




Éco
Entreprises
Québec

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2019 Schedule of Contributions

Report on the consultation process with companies and organizations

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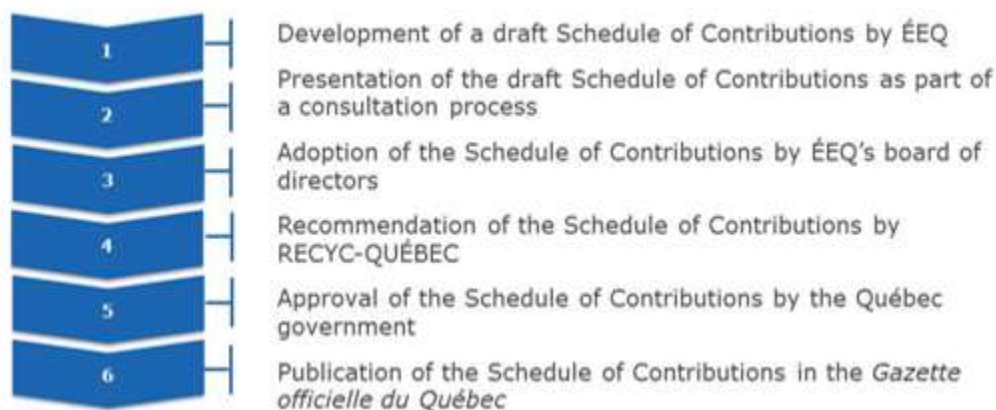
1. Context

The *Environment Quality Act* (the Act) and the *Regulation respecting compensation for municipal services provided to recover and reclaim residual materials* (the Regulation) stipulate rules for applying the compensation plan and create a legal obligation for targeted companies and organizations to financially compensate Québec municipalities for their net, efficient and effective curbside recycling costs.

Éco Entreprises Québec (ÉEQ) is the certified organization that represents those subject to an obligation to compensate the containers and packaging and printed matter classes and comply with the Act.

ÉEQ is responsible for the development of a Schedule of Contributions to determine the contributions of companies and organizations for the classes it represents. The process for the 2019 Schedule of Contributions is the 11th undertaken by ÉEQ.

The Schedule of Contributions is subject to a special consultation with targeted companies and organizations. ÉEQ's consultation is focused on the application rules of the Schedule of Contributions, as well as the contribution table for each materials class. The official process aims to inform and consult with as many targeted companies and organizations as possible in the steps leading to the adoption and coming into effect of the Schedule of Contributions for an obligation year.



The 2019 Schedule of Contributions aims to compensate the net, efficient and effective costs of municipal curbside recycling costs for the year 2018. Before presenting the Schedule of Contributions, ÉEQ considered it important to detail the context in which it was developed.

Québec's curbside recycling system at risk with the closure of the Chinese markets

In July 2017, China addressed the World Trade Organization to announce it would be tightening its quality criteria for recyclable material imports—restrictions that have the effect of a virtual ban. Shockwaves quickly spread around the world, and Canada and Québec certainly felt the effects of the decision, particularly in 2018. The crisis that had been anticipated was essentially felt in 2018. The quality of the bales of mixed plastics and fibres that were warehoused was altered. The average sale prices of the materials plummeted, and sorting centres increasingly sought support from municipalities.

While Québec's recycling industry is dynamic in a number of markets, it remains highly dependent on exports (88% of tonnage according to 2016 RECYC-QUÉBEC (RQ) data). The impact on the province's curbside recycling system is therefore significant and was felt acutely with respect to the municipal net costs to be

compensated. In 2018, RQ announced a series of programs totaling over \$10M to support initiatives to improve the quality of the materials that are recovered and foster better alignment with recyclers. The financial support program for Québec sorting centres helped reduce the municipal net costs eligible for compensation by \$5M.

In sorting centres and municipalities, 2018 proved challenging. The crisis had repercussions on Québec's recycling system and, by the same token, on municipal curbside collection programs. The 2019 Schedule of Contributions was therefore developed against the backdrop of a global recycling crisis and the unpredictability of markets and municipal net costs.

2. Mechanism to develop the 2019 Schedule of Contributions in a global recycling crisis

The development of the 2019 Schedule of Contributions is part of the continuity of past decisions and actions. It is in line with the organization's strategic plan and overseen by ÉEQ's board of directors.

With regard to the estimation of municipal net costs, the compensation plan team worked in collaboration with the municipal services group to closely monitor the contract renegotiation and reopening processes and consider all the changes that affect the amounts allocated to municipalities.

2.1 Working group on the materials generated by B2B

After setting rates for short-life containers and packaging sold as products and printed matter sold as products (CP&PM products) in the 2018 Schedule of Contributions, ÉEQ is currently assessing the options to broaden the rates table to materials generated by B2B. Just over a year ago, the process was set in motion by a steering committee including representatives from sector-based employer associations.

Unique in Québec, this initiative should ultimately provide for greater fairness between companies and materials by ensuring that the materials already included in the compensated municipal net costs are appropriately reported by the companies that generate them:

- New companies whose business models are chiefly based on B2B and which currently contribute little or nothing to the compensation plan
- Companies that currently deduct these materials under the Schedule of Contributions

In 2018, ÉEQ worked to determine the share of establishments that rely on municipal curbside collection services and the materials they generate according to key main activity sectors and subsectors in order to develop simple deduction mechanisms accessible to all companies that engage in B2B.

In addition, at the request of the board of directors, we assembled a B2B working group made up of representatives from companies in a range of sectors to discuss the simplification options that are presented and assess the potential impacts on reporting companies. Seven companies took part in two group meetings held this past summer, as well as one-on-one discussions. Following these meetings, the board chose not to broaden the 2019 fees to B2B and rather asked ÉEQ to pursue its work on the subject.

2.2 Study updates

As part of a long-standing collaboration to develop curbside recycling business intelligence, ÉEQ and RQ concluded a three-year municipal waste characterization study. The sections completed in 2018 focus on the

residential sector and sorting centres. The province-wide initiative reflects the generation of waste recovered through municipal curbside collection programs.

The activity-based costing model was not updated this year since it was only adopted by the Québec government in May. The model is used to calculate the collection, transport and sorting costs, as well as the revenue generated by the materials. Each model update changes the cost allocation between the three classes of designated materials, as well as the net material cost used in the formula to develop the Schedule of Contributions. Relying on last year's allocation and net costs therefore proved beneficial in this volatile period.

2.3 Broadening of the rates to CP&PM products in review

The 2018 Schedule of Contributions presented last year introduced a process to broaden the rates to CP&PM products. The update was in response to a request by the board of directors to broaden the rates to a higher number of materials designated under the Regulation to ensure fairness and coherence and thus stabilize the rates considering the decrease in the average quantities of materials placed on the Québec market in recent years.

Announced since the consultation on the 2017 Schedule of Contributions and generally well received at the consultation on the 2018 Schedule of Contributions, the broadening led to impacts for some contributing companies this fall in terms of their data collection methodology and finances.

Considering the impacts of the updates on companies and in an effort to ensure better predictability, ÉEQ will develop personalized approaches for respondents and strategic contacts in the contributing companies that are most affected by rate changes to help them anticipate upcoming variations and provide them with support, should they require it, as they adjust their in-house processes. Approaches for executives are also being developed to inform them directly and discuss the organization's future directions. These communication approaches will avoid confusion over the dates on which upcoming rate changes will be introduced.

3. Development of the draft 2019 Schedule of Contributions

A Schedule of Contributions is made up of application rules and a table of contributions. Both were updated ahead of the development of the draft 2019 Schedule of Contributions. To foster a certain level of stability for contributing companies, particularly considering the current global recycling crisis, only minor changes were made to the application rules. In addition, only the necessary updates to the inputs used in the fee formula were made.

3.1 Changes to the application rules

In addition to updating the reference years, ÉEQ adjusted the deadlines to submit a report and pay the contributions owed.

Indeed, in light of the fact that the vast majority of companies wait until the deadlines to file their reports and pay their contributions, it was decided that the deadlines would be tightened to mitigate the organizational risks related to the development of the Schedule of Contributions and payment of the compensation to RQ.

It was proposed that companies now be given 60 days to file their reports and 90 days to make the first instalment of their contribution (80% for detailed reports) or the totality of their contribution (flat fee). Previously, these deadlines were 90 and 120 days, respectively. The second instalment (detailed reports) is due 150 days following the publication of the Schedule of Contributions, as opposed to 180 days under previous schedules. It should be noted that providing access to the portal on March 1 of each year gives companies six months to enter their reporting data.

Another change enables voluntary contributors to report the quantities they place on the market in Québec, up to the quantities generated. Under previous Schedules of Contributions, companies outside Québec did not make voluntary contributions if they satisfied the payment exemption criteria. This change will make it simpler to attain voluntary contributor status for companies outside Québec that want to make voluntary contributions on behalf of their customers in Québec.

Should the 2019 Schedule of Contributions be published prior to May 31, 2019, the first payment will be due in summer 2019. The second will be payable in the fall. Note that the option to make instalment payments is still under review.

3.2 Changes to the contribution table

Besides the costs per material class and net costs for each material, which were updated last year, all the other inputs were brought up to date. The results are detailed in the following sections.

3.3 2018 system costs

3.3.1 Municipal net costs and performance and efficiency (P&E) factor

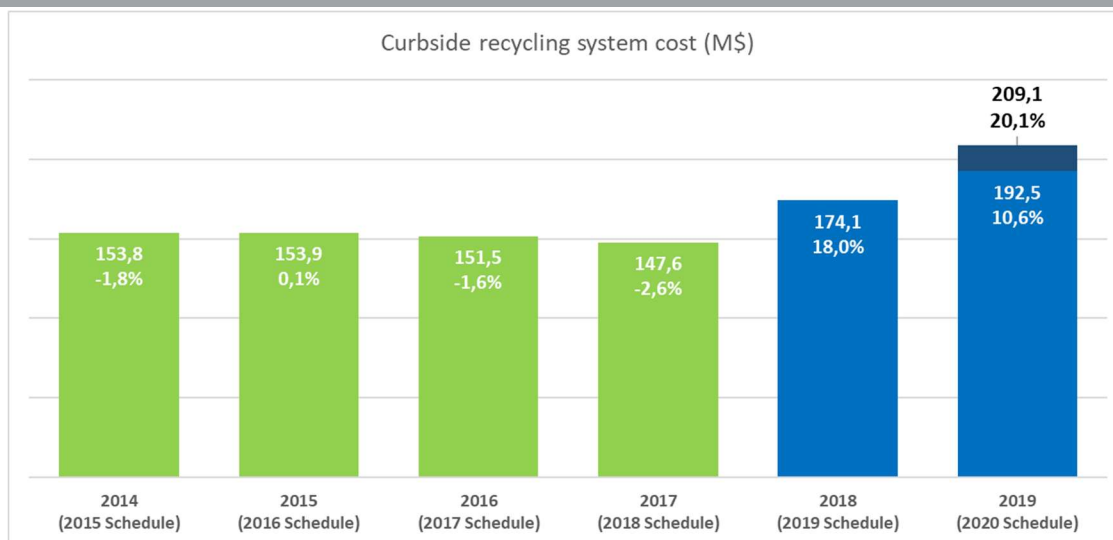
To develop the Schedule of Contributions, ÉEQ must first estimate the municipal curbside recycling system costs. The current global recycling crisis triggers variability in the net costs of municipal programs that is difficult to monitor and anticipate, rendering the process all the more complex.

