



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

**Presentation of a submission to the Commission on
Transportation and the Environment (CTE)**

Tuesday, October 20, 2020



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Summary of ÉEQ's recommendations and its governance

Éco Entreprises Québec salutes the government's decision to place companies at the heart of the curbside recycling system and enable them to take responsibility for their containers, packaging, printed matter (C, P, PM & N) and newsprint from design to recycling, with a view to developing the circular economy.

Appointing a single designated management organization (DMO) for the curbside recycling of the C, P, PM & N will ensure fairness amongst companies and the application of a global systemic approach.

However, the Bill lacks clarity as it does not include the principles of EPR, leaving the door open to decisions that may stray from those principles. ÉEQ and its governance structure* presents 12 key recommendations.

Twelve (12) recommendations to ensure that modernization is a success

Recommendation 1: In the absence of clarity of Bill 65, ÉEQ recommends that the upcoming regulation respects EPR principles set forth by the government, confers ownership of materials to companies, avoids being prescriptive regarding means and ensures flexibility, agility, simplicity, financial predictability and fairness of the curbside recycling system.

Recommendation 2: In an EPR context, ÉEQ recommends that the roles and responsibilities of companies and municipalities be clearly defined in the upcoming regulation by specifying that the companies, via their designated management organization, will ensure the oversight of collection and transportation activities through agreements with municipalities.

Recommendation 3: ÉEQ recommends that a management organization be designated as soon as possible to deal with municipalities during the preparatory and transition period.

Recommendation 4: ÉEQ recommends that Bill 65 be amended so as to require that companies be represented by a single designated management organization.

Recommendation 5: ÉEQ recommends that, in order to avoid double accounting reporting, only the designated management organization should have the responsibility of submitting requested information to the government or its public corporation.

Recommendation 6: ÉEQ recommends that Bill 65 be amended to remove Section 53.31.0.1 regarding the compensation payable to RECYC-QUÉBEC.

Recommendation 7: ÉEQ recommends that the grievance settlement mechanism provided for in the Bill be framed under the upcoming regulation to ensure that the decisions that will be taken remain within the limits permitted under the law and regulation and do not depart from the principles of an EPR.

Recommendation 8: ÉEQ recommends that Bill 65 be amended to add a transition measure that will ensure accelerated approval of the Schedule of Contributions provided for in the compensation plan.

Recommendation 9: ÉEQ recommends that the service via agreements with municipalities should only include small ICIs, such as hairdressing salons, small accountants' offices and small restaurants, as is currently the case under most municipal curbside recycling programs.

Recommendation 10: ÉEQ recommends that the upcoming regulation provide for incentive measures for companies, specifically for the development of recyclable materials markets, instead of setting penalties for failure to achieve targets.

Recommendation 11: ÉEQ recommends that the upcoming regulation provide that curbside recycling and deposit designated management organizations be required to enter into an agreement on compensating refundable containers that will end up in the curbside recycling system.

Recommendation 12: ÉEQ recommends that adjustments be made to the Bill in order to improve consistency between the deposit and curbside recycling systems and the alignment of sections governing the recovery and reclaiming of residual materials.

* English-speaking members of the association committee did not take part in the development of the 12 recommendations. They were, however, involved in the appended positions.

Éco Entreprises Québec: At the forefront of the recycling value chain

Éco Entreprises Québec (ÉEQ) is the private non-profit organization that has since 2005 been representing companies who market containers, packaging and printed matter in Québec in their responsibility to finance the costs of effective and efficient municipal curbside recycling services. This represents approximately \$ 180 million for the last year, and nearly \$ 1.5 million since the Compensation plan started 15 years ago.

Moreover, as an expert, ÉEQ optimizes the curbside recycling value chain and implements innovative approaches with a view to sustainable development and circular economy. The approaches include:

- Container and packaging eco-design, as ÉEQ was the first organization representing producer responsibility in North America to integrate a credit for recycled content in its Schedule of Contributions and to develop an [Eco-design and circular economy plan](#)
- Sharing best practices with municipalities
- Developing markets for recyclables, including the launch of a [Plastics Action Plan](#) last year.

Over the last few years, on a voluntary basis, ÉEQ has invested close to 35 million dollars towards optimizing the value chain. Éco Entreprises Québec actively participates in the work of the Waste Reduction and Recovery Committee of the Canadian Council of Ministers of the Environment (CCME) and contributes to international best practices as a member of the Extended Producer Responsibility Alliance (EXPRA), based in Brussels. ÉEQ is regularly called upon for its expertise in Quebec and world-wide to share its vision of curbside recycling and solutions to current issues.

Finally! Modernization of the curbside recycling system

At last, after 3 recycling crises, 4 committees set up by governments in nearly 10 years and the announcement made last February by minister Charette regarding the modernization of curbside recycling, Bill 65 — An Act to amend mainly the Environment Quality Act (EQA) with respect to deposits and selective collection, will end the status quo and give companies control over the fate of materials they place on the market.

