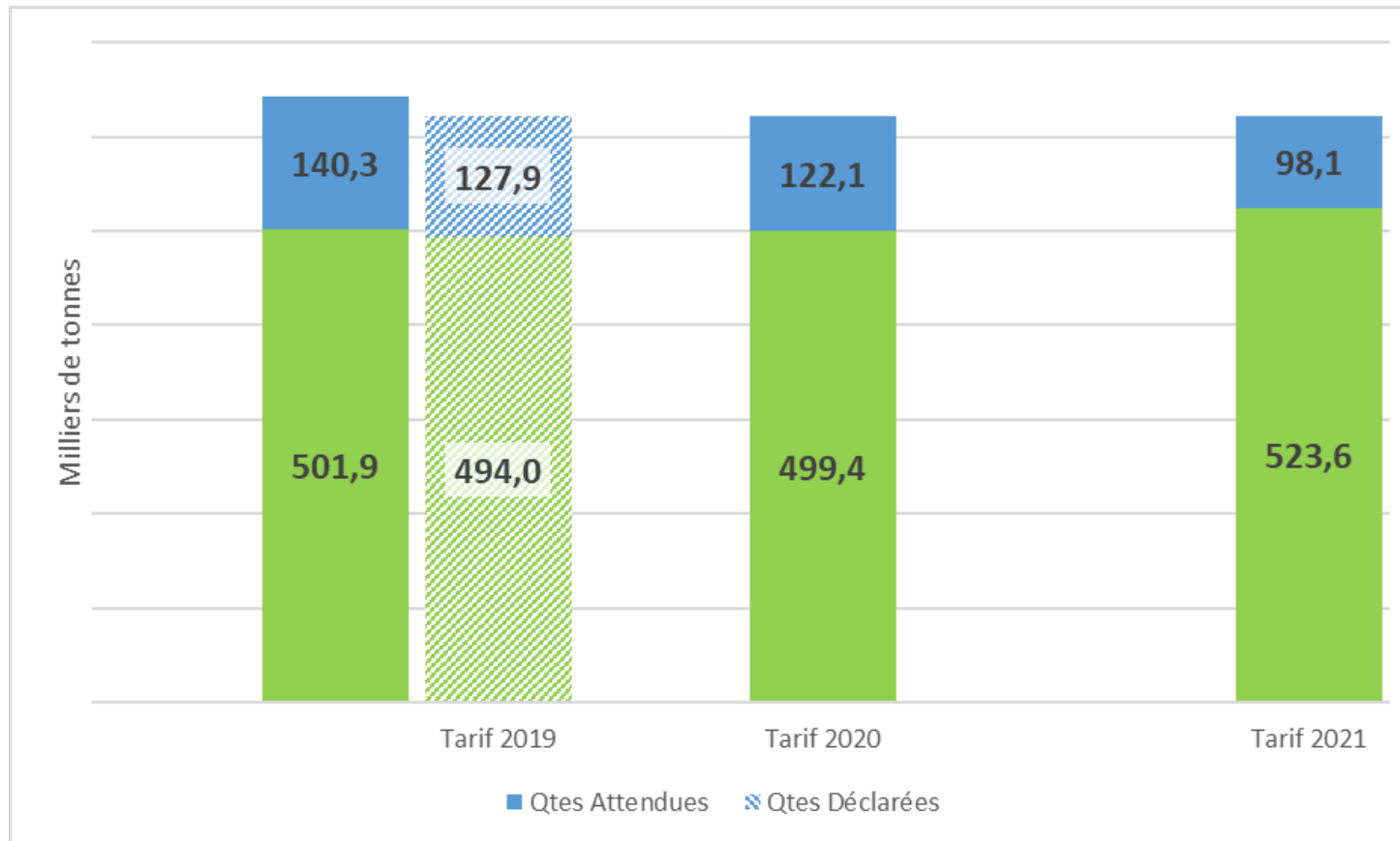
	2020 Schedule	2021 Schedule
ÉEQ's efficient and effective eligible costs	\$177.9M	\$197.1M
<i>Variation</i>	+23.2%	+10.8%
Other fees	\$11.6M	\$11.2M
Risk funds rebuilt according to policy	\$2.8M	-----
ÉEQ's total costs before assignments	\$192.3M	\$208.2M
<i>Variation</i>	+23.3%	+9.9%

### Amplified variation for the 2021 Schedule due to the injection of funds to mitigate the increase of the 2020 Schedule last year

Injection to stabilize rates	(\$4.5M)	0
C&P permanent fund	(\$7.8M)	0
ÉEQ's total costs	\$180.0M	\$208.2M
<i>Variation</i>	+18.6%	+15.7%




## Expected quantities stable at nearly 622 kt: Process is increasingly complex against backdrop of unpublished 2020SoC and COVID



Printed matter down  
20%

Containers and packaging  
up 4%



3.0

Rates

## Overall average rate for the 2021 Schedule

Rate increase percentage affected by the injection of funds in the 2020SoC		
	2020 Schedule	2021 Schedule
ÉEQ's total contribution	\$180.0M + 18.6%	\$208.2M + 15.7%
Estimated quantities reported	622 kt - 3.1%	621.7 kt 0.0%
Average rate	\$290/t* + 22.5%	\$335/t + 15.7%

\*Without the injection of funds in the 2020SoC, the average 2020 rate would have been \$305/t with an average increase of 31.2%. Thus, the increase of the average rate for 2021 compared to 2020 would have been 9.8%.



## Understanding the impact of the recycling crisis and COVID-19 on companies' contributions



\*Without the allocation of funds to mitigate the increase of the 2020 Schedule of Contributions, the 2021 average increase would have been 9.8%.

## Average rate per class – Printed matter

Amplified increase due to a drop in expected quantities		
	2020 Schedule	2021 Schedule
Total costs for printed matter	\$40.7M	\$45.2M
Provision for recycled content credit	\$0.2M	\$0.2M
Printed matter fund	\$0.0M	\$0.0M
Total contribution	\$40.9M + 23.9%	\$45.4M + 11.0%
Expected quantities reported	122 kt - 13.0%	98.1 kt - 19.6%
Average rate	\$335/t + 43.2%	\$463/t + 38.1%

## Average rate per class – Containers and Packaging

Average increase lower due to an increase in expected quantities		
	2020 Schedule	2021 Schedule
Total costs for C&P share	\$146.7 M	\$162.4 M
Provision for recycled content credit	\$0.1 M	\$0.3 M
C&P fund	(\$7.8M)	\$0.0M
Total contribution	\$139.0M + 15.8%	\$162.7M + 17.1%
Expected reported quantities	499 kt - 0.6%	523.6 kt + 4.8%
Average rate	\$278/t + 17.3%	\$311/t + 11.7%

\*Without the injection of funds in the 2020SoC, the average 2020 rate for C&P would have been \$297/t. Thus, the increase of the average rate for 2021 compared to 2020 would have been 4.8%.