ÉEQ therefore revised its approach to better assess the impacts of the crisis on the compensated net costs and lessen organizational risks. This approach is in line with the avenues for improvement proposed last year by KPMG-SECOR and was validated by a consulting economist who has collaborated with ÉEQ for several years.

The methodology was refined and the collection and transport costs were distinguished from the sorting and conditioning costs. This detailed methodology considers the average increases per class of municipalities used to calculate the P&E factor, as set out in the Regulation, and all the renegotiated and renewed contracts to date. The compensation granted to a municipality is calculated based on its performance as compared to that of the group to which it belongs, and the approach therefore makes it possible to follow not only the cost variation for a municipality but also the variations in the other municipalities in the same group.

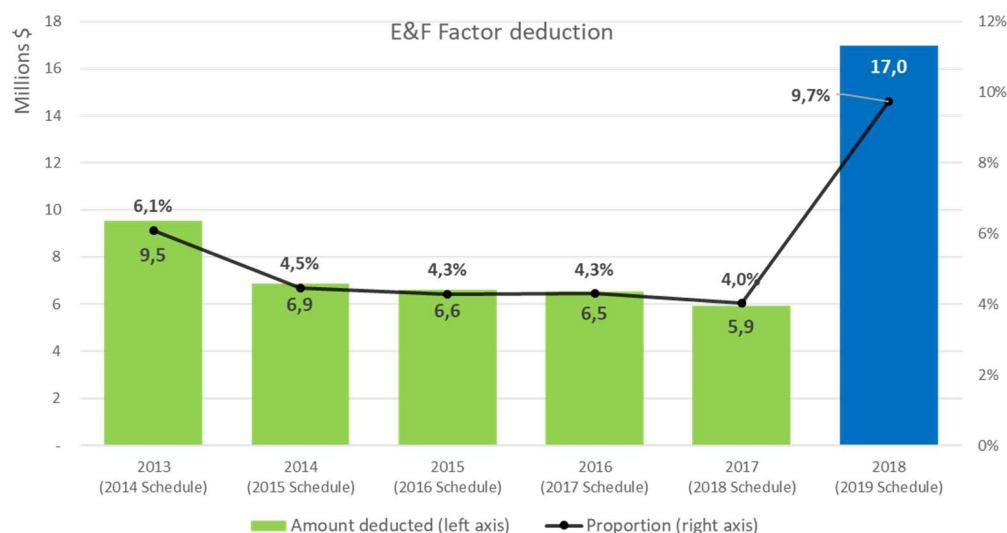
The municipal net costs for 2018, before the deduction of non-designated materials, the P&E factor and the determination of ÉEQ's share, are estimated at \$174.1M—an 18% increase as compared to actual costs for 2017.

The impacts of the recycling crisis on the costs were felt more acutely as of June 2018. Depending on the outcome of the sorting centres' contract renegotiations, ÉEQ anticipates that there will be another 11 to 20% increase in the costs for 2019, since it will be the first year in which the full effects of the recycling crisis are felt.



The P&E factor, which was integrated into the Regulation, is applied to the reported and audited net eligible costs. It eliminates overruns by gauging municipalities and thus ensuring that companies pay for an effective system.

Against the backdrop of the crisis, as municipalities renegotiate their contracts with sorting centres, the gaps between municipalities in the same group widen. For most of these municipalities, the costs will be deducted by the P&E factor. ÉEQ estimates that the factor will cut a total amount of \$17M or 9.7% of costs.



3.3.2 Deduction for non-designated materials

The deduction for non-designated materials remains 6.6% for the 2019 Schedule of Contributions, as determined by the Regulation. Considering the estimated efficient and effective net costs, \$11.5M will be deducted from the net costs.

3.3.3 Municipal costs eligible for compensation

Considering the deduction for non-designated materials, the deduction from the calculation of the P&E factor and the municipal management fees set at 8.55%, the total estimated costs eligible for compensation are \$158.1M: an increase of 6.4% as compared to the costs estimated for 2017.

Note that the deduction percentages and municipal management fees are established in accordance with the Regulation.

	2018 SoC	2019 SoC
Estimated Municipal net costs excluding taxes	\$146.5M	\$165.8M
Québec sales tax (QST)	\$7.0M	\$8.3M
Estimated municipal net costs	\$153.4M	\$174.1M
Deduction for non-designated materials (-6.6%)	\$(10.1)M	\$(11.5)M
Deduction for P&E factor	\$(6.4)M	\$(17.0)M
Municipal management fees (8.55%)	\$11.7M	\$12.5M
Total municipal net costs eligible for compensation	\$148.6M	\$158.1M
Variation	- 3.9%	+ 6.4%

3.3.4 Cost allocation per material class

The cost allocation per material class was adopted by the Québec government in May. It is identical to the method used for the 2018 Schedule of Contributions. ÉEQ's total share for the containers and packaging and printed matter classes is 91.7%.

Class	2018 SoC	2019 SoC
Newspaper	8.3%	8.3%
Printed matter	20.9%	20.9%
Containers and packaging	70.8%	70.8%
ÉEQ total share	91.7%	91.7%

3.4 Other costs considered

Additional costs are added to the compensation costs to establish the total contribution to be paid out by companies. Though the 2019 budget process is not yet completed, for the purpose of the Schedule of Contributions, ÉEQ's fees remained at \$5.5M. This amount represents 3.5% of the total contributions.

Considering the RQ indemnity provided for in the Regulation, bad debt provision and deduction of the amounts expected from flat fees (\$1.6M), a total amount of \$12.0M is used to calculate the Schedule of Contributions, versus \$10.6M for the 2018 Schedule of Contributions, representing an increase of 13.2%.

To mitigate this significant cost increase, ÉEQ's board of directors chose to allocate an amount of \$4M from the permanent printed matter and containers and packaging funds (\$2M allocated to the printed matter class; \$2M allocated to the containers and packaging class).

	2018 SoC	2019 SoC
ÉEQ fees	\$5.5M	\$5.5M
Bad debt provision	\$2.9M	\$3.0M
Innovative Glass Works plan	\$1.8M	\$1.8M
Printed matter fund	\$(1.5)M	0.0M
Provision for recycled content credit	\$0.6M	\$0.5M
Anticipated reports - low-volume producers	\$(1.4)M	\$(1.6)M
RECYC-QUÉBEC indemnity	\$2.7M	\$2.8M
Total - other costs	\$10.6M	\$12.0M
Variation	+ 0%	+ 13.2%

	2018 SoC	2019 SoC
Total - other costs	\$12.1M	\$12.0M
Printed matter fund	\$(1.5)M	\$(2.0)M
Containers and packaging fund	\$0M	\$(2.0)M
Total - other costs and funding	\$10.6M	\$8.0M
Variation	+0%	- 24.5%

3.5 Cost overview

Considering all costs, an amount of \$153.0M was used to calculate the 2019 contribution, representing a 4.2% cost increase as compared to last year.

	2018 SoC	2019 SoC
Municipal net costs eligible for compensation	\$148.6M	\$158.1M
ÉEQ share (set by order)	91.7%	91.7%
Municipal net costs - ÉEQ share	\$136.3M	\$145.0M
Other costs with funding	\$10.6M	\$8.0M
Total costs considered to calculate company contributions	\$146.9M	\$153.0M
Variation	-1.7%	+ 4.2%

3.6 Expected quantities of materials

The expected quantities of materials to be reported by companies constitute another parameter that must be estimated. For the 2019 Schedule of Contributions, the reported amounts total 642 kT, as compared to 655 kT for the 2018 Schedule of Contributions.



Over the past four years, the process to estimate the quantities in this particular period has become increasingly complex. Indeed, the filing deadline is very close to the consultation dates and, as noted in the section on the application rules, the vast majority of companies file their reports very near the deadline and very few use the early reporting system implemented in 2016. The introduction of tighter deadlines will help mitigate this particular issue.

The quantities used to develop the 2019 Schedule of Contributions presented at the consultation meetings are detailed here.

Class and sub-class	Material	Estimated quantity (kg) 2019
PRINTED MATTER		140 337 019
	Newsprint inserts and circulars	92 875 492
	Catalogues and publications	11 747 308
	Magazines	6 696 562
	Telephone books	587 060
	Paper for general use	4 563 414
	Other printed matter	23 867 183
CONTAINER AND PACKAGING		501 933 178
Paper and cardboard	Corrugated cardboard	57 058 644
	Kraft paper shopping bags	3 143 279
	Kraft paper packaging	1 981 269
	Boxboard and other paper packaging	89 357 738
	Gable-top containers	10 642 311
	Laminated paper	13 221 805
	Aseptic containers	5 960 890
Plastics	PET bottles	28 454 071
	HDPE bottles	19 105 121
	Plastic laminates	18 345 512
	HDPE and LDPE plastic film	20 600 752
	HDPE and LDPE plastic shopping bags	8 808 546
	Expanded polystyrene – food	3 577 489
	Expanded polystyrene – protection	1 653 914
	Non-expanded polystyrene	4 424 247
	PET containers	7 889 152
	Polylactic acid (PLA) and other degradable plastics	491 197
	Other plastics, polymers and polyurethane	33 909 736
Aluminium	Aluminium containers for food and beverages	2 854 957
	Other aluminium containers and packaging	4 823 938
Steel	Steel aerosol containers	2 430 778
	Other steel containers	23 510 151
Glass	Clear glass	56 442 516
	Coloured glass	83 245 165
TOTAL		642 270 197

These quantities account for short-life containers and packaging sold as products and printed matter sold as products (CP&PM products).

3.7 Impact on materials rates

Overall, the higher costs considered for ÉEQ's contribution, along with the decrease in expected quantities, lead to an average rate increase of 6.3% as compared to the 2018 Schedule of Contributions.

With the use of the funds, the average rate of the 2019 Schedule of Contributions is \$238/t, which represents an increase equivalent to the anticipated 6.4% increase in net municipal costs.