We salute the government's decision to place companies at the heart of the curbside recycling system and enable them to take responsibility for their containers, packaging, printed matter and newsprint from design to recycling, with a view to developing the circular economy. Companies will no longer be responsible only for financing the system, as is currently the case, they will have control over it.

Indeed, the decision to boost the financing of municipal net costs of curbside recycling by companies from 50 to 100% was taken by the government already 10 years ago. Appendix 2 presents the evolution of that financing over the last 15 years. Action 19 of the 2011-2015 Action Plan of Quebec's Residual Materials Management Policy also stated that "The government would evaluate the possibility of transferring the management of municipal recycling and reclaiming programs for containers, packaging, printed matter and written media." to companies in a perspective of Extended producer responsibility (EPR).(translation)

Therefore, since 2009, Éco Entreprises Québec has been analyzing EPR models and scenarios, examining issues related to curbside recycling in Quebec and determining optimization strategies, including conditions for its success and implementation.

- The organization participated in the four committees set up by the government for over 10 years, including the Action Committee for the Modernization of Recovery and Recycling, set up in May 2019, by the Minister of the Environment and the Fight Against Climate Change.
- In cooperation with all players in the system, ÉEQ and its association partners are actively taking part in preparatory work groups on the modernization of curbside recycling instigated this summer by the Minister.
- In order to ensure that the interests of companies are fully represented, a robust governance structure has been implemented within ÉEQ. This will enable representatives of targeted companies to develop their shared positions thanks to an [extended committee on the modernization of curbside recycling](#) as well as an [association committee](#). The list of members and associations taking part in these instances is provided in the appendix herein.

ÉEQ also works with the recovery and recycling industry Advisory Committee created by Minister Charette in order to discuss issues pertaining to the system and submit courses of action or thinking points to the government.

Conditions for success of extended producer responsibility in partnership with municipalities (EPR-Partnership).

In order to ensure the performance and efficiency of the curbside recycling system in Quebec, analyses developed over the years by ÉEQ recommend the following elements:

- A single system management organization to **ensure fairness amongst companies and the application of a global systemic approach.**
- Eco-designed packaging that integrates recycled and recyclable materials and eliminates over-packaging.
- Standardizing sorting across Quebec in such a manner as to avoid confusion within the public.
- Framework agreements with municipalities for the collection and transportation, ensuring that local interaction is maintained between municipalities and citizens.
- Contracts with MRFs based on performance, quality and chain of custody.
- Ownership rights for materials given to companies represented by the management organization, which will mean mid- and long-term agreements with recyclers for the development of local markets.
- Transparency and accountability mechanisms will be required.
- Innovation and economic development opportunities.

As curbside recycling has been largely deployed across Quebec for many years, EPR-Partnership leverages the competencies and know-how of all participants in the recycling industry by taking into account regional specificities and the diversity of business models. Therefore, all parties, from companies to citizens, municipalities, collectors, MRFs and processors, have their role to play to build a circular economy for recyclables. Appendix 3 presents an illustration of ÉEQ's vision regarding EPR-Partnership

Bill 65: A lack of clarity regarding the principles of EPR

The explanatory notes for Bill 65 summarize the amendments being made to the EQA in order to give the government the following powers:

- The power to require that any person generating residual materials through their activities develop and implement a curbside recycling system and ensure funding thereof.
- The necessary powers to oversee the development, implementation and financing of the curbside recycling system.

- The power to entrust a non-profit organization with the responsibility of developing, implementing and financing, in place of specific persons, all actions required to ensure the system's operation.
- The power to define the rules pertaining to the designation of the organization, its obligations, rights and responsibilities, as well as those that persons would have towards it.

However, although the government's public communications (press releases, information sheets) are very clear regarding its intention of applying extended producer responsibility (EPR), **the bill lacks clarity and seems ambiguous to us, as it does not include the principles of EPR, which opens the door to digressing decisions.**

On the one hand, the bill states that companies will be represented by an organization whose mandate will be to develop, implement and finance a curbside recycling system for containers, packaging, printed matter and newsprint. **Appointing a single designated management organization (DMO) for the curbside recycling of these materials will ensure fairness amongst companies and the application of a global systemic approach.**

On the other hand, the bill makes no mention of extended producer responsibility and raises issues related to curbside recycling, which will need to be clarified and specified in the forthcoming regulation, and whose sections and final guidelines are still unknown.

We have identified **seven issues** and 12 recommendations we wish to bring to the attention of the Commission on Transportation and the Environment.