## Rates - Printed matter

Rate increase due to higher costs and lower expected quantities			
	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021 %
Printed matter - Average rate	335	463	38.1
Newsprint inserts and circulars	292	399	36.4
Catalogues and publications Magazines Telephone books General use paper Other printed matter	426	592	38.9

## Rates – Paper and carton

Rate increase is within average for all fibers			
	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021 %
Paper and paperboard – Average rate	239	270	12.9
Corrugated cardboard	218	246	12.6
Kraft paper bags and packaging	218	246	12.6
Boxboard and other paper packaging	239	270	13.0
Gable-top containers	225	254	12.8
Laminated paper	341	387	13.4
Aseptic containers	279	315	13.2

## Rates – Plastics

Increases influenced by variable generated quantities			
	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021 %
Plastics – Average rate	409	459	12.3
PET bottles and containers	300	341	13.6
HDPE bottles and containers <5l.	163	186	14.4
Plastic laminates HDPE/LDPE film shopping bags	543	619	14.0
Polystyrene, PVC, polylactic acid (PLA) and other biodegradable plastics	942	989	4.8
Other plastics, polymers and polyurethanes	286	406	12.9



## Rates – Aluminium and Steel

Increase lower than average thanks to an increase of expected quantities

	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021 %
Aluminium – Average rate	180	222	8.3

The increase is within average overall

	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021 %
Steel – Average rate	176	195	10.7

## Rates – Glass

Increase is within average overall			
	2020 Schedule \$/t	2021 Schedule \$/t	Δ 2021
Glass – Average rate	209	236	12.8
Clear (flint) glass	210	235	12.8
Coloured glass	208	236	12.8

## Flat Fees

2<sup>nd</sup> of 2 years of smoothing – Changed the calculation method to improve fairness (2020SoC working group)

Eligibility criteria	2020 Schedule	2021 Schedule
> 1 MT and < 2.5 MT	\$650	\$830
> 2.5 MT and < 5 MT	\$1,340	\$1,660
> 5 MT and < 10 MT	\$2,675	\$3,320
> 10 MT and < 15 MT or between \$1M and \$2M	\$4,280	\$4,985





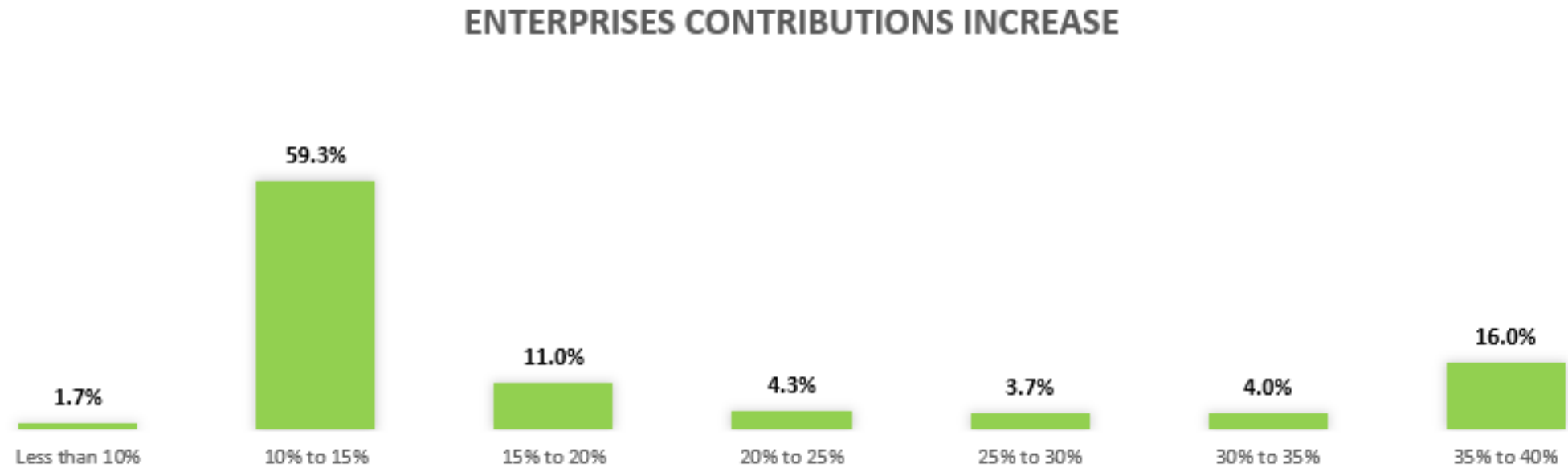
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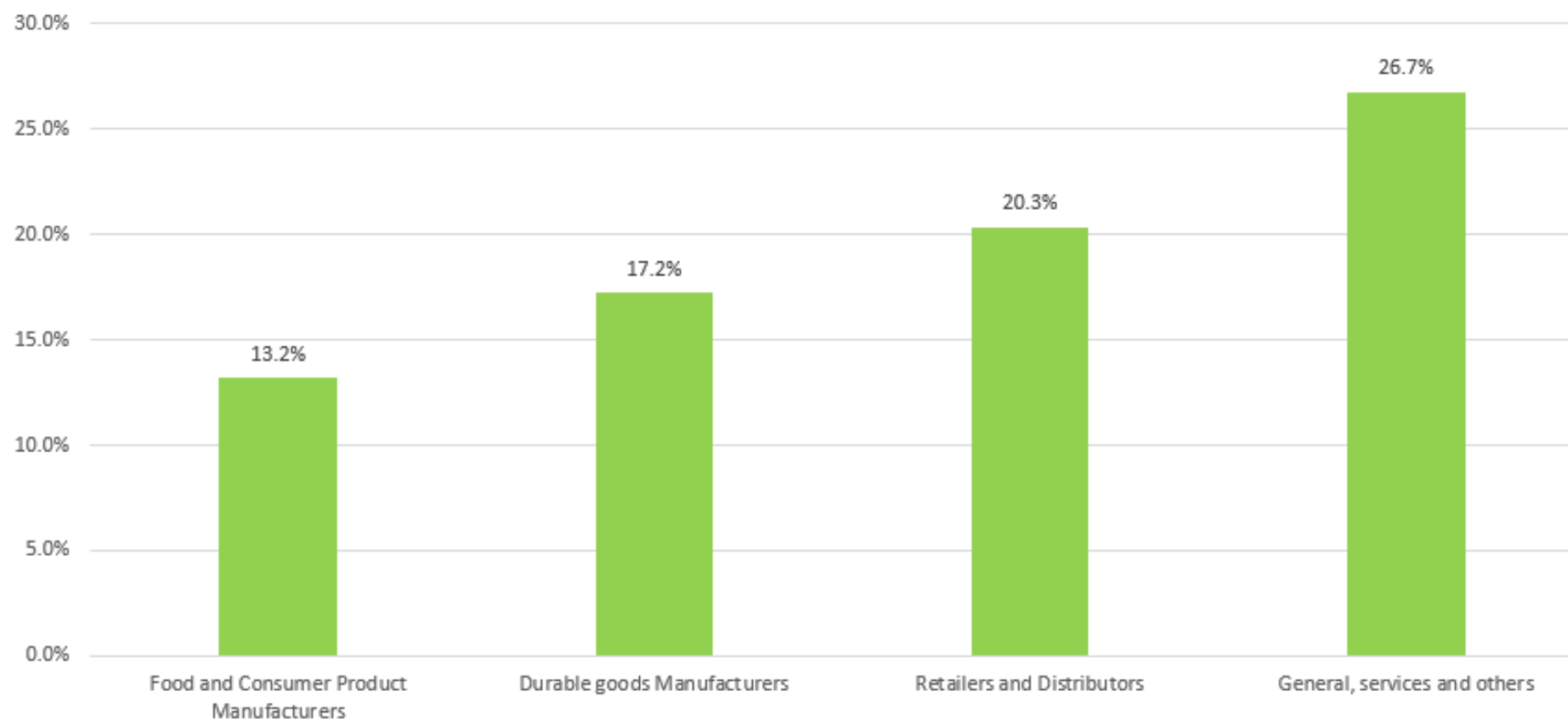
# Analysis of impacts on companies