	2018 SoC	2019 SoC No funding	2019 SoC
ÉEQ total contribution	\$146.9M - 1.7%	\$157.0M + 6.9%	\$153.0M + 4.1%
Estimated reported quantities	655 kt + 2.5%	642 kt + 2.0%	642 kt + 2.0%
Overall average rate	\$224/t - 5.5%	\$244/t + 9.0%	\$238/t + 6.3%

3.7.1 Average rate per class

Under the 2019 Schedule of Contributions, the average rate for **printed matter** is \$235/t, an increase of 10.9% as compared to the previous schedule. Without the \$2M stimulus from the printed matter fund, the increase would have totalled 18%.

	2018 SoC	2019 SoC No funding	2019 SoC
Total costs - PM share	\$32.9M	\$34.6M	\$34.6M
Provision credit for recycled content	\$0.5M	\$0.4M	\$0.4M
PM fund	\$(1.5)M		\$(2.0)M
Total contribution	\$31.9M - 3.6%	\$35.0M + 10.0%	\$33.0M + 5.0%
Expected reported quantities	150 kt - 1.9%	140 kt - 6.7%	140 kt - 6.7%
Average rate	\$212/t + 5.6%	\$249/t + 18.0%	\$235/t + 10.9%

Under the 2019 Schedule of Contributions, the average rate for **containers and packaging** is \$239 \$/t, an increase of 4.9% as compared to the previous schedule. The \$2M stimulus decreased the average rate by \$4/t.

	2018 SoC	2019 SoC No funding	2019 SoC
Total costs - CP share	\$115.7M	\$121.8M	\$119.8M
Provision credit for recycled content	\$0.1M	\$0.2M	\$0.2M
CP fund			\$(2.0)M
Total contribution	\$115.8M - 5.3%	\$122.0M + 5.4%	\$120.0M + 3.6%
Expected reported quantities	505 kt +3.9%	502 kt - 0.6%	502 kt - 0.6%
Average rate	\$228/t - 6.7%	\$243/t + 5.7%	\$239/t + 4.9%

3.7.2 Contribution table for the 2019 Schedule of Contributions

The following contribution table for the 2019 Schedule of Contributions, which considers the updated inputs, was presented at the consultation meetings.

Material	2019 rate (\$/t)	Variation vs. 2018 SoC
Printed matter	235.10	10.9%
Newsprint inserts and circulars	204.57	11.1%
Catalogues and publications	294.85	9.7%
Magazines	294.85	9.7%
Telephone books	294.85	9.7%
Paper for general use	294.85	9.7%
Other printed matter	294.85	9.7%
Containers and packaging	239.08	4.9%
Paper/cardboard	202.32	4.3%
Corrugated cardboard	183.93	4.2%
Kraft paper shopping bags	183.93	4.2%
Kraft wrapping paper	183.93	4.2%
Boxboard and other paper packaging	201.48	3.9%
Gable-top containers	191.70	2.3%
Laminated paper	288.32	5.1%
Aseptic containers	235.11	5.1%
Plastics	359.58	5.0%
PET bottles	285.41	4.0%
HDPE bottles	109.83	2.5%
Plastic laminates	474.33	6.2%
HDPE and LDPE film	474.33	6.2%
HDPE and LDPE shopping bags and others	474.33	6.2%
Expanded polystyrene – food packaging	793.43	7.9%
Expanded polystyrene – cushioning packaging	793.43	7.9%
Non-expanded polystyrene	793.43	7.9%
PET containers	285.41	4.0%
Polylactic acid (PLA) and other degradable plastics	793.43	7.9%
Other plastics, polymers and polyurethane	288.37	3.9%
Aluminium	181.44	7.6%
Aluminum containers for food and beverages	181.44	7.6%
Other aluminum containers and packaging	181.44	7.6%
Steel	173.22	2.6%
Aerosol containers	173.22	2.6%
Other steel containers	173.22	2.6%
Glass	175.17	4.1%
Clear glass	175.15	4.1%
Coloured glass	175.19	4.1%
Average rate	238.21	6.23%

3.7.3 Flat fees

There were no changes to the eligibility of low-volume producers. The amounts of the contributions by companies eligible to pay a flat fee therefore rose based on the increase in the average rate: by 6.3%.

Tonnage generated criterion	Turnover criterion	2018 SoC	2019 SoC
1 to 2.5 tonnes		\$420	\$450
2.5 to 5 tonnes		\$890	\$945
5 to 10 tonnes		\$1 775	\$1 885
10 to 15 tonnes	\$1M to \$2M	\$2 965	\$3 150

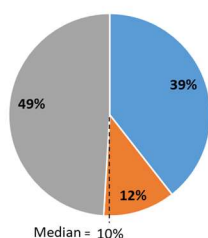
3.7.4 Analysis of impacts on contributing companies

As provided in ÉEQ's process to develop the Schedule of Contributions, the impacts of the new Schedule of Contributions on companies are systematically analyzed. Considering the average rate increase of 6.3%, ÉEQ anticipates that:

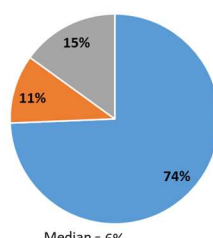
- three-quarters of companies will see an increase in their contributions of less than 7%
- close to 19% will experience a 9 to 11% increase
- the median invoice will rise by 5.2%

Different activity sectors generate different materials, and the companies that generate printed matter (e.g. in the publishing, insurance and banking industries) will experience a more significant increase, between 9 and 11%. For retailers, the increases generally fall within the average. These ratios vary depending on the quantities of printed matter or polystyrene generated, since they are the two materials with the highest increases.

General, services and others

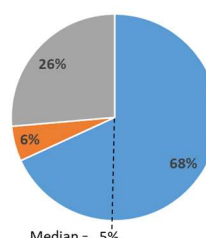


Retailers and distributors

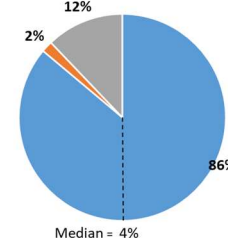


■ < 7% ■ [7 %, 9 %[■ [9 %, 11 %[

Durable goods manufacturers



Consumers goods manufacturers



■ < 7% ■ [7 %, 9 %[■ [9 %, 11 %[

With regard to manufacturers, the vast majority will see increases of less than 7%, with a median of 4% and 5%. This ratio is due to the fact that manufacturers generate less printed matter and more PET, HDPE, steel and glass.

3.8 Validation of the 2019 Schedule of Contributions

The 2019 Schedule of Contributions was validated by Daniel Denis, associate consulting economist at KPMG-SECOR. Mr. Denis has collaborated with ÉEQ for over 12 years. He certifies that he validated the methodology to estimate the municipal net costs of curbside recycling and the directions of the 2019 Schedule of Contributions and is satisfied with both. The attestation is in Annex 3.

4. Consultation with companies and organizations

In keeping with the program to consult companies and organizations on the 2019 Schedule of Contributions, ÉEQ held two consultation meetings on October 23, 25, 2018, in Montréal and Toronto, respectively.

4.1 Dissemination of the consultations

Official invitations and releases were sent out electronically, followed by e-mail and telephone reminders. These communications were aimed at a number of targets and intermediaries, including:

- companies and organizations registered with ÉEQ
 - company contacts
 - executives on our distribution lists
 - stakeholders in the environment sector on our distribution lists
- a significant number of sector associations active in Québec or whose members conduct business in Québec

4.2 Participation in the consultation meetings

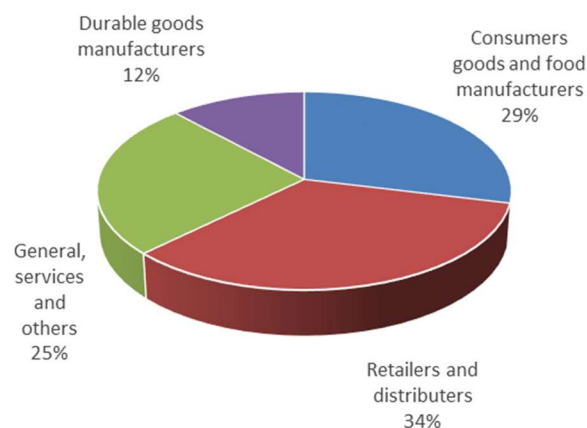
Meeting	Montréal	Toronto
Attendance in person	18	15
Audio broadcast	17	33
Subtotal	35	48
TOTAL	83	

A total of 83 company and organization representatives attended the consultation meetings in person or through audio broadcast (in French during the meeting in Montréal and in English during the meeting in Toronto). This is a decrease as compared to the consultations on

the 2018 Schedule of Contributions, in which 167 people took part.

With regard to the distribution of companies by contribution level, 80% of participants represented companies and organizations that contribute over \$10K, perhaps because they are more affected by rate variations. Only 12% of participants represented low-volume producers and companies and organizations exempt from payment.

Breakdown of participating companies by sector of activity



4.3 Questions and comments on the Schedule of Contributions

In addition to the consultation meetings on the 2019 Schedule of Contributions, ÉEQ gave a presentation on the future directions of the upcoming schedules and current projects within the local and global contexts.

This report outlines only the first aspect, which is the focus of the consultation.

Participants (in person and online) wanting to ask questions could do so at the end of each section and had the opportunity to express themselves on the specific points that arose.

Companies could also share their comments by filing in a questionnaire or sending a written communication on a particular issue.

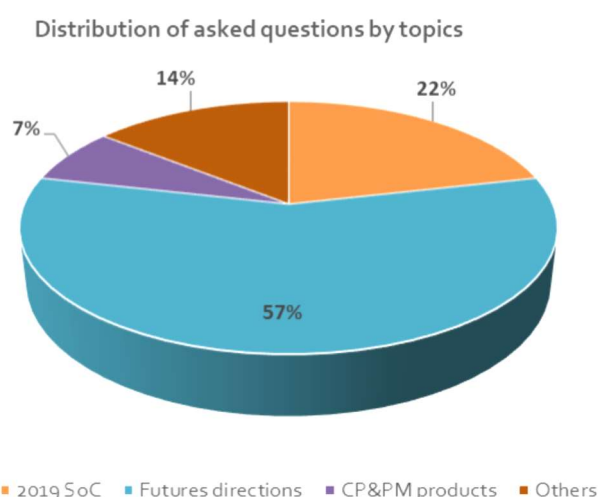
4.3.1 Questions raised by targeted companies at the consultation meetings

It must first be acknowledged that there were few questions. The 14 interventions by 11 participants were grouped into 4 categories:

- Development of the 2019 Schedule of Contributions
- Containers, packaging and printed matter sold as products (CP&PM products)
- Future directions
- Other

Just over three-quarters of the questions related to the Schedule of Contributions (2019 and upcoming). In Toronto, the vast majority of questions focused on innovative environmental criteria and the credit for recycled content.