Seven issues to be considered

1. EPR principles to be respected

Given that the EPR-Partnership and its modus operandi will be defined as part of the regulation, **the government will have to ensure that the draft regulation does not stray from the principles of EPR.**

According to the Ministry of the Environment and the Fight against Climate Change, extended producer responsibility means "an approach that aims to transfer responsibility for the management of residual materials generated by the consumption of various products to those companies that are responsible for marketing them across a given territory".¹

ÉEQ supports this approach and points out that by becoming responsible, companies will be assigned performance goals for the recovery and recycling of their materials, in accordance with the principles of circular economy (as indicated in Section 53.30.1). **They must, therefore, own those materials.**

¹ www.environnement.gouv.qc.ca/matieres/reglement/recup-valor-entrepr/faq.htm

The bill must also take into account the preoccupations of companies who do not want the regulatory framework of the EPR-Partnership to be prescriptive regarding means, and who want it to ensure flexibility, agility, simplicity, financial predictability and fairness among companies, specifically for e-commerce.

Recommendation 1: In the absence of clarity of Bill 65, ÉEQ recommends that the upcoming regulation respects EPR principles set forth by the government, confers ownership of materials to companies, avoids being prescriptive regarding means and ensures flexibility, agility, simplicity, financial predictability and fairness of the curbside recycling system.

2. The partnership with municipalities needs clarification

In the EPR-Partnership, ÉEQ recognizes the significant contributions of municipalities towards ensuring first-line services to the general public regarding the collection and transportation of materials. However, it will be important to clarify the role of municipal organizations and the responsibilities of companies.

For twenty years, municipalities have been required to develop and implement a residual materials management plan (RMMP). Many Sections in the EQA oversee its development and approval (53.4 to 53.27).

Although Bill 65 does provides for alignment of these RMMRs and the delegation of responsibilities to companies regarding curbside recycling from an EPR perspective (53.24), clarifying the role of municipalities and the responsibilities of companies will be essential to ensuring the fluidity of future relationships and partnerships. ÉEQ appreciates that a municipal organization may have competencies and not have to apply them, as will be the case for materials designated by the modernization of curbside recycling.

Thus, in an EPR context, it is important to stress that companies, via their designated management organization, will be the ones overseeing collection and transportation activities through agreements with municipalities.

Recommendation 2: In an EPR context, ÉEQ recommends that the role and responsibilities of companies be clearly defined in the upcoming regulation by specifying that the companies, via their designated management organization, will ensure the oversight of collection and transportation activities through agreements with municipalities.

3. A management organization is required to deal with municipalities

Since it was filed on September 24, 2020, Bill 65 provides that any contract drawn by municipalities must end no later than December 31, 2024 (Section 14). Bill 65 also states that, as soon as the regulation making companies responsible for curbside recycling comes into force, i.e. in early 2022 according to the scheduled timetable, municipalities will no longer be able to grant curbside recycling contracts (art. 53.31.0.2).

However, according to a survey carried out this fall on behalf of the MELCC, 44% of municipalities will have to renew contracts by December 31, 2021, which means that two out of five municipalities will be in the process of renewing contracts by that date.

In this context, **we must ensure that a designated management organization is appointed as quickly as possible to deal with these municipalities** in order to ensure oversight of contracts that require intervention and ensure continuity of services to citizens.

Recommendation 3: ÉEQ recommends that a designated management organization be appointed as soon as possible to deal with municipalities during the preparatory and transition period.

4. Collective responsibility for producers

Bill 65 (Section 53.30, paragraph 6° b) does not clearly state that companies are required to join a designated management organization for curbside recycling.

In order to ensure the system's financial viability, promote the achievement of identified targets and allow the development of markets, **"producers" should not be able to set up their own curbside recycling systems.**

To understand the implications a situation like that would have on all participants in the system, imagine a company that markets shampoos and decides to set up its own collection system for containers:

- Multiplication of contracts to be managed by municipalities
- Confusion among citizens regarding collection methods
- Redundancy of systems generating more GHGs
- Segmentation of the material pool, thus mitigating the advantages of consolidating quantities of materials to be recycled.

Bill 65 must be amended so as to require that companies be represented by a single designated management organization.

Recommendation 4: ÉEQ recommends that Bill 65 be amended so as to require that companies be represented by a single designated management organization.

5. Double accountability reporting should be avoided

Bill 65 provides for the transmission of information on "designated persons" and municipalities to the government. From an EPR perspective, any information to be sent to the government or its public corporation must be transmitted via the designated management organization.

Thus, Section 53.30, Paragraph 6, Subparagraph c, requires companies "to keep books and provide the Minister or the company, according to the established conditions and terms, information on quantities and composition of these containers, packaging, packaging materials, printed matter or other products, on residual materials generated by their activities, as well as on results obtained in terms of reduction, recovery or reclamation." For the sake of regulatory streamlining and efficiency, companies should be required to report to the designated management organization without having to submit a second accounting report to the MELCC (Ministry of the Environment and Fight Against Climate Change or to RECYC-QUÉBEC.

Likewise, Section 53.31 specifies that the government may require any person or municipality to provide more detailed information regarding the origin, nature, characteristics, quantities, destination, etc. of residual materials it generates or hands over to a third party. From an EPR perspective and in order to avoid double accounting reporting, only the designated management organization should be responsible for submitting requested information to the government or its public corporation.

