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Webinar  
April 19 2016

# Schedule of Contributions and Preliminary Reporting Process



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# Agenda

## Return on the consultation meetings on the 2015-2016 Schedule of Contributions

- Application rules
- Overview of the contribution table

## Preliminary reporting process

- What's new in the reporting system

## Next steps

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# 2015-2016 Schedule of Contributions

Return on consultation meetings



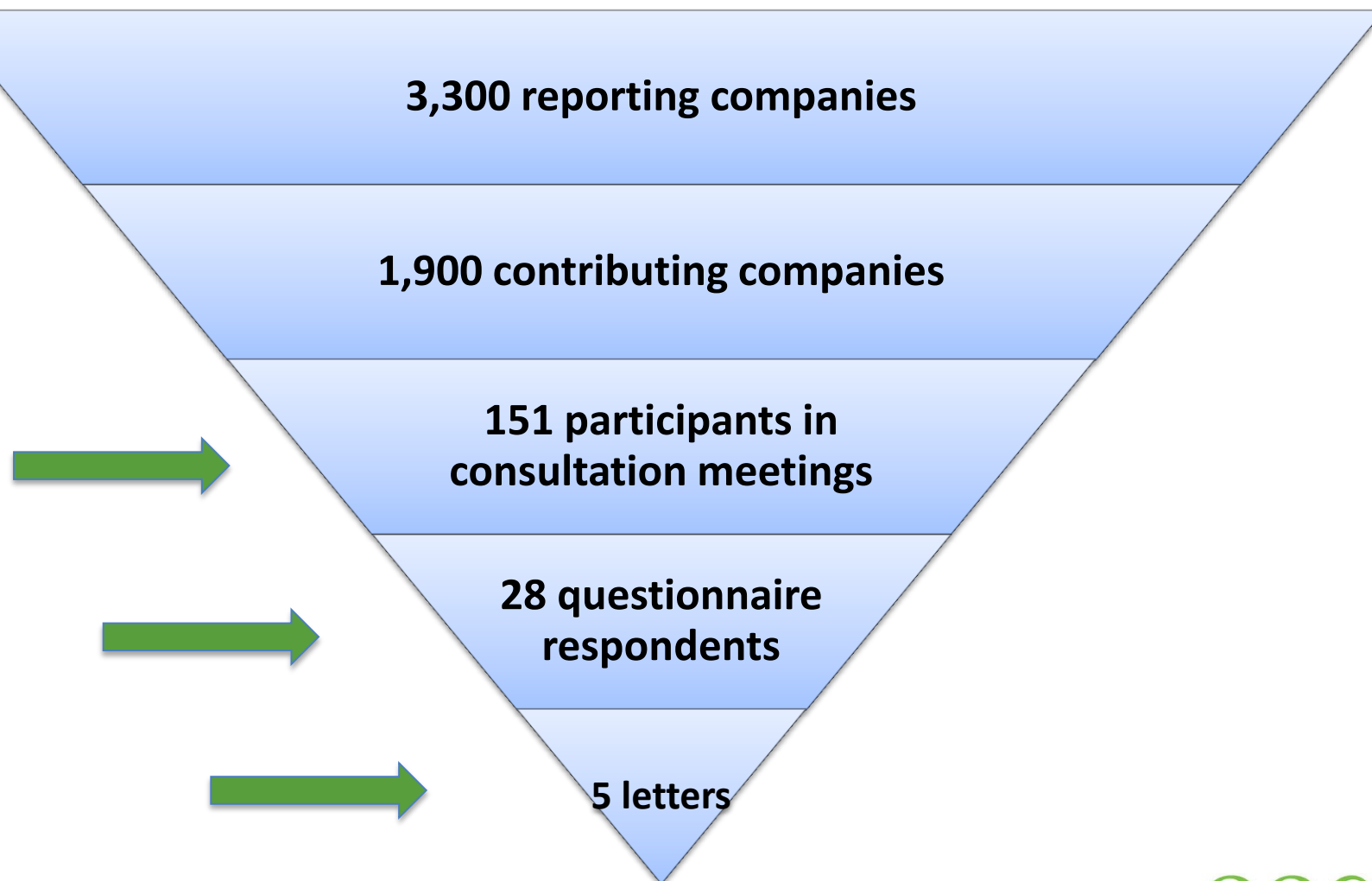
# Company consultation process

- Two meetings, one audio-broadcast
  - Montréal – November 17
  - Toronto – November 19
- Viewpoints shared via responses to a questionnaire and letters
  - December 8, 2015