At both consultation meetings, the distribution of companies per activity sectors was relatively equal and representative of the general distribution of contributing companies.



The questions listed here are summarized and grouped by contributing company in the order they were raised. Response were provided for each.

Table 1: List of questions raised at the consultation meetings

Participating companies	Questions raised on the 2019 Schedule of Contributions
Coca-Cola	How can we break the vicious cycle of underfunding in sorting centres? With regard to the \$2M that was taken out of the reserves (Funds), what is the current status of the reserves?
Fromagerie Bergeron	Are B2B merchandise transport boxes included in the 2019 Schedule of Contributions?
Cycle Environnement (representing David's Tea)	What is your response to the advent and development of major online retailers (e-commerce, companies outside Québec) and their packaging, which is flooding the system?
Canadian Tire Corporation	With regard to the 63.6% residential recovery rate, are actions being taken to increase this figure?
Procter & Gamble	Regarding the increase in municipal net costs, are you able to determine where the 15% originates?

Participating companies	Questions raised on the 2019 Schedule of Contributions
	Regarding the recycled content thresholds, how can high-volume producer like us reach 100% to request the credit?
Emerson Electric	In the future, will ÉEQ provide the option for companies to pay their contributions in four annual instalments, as other provinces do?
S.C. Johnson	Could you explain the credit for recycled content?
Costco Wholesale Canada	Is there a cap on the credit for recycled content?
3M Canada	Could you explain why the rate for no.6 unexpanded rigid polystyrene (e.g. rigid transparent blister packaging) is so much higher than the rate for the other plastics category, which includes no.7 made up of mixed plastics?
Loblaw Companies	In terms of the credit for recycled content, would it be possible to provide a proportional credit?
Envirotech Associates (representing Michaels Stores)	Do you have a preliminary assessment of the volumes that will be reported in the CP&PM products category and of the impacts they will have on the Schedule of Contributions and rates?

4.3.2 Questions on the 2019 Schedule of Contributions

As set out in the consultation program, a questionnaire (Annex 5) was handed out at the consultation meetings. It was also sent out via e-mail to participants to gather their comments and made available to contributing companies on ÉEQ's website. The questionnaire on the 2019 Schedule of Contributions is divided into four parts: the first on respondents' understanding of the impacts of the recycling crisis on the net costs; the second on the application rules and methodology to develop the 2019 Schedule of Contributions; the third on the respondents themselves and the fourth on future directions. The second and fourth parts included space in which respondents could add their comments and suggestions.

With regard to the specific questions on the 2019 Schedule of Contributions, companies had to affirm their level of agreement with the elements set out in the Schedule of Contributions presented at the consultation meetings:

- Enabling voluntary contributors to report based on quantities generated, without authorization for payment exemption
- Injecting \$2M from the permanent printed matter fund into the printed matter class and \$2M from the permanent containers and packaging fund into the containers and packaging class to mitigate the rate increase
- Postponing the decision to make materials generated by B2B subject to a fee to a later Schedule of Contributions

A total of 18 respondents filled out and returned the questionnaire. While the majority of responses (69%) were favourable (somewhat favourable or favourable) to the elements set out in the Schedule of Contributions, such a low response rate makes specific analyses impossible and cannot be considered statistically significant. However, the limited number of comments is still telling since dissatisfied companies usually mobilize and voice their concerns. Because the process has been the same for the past decade and companies are familiar with the mechanisms, it could be assumed that, as a whole, the directions that were presented meet expectations.

4.3.3 Correspondence and comments

Only one contributing company submitted correspondence regarding the 2019 Schedule of Contributions: the Société des alcools du Québec (SAQ). The letter is in Annex 6.

At the consultation meetings, companies and organizations also submitted comments, which are addressed in the following sections.

4.3.3.1 In connection with the 2019 Schedule of Contributions

Funding the Innovative Glass Works program with glass

The funds required to lead the balance of the commitments undertaken as part of the Innovative Glass Works plan are accounted for in the total costs considered in the 2019 Schedule of Contributions. The SAQ notes that the expenditures to purchase equipment should be allocated to all materials and not only containers and packaging. The government corporation also proposed that the surpluses from the permanent funds (and ÉEQ's other financial provisions) first be used to compensate for the rate increases as a result of the projects.

Rates for low-volume producers

To alleviate their administrative burden, low-volume producers may choose to pay a flat fee according to generated tonnage thresholds or turnover between \$1M and \$2M. It was suggested that ÉEQ review the option to create a new threshold to reduce the gap between the amount owed by companies whose turnover is less than \$2M and the contribution owed by companies that exceed, even slightly, the \$2M cut-off.

Following a number of discussions with newly canvassed companies and others that generate heavy materials (e.g. printed matter or glass), ÉEQ had already planned to examine the issue and recommends that a dedicated working committee be assembled when developing the 2020 Schedule of Contributions in order to simplify administrative procedures for small businesses.

4.3.3.2 Additional comments on future directions

Analysis of materials performance

The project to analyze the performances of the materials in the recycling value chain has drawn interest. Respondents noted that the initiative seemed to be a good opportunity to set out optimization options across the value chain and further develop the materials classification by making the distinction between materials with different properties and revising the aggregations in the contribution table.

ÉEQ acknowledges the feedback and notes that changes that may affect the materials classification and contribution table will be presented to companies in 2019.

Business-to-business (B2B)

A majority of questionnaire respondents said that they were favourable to the broadening of the materials rates to materials generated by B2B provided contributors were given sufficient notice ahead of the coming into effect of the change.

ÉEQ notes that analyses on the option to broaden the rates to materials generated by B2B are ongoing. Fairness remains at the core of the approach, which also considers the complexity a broadening may entail.

Containers, packaging and printed matter sold as products

The broadening of the rates to short-life containers and packaging sold as products and printed matter sold as products since the 2018 Schedule of Contributions has raised methodological and financial issues for a number of companies whose business models are closely linked to these products.

ÉEQ is aware of the impacts stemming from the broadening of the materials subject to a fee and will adjust its communications on these upcoming projects in an effort to reach the largest possible audience.

5. Changes to the 2019 Schedule of Contributions

As announced at the consultation meetings in October, a number of parameters were updated, including:

- municipal net costs
- other costs incurred through ÉEQ projects
- total costs considered in the funding formula

5.1 Updated inputs

5.1.1 Updated municipal net costs

ÉEQ continued to monitor municipal contract renegotiations and renewals. Few changes were noted since early October. However, ÉEQ observed a number of variations that were integrated into the calculation of the net costs. ÉEQ's share of municipal net costs therefore totals \$144.4M and not \$145.0M.

	2018 SoC	2019 SoC consultation	2019 SoC updated
Municipal net costs — ÉEQ share	\$136.3M	\$145.0M	\$144.4M

5.1.2 Other costs

Because the budget process ended in the fall, the most recent data were used. ÉEQ has maintained its planned budget of \$5.5M—a figure that is stable as compared to the 2018 Schedule of Contributions and the details presented at the consultation meetings.

However, funding for the balance of the commitments under the Innovative Glass Works plan was adjusted downward following the revision of estimated costs. The amount, which was initially estimated at \$1.8M, was decreased to \$1.2M (\$1M to fund equipment purchases and \$200K to develop markets).

	2018 SoC	2019 SoC consultation	2019 SoC updated
ÉEQ fees	\$5.5M	\$5.5M	\$5.5M
Bad debt provision	\$2.9M	\$3.0M	\$3.0M
Innovative Glass Works plan	\$1.8M	\$1.8M	\$1.2M
Printed matter fund	\$(1.5)M	\$(2.0)M	\$(2.0)M
Containers and packaging fund	-	\$(2.0)M	\$(2.0)M
Credit for recycled content provision	\$0.6M	\$0.5M	\$0.5M
Anticipated reports by low-volume producers	\$(1.4)M	\$(1.6)M	\$(1.6)M
RQ indemnity	\$2.7M	\$2.8M	\$2.8M
Other total costs	\$10.6M	\$8.0M	\$7.4M
Variation	+0%	-24.5%	-30.2%

5.1.3 Total costs to consider in the funding formula

The update is reflected in the total costs to consider in the formula to develop the Schedule of Contributions. Overall, there was a 3.33% increase in costs as compared to 2018, versus 4.2% presented at the consultation meetings. This is down slightly.

The total costs to consider when calculating the Schedule of Contributions fell from \$153.0M to \$151.8M, taking the average from \$238/t to \$237/t and leading to an average increase of 5.9% versus 6.3%.

Considering the updated costs and maintaining the allocation presented for the draft 2019 Schedule of Contributions, the increase in the average rate for printed matter changes from 10.9 to 10.4%. The increase for containers and packaging falls from 4.9% to 4.4%.

	2018 SoC	2019 SoC consultation	2019 SoC updated
Municipal net costs — ÉEQ share	\$136.3M	\$145.8M	\$144.4M
Other costs with funding	\$10.6M	\$8.0M	\$7.4M
Total costs considered to calculate company contributions	\$146.9M	\$153.0M	\$151.8M
Variation	-1.7%	+4.2%	+3.33%

5.2 New table of contributions

The final table was updated following the meeting of the board of directors on December 7 and included in Section 6 of this report. The updated table include the decreases in the net costs to be compensated and funding for the Innovative Glass Works plan.

However, because the average rate has remained relatively stable following the adjustments presented in Section 5.1 and considering the fact that the flat fees were updated in the 2019 Schedule of Contributions, the rates for flat fees are the same as those presented at the consultation meetings.

Tonnage generated criterion	Turnover criterion	2018 SoC	2019 SoC
1 to 2.5 tonnes		\$420	\$450
2.5 to 5 tonnes		\$890	\$945
5 to 10 tonnes		\$1 775	\$1 885
10 to 15 tonnes	\$1M to \$2M	\$2 965	\$3 150

6. Position of the board of directors on the 2019 Schedule of Contributions

ÉEQ's board of directors (BOD) would like to thank the companies and organizations that took part in the meetings held as part of the consultation process on the 2019 Schedule of Contributions. It notes the drop in the number of participants despite the personalized reminders and ongoing recycling crisis, which led to an increase in net costs and, consequently, in the rates. The BOD invites ÉEQ's executive team to pursue its

efforts to encourage companies and organizations to participate in the consultation process, which is vital to ÉEQ.

The members of the BOD note that little feedback was received and are aware that the pre-release of information and relatively stable increase in materials rates considering the context of other Canadian programs may have curbed participation. The board acknowledges the comments received by the deadline and would like to thank the companies and organizations that took the time to share their opinions.

In the context of the recycling crisis

The BOD emphasizes that the recycling crisis arising from the closing of the Chinese markets provides a genuine opportunity to call for the modernization of the compensation plan, as well the curbside recycling system. Indeed, the consequences observed on markets, sorting centres, municipalities and citizens constitute means to seek the modernization of the compensation plan and curbside collection system. The BOD is of the opinion that, from the extended producer responsibility (EPR) perspective, all reforms must hinge on the greater involvement, accountability and recognition of contributing companies, beyond the simple extension of the responsibilities of government.