Indeed, if the designated management organization has obligations regarding the development of markets and circular economy, it is imperative that it also be responsible for receiving information about the system it is overseeing and collating that information for performance monitoring purposes.

Recommendation 5: ÉEQ recommends that, in order to avoid double accounting reporting, only the designated management organization should be responsible for submitting requested information to the government or its public corporation.

6. Allowance payable to RECYC-QUÉBEC

Since the implementation of the compensation plan, ÉEQ has developed a solid partnership with RECYC-QUÉBEC for conducting necessary studies to better understand curbside recycling performance as well as developing supporting projects. The partnership, however, will need to evolve. Indeed, under the current system, RECYC-QUÉBEC has responsibilities regarding the management of the compensation plan, the municipalities portal, recommendation to the government regarding the share of costs by materials class and paying compensations to municipalities. With the transition to EPR, it will be important to clarify the role and responsibilities of RECYC-QUÉBEC, as relations are now established directly between the DMO and municipalities, and between the DMO and materials recovery facilities.

In this matter, ÉEQ feels that applying a percentage of system costs to determine the allowance payable to RECYC-QUÉBEC is not appropriate, as there is no link between the operating costs of curbside recycling in Quebec and the public corporation's management fees. The bill stipulates that this allowance "may not exceed 3% of annual costs generated by the development and implementation" of curbside recycling. For example, with net costs of over \$ 200M for 2019, the public corporation could receive as much as \$ 6M. If the costs were \$ 250M, it would receive \$ 7.5 million without doing extra work.

In addition, in the interest of fairness, it is important to note that the allowances payable to RECYC-QUÉBEC by other extended producer responsibility organizations are established by agreement, and are not enshrined in the EQA.

Recommendation 6: ÉEQ recommends that Bill 65 be amended to remove Section 53.31.0.1 regarding the compensation payable to RECYC-QUÉBEC.

7. Dispute settlement mechanism

Bill 65 (Section 53.30.1, Paragraph 6) introduces the obligation to include a settling mechanism for disputes that may arise during the conclusion or execution of contracts between "persons, municipalities, groups of municipalities or any indigenous community". Although such mechanisms are common practice with commercial contracts, it will be important to supervise this mechanism and ensure that the decisions taken remain within the limits under the law and regulations and do not depart from the principles of EPR. In this regard, the selection criteria regarding the deciding party are very important, as both an understanding of the environment and impartiality must be preferred.

Recommendation 7: ÉEQ recommends that the grievance settlement mechanism provided for in the Bill be framed under the regulation to ensure that the decisions that will be taken remain within the limits permitted under the law and regulation and do not depart from the principles of an EPR.

Transitional measures essential to ensure a predictable transition for companies

Bill 65 sets December 31, 2024 as the date of repeal for the Sections of the EQA and the regulation related to the compensation plan. It provides for the compensation plan and EPR-Partnership to co-exist until December 24, 2024.

It is important to consider that companies could have to pay for a double system in the first years of the regulation coming into force:

- A compensation plan, compensated 2 years late
- An EPR-Partnership meaning that collection, transportation and sorting costs resulting from agreements between the DMO, municipal organizations and MRFs would have to be paid almost in real time.

Given the additional costs resulting from the overlap of the compensation plan and EPR-Partnership, the government should ease the regulatory framework applicable to the compensation plan. **Bill 65 should be amended to add a transition measure that will ensure accelerated approval of the Schedule of Contributions provided for in the compensation plan.**

Linking the compensation plan and the EPR-Partnership will be extremely important for financial predictability, particularly during this pandemic.

Recommendation 8: ÉEQ recommends that Bill 65 be amended to add a transition measure that will ensure accelerated approval of the Schedule of Contributions provided for in the compensation plan.

A draft regulation that will be the key to implementing the EPR-Partnership for curbside recycling

Given that Bill 65 asks several questions which will probably find answers in the draft regulation, **the latter will be the centerpiece of the implementation of the EPR-Partnership for the modernization of curbside recycling.**

Strong adhesion to clear positions

As previously mentioned, ÉEQ has set up an inclusive governance structure (an Extended Committee on modernization within its Board and an Association Committee) ahead of the modernization of curbside recycling and actively participates in working groups set up by the government of Quebec. Already, positions have been adopted by its governance structure, i.e.:

- Criteria for the appointment of a designated management organization
- Delegation of authority for municipal bodies and power to tax
- Municipal groups
- Local service in municipalities
- Serving industry, commerce and institutions (ICI)
- Monitoring committee
- Status for newspapers

Excerpts from positions adopted are presented in Appendix 4 herein. Among these positions, **the service to ICIs is a matter of great concern for companies.**

Recommendation 9: ÉEQ recommends that the service via agreements with municipalities should only include small ICIs, such as hairdressing salons, small accountants' offices and small restaurants, as is currently the case under most municipal curbside recycling programs.