# Company consultation

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# 2015-2016 Schedule of Contributions

Application rules



# Proposed changes to the application rules

Objectives of the proposed changes:



**Simplify and clarify** the rules to **facilitate** understanding



**Adjust** to new business trends



Maintain **fairness**



Provide ÉEQ with **tools** to manage the plan



# Changes proposed at 2015-2016 Schedule consultation meetings

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## Application rules

### Withdrawal of the contribution payment exemption based on a single point of retail sale

- **Maintain** the **three** payment exemption criteria (1 point of retail sale,  $\leq 1$  \$M in revenues and quantities of  $\leq 1$  t)
- **Obligated:**
  - ✓ **Large companies** (Businesses with 929 m<sup>2</sup> (10, 000 ft<sup>2</sup>) floor area)
  - ✓ Companies that do not have a point of retail sale but whose products are offered exclusively via **e-commerce**

**Introduce a 20% surcharge on payable contributions to free riders' imposed invoices**



# Changes proposed at 2015-2016 Schedule consultation meetings

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## Application rules

### Administrative charges for repeated amended reports within the same year

- No charge for the first amended report
- ✓ 5% charge on the difference between the initial contribution and the revised amount on all subsequent amended report, payable before the analysis
  - Ex. initial contribution of \$70,000 and revised contribution of \$62,000, the 5% will be calculated on \$8,000, resulting in a \$400 charge.
- ✓ Minimum \$250 and maximum \$25,000 charge
- ✓ Charges will be payable before an analysis is undertaken

ÉEQ may waive the charge in a case where the revised contribution is higher than what was originally calculated in the Company Report



# Changes proposed at 2015-2016 Schedule consultation meetings

## Application rules

### Administrative charges for failure to provide supporting documentation within 45 days

- ✓ Timeline extended to 60 days
  - If the documentation is not provided at that time, a penalty equal to 1% of the payable contribution will be charged
- ✓ Minimum \$250 and maximum \$25,000

# Changes proposed at 2015-2016 Schedule consultation meetings

## Application rules

### Possibility of reducing administrative charges in cases requiring only minor administrative action

- Lowering of charges from 10% to 5% if only minor administrative action required
  - Minor action = no legal proceedings launched
- Complete cancellation of charges for small companies (eligible for flat fees) if administrative action not required
  - No administrative action = no letter issued

✓ The request for cancellation of charges must be made in writing

- Form available on the website

# Changes proposed at 2015-2016 Schedule consultation meetings



## Application rules

**Introduce a two-year delay from the payment deadline for submitting an amended report in cases of double reporting**

- One year from the reporting deadline for submitting methodology changes or withdrawing excluded materials
- Two years from the reporting deadline for double reporting

Questions?



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# 2015-2016 Schedule of Contributions

Return on the contribution table



# Parameters affecting rates

## Composition of the average rate

Costs to be considered / Quantities expected to be reported = Average rate



Costs to be considered:

- Municipal net costs eligible for compensation
- ÉEQ expenses and RECYC-QUÉBEC allowance
- Reserve for bad debt
- Risk fund



Quantities expected to be reported by contributing companies



**For each Schedule, ÉEQ updates these parameters between the time when the Schedule is presented at consultations and when it is adopted by the Board**

# Changes proposed at 2015-2016 Schedule consultation meetings

## Schedule development formula (contribution table)





Use of reported quantities as an input figure in the fee formula to stabilize rates

 Use of the Risk and Rate Stabilization Fund to mitigate the effect of the change indicated above on certain materials

Use of the Risk and Rate Stabilization Fund to mitigate the effect of the change indicated above partly on certain materials and partly on all materials



# Summary of possible mitigation measures

-  • **Continue using the same formula input figure as in previous years**  
Rejected due to the significant impact on a great number of companies, especially those who generate mostly printed matter
-  • **Gradual application of the input figure change**  
Rejected due to the absence of benefits and increased risks, including a significant impact on other materials and the number of companies affected
-  • **Deferred revenue accounting**  
Rejected due to the complex accounting required and uncertainty regarding any future lowering of the glass rate as a result of other yet-to-be-considered factors
-  • **Rate increase limit**  
Mechanism welcomed for the flexibility it provides in dealing with possible future issues  
Could be used in future Schedules of Contributions when significant rate increases are involved

# Rate increase limit mechanism

Factors that support the introduction of a mechanism to limit significant rate increases include:

- Achievement of the rate stabilization objective
- Factors that could **result in rate fluctuations** in the future:
  - **ABC** study updates
  - **Municipal characterization** (underway)
  - **Review of ÉEQ's formula** (to be completed)
  - **Inclusion of new designated materials:**
    - B2B-generated materials
    - Short-lifespan CP&PM sold as products
  - A volatile and unpredictable **materials resale market**

# Rate increase limit mechanism

- Complies with the EQA and Regulation on the compensation plan
- Complies with the requirement **prohibiting inter-financing between materials categories**
- Allows for limiting substantial rate increases by introducing a 50% rate increase limit
- Facilitates financial **predictability** for companies
- Permanent mechanism that may be applied to any material
- Greater rate **stability** that benefits all companies

# Adjustments made to the 2015-2016 Schedule after consultation meetings

## For the 2015 Schedule

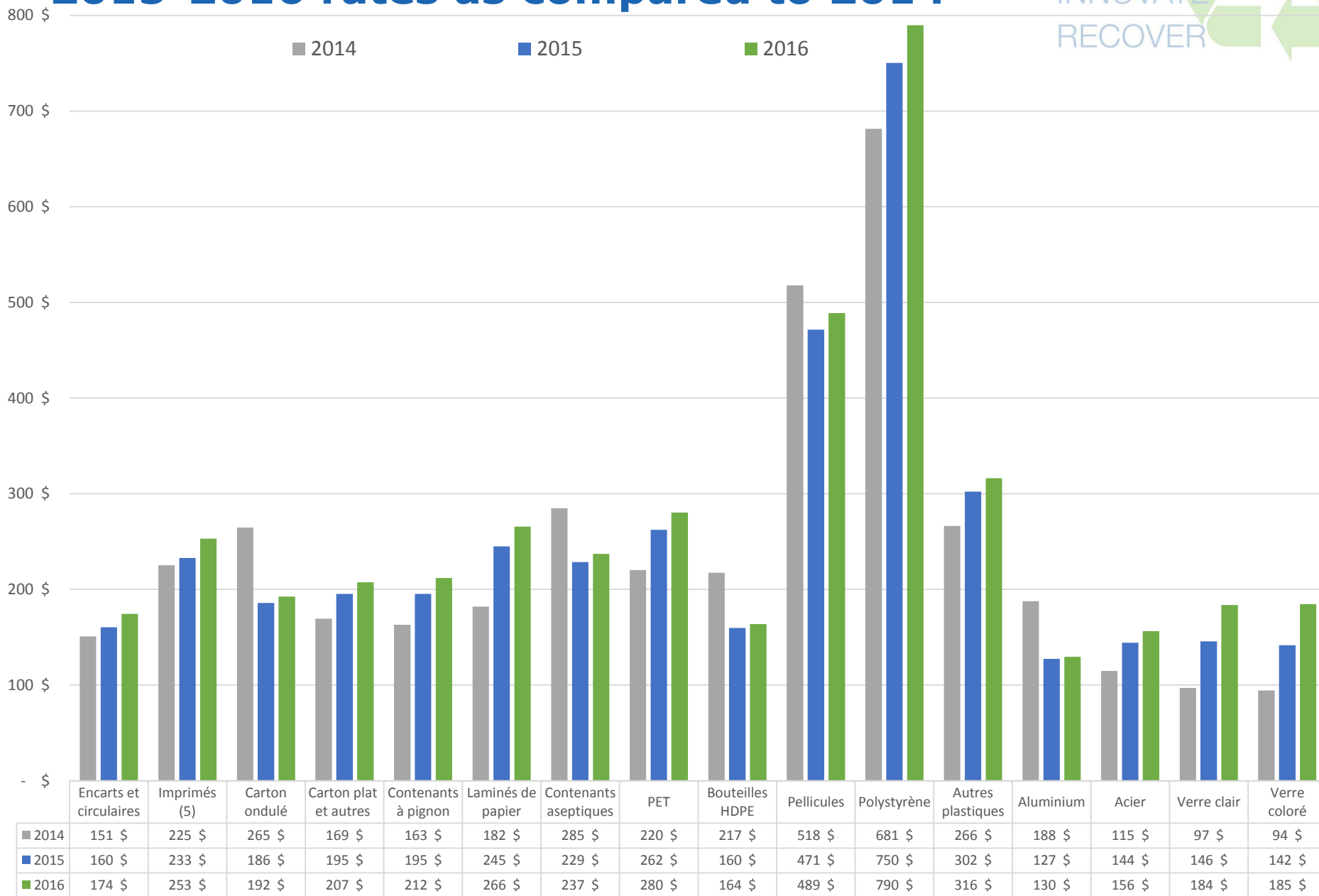
- \$3.8 million from the Risk Fund applied to all materials
- Rate increase limit at 50%
  - 2 materials in 2015
- Additional amount of \$3.4 million allocated to materials subject to an increase, as compared to the rates presented during consultation meetings