The BOD recognizes ÉEQ's efforts to closely monitor the situation in municipalities and sorting centres and remain proactively engaged with all levels of government to determine solutions. The situation will certainly remain ongoing in 2019, and ÉEQ's executive team will work actively to give expression to the organization's vision to make Québec's recycling industry the most economically, environmentally and socially efficient in North American from a circular economy perspective.

In the context of the integration of CP&PM products into the 2018 Schedule of Contributions and eventual broadening of the rates to B2B

The members of the BOD are aware of the impacts of the broadening of the rates to CP&PM products on the 2018 Schedule of Contributions. Also considering the pressure resulting from the increase in municipal net costs, the BOD chose to limit all other fee changes in order to provide a certain level of stability. Therefore, while the broadening of the rates to materials generated by B2B is important, it has been postponed to a later Schedule of Contributions. The BOD has asked ÉEQ executives to pursue the action plan to assess the impacts of the broadening with a special focus on newly targeted companies, companies that report in accordance with current application rules and the additional resulting contributions. The BOD also requested that a reflection be undertaken to identify targeted communication approaches.

While few companies responded to the questionnaire, the BOD notes that the majority (72%) of respondents were somewhat favourable or favourable to the broadening of the designated materials to B2B. It also acknowledges the comments on CP&PM products and B2B. Members underscore that fairness remains at the core of the organization's concerns and decisions and, to this end, they seek to foster greater consistency between the materials subject to regulation and the materials subject to a fee. The board is also focused on ensuring the simplicity of the reporting process and predictability from the financial and administrative perspective when introducing changes.

Funding of the Innovative Glass Works plan

The members of the board of directors were given the comments on this innovative initiative. The report on the 18-month experimental pilot projects will be submitted by the end of the year, and the BOD will consider the recommendations with regard to further steps. The board highlights the need to find sustainable solutions for the material and stresses that the development of new markets requires expertise, the adaption of business models and, therefore, time.

In terms of the \$1.8M in funding to pursue the Innovative Glass Works plan, following the budget process, the board lowered the allocated amount to \$1.2M. The BOD considered the feedback it received, assessed the funding options and, in light of the increase in the rates for printed matter, chose to retain the funding

allocation presented at the consultation meetings: \$1.0M for containers and packaging and \$0.2M to develop new markets and specifically the market for glass.

Fee structure for small businesses

With regard to small businesses, the BOD is sensitive to the argument calling for fairness between the companies eligible to use the simplification process and pay a flat rate and those that are not. Members asked ÉEQ executives to conduct the studies required to explore possible solutions and propose a recommendation for the 2020 Schedule of Contributions.

Other elements

Considering the few comments received through the questionnaires on the other elements of the 2019 Schedule of Contributions presented at the consultation meetings, the BOD maintains these decisions:

- Enable voluntary contributors to report based on quantities generated, without authorization for payment exemption
- Inject \$2M from the permanent printed matter fund into the printed matter class and \$2M from the permanent containers and packaging fund into the containers and packaging class to mitigate the resulting rate increase
- Postpone the decision to make materials generated by B2B subject to a fee to a later Schedule of Contributions

The board asked ÉEQ executives to continue the analysis of the materials in the value chain of curbside recycling. This forward-looking project will direct ÉEQ's actions in connection with optimization and especially the fee structure and compensation plan in terms of the review of the classification of the materials subject to a fee and aggregated rates in the table of contributions, as well as the identification of problematic materials in the curbside recycling process that could be the subject of eco-modulation in the Schedule of Contributions and the approach to issue a future ecodesign credit. Considering the possible impacts on the materials rates and company contributions, the BOD requested that ÉEQ produce the standard analyses and action plans so contributors can anticipate changes with a reasonable timeframe.

The members of the board of directors recognize the significant efforts invested by ÉEQ's executives to stabilize the municipal net costs and optimize the value chain of curbside recycling to the benefit of the contributing companies. Members acknowledge that there are a range of challenges leading up to the development of stable and diversified markets and are of the opinion that the coordination and liaison efforts initiated a few years ago will foster the emergence of a circular economy that will profit contributing companies in the long term.

Finally, the BOD would like to thank all the representatives from companies and organizations who contributed to the consultation process. Their participation is important and essential to further develop the Schedule of Contributions and guide the decisions of the board of directors.

6.1 New table of contributions

The materials rates of the 2019 Schedule of Contributions were updated to reflect the updated net costs and downward revision of the amount to fund the Innovative Glass Works plan.

Material	2018 Soc	2019 SoC consultation	2019 SoC updated	Δ 2018
	\$/t	\$/t	\$/t	
Printed matter				
Newsprint inserts and circulars	184.14	204.57	203.74	10.6%
Catalogues and publications	268.90	294.85	293.65	9.2%
Magazines	268.90	294.85	293.65	9.2%
Telephone books	268.90	294.85	293.65	9.2%
Paper for general use	268.90	294.85	293.65	9.2%
Other printed matter	268.90	294.85	293.65	9.2%
Containers and packaging				
Corrugated cardboard	176.48	183.93	182.70	3.5%
Kraft paper shopping bags	176.48	183.93	182.70	3.5%
Kraft wrapping paper	176.48	183.93	182.70	3.5%
Boxboard and other paper packaging	193.96	201.48	200.23	3.2%
Gable-top containers	187.44	191.7	190.5	1.6%
Laminated paper	274.32	288.32	286.73	4.5%
Aseptic containers	223.75	235.11	233.71	4.5%
PET bottles	274.41	285.41	283.38	3.3%
HDPE bottles	107.19	109.83	108.44	1.2%
Plastic laminates	446.84	474.33	471.46	5.5%
HDPE and LDPE film	446.84	474.33	471.46	5.5%
HDPE and LDPE shopping bags and others	446.84	474.33	471.46	5.5%
Expanded polystyrene – food packaging	735.44	793.43	789.39	7.3%
Expanded polystyrene – cushioning packaging	735.44	793.43	789.39	7.3%
Non-expanded polystyrene	735.44	793.43	789.39	7.3%
PET containers	274.41	285.41	283.38	3.3%
Polylactic acid (PLA) and other degradable plastics	735.44	793.43	789.39	7.3%
Other plastics, polymers and polyurethane	277.57	288.37	286.18	3.1%
Aluminum containers for food and beverages	168.66	181.44	179.87	6.6%
Other aluminum containers and packaging	168.66	181.44	179.87	6.6%
Aerosol containers	168.91	173.22	171.61	1.6%
Other steel containers	168.91	173.22	171.61	1.6%
Clear glass	168.32	175.15	172.18	2.3%
Coloured glass	168.32	175.19	172.26	2.3%
Average rate	224.24	238.21	236.37	5.4%

Annex 1 — 2015–2017 residential characterization

Recovery rates of designated materials under ÉEQ's Schedule of Contributions*

Category and sub-category	Material	Recovery rate
PRINTED MATTER		
	Newsprint inserts and circulars	85.1%
	Catalogues and publications	82.4%
	Magazines	85.6%
	Telephone books	81.6%
	Paper for general use	56.8%
	Other printed matter	62.4%
CONTAINERS AND PACKAGING		
Paper and cardboard	Corrugated cardboard	77.5%
	Kraft paper shopping bags	41.3%
	Kraft paper packaging	23.2%
	Boxboard and other paper packaging	61.9%
	Gable-top containers	77.9%
	Laminated paper	33.4%
	Aseptic containers	54.9%
Plastic	PET bottles	67.8%
	HDPE bottles	68.0%
	Plastic laminates	16.2%
	HDPE/LDPE plastic film	34.8%
	HDPE/LDPE film shopping bags	15.8%
	Expanded polystyrene - food	11.5%
	Expanded polystyrene - protection	37.5%
	Non-expanded polystyrene	24.9%
	PET containers	57.3%
	Polylactic acid (PLA) and other degradable plastics	54.6%
	Other plastics, polymers and polyurethane	43.7%
Aluminium	Aluminum containers for food and beverages	48.2%
	Other aluminum containers and packaging	10.0%
Steel	Steel aerosol containers	17.5%
	Other steel containers	64.9%
Glass	Clear glass	78.8%
	Coloured glass	78.8%

*Taken from the 2015–2017 residential characterization study co-funded by ÉEQ and RECYC-QUÉBEC

Annex 2 — 2016 activity-based costing

Net costs of designated materials under ÉEQ's Schedule of Contributions*

Category and sub-category	Material	Net cost per material (\$/tonne)
PRINTED MATTER		
	Newsprint inserts and circulars	\$137/t
	Catalogues and publications	\$137/t
	Magazines	\$134/t
	Telephone books	\$137/t
	Paper for general use	\$141/t
	Other printed matter	\$149/t
CONTAINERS AND PACKAGING		
Paper and cardboard	Corrugated cardboard	\$190/t
	Kraft paper shopping bags	\$190/t
	Kraft paper packaging	\$190/t
	Boxboard and other paper packaging	\$183/t
	Gable-top containers	\$215/t
	Laminated paper	\$264/t
	Aseptic containers	\$225/t
Plastic	PET bottles	\$292/t
	HDPE bottles	\$12/t
	Plastic laminates	\$663/t
	HDPE/LDPE plastic film	\$617/t
	HDPE/LDPE film shopping bags	\$617/t
	Expanded polystyrene - food	\$2 352/t
	Expanded polystyrene - protection	\$2 352/t
	Non-expanded polystyrene	\$438/t
	PET containers	\$391/t
	Polylactic acid (PLA) and other degradable plastics	\$270/t
	Other plastics, polymers and polyurethane	\$265/t
Aluminium	Aluminum containers for food and beverages	-\$83/t
	Other aluminum containers and packaging	-\$13/t
Steel	Steel aerosol containers	\$53/t
	Other steel containers	\$104/t
Glass	Clear glass	\$201/t
	Coloured glass	\$201/t

*Taken from the 2016 activity-based costing model co-funded by ÉEQ and RECYC-QUÉBEC

Annex 3 — Letter of validation: contribution table



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Le 31 octobre 2018

Monsieur Denis Brisebois
Président du Conseil d'administration
Éco Entreprises Québec
1600, boul. René-Lévesque Ouest, bureau 600
Montréal (Québec)
H3H 3P9

OBJET : LETTRE DE CONFORT POUR LA GRILLE TARIFAIRE 2019

Monsieur Brisebois,

À votre demande ainsi qu'à celle du Conseil d'administration de ÉEQ, KPMG atteste qu'il a procédé à la validation des deux items suivants : i) la nouvelle méthodologie d'estimation des coûts nets municipaux de collecte sélective; ii) le niveau des coûts nets municipaux de collecte sélective utilisé pour la grille tarifaire 2019.