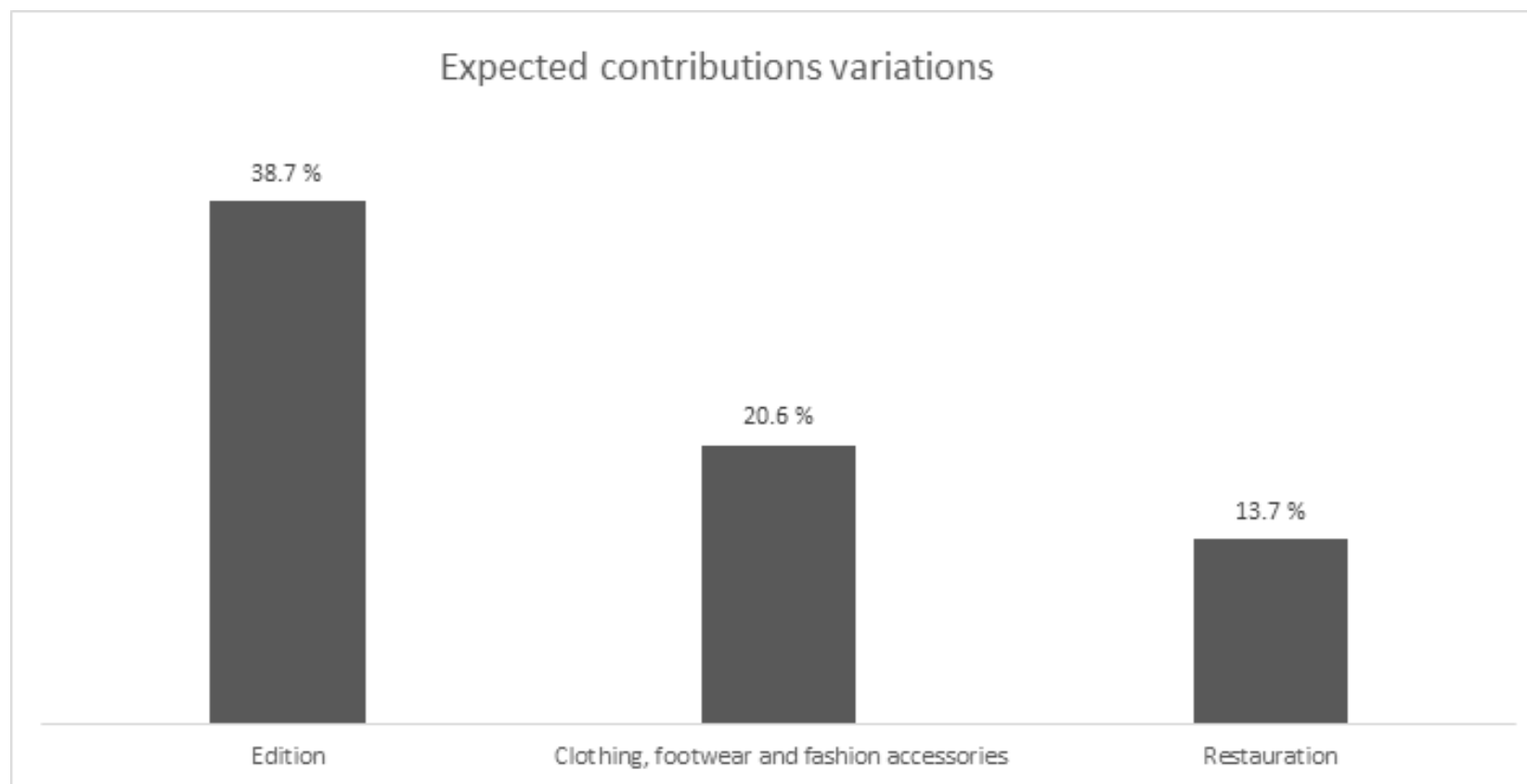
## Global impact on companies



## Impact on companies by business sector: Percentage of increase proportional to the quantity of generated printed matter