Among the elements planned for discussion in the working group on legislative and regulatory changes, which falls under government responsibility, two subjects draw our attention: performance criteria established for companies regarding curbside recycling and the complementarity of the deposit and curbside recycling systems.

Realistic and progressive performance criteria

In a context of extended producer responsibility, companies will be assigned performance goals for the recovery and recycling of their materials, with realistic recycling targets regarding market development. This responsibility means that companies will have to take the following steps:

- Use eco-designed materials
- Ensure recovery and recycling of their C, P, PM & N materials
- Integrate recycled content in their C, P, PM & N materials

It is important to remember, however, that the definition of those target goals must take into account the state of the current system, which can be improved. The challenges of the curbside recycling system will not all be resolved within a few transition years, and the established performance criteria will have to be realistic and progressive. In that respect, incentives for market development would be preferable to penalties when targets are not achieved.

Recommendation 10: ÉEQ recommends that the upcoming regulation provide for incentive measures for companies, specifically for the development of recyclable materials markets, instead of setting penalties for failure to achieve targets.

Broadening the deposit system: a major impact on curbside recycling

Broadening the deposit system will have a major impact on the financing of curbside recycling and on material recovery facilities. The potential transfer of beverage containers from the bin to the deposit will mean that companies who market these containers will no longer pay a contribution to ÉEQ for curbside recycling. ÉEQ estimates that this loss will deprive the system **of at least \$ 30 million to be used to finance the curbside recycling system, or nearly 20% of the costs currently compensated to municipalities.**

In addition, **according to our preliminary analyses, removing these materials from the curbside recycling system should not necessarily reduce the costs of that system**, for the following reasons:

- Collection and transportation costs are largely based on the number of doors served.
- Sorting costs are mostly fixed, so that a reduction in quantity would be offset by a cost increase distributed over the remaining tonnage.

In this context, the complementarity of the curbside recycling and deposit systems will be essential.

The curbside recycling and deposit systems manage materials flows, and refundable containers will continue to end up in recycling bins as is currently the case. To ensure fairness amongst companies, it is essential to have an agreement for the compensation of refundable containers that will end up in the curbside recycling system.

Recommendation 11: ÉEQ recommends that the upcoming regulation provide that curbside recycling and deposit designated management organizations be required to enter into an agreement on compensating refundable containers that will end up in the curbside recycling system.

The government must realize that, in the end, broadening the deposit-refund system will be very expensive for companies.

Proposed adjustments to ensure consistency

Consistency between the deposit and curbside recycling systems

Two sections of the EQA specifically deal with the curbside recycling (53.30.1) and deposit (53.30.2) systems. However, whereas for curbside recycling, all activities must take into account the principles that form the basis of the circular economy, for the deposit, only those principles related to transporting, sorting and packaging deposit products are covered (Sec. 53.30.2, Para. 3°). Additionally, for the sake of fairness between the curbside recycling and deposit systems, and in the interest of promoting the development of local and neighboring markets, the same expectations and requirements should apply to both systems.

Moreover, in order to ensure a common understanding by all companies subject to either of the systems, regulations governing both curbside recycling and deposit must be consistent and specifically define the concepts of designated materials and targeted companies.

Aligning sections that govern the recovery and reclamation of residual materials

For the sake of consistency of the bill, we also propose that Section 53.31.0.2 pertaining to the prohibition of municipalities with regard to curbside recycling, once the EPR-Partnership has been confirmed by regulation, be moved under Section 53.30, which empowers the Minister to govern the recovery and reclamation of residual materials, rather than Section 53.31, which covers accounting reporting requirements. Inserted after Section 53.30.4, it would then be Section 53.30.5.

Recommendation 12: ÉEQ recommends that adjustments be made to the Bill in order to improve consistency between the deposit and curbside recycling systems and the alignment of sections governing the recovery and reclaiming of residual materials.

Appendix 1

List of stewards and organizations participating in the governance of Éco Entreprises Québec

Board of Directors			
FIRST NAME	NAME	TITLE	ORGANIZATION
Denis	Brisebois	Vice-President of Operations, Metro banner	Metro inc.
Sylvain	Mayrand	Executive Vice-President and General Manager, Operations	A. Lassonde inc.
Serge	Proulx	Vice-President, sales, Business solutions	TELUS Québec
Thierry	Lopez	Director, Marketing and corporate affairs, Québec	Best Buy Canada
Édith	Fillion	Vice-President and Chief of financial operations	Société des alcools du Québec
Hugo	D'Amours	Vice-President, Communications, Public Affairs and Sustainable Development	Cascades, inc.
Annik	Labrosse	Vice-President, Marketing	Groupe St-Hubert inc.
Benoit	Faucher	President & CEO	Boulangerie St-Méthode inc.
Michel	St-Jean	CEO	Patrick Morin inc.
Pierre	Renaud, Esq.	Non-Member Director	
Johnny	Izzi	Non-Member Director	
Ginette	Pellerin	Non-Member Director	
Daniel	Denis	Non-Member Director	