Pour la méthodologie d'estimation des coûts nets municipaux, nous sommes tout à fait confortables avec la nouvelle approche utilisée par l'équipe de ÉEQ pour déterminer ces coûts. Comme souligné lors de nos notes des toutes dernières années, les relations statistiques historiques, qui ont servi par le passé à déterminer les coûts nets de collecte sélective, devenaient de moins en moins performantes, alors qu'en parallèle ÉEQ disposaient de nouvelles sources d'information de plus en plus utiles pour suivre l'évolution des coûts par municipalité, notamment les données sur les contrats municipaux.

La nouvelle approche est meilleure à trois égards : i) elle distingue les coûts de Transport-Collecte et les coûts de Tri-Conditionnement, soit deux types de coûts qui sont affectés par des facteurs différents; ii) elle intègre les modifications récentes de contrats municipaux qui ont des effets matériels sur les coûts globaux du système; iii) elle tient compte des différentes classes de municipalités, ce qui permet de bien tenir compte des effets de taille et du facteur P&E. Nous encourageons ÉEQ à poursuivre avec cette nouvelle approche pour les années à venir, tout en l'améliorant au fur et à mesure que l'information sur les contrats municipaux deviendra encore plus disponible.

Pour le niveau des coûts nets utilisés, nous sommes aussi confortables avec celui retenu pour la détermination du tarif 2019. L'estimation des coûts nets municipaux de 2018 s'avère un défi encore plus grand que par le passé en raison des bouleversements observés sur le marché des matières recyclables, notamment le prix de certaines de ces matières, et par le fait même sur les coûts nets municipaux. L'utilité de la nouvelle méthodologie d'ÉEQ prend encore plus d'importance dans un contexte comme celui vécu en 2018. Dans les deux dernières années, les relations statistiques utilisées par le passé avaient surestimé les coûts nets du fait que les revenus de vente des matières

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recyclables avaient été meilleurs que ce que les relations historiques avaient prévu. Pour les coûts de 2018, ces relations historiques auraient complètement échappé la brusque chute des prix, tout en ne pouvant pas évaluer l'impact du facteur P&E.

Compte tenu de l'information disponible, le niveau des coûts estimés par ÉEQ pour les composantes « Transport-Collecte » et « Tri-Conditionnement » apparaissent raisonnables. Le CA doit par ailleurs accepter que l'année 2018 comporte plus de facteurs d'incertitude que par le passé et que ces facteurs ont un impact sur l'estimation des coûts. De plus, il nous semble important de mentionner que ÉEQ a bénéficié d'éléments favorables dans la dernière année qui ont permis d'atténuer le choc tarifaire (soutien financier gouvernemental à certains centres de tri, non renégociation de certains contrats municipaux malgré les conditions de marché, utilisation de surplus accumulés par le passé dans certaines municipalités, facteur P&E...). L'approche micro adoptée pour la détermination du tarif 2019 sera d'autant plus pertinente en 2020, car certains de ces éléments atténuants vont disparaître.

Espérant le tout conforme, veuillez agréer, Monsieur Brisebois, l'expression de mes sentiments les meilleurs.

A handwritten signature in blue ink, appearing to read 'Daniel Denis'.

Daniel Denis
Associé KPMG

Annex 4 — Executive summary: draft 2019 Schedule of Contributions

Éco
Entreprises
Québec

Recycling is
our business



Consultation on the 2019 Schedule of Contributions

Summary

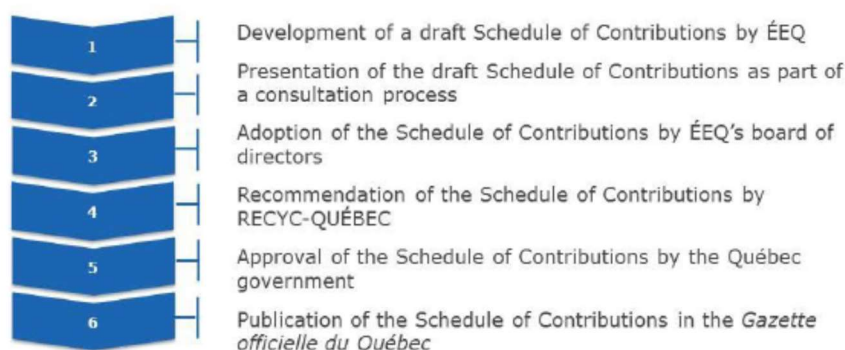


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Development of the Schedule of Contributions and company consultations: a formal legal process

Under the *Environment Quality Act* (the Act), the Schedule that regulates the contributions by companies is subject to a special consultation with targeted companies and organizations. The consultation led by Éco Entreprises Québec (ÉEQ) therefore addresses the rules that govern the fees, as well as the contribution table set out for each materials class and aims to inform as many targeted companies and organizations as possible in order to obtain their comments.



For each Schedule of Contributions, the Board of directors of ÉEQ adopts a draft Schedule of Contributions that is presented to companies and organizations as part of a three-week consultation process. Following the consultation activities, ÉEQ assesses the comments it received and releases a report on the conclusions drawn. The Schedule of Contributions and report are then approved (with or without changes) by the Board of directors and submitted to RECYC-QUÉBEC (RQ), which evaluates process and stakeholder compliance and makes its recommendation to the government of Québec. Finally, once it is approved by the provincial government, the Schedule of Contributions is published in the *Gazette officielle du Québec*.

To determine the contribution they are required to pay, targeted companies and organizations must file a report on the materials they put on the market in Québec and submit it to ÉEQ. The amount of the contribution is determined by multiplying the quantity of each material (in kilograms) by the applicable material rate, as indicated in the contribution table for the reporting year, and then adding these amounts.

This summary provides an overview of the main changes to the contribution table and implementation rules (Schedule of Contributions) for the 2019 reporting year, as well as the table itself. The draft Schedule of Contributions is presented to the companies and organizations subject to the compensation plan at the consultation meetings on October 23 and 25, 2018.

Before introducing the Schedule, the following section will focus on the impacts of the global recycling crisis on Québec's curbside recycling system, as well as on the municipal curbside collection programs.

Impacts of the global recycling crisis on Québec's municipal curbside recycling system

The 2019 Schedule of Contributions compensates the efficient and effective net costs of municipal curbside recycling programs of 2018. It is important to fully grasp the impacts of the global recycling crisis on the province's curbside recycling system in order to better understand the variations in the costs to be compensated.

Dependence on the Chinese market that led to repercussions

As you surely know, in July 2017, China addressed the World Trade Organization to announce it would be tightening its quality criteria for the import of 24 recyclable materials, including plastics and mixed paper. In practice, these restrictions have the effect of a virtual ban. Shockwaves quickly spread around the world, and Canada and Québec certainly felt the effects of the decision.

While Québec's recycling industry is quite dynamic in certain markets, it remains highly dependent on export. Indeed, 2016* data released by RQ indicate that the province mainly exports fibres that total 88% of the material tonnage sold for recycling purposes. Thus, the impacts are significant.

The very strong dependence on the Chinese market is the result of a business model adopted by a number of sorting centres based on mixed fibre and plastic baling—an option that was simple, cost-effective and in high demand by the Chinese. Indeed, there has always been a great need for raw materials in China due to the country's vast manufacturing sector and labour costs which, at one time, made removing contaminants from the bales an economically viable option. As a result, it imported bales of different types of materials, some of which are challenging to recycle, and household waste.

A collective challenge for the recycling industry

The crisis that had been anticipated was actually felt in 2018. The quality of the bales of mixed plastics and fibres that were warehoused was altered. The average sale prices of the materials plummeted and sorting centres increasingly sought support from municipalities. ÉEQ quickly and clearly expressed its position: under no circumstances would companies compensate the costs to landfill the materials.

Faced with the absence of traditional Asian buyers and falling prices, some sorting centers:

- Stored bales of materials;
- Had to find new buyers because the materials had become difficult to sell;
- Closed or threatened to do so;
- Sought to reopen their municipal contracts to obtain additional financial support to cover their operating costs.

In addition to these impacts, the alarmist tone of many media reports eroded citizens' confidence in the recycling system. The situation clearly illustrates the degree to which the activity sector must still mature from an economic perspective.

To further develop the recycling industry and make it a true driver of the circular economy, every link in the chain has a responsibility and role to play. And there is much to learn from the recent past. Indeed, nearly four years ago, ÉEQ set out levers to optimize curbside recycling at its *En mode solutions* forum. The aim was to enhance the quality and sorting of recyclables through investments in sorting centre technologies and the expansion of local markets. This approach led to the experimental pilot projects launched under the Innovative Glass Works plan in response to the glass recycling challenge.

Municipalities were called upon to discuss options with their respective sorting centres. It is critical to avoid short-sighted solutions that could have a negative impact on citizens' confidence in the system. It is also

likely that there will be new opportunities for our local recyclers, who are an integral part of the process to lessen our dependence on export systems.

The announcement of the closure of the Chinese markets pushes us to continue to innovate in recyclables management in Québec. Already, industry stakeholders are mobilizing to adapt to this new reality.

Circular economy: a window of opportunity in response to a global crisis

As early as November 2017, ÉEQ and RQ launched proactive actions to support stakeholders in the curbside collection value chain with regard to the quality of the sorted materials and needs of local recyclers. Since then, networking meetings have been held. A number of sorting centres also accelerated their investments to upgrade their equipment, and those that have developed solutions are quick to share them. In winter 2018, RQ announced a series of programs totalling over \$14M, including the emergency fund for sorting centres requested by ÉEQ, to support sorting centres and initiatives that will increase the quality and quantity of recovered materials and foster coordination with recyclers.

ÉEQ has also multiplied meetings and representations with a multitude of instances. It also joined a crisis management committee mandated by the former environment minister to provide a better framework for the industry and standardize and implement best practices to give the companies that fund Québec's curbside recycling system a voice.

To transform the challenge arising out of the market closures into a true opportunity, it is important to implement measures that foster the development of Québec's circular economy. We are therefore of the opinion that we must build on the quality of the materials and implement measures to provide them with a second life locally.

There are many challenges to fostering the development of the recycling industry, and companies are part of the solution. ÉEQ intends to meet with the new government to ensure that structuring actions are implemented in collaboration with municipal organizations, sorting centres and conditioners, whether they are related to further investment in research and development or the expansion of key areas of expertise, including marketing strategies and access to rigorous business intelligence.

Establishing the Schedule of Contributions in a context of crisis

In the current context, the process to set out the Schedule of Contributions is complex, since the municipal net costs have never been so difficult to predict. The municipal services team is working in close collaboration with the compensation plan team to provide support, closely monitor the situation and consider the changes in the amounts allocated to municipalities. The *Municipal net costs* section provides an overview of the approach.