## The most severely impacted sectors with the COVID situation





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**Towards greater eco-  
modulation to better  
support the value chain**

## Evolution of the Schedule from 2005 to 2020

Based on the data, simplified for SMEs and taking into account environmental criteria

Disaggregation  
of PS, PVC,  
PLA

Disaggregation  
of fiber C&P

Extended to  
short lifespan  
and single-use  
CP&PM sold as  
products



Developing the Schedule:

- penalize the use of hard-to-recycle materials
- allocate a fair rate

Credit for  
recycled  
content  
printed  
matter

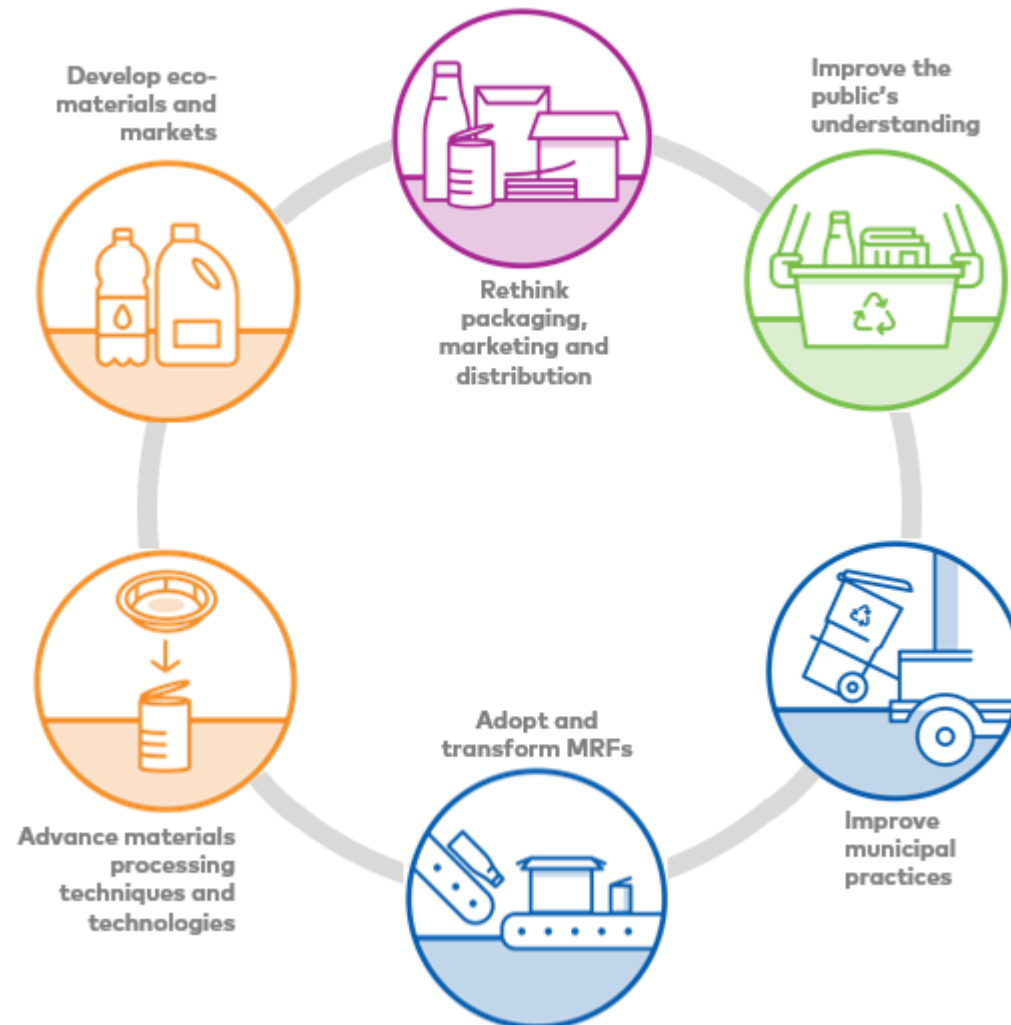
Credit for  
recycled  
content  
C&P



Integrate environmental  
criteria



## Eco-modulation: A way to get the value chain moving



***Curbside recycling is like a relay race: Every link counts!***

## Eco-modulate to better support the value chain

Vision statement adopted by ÉEQ's Board of directors

To transition from a fee structure where fees are established mainly according to a material's weight and type to a structure that increasingly considers the material's impact across the entire value chain, eco-modulation measures should make it possible to:

- **Guide businesses** regarding choice of materials, components or processes to be used.
- Recognize and support packaging **eco-design** initiatives by companies.
- Take into account the **performance and impact** of the material on the entire value chain.
- **Encourage greater recyclability** of materials with a view to the circular economy.

## Eco-modulation: Factors to be considered

1. Environmental criteria targeting activities referenced by the Schedule of Contributions
2. An approach based on reduction at the source, reusing and the development of recyclable materials, thanks to eco-design
3. Objective and informed decisions that take into account existing or emerging sorting or recycling technologies
4. Multi-tiered minimum thresholds for recycled content:
  - Available recycled material vs requested by all (fairness)
  - Free market to avoid penalizing Quebec businesses

### Vigilance Points

- Perfectible current system
- Data availability and accessibility
- Notion of recyclability of materials and development of local markets will evolve
- Intended effect of implemented measures impossible without control over the system