Appendix 1 (cont'd)

List of stewards and organizations participating in the governance of Éco Entreprises Québec

Extended committee on the modernisation of curbside recycling			
FIRST NAME	NAME	TITLE	ORGANIZATION
Denis	Brisebois	Vice-President of Operations, Metro banner	Metro inc.
Hugo	D'Amours	Vice-President, Communications, Public Affairs and Sustainable Development	Cascades, inc.
Annik	Labrosse	Vice-President, Marketing	Groupe St-Hubert inc.
Johnny	Izzi	Curbside recycling expert	Directors not members of ÉEQ
Daniel	Denis	Consulting economist	Directors not members of ÉEQ
		Vacancy	ADICQ
Philippe	Cantin	Principal Director, Innovation in Sustainable Development and Circular Economy	RCC
Michel	Gadbois	President	CCIDQ
Charles	Langlois	President & CEO	CILQ
Françoise	Pâquet	Director, Government Relations	CQCD
Dimitri	Fraeys	Vice-President, Innovation and economic affairs	CTAQ (QFPC)
Francis	Bérubé	Principal policy analyst	FCEI
Joelle	Assaraf	AVP of Commodity Tax & Stewardship Programs	Costco
Pascal	Lachance	Department Head, Sustainable Development and Environment	Danone - GAPC
Paul-André	Veilleux	Director, Finance et Procurement	Laiterie Coaticook
Dominic	D'Amours	Director, Quality, R&D, Regulatory Affairs and Sustainable Development	Lavo

Appendix 1 (cont'd)

List of stewards and organizations participating in the governance of Éco Entreprises Québec

Extended committee on the modernisation of curbside recycling			
FIRST NAME	NAME	TITLE	ORGANIZATION
Jules	Foisy Lapointe	Director, Sustainable Development	Lowe's Canada
Olivier	B. Charbonneau	Director, Government, Regulatory and Industrial affairs	Lactalis Canada
Christian	M. Pilon	Director, Social responsibility	Société des alcools du Québec
Anne-Hélène	Lavoie	Senior Advisor, Communications	Sobeys
Magali	Depras	Director, Strategy	TC Transcontinental - GAPC

Appendix 1 (cont'd)

List of stewards and organizations participating in the governance of Éco Entreprises Québec

Association Committee (Francophone members)			
FIRST NAME	NAME	TITLE	ORGANIZATION
Stéphane	Lacasse	Director, Public and Government Affairs	ADAQ
		Vacancy	ADICQ
Marie	De Tarlé Salmon	Administrative Assistant and Public Affairs	AQDFL
Sylvain	Masse	Executive Director	Association des magazines du Québec
Dominique	Tremblay	Agent, Information and Communications	Association Restauration Québec
Philippe	Cantin	Principal Director, Innovation in Sustainable Development and Circular Economy	RCC
Michel	Gadbois	President	CCIDQ
Charles	Langlois	President & CEO	CILQ
Françoise	Pâquet	Director, Government Relations	CQCD
Dimitri	Fraeys	Vice-President, Innovation and economic affairs	CTAQ (QFPC)
Francis	Bérubé	Principal policy analyst	FCEI
David	Lefebvre	Vice-President, Federal and Québec	Restaurants Canada

Appendix 1 (cont'd)

List of stewards and organizations participating in the governance of Éco Entreprises Québec

Association Committee (Anglophone members)			
FIRST NAME	NAME	TITLE	ORGANIZATION
Anne	McConnell	Environmental & Regulatory Consultant	Canadian Consumer Specialty Products Association
Melanie	Rutledge	Executive Director	Magazines Canada
Michelle	Saunders	Vice President, Provincial Affairs and Sustainability	Food, Health & Consumer Products of Canada
Andrew	McKinnon	Manager of Policy and Outreach	Global Automakers of Canada
Shelagh	Kerr	President & CEO	Electronics Product Stewardship Canada
Beta	Montemayor	Director, Science, Regulation & Market Access	Cosmetics Alliance Canada
Yasmin	Tarmohamed	Vice-President, Environment, Health and Safety	The Canadian Vehicle Manufacturers' Association
Martin-Pierre	Pelletier	Consultant	Canadian Beverage Association

Appendix 2

Evolution of financing of the net costs of municipal curbside recycling by companies represented by ÉEQ

Almost \$1.5 billion in paid to municipalities since 2005



ÉEQ vision on the EPR-Partnership

Understanding the new curbside recycling model: EPR-Partnership

In order ensure that the system is efficient and effective, an approach based on standards and criteria, on framework agreements with municipalities, on contracts with MRFs and transparency and accountability mechanisms is being introduced. EPR-Partnership, in cooperation with all players in the chain, will enable Quebec to build a recyclable materials circular economy.