## For the 2016 Schedule

- \$1.65 million from the Risk Fund applied to all materials
- No rates eligible for the 50% rate increase limit
- Amount of \$1.55 million from the Risk Fund allocated to materials whose rate increased as compared to the rates presented during consultation meetings

# 2015-2016 rates as compared to 2014

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# Payment calendar

## 2015 Schedule:

- No payments made in 2015
- 100% of contributions expected to be due in 2016 (if the Schedule is published by July 2016)
  - 80%: 4 months from the effective date of the Schedule
  - 20 %: 6 months from the effective date of the Schedule

	Payments in 2016			Payments in 2017			
2015 Schedule		80%	20%				
2016 Schedule				50%	50%		
2017 Schedule						80%	20%

## 2016 Schedule:

- No payments to be made in 2016
- 100% of payments expected in 2017:
  - 50%: 8 months from the effective date of the Schedule
  - 50%: 10 months from the effective date of the Schedule

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## Preliminary reporting





# PRELIMINARY ACCESS TO REPORTING

## Responding to your request!

- In your response to the Reporting Optimization survey, you asked us to simplify the reporting process by setting a fixed reporting period
- Given Quebec's legislative context, we have 2 options:

New approach	Traditional approach
<ol style="list-style-type: none"><li>1. Enter your materials data <b>on a preliminary basis</b> on the ECO-D portal while waiting for an official Schedule of Contributions<ul style="list-style-type: none"><li>• <i>The data entered may be changed as needed</i></li></ul></li><li>2. Confirm preliminary data by submitting an official Company Report to ÉEQ once the Schedule of Contributions comes into effect</li></ol>	<p>Wait for the Schedule of Contributions to take effect to enter data on materials and submit your official Company Report</p>

# Preliminary reporting: Adaptation of a familiar process

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## Company Report(s) required

The system has detected that one or more Company Reports are to be prepared and submitted:

For the 2015 Schedule of contribution, the list of the companies expected to report can be downloaded here : [list of companies expected to report](#)

### Preliminary reporting

! 2015

Begin



The preliminary report allows you to enter data but does not constitute a Company Report from a legal standpoint. While an invoice will not be generated, an estimated contribution for information purposes will be calculated based on the rates in the 2014 Schedule of Contributions. Once the government publishes the Schedule of Contributions, you will have 90 days to confirm the preliminary data you entered and to submit your final Company Report. An invoice will then be generated.

Ok

# Preliminary reporting: Amended obligation criterion

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ECO-D



version 7.4.2.0

Reporting

Company

Contacts

Invoices

My profile

## Reporting process for the 2016 Schedule of Contributions - Preliminary reporting

**You must use the 2015 calendar year information for the 2016 Schedule of Contributions**

### Obligation confirmation

Please answer the following questions to determine your obligation for the year in question. Note that the answers shown for the previous year are only provided as a reference.

Are the containers, packaging and printed paper you generate among those designated by ÉEQ's contribution schedule and ultimately intended for Quebec consumers? (Example: If you are a manufacturer and your products are sold as a private brand or distributed to consumers by retailers located in Quebec, you must answer "Yes.")

2015 SoC

2016 SoC

Yes

Yes

Receipts, revenues or gross sales in Quebec (Select the appropriate level in millions \$)

> 2M\$

Select

Quantities generated (Select the appropriate level of metric tonnes)

> 15 mt

Select

Retailer with one point of sale not operated under banner name or franchisee, which occupies less than 929 square meters (10 000 square feet)

No

Select

#### NOTE:

Once you click "Save," your answers will be locked and cannot be changed.



# Preliminary reporting: Reporting quantities without associated rates

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From one screen to another, you will be reminded that you are in advance reporting mode and the calendar year for your data.

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Reporting process for the 2015 Schedule of Contributions - Preliminary reporting

You must use the 2014 calendar year information for the 2015 Schedule of Contributions

Obligation

Statistics

Data

Methodology

Brands

Finish

Data entry

To load the table of materials and enter the quantities generated, click on the appropriate company or division.

For the 2015 Schedule of contribution, the list of the companies expected to report can be downloaded here : [list of companies expected to report](#)

If you generate materials eligible for the credit for post-consumer recycled content, a specific window will open once this screen has been saved.