## Eco-modulation measures proposed in the 2021 Schedule

Evolution tied to availability of information

Disaggregation  
of plastic  
laminates

Broadening  
Designated  
C&P:  
Ceramic



Eco-modulating by  
updating the fee  
calculation formula

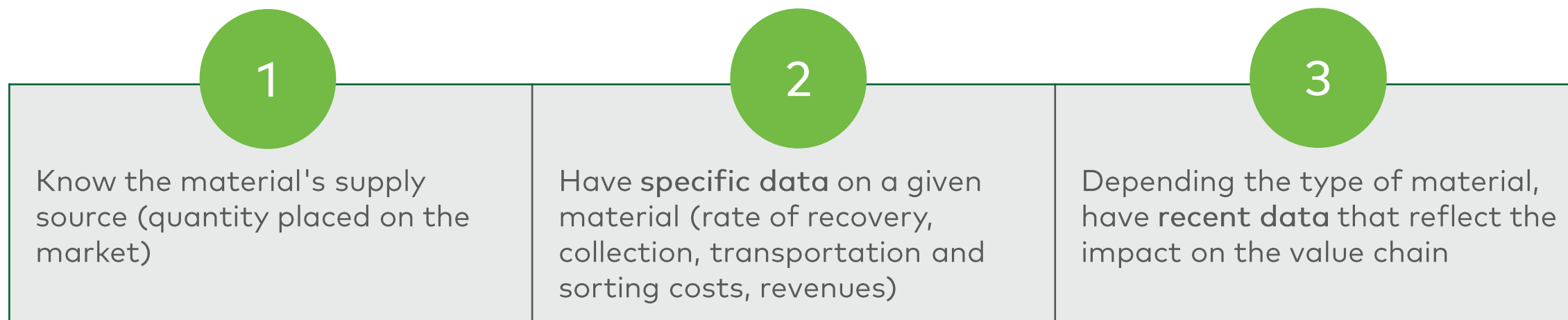
Eco-design  
incentive bonus



Eco-modulating by  
introducing eco-design  
measures

## Winning conditions to eco-modulate via the fee structure formula

i.e. favour materials that are easier to recycle and penalize materials that are harder to recycle



In order to assemble those winning conditions, ÉEQ will study the possibility of introducing bonus-malus in the future.



## Eco-modulating by updating the fee formula

Disaggregation  
of plastic  
laminates

Disaggregate plastic laminates from HDPE/LDPE plastic film to penalize a hard-to-recycle material.

Material	2020 Schedule \$/t	2021 Schedule \$/t	2021SoC Disaggregated \$/t	Variation (%) (disaggregated vs 2021)
HDPE/LDPE plastic film	543.38	619.30	610.10	-1.5%
Plastic laminates	543.38	619.30	637.00	2.9%



## Eco-modulate, while penalizing disruptor materials

Broaden the fee structure to include ceramic containers and packaging, which are disruptive to the value chain



Addition of  
ceramic

Material	2020 Schedule \$/t	2021 Schedule \$/t	2021SoC with ceramic \$/t	Variation (%) (ceramics vs T2021)
Ceramic	0	0	386.03	
Clear (flint) glass	208.19	234.78	234.47	-0.13%
Coloured glass	209.35	236.10	235.79	-0.13%

## Pilot project for containers and packaging

**\$1M budget financed by the Containers & packaging permanent fund**



### Objectives

- Send a clear signal to businesses involved in changes (actions) indicating that ÉEQ works to recognize eco-design and eco-modulation.
- Recognize a completed eco-designed packaging initiative.
- Identify action levers, document challenges and define solution leads between eco-design and recyclability (information collection and experimentation).
- Communicate business initiatives and measure environmental gains (social and economic, if applicable).

## Pilot project for containers and packaging

\$1M budget financed by the Containers & packaging permanent fund (representing 0.5% of the 2021SoC)



Eco-design  
incentive bonus

### Bonus

- Grant a bonus equal to 10% of the contribution for the product packaging involved in the eco-design process.
- Several eligible initiatives for a single business, up to \$25,000.

### Criteria

Must be a compliant contributing company with ÉEQ that meets the following criteria:

- Eco-design process completed
- File opening form filled out with ÉEQ
- Initiative documented and shared via the OptimAction portal
- Present the initiative to ÉEQ's eco-design team in order to meet the pilot project's objectives



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# Schedule Rules





## Application rules adapted to evolve with eco-modulation

Changes introduced in the Contribution table in Appendix A:

- Range of designated materials expanded to include ceramic containers
  - "Ceramic" added as a material
- Disaggregation of plastic laminates from HDPE/LDPE plastic film
  - No amendment to rules or to the table
- Eco-design incentive bonus:
  - Added a note presenting the bonus (10%, max \$25,000)
  - Refer to ÉEQ's website for administrative criteria

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# Next steps



## Timeline for the 2021 Schedule of Contributions special consultations

Activities	Date
Consultation meetings (via webinar)	November 24, 2020
Consultation period	3 weeks from the time documents are submitted online (November 20 to December 11)
Adoption of the draft 2021 Schedule of Contributions and consultation report to be submitted to RECYC-QUÉBEC	January 29, 2021



## Almost 900 companies received credits generated during 2020, for a total of over \$2.7 million.

- \$2.3M in adjustments (2017) for containers and packaging: 871 companies
- \$221K in credits for 2018 recycled content: 17 companies
- \$225K in credits for 2019 recycled content: 18 companies

Upcoming payments for 2021: Your credits can come in handy!

Schedule of Contributions	Winter	Spring	Summer	Fall
2020 Schedule (if published mid-December)	Mid-March 1 <sup>st</sup> installment (80%) Flat fee (100%)	Mid-May 2 <sup>nd</sup> installment (20%)		
2021 Schedule (if published mid-July)			Possibly mid-September 1 <sup>st</sup> installment (80%) Flat fee (100%)	Possibly mid-November 2 <sup>nd</sup> installment (20%)

A woman with long brown hair, wearing a dark blue t-shirt, is smiling and looking up at someone off-camera. She is holding several white cards with purple text. One card clearly says "DESIGN PROBLEMS". The background is a blurred office setting. A large orange triangle is in the top right corner.

8.0

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**Question period**

**End of consultation**



November 24, 2020

# Modernisation of Curbside Recycling EPR-Partnership for improved system performance



September 24, 2020

## FIRST LEGAL STEP TOWARDS EPR

### **Bill 65 — *An Act to amend mainly the Environment Quality Act with respect to deposits and selective collection***

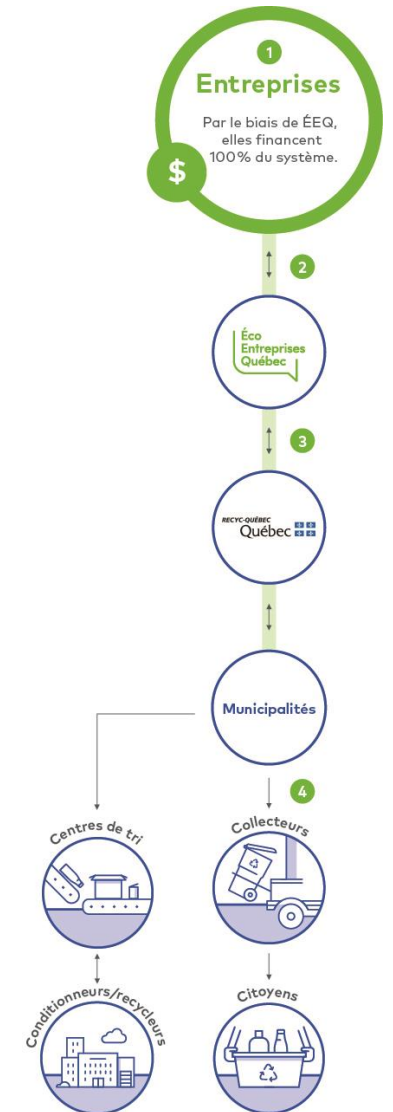
Fundamental change to the Quebec framework aiming to gradually