Facteurs-clés de succès pour un système de collecte sélective modernisé



Les emballages doivent être écoconçus : faits de matières recyclées, qui sont recyclables et qui éliminent le suremballage. L'écoconception deviendra la norme



Le maintien de la relation de proximité entre les municipalités et les citoyens sera assuré par la REP-partenariat



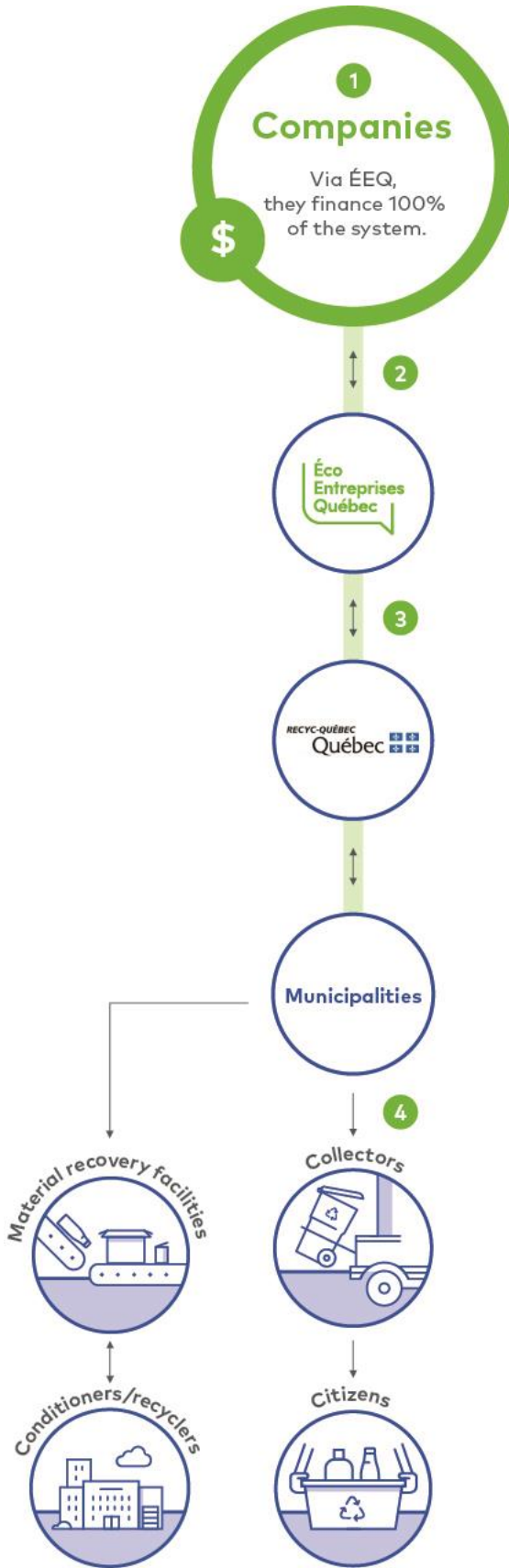
Miser sur le savoir-faire des centres de tri du Québec en axant sur la performance : qualité, traçabilité et droit de propriété de la matière attribuée aux entreprises représentées par ÉEQ



Créer des relations d'affaires afin d'assurer un approvisionnement stable et prévisible de matières avec une qualité standardisée et développer des marchés locaux

Transitioning from a linear system to an integrated and circular model: From payer to player! In the current system, through ÉEQ, companies finance 100% of municipal curbside recycling services, but don't have a formal link with municipalities or the various partners of the value chain. As provided for in the Compensation plan, ÉEQ remits the compensation amounts to RECYC-QUÉBEC, who redistributes them to municipalities. Municipalities have contracts with collectors and with sorting centres or materials recovery facilities (MRFs), and the latter decide to whom materials are sold. There are as many ways to do things as there are contracts. This is called linear and silo management...

market containers, packaging, printed matter and



newspapers (C, P, PM & N) will be responsible for overseeing and supporting the management of their materials across the entire Quebec territory. They will be assigned performance goals for the recovery and recycling of their materials, with realistic recycling targets regarding market development. This is called circular materials management.

The designated management organization (DMO) certified by RECYC-QUÉBEC will carry out accountability reports according to conditions defined by the Government of Quebec, specifically regarding performance indicators as well as material quantities and qualities, all in order to have complete TRACEABILITY of products.