Company

Name	Calculator	Number total of kg	Contribution
	<input type="checkbox"/>	0	TBD

List of divisions

Add

Total:	0	TBD
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< Previous

Next >

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# Preliminary reporting: Reporting quantities without associated rates

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## List of materials, Company

Submit for Quebec

Modify

☐ Show only materials reported in the last Company report

	previous reporting kg	current reporting kg	Rate (\$ / kg)	Total
<b>Class: Printed matter</b>				
Newsprint insert and circulars	0	0	TBD	TBD
Catalogues and publications	0	0	TBD	TBD
Magazines	0	0	TBD	TBD
Telephone Books	0	0	TBD	TBD
Paper for general use	0	0	TBD	TBD
Other printed matter	0	0	TBD	TBD
<b>Sub-total:</b>	0	0		TBD

## Class: Containers and packaging

### Paperboard

Corrugated cardboard	0	0	TBD	TBD
Kraft paper bags	0	0	TBD	TBD
Kraft wrapping paper	0	0	TBD	TBD
Boxboard and other paper packaging	0	0	TBD	TBD
Gable-top containers	0	0	TBD	TBD
Paper laminants	0	0	TBD	TBD
Aseptic containers	0	0	TBD	TBD
<b>Sub-total:</b>	0	0		TBD

# Preliminary reporting: Amount based on 2014 rates

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Obligation   Statistics   Data   Clarification   Methodology   Brands   **Finish**

**Company Report**

Contribution :      TBD

**The contribution of your company will be established once the 2015 Schedule of Contributions comes into effect. Based on the quantities entered in this preliminary report and the rates indicated in the Schedule of Contributions, the estimated contribution would be \$4,157.10.**

Purchase order #     

La déclaration a-t-elle été remplie par un tiers?     

First Report submitted:      Latest Report submitted:  
By:      By:

I understand that this is a preliminary report and that no invoice will be generated ☒

I understand that following the publication of the Schedule of Contributions, I will have 90 days to confirm the data entered in this preliminary report and submit a final Company Report. An invoice will then be issued. A newsletter will be emailed once the Schedule of Contributions comes into effect. ☒

**Finish**

# Preliminary reporting: No invoice issued



End of process

Thank you for sending in your preliminary report. No invoice will be generated. Please note that your data may be changed at any time up until your official Company Report is submitted after the publication of the 2017 Schedule of Contributions. We will notify you when the Schedule of Contributions comes into effect.

Ok

# PRELIMINARY REPORTING: Reminders



- The preliminary reporting portal opens on May 1, 2016
- Reference years for materials to be reported:

	2015 Schedule	2016 Schedule
Reference year (January 1 to December 31)	2014	2015

- A list of companies expected to report will be available on the dashboard of the ECO-D portal (including voluntary contributors) on May 1st
  - No new Voluntary Contributors will be accepted for the 2015-2016 Schedule of Contributions



# Tips and advice for your reporting process



Be sure to enter data for **all sales in Quebec**, including products shipped outside the province but sold at a point of retail sale in Quebec.



Be sure to take advantage of all **deductions** to which you are entitled and to have handy adequate and verifiable supporting documentation. You may deduct materials for which:

- The end-user is a factory, commercial enterprise or institution (direct sales)
- The product is consumed on site
- Transportation materials not intended for consumers

## Identification of brands for which you are the “first supplier”

Go to the reporting portal to check the list of companies expected to submit a Company Report to update your source files and remove materials reported by those companies.

# Tips and advice for your reporting process



Pay special attention to how you categorize **PET (#1) plastic** containers, as the rate for “PET containers” is disaggregated from “Other plastics”



The following tips might help avoid costly mistakes:

- Check whether your numbers are unusually high or low in order to identify data entry mistakes
- Conduct random spot checks to validate unit weights and materials classification
- Validate your sub-totals and any figures that are carried forward

Questions? Need help? ÉEQ will be pleased to provide **guidance** and tools to help you in your reporting process, including **Excel templates** and **methodology scripts**.

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Questions?



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## Next steps



## Next steps

### Legislative actions regarding the Schedule of Contributions

- RQ recommendation for approval to the Government of Quebec
- Adoption of the 2015-2016 Schedule and publication in the *Gazette officielle du Québec*

### For companies:

- Preliminary reporting starts on May 1st
- Official reporting – 90 days after the 2015-2016 Schedule of Contributions is published
- Payment calendar
  - 2015 Schedule:
    - 100% of contribution expected to be payable in 2016 (depending on the date the Schedule is published)
  - 2016 Schedule:
    - 100% of payments due in 2017

**Thank you!**