- replace the Compensation plan with Extended producer responsibility (REP), whereby businesses that generate containers and packaging, printed matter and newspapers (C, P, PM & N) are responsible parties for their products, from design to recycling.



## Current plan Financing a linear system

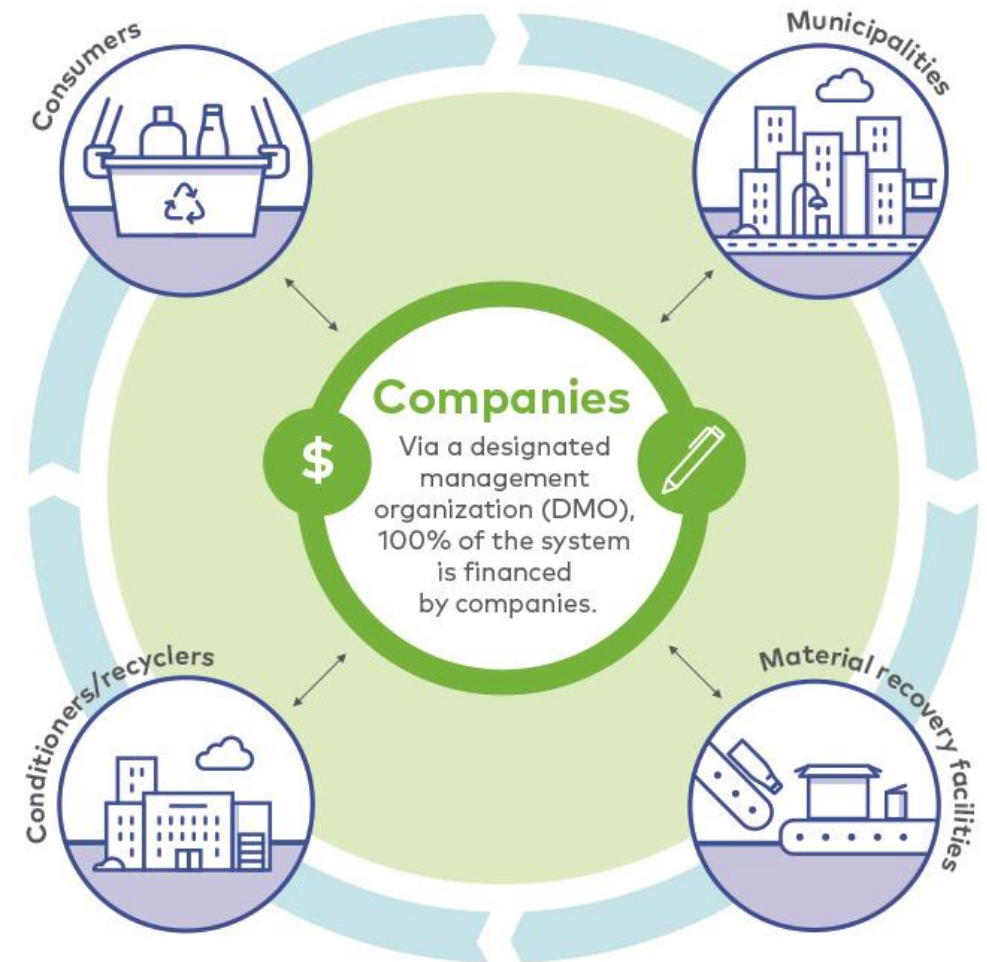
1. Companies:
  - Market containers, packaging and printed matter (C, P & PM);
  - Annually report the quantities and weights of C, P & PM they market;
  - Pay financial compensation in the amount according to their report.
2. ÉEQ remits the compensation to RECYC-QUÉBEC.
3. RECYC-QUÉBEC redistributes the compensation to municipalities.
4. Municipalities award contracts to collectors to provide curbside recycling service for citizens and handle the sorting and processing of materials collected.



## EPR-Partnership Control of a circular system

EPR-Partnership gives companies control over their materials (C, P, PM & N):

- Oversee collection, transportation and sorting
- Foster recyclables processing and market development
- Integrate quality standards regarding collection and sorting
- Ensure traceability of materials and transparency of accounting
- Innovate and position the curbside recycling system as a true economic lever