Curbside recycling in Québec: by the numbers

In 2017, over 778 067 tonnes of materials were recovered through municipal curbside recycling programs in Québec: a slight increase of nearly 5 700 tonnes (0.7%) as compared to 2016. More specifically, this increase in quantity is due to the broadening of collection services to institutional, commercial and industrial (ICI) organizations, which generate materials similar to those generated by households, despite the decreases in the weights of containers and packaging and the quantities of certain types of printed matter and newspapers as readers switch to online publications.

Consultation 2019 SoC - Summary

Also, in 2017, municipal net costs fell by 2.6% (\$147.6M versus \$151.5M) as compared to the previous year. Indeed, in 2016 and 2017, the recyclables resale markets were strong, leading to greater sorting centre revenue sharing with municipalities (based on contract provisions). ÉEQ's efforts to optimize collection and transport through programs and initiatives including the Best Practices initiative for more effective curbside recycling also proved effective. Once the transport costs had stabilized, we still had to assess options to enhance the quality of the materials that were collected and sorted.

Québec	2016	2017	Variation
Tonnes recovered	772 408	778 067	0.7%
Net costs	\$151.5M	\$147.6M	-2.6%
Population with access to curbside recycling	8 271 720	8 341 105	0.8%
Kg per capita	93.4	93.3	-0.1%
Net costs per capita	\$18.32	\$17.69	-3.4%
\$/tonne recovered	\$196/tonne	\$190/tonne	-3.3%

Study updates

This past year, the municipal waste characterization study was updated. The recovery rates per material taken from the study, which was jointly conducted by ÉEQ and RQ, are used to calculate the Schedule of Contributions. The results for 2017 were combined with those for 2015 and 2016 to determine the average 2015–2017 recovery rates. This moving average approach favors a certain stability in ÉEQ's Schedule of Contributions rates, which makes it possible to reduce variations due to recovery rates. All materials considered, the average recovery rate is stable at 63.6%.

The Activity-based costing (ABC) study was not updated this year. The shares of the net costs for the three materials classes and the net cost for the 30 materials in the Schedule of Contributions are therefore the same as last year. Note that the share of the costs allocated to the three classes of material was confirmed by the Québec government in the Regulation to amend the *Regulation respecting compensation for municipal services provided to recover and reclaim residual materials* (June 13, 2018) and is as follows:

Class	2018 SoC	2019 SoC
Newspaper	8.3%	8.3%
Printed matter	20.9%	20.9%
Containers and packaging	70.8%	70.8%
ÉEQ total share	91.7%	91.7%

Key changes to the Schedule of Contributions

Municipal net costs

To establish the Schedule of Contributions, ÉEQ must first estimate the municipal net costs to be compensated for the year 2018. For the 2019 Schedule of Contributions, ÉEQ rethought its approach to better assess the impacts of the recyclables crisis on the compensated net costs and reduce organizational risks. This approach is in line with the avenues for improvement suggested last year by KPMG-SECOR and validated by Daniel Denis, economist, who has worked with ÉEQ for over 12 years. The municipal net costs (taxes included) total an estimated \$174.1M.

To determine this figure, ÉEQ distinguished between the collection and transport (CT) costs and sorting and conditioning (SC) costs. It was therefore possible to determine that CT costs, which have historically hovered around 75% (85% in 2012 and 2017) of total costs, have shown relatively stable growth (0.3%) over time. With regard to SC costs, ÉEQ used a detailed methodology that considers the average increases per municipality class, used to calculate the performance and efficiency (P&E) factor, as stipulated in the Act, and all the renewed and renegotiated contracts to date. Seeing as a municipality's compensation is calculated based on its performance as compared to its group's, the approach was selected in order to be able to monitor the variations in costs for a specific municipality, as well as the other municipalities in its group. While the P&E factor remains perfectible since it does not consider the quality of materials that are collected or sorted, in the current context, it serves as a type of "insurance policy" for the net costs to be compensated by companies.

The deduction for non-designated materials is still 6.6% for the 2019 Schedule of Contributions, as set out in the Regulation on June 13. The deduction represents over \$11.5M for the Schedule of Contributions. Finally, the deduction stemming from the application of the P&E factor was estimated at 9.7%, leading to a cost reduction of \$17M.

ÉEQ's share of costs eligible for compensation is therefore estimated at \$145M: a 6.4% increase for the 2019 Schedule of Contributions as compared to 2018.

Cost	2018 SoC	2019 SoC
Municipal net costs	\$146.5M	\$165.9M
QST	\$7.0M	\$8.3M
Estimated municipal net costs	\$153.5M	\$174.1M
Estimated non-targeted materials deduction	\$(10.1)M	\$(11.5)M
Estimated P&E factor deduction	\$(6.4)M	\$(17.0)M
Municipal management costs (8.55%)	\$11.7M	\$12.5M
Total eligible net costs	\$148.7M	\$158.1M

Consultation 2019 SoC - Summary

ÉEQ share	91.7%	91.7%
ÉEQ municipal compensation	\$136.3M	\$145.0M
Variation	-3.4%	+6.4%

ÉEQ fees and other provisions

Other fees are added to the compensation costs to determine the total contribution paid by companies.

ÉEQ's 2019 budget process is still underway. In order to establish the Schedule of Contributions, ÉEQ's fees were set at \$5.5M to cover management costs and the costs related to curbside recycling value chain knowledge and optimization projects and studies and the resources that support the organization's activities. The final budget will be approved by the Board of directors in December and taken into account in the final Schedule of Contributions. The amount represents 3.5% of the total contributions.

In total, considering the indemnity paid to RQ under the Regulation, the costs related to bad debt and the deduction from the expected flat fees* (\$1.6M), an overall amount of \$12.0M is integrated into the calculation of the Schedule of Contributions as compared to \$10.6M in 2018: an increase of 13.2%.

Fulfilling the financial commitments under the Innovative Glass Works, an amount of \$1.8M was integrated into the fees, including \$1.3M to fund equipment for the sorting centre in Montréal apportioned to all containers and packaging and 0.5M allocated to glass to develop markets for the material. This cost breakdown is in line with the directions adopted by the Board of directors in December 2017. The amounts will be confirmed in fall with the approval of the budget estimates.

Cost	2018 SoC	2019 SoC
ÉEQ fees	\$5.5M	\$5.5M
RQ indemnity	\$2.7M	\$2.8M
Bad debt provision	\$2.9M	\$3.0M
Provision for recycled content credit	\$0.6M	\$0.5M
Printed matter fund	\$(1.5)M	\$0.0M
Flat fee deduction	\$(1.4)M	\$(1.6)M
Innovative Glass Works plan	\$1.8M*	\$1.8M*
Other fees	\$10.6M	\$12.0M
Variation	0.0%	+13.2%

Increase in total costs

The total contribution considered in the formula to determine the Schedule of Contributions is \$157.0M, which represents an overall increase of 6.9% as compared to 2018.

	2018 SoC	2019 SoC
ÉEQ municipal compensation	\$136.3M	\$145.0M
Other fees	\$10.6M	\$12.0M
ÉEQ total contribution	\$146.9M	\$157.0M
Variation	-1.7%	+6.9%

Limited rate increase

For the 2018 Schedule of Contributions, none of the rates increase more than 50% and therefore no rate increase limitation measures were applied. The rate variations are presented in the following pages.

Expected reported quantities

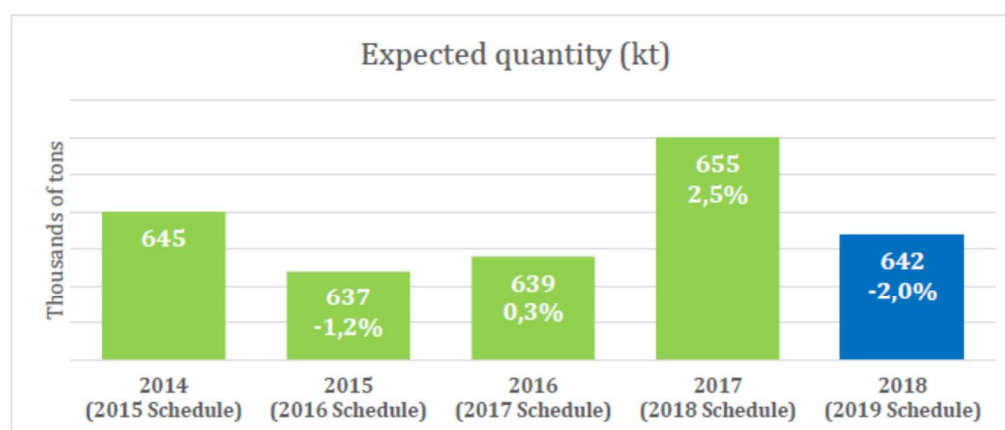
For the 2019 Schedule of Contributions, the expected reported quantities total 642 270 tonnes, versus 654 902 tonnes for the 2018 Schedule of Contributions. For the printed matter class, the reported quantities are declining, largely due to the digitization of print, while the amounts of containers and packaging are relatively stable.

In the past four years, it has become increasingly complex to estimate of the quantities in this particular period because the reporting deadline is very close and the vast majority of companies file at the last minute. A preliminary reporting process was implemented in 2016 but few companies choose the option. To avoid this situation, new rules will be introduced with the 2019 Schedule of Contributions to set earlier deadlines.

The lower expected quantities are due in part to:

- the overall reduction in print and circulars generation;
- retailers' demands for significant changes, which are currently being analyzed and audited to support the extent of the deductions that have been requested and may indeed be justified in certain cases;
- the choice of lighter packaging options (self-supporting laminated plastics) over heavier options (glass, steel) without consideration for the potential recycling of the materials;
- container and packaging optimization by reducing the average weight per product unit—an approach recommended by ÉEQ.

With regard to the materials that are more difficult to recycle, the findings of the impact assessment of materials on the value chain, which are expected to be released in early 2019, should serve to ensure that these options are considered in the development of the 2020 Schedule of Contributions.



Higher average rate

The average rate of the 2019 Schedule of Contributions is \$244/tonne: an increase of 9.0% as compared to the 2018 Schedule of Contributions.

	2018 SoC	2019 SoC
ÉEQ total contribution	\$146.9M	\$157.0M
Expected reported quantities	654 902 t	642 207 t
Average rate	\$224/t	\$244/t
Variation	-5.5%	+9.0%

Use of the permanent printed matter and containers and packaging funds

Considering the significant rise in the rates, the Board of directors of ÉEQ chose to allocate \$4M from the permanent printed matter and containers and packaging funds: \$2.0M to the printed matter class and \$2.0 to containers and packaging to offset the rise caused by the reductions in printed matter and container weights.