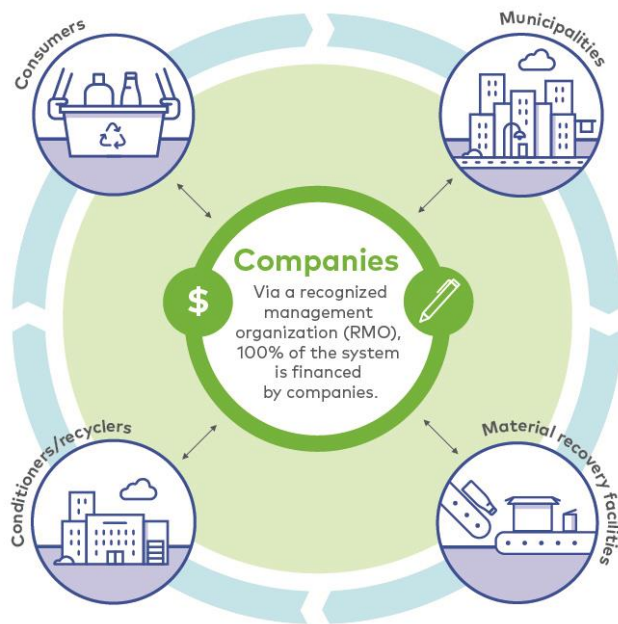
To summarize, EPR Partnership will enable companies to:

- Oversee collection, transportation, sorting and processing of recyclable materials.
- Integrate quality standards regarding collection and sorting.
- Ensure the chain of custody or traceability of materials and transparency of accounting.
- Innovate and position curbside recycling system as a true economic lever.

Players' Roles and Responsibilities

As curbside recycling has been largely deployed across Quebec for many years, EPR-Partnership leverages the competencies and know-how of all participants in the recycling industry. Therefore, all parties, from companies to citizens, municipalities, collectors, MRFs and processors, have their role to play.

Discovering the role of each of the players:



Being responsible for the materials marketed means companies will have to find the means to:

- Use eco-designed materials
- Integrate recycled content in their C, P, PM & N materials
- Ensure recovery and recycling of their C, P, PM & N materials
- Fostering local market development with a view to build a circular economy.

Appendix 4

Positions adopted by the governance of Éco Entreprises Québec

Delegation of authority and power to tax

- With regard to EPR, it is essential that authority over the management of recyclable materials (C, P, PM & N), which is currently handled by municipalities, be transferred to producers. That way, the industry has the authority, and municipalities have responsibilities governed by agreements that include standard specifications.
- With EPR, municipalities must no longer and will no longer have the power to tax citizens, on the one hand, and receive payment for the management of the service, on the other hand. Double taxing citizens (municipal tax and product price) is no longer acceptable.
- EPR that relies on bilateral agreements between the DMO and MO is the one that offers the most advantages:
 - First-line services are supervised and standardized.
 - Obligation to use a standard specification that takes into account regional specificities for public tendering processes launched by MOs.
 - Payment to MOs established according to compliance with the framework agreement and standard specification.

Municipal groups

- Grouping of MOs is a prerequisite for EPR-Partnership.
- Territorial division must be finalized during the transition period and based on criteria developed by working group 2 (municipal contracts).
- The matter of division must be settled before the matter of opting out can be decided upon.
- Should a MO retract itself, the DMO itself will have to launch a tendering process for collection and transportation.
- In the interest of system efficiency and performance, a small municipality may not retract itself on its own.

Local service in municipalities

- The agreement between MOs and the DMO should include customer service management: complaints, information on collection schedules, recovery equipment delivery, etc.
- The management of AIE (awareness, information, education) should be handled by the DMO in order to ensure cohesion throughout the Quebec territory.
- The DMO can give mandates to environmental and citizens' groups to ensure adequate public awareness services.

Service to ICIs

- The status quo for patchy and uneven curbside recycling service to ICIs is not an option.
- Service to very small ICIs, like hair salons, may be maintained along with residential service, in order to optimize.
- The current curbside recycling system was not developed to handle ICI needs.
- If the government implements an obligation to recover C, P, PM & N from all ICIs, the DMO will, after carrying out a complete analysis of each sector's needs, select the best ways to:
 - Ensure service tailored to the specific needs of ICIs
 - Charge ICIs according to service
 - Identify the required infrastructure to receive the collected materials
- In the event that the DMO does not have the latitude needed to choose how to serve ICIs and charge for the C, P, PM & N they generate, they should be included in EPR for C, P, PM & N.

Vigilance Committee

- Once the implementation of this EPR is completed, the DMO should be responsible for setting up and managing the follow-up framework.
- Two follow-up committees with value chain partners (DMO, companies, MO, MRFs, NGOs) should be created:
 - Follow-up committee on collection and transportation
 - Follow-up committee on sorting and processing
- If the DMO responsible for the EPR-Partnership for C, P, PM & N were expected to report to an advisory committee from the recovery and recycling industry, other EPR organizations should follow suit.

Status for newspapers

- Newspapers and magazines should be subject to EPR on C, P, PM & N in order to remain responsible from the environmental standpoint.
- The government can choose to support them financially in their obligations.
- From a fairness perspective, other companies should not have to shoulder the lack of contributions.

Recognition criteria for the designation of a management organization:

- Be a non-profit organization
- Be headquartered in Quebec
- Have the management of recyclable materials as primary mandate
- Have a representative governance with a minimal number of member companies on the board of directors
- Make sure that the organization has in-house expertise
- Include materials traceability and transparency elements for the designated management organization.