## Initiatives carried out by ÉEQ Highlights



### April 2020

- Implementation of a governance structure

### June 2020

- Webinar on the modernization of curbside recycling

### June 2020

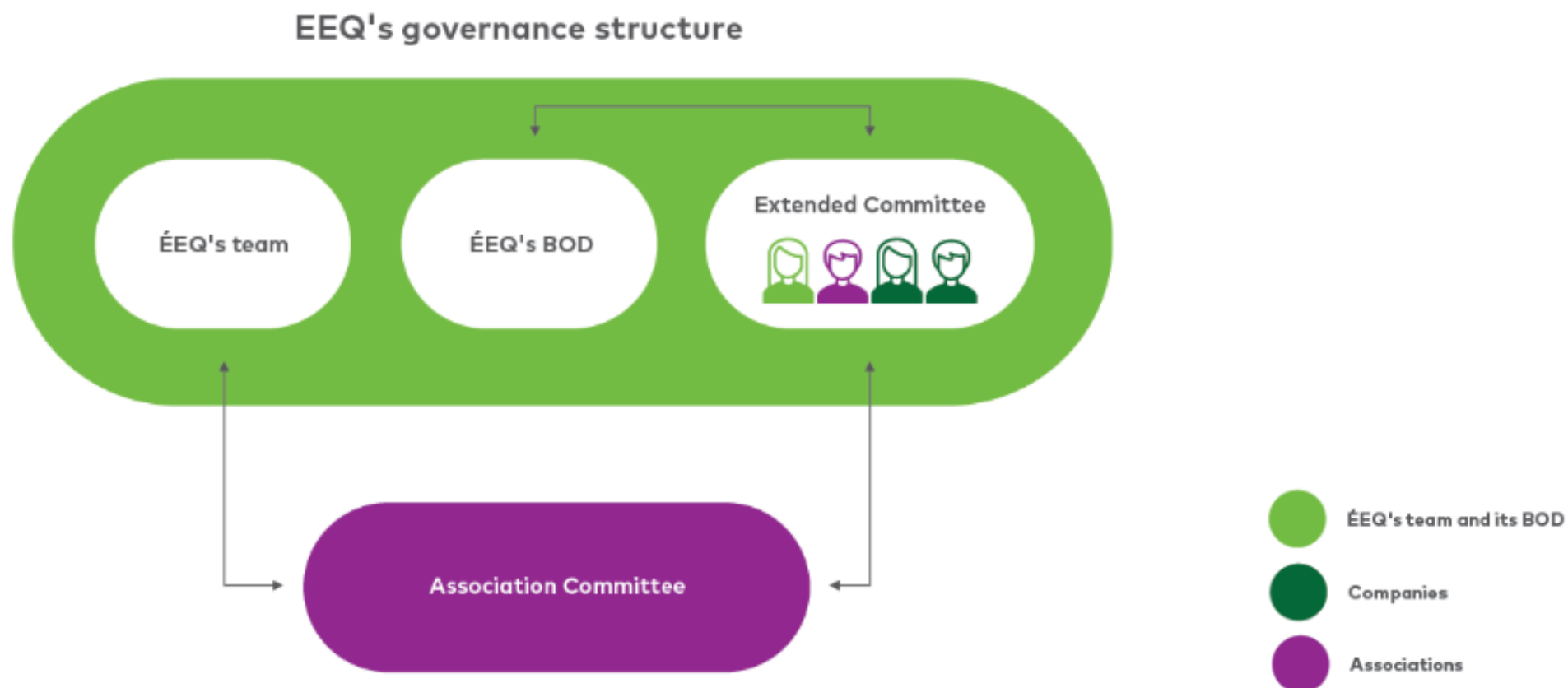
- Government advisory committee begins its work

### January and June 2020:

- 22 working group meetings and 10 sub-committee meetings



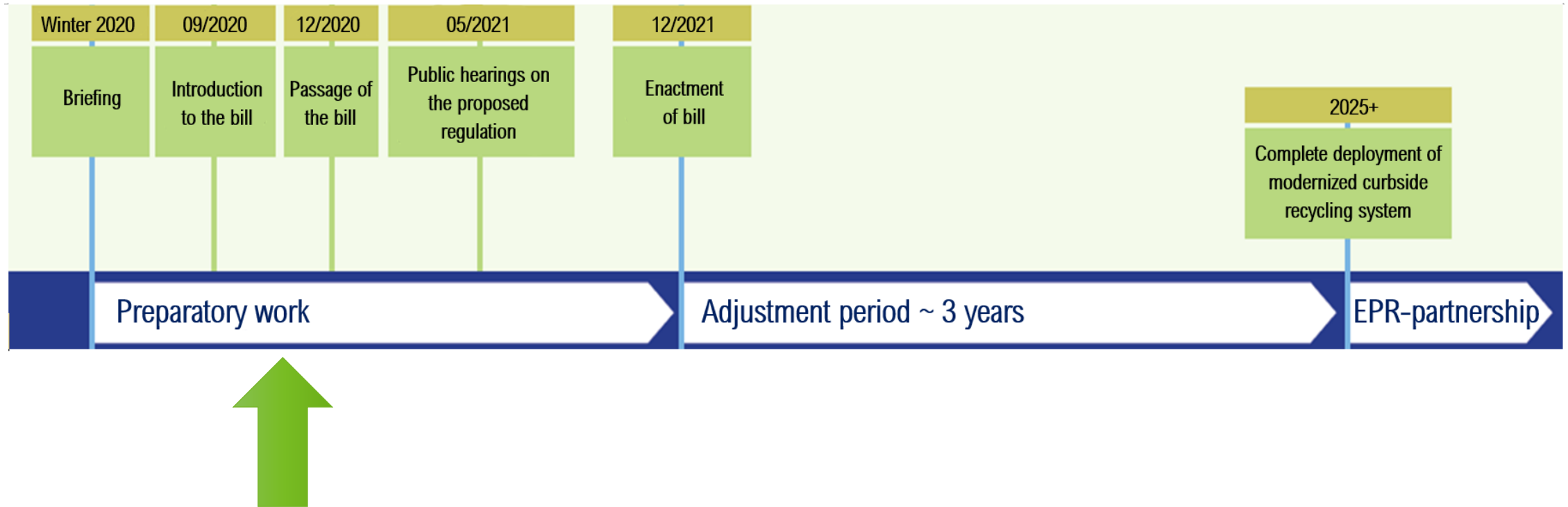
## Governance structure – Modernization



Since May 2020:

- 5 meetings of the Association Committee
- 4 meetings of the Extended Committee
- 3 meetings of the Board of directors

## Modernisation of Curbside Recycling A 5-year transition



## Communications are at the heart of the transition



### **On a continuous basis**

Website is updated and newsletters are sent as developments take place



### **Winter 2021**

2<sup>nd</sup> webinar on modernization



### **Spring 2021**

Consultations on the draft regulation on EPR-Partnership

November 24, 2020

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Presented by:

Geneviève Dionne  
Director, Eco-design and Circular  
Economy

# Packaging Ecodesign

A modernized portal to provide  
better guidance for companies





## Objectives of the eco-design portal

- Modernize the platform
- Enhance the tools made available for companies to start their eco-design project
- Facilitate the information search and overall user experience
- Democratize packaging eco-design



## Content that is adapted to business needs



What is eco-design? ...and what are the advantages for businesses who adopt this new practice?

Where should a company start to set up an eco-design project?



What resources are available for companies regarding eco-design?

What are the golden rules to ensure that a packaging eco-design project succeeds?