As a result, \$153.0M is considered in the calculation of the 2019 contribution.

Consultation 2019 SoC - Summary

Cost	2018 SoC	2019 SoC
ÉEQ total costs	\$146.9M	\$157.0M
Printed matter fund	\$(1.5)M	\$(2.0)M
Containers and packaging fund	\$(0.0)M	\$(2.0)M
Total costs in the SoC	\$146.9M	\$153.0M
Variation	-1.7%	+4.2%

With the injection of funds, the average rate of the 2019 Schedule of Contributions is \$238/tonne: an increase of 6.3% as compared to 2018. This increase is equivalent to the rise in anticipated municipal net costs for 2018.

	2018 SoC	2019 SoC
ÉEQ total contribution	\$146.9M	\$153.0 M
Expected reported quantities	654 902 t	642 207 t
Average rate	\$224/t	\$238/t
Variation	-5.5%	+6.3%

Flat fees

The amounts of the contributions by companies eligible to pay a flat fee were increased based on the rise in the average rate (i.e. by 6.3%).

Flat fee eligibility criteria		2018 SoC	2019 SoC
Based on tonnage	1 to 2.5 tonnes	\$420	\$450
	2.5 to 5 tonnes	\$890	\$945
	5 to 10 tonnes	\$1 775	\$1 885
	10 to 15 tonnes	\$2 965	\$3 150
Based on revenue	\$1 to \$2M	\$2 965	\$3 150

Contribution table

Material	2019 SoC (¢/kg)	Variation/2018 SoC
Printed matter		
Newsprint inserts and circulars	20.46	11.1%
Catalogues and publications	29.49	9.7%
Magazines	29.49	9.7%
Telephone books	29.49	9.7%
Paper for general use	29.49	9.7%
Other printed matter	29.49	9.7%
Containers and packaging		
Paper/cardboard		
Corrugated cardboard	18.39	4.2%
Kraft paper bags	18.39	4.2%
Kraft wrapping paper	18.39	4.2%
Boxboard and other paper packaging	20.15	3.9%
Gable-top containers	19.17	2.3%
Laminated paper	28.83	5.1%
Aseptic containers	23.51	5.1%
Plastic		
PET bottles	28.54	4.0%
HDPE bottles	10.98	2.5%
Laminated plastics	47.43	6.2%
HDPE and LDPE film	47.43	6.2%
HDPE and LDPE shopping bags	47.43	6.2%
Expanded polystyrene for food products	79.34	7.9%
Protective expanded polystyrene	79.34	7.9%
Non-expanded polystyrene	79.34	7.9%
PET containers	28.54	4.0%
PVC, polylactic acid (PLA) and other degradable plastics	79.34	7.9%
Other plastics, polymers and polyurethane	28.54	3.9%
Aluminum		
Aluminum food and beverage containers	18.14	7.6%
Other aluminum containers	18.14	7.6%
Steel		
Aerosol containers	17.32	2.6%
Other steel containers	17.32	2.6%
Glass		
Clear glass	17.52	4.1%
Coloured glass	17.52	4.1%

Explanation of the rate variations

For the 2019 Schedule of Contributions, the rates vary between 2.5 and 11%.

The increase is chiefly motivated by the rise in municipal net costs. The 6.3% increase impacts all materials equally, while the variations in the estimated quantities of materials specifically affect the material themselves and, indirectly, the materials in their class.

Rate variation	Number of materials
< 6.3%	18
> 6.3%	12

Material	Explanation of the major variations
Catalogues et publications Magazines Telephone books Paper for general use Other printed matter	+9.7% Decreased in expected reported quantities
Newsprint inserts and circulars	+11.1% Decrease in expected reported quantities Less variation in the recovery rate as compared to other printed matter
HDPE bottles	2.5% Increase in expected quantities (rate decrease) Greater variation in the recovery rate as compared to the class
Expanded polystyrene for food products Protective expanded polystyrene Non-expanded polystyrene PVC, polylactic acid (PLA) and other degradable plastics	+7.9% Decrease in expected reported quantities Less variation in the recovery rate as compared to the class
Aluminum food and beverage containers Other aluminum containers	+7.6% Less variation in the recovery rate as compared to the class

Rules

With regard to the changes to the rules of application of the Schedule of Contributions, seeing that companies wait until the deadlines to file their reports and pay their contributions—thus increasing organizational risks pertaining to the development of the Schedule of Contributions and payment of the compensation to RQ—it was decided that the deadlines would be moved up.

Companies now have 60 days to file their report and 90 days to pay the first instalment (80% of the contribution for detailed reports and 100% for companies that pay a flat fee). Previously, the deadlines were 90 and 120 days, respectively.

The second instalment (for detailed reports) is now expected 150 days following the publication of the Schedule of Contributions. Previously, the deadline was 180 days.

Finally, the reporting portal will launch on March 1, giving companies over six months to enter their reporting data.

The Schedule of Contributions will be amended to enable voluntary contributors to report the quantities they market in Québec, up to the amounts generated. In earlier Schedules of Contributions, companies located outside Québec could not make a voluntary contribution if they did not meet the payment exemption criteria. The change therefore simplifies the process to become a voluntary contributor for companies outside Québec that want to make a voluntary contribution on behalf of their customers in Québec.

Annex 5 — Questionnaire on the 2019 Schedule of Contributions

Questionnaire

1. The crisis in the recycling industry has had a major impact on the net costs to be compensated and therefore on the rates presented at the consultation.

	Totally disagree	Mostly disagree	Neutral	Mostly agree	Fully agree
1. Did the information presented during the consultation helped you better understand the impacts of the crisis on the rates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Do you agree with the application rules and methodology to develop the 2019 Schedule of Contributions that have received preliminary approval from ÉEQ's board of directors?

Application rules and methodology to develop the Schedule of Contributions	Totally disagree	Mostly disagree	Neutral	Mostly agree	Fully agree
1. Considering that targeted companies want brand owners outside Québec to pay a contribution for the containers, packaging and printed matter generated by their products, enable voluntary contributors to file reports based on the quantities generated, without the possibility of a payment exemption.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Considering the significant rise in rates, inject \$2M from the printed matter fund into the printed matter class and \$2M from the containers and packaging fund into the containers and packaging class to mitigate the increase.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Considering the financial commitments adopted by ÉEQ in the Innovative Glass Works plan, allocate the balance of financial commitments to the Montréal sorting centre to the "containers and packaging" class in the fee formula and allocate the glass market development activities to "glass".	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Given the complexity of the process to the broadening of material subject to a fee, postpone the broadening for materials generated by B2B to a later Schedule of Contributions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share your comments and suggestions here.					

1

Please return this questionnaire by fax or e-mail before **November 15, 2018.**

☎ 514 987-1598 ✉ service@eeq.ca

Special consultations on the 2019 Schedule of Contributions

Respondent

3. Did you take part in one of the special consultations on the 2019 Schedule of Contributions? If so, which one? ☐ Yes ☐ No

☐ Montréal ☐ Montréal (online) ☐ Toronto ☐ Toronto (online)

4. Check the sector and subsector that best represent you.

☐ Retailer/distributor ☐ Manufacturer ☐ Service company ☐ Other: _____

☐ Insurance, finance, real estate
☐ Publishing
☐ Electronics
☐ Public institution
☐ General goods

☐ Construction and gardening material
☐ Food and food products
☐ Automotive parts
☐ Chemical products (cleaning products)
☐ Health, beauty and pharmaceutical products

☐ Hardware
☐ Food, beverage and accommodation services
☐ Public services
☐ Clothing and accessories
☐ Other: _____

5. What is your company or organization's level of contribution to the 2018 Schedule of Contributions? ☐ N/A ☐ ≤ \$100 000 ☐ > \$100 000

Name (optional): _____ Tel.: _____

Company: _____ E-mail: _____

Please return this questionnaire by fax or e-mail before **November 15, 2018**.
☎ 514 987-1598 ✉ service@eeq.ca

Special consultations on the 2019 Schedule of Contributions

Future directions

The orientations for the broadening of materials subject to a fee and the analysis of the performance of materials in the value chain were presented for the upcoming Schedules of Contributions. With these orientations, ÉEQ want to know your opinion on the following:

We would like to know your level of agreement with the following statements. 1 = totally disagree and 5 = fully agree		1	2	3	4	5
1.	Analyses are currently underway to eventually broaden the material subject to a fee to materials generated by B2B in future Schedules of Contributions. To what extent do you agree with the following elements:					
	a) Simplified process with basic deduction and possible personalized deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) Quantities reported without requiring contributions for information purposes only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) One-year implementation notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The analysis of material performances in the curbside recycling value chain is currently underway to be integrated into upcoming Schedules of Contributions. To what extent do you agree with the review the classification of the materials and aggregated rates based on the following criteria?					
	a) Material processing by sorting centres according to standards recognized by recyclers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) Performance assessed as part of the analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) Net costs of the material as calculated through activity-based costing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share your comments and suggestions here.						

Please return this questionnaire by fax or e-mail before **November 15, 2018**.

☎ 514 987-1598 ✉ service@eeq.ca

Annex 6 — Correspondence received as part of the special consultation on the 2019 Schedule of Contributions



PAR COURRIEL

Montréal, le 13 novembre 2018

Madame Marie-Julie Bégin
Vice-présidente, Régime de compensation
Éco Entreprises Québec
1600, boul. René-Lévesque Ouest
Bureau 600
Montréal (Québec) H3H 1P9
mjbegin@eeq.ca
service@eeq.ca

Objet : Commentaires concernant les Consultations particulières sur le Tarif 2019

Madame,

Concernant la question 2.3 du questionnaire remis aux participants lors des consultations particulières sur les tarifs, nous sommes en accord avec le principe de répartir les coûts d'investissement des équipements à l'ensemble des matières (qui en bénéficient toutes, incluant les imprimés) et les activités de développement des marchés, associées à une seule matière, à celle-ci exclusivement.

Cependant, étant donné la hausse constante des coûts de la collecte sélective et la crise actuelle de revente des matières, nous recommandons qu'aucun n'investissement ne soit fait sans que des surplus dégagés à même les « fonds permanents » (ou toute autre provision financière d'ÉEQ) ne soient réinjectés, afin de compenser les hausses de taux qui en résulteraient.

Il nous apparaît aussi que les équipements permettant de mieux trier le verre bénéficient autant (si ça n'est pas davantage) aux papiers qu'aux autres matières et en ce sens, nous croyons que leurs coûts devraient être répartis sur les deux catégories, à savoir les « Contenants et emballages » et les « imprimés ».

Meilleures salutations,

A blue ink signature of Cédéanne Simard is located below the text 'Meilleures salutations,'.

Cédéanne Simard
Directrice Responsabilité sociétale
Société des alcools du Québec