# Main enhancements

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## Intuitive and simplified tree structure

- Adapted to business needs
- Accessible and easy to understand

## Practical tools

- Technical checklists
- Downloadable and customizable tools

## Improved case studies

- Inspiring cases highlighted
- Performance indicators

## Content to be continuously enriched

### Case studies

- Enrich the case study section as new positive initiatives arise

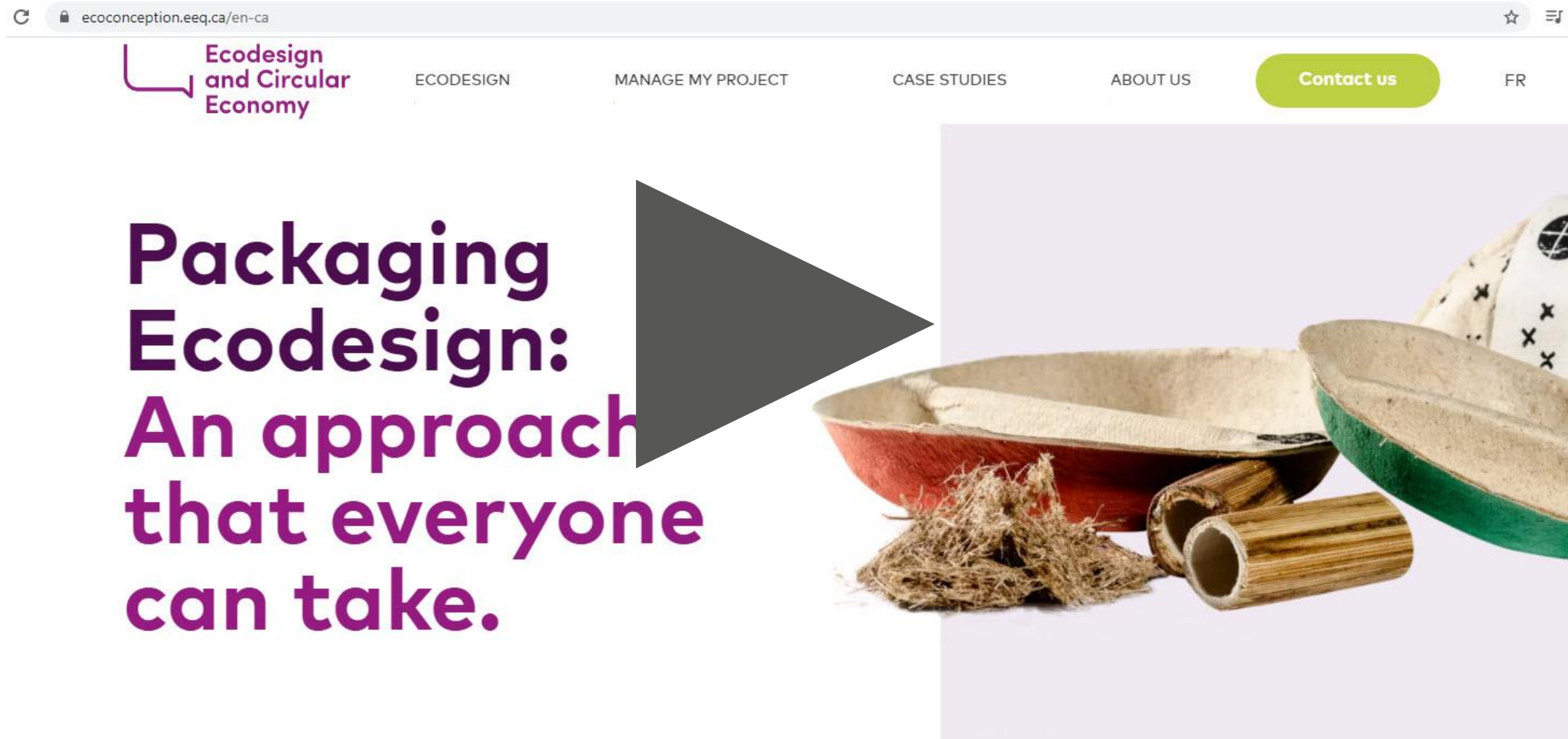
### Toolbox

- Create new project management tools:
  - Stakeholders' analysis chart
  - Template: inventory to list packaging
  - Communications plan template

### Resources

- Eco-materials table
- Materials recyclability table
- Blog

# Preview of the new portal



<https://www.youtube.com/watch?v=y4BmYdJhTMI>



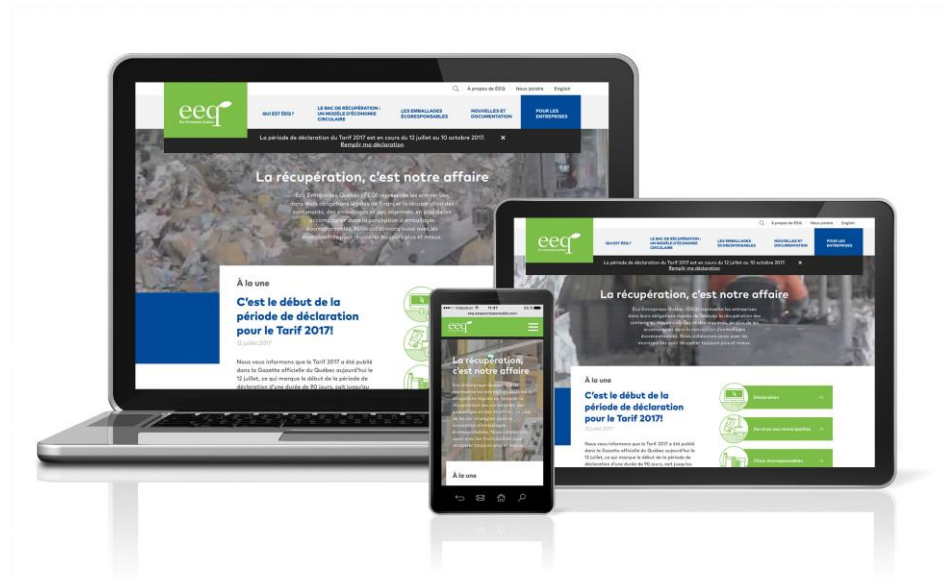
# Closing remarks



# Reminder : For more information on 2021 Schedule of Contributions

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**Thank you!**