

Overview of Québec's Residual Material Management

Ministère de l'Environnement et de la Lutte contre les changements climatiques
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The mandate of the *Bureau d'audiences publiques sur l'environnement* (BAPE; could be translated to Bureau of Public Hearings on the Environment)

Québec has a unique mechanism for public consultations on environmental issues in order to take public opinion into account. The Government entrusts this mandate to the *Bureau d'audiences publiques sur l'environnement* (BAPE).

The BAPE is an impartial government body whose mission is to inform government decision-making by transmitting to the Minister of the Environment reports and opinions. These consider the population's concerns, in compliance with the 16 principles of sustainable development, as defined in the Sustainable Development Act.

Through its public sessions and various broadcasting modes, the BAPE provides essential information for the citizens' understanding of the issues surrounding a project and ensures their participation.

To identify the issues and concerns of citizens, the BAPE holds public sessions where the serene climate allows everyone to ask questions and submit their opinion.

The BAPE commissions have the power to question anyone who can shed light on an issue and require the appropriate documents for an in-depth analysis.

BAPE reports are among the elements considered by the Minister of the Environment to clarify government decision-making.

The BAPE's mandate covers a wide range of sectors. Here are a few examples:

- a project to designate an ecological reserve,
- a project to build a wind farm or a bridge,
- a maintenance dredging program in the St. Lawrence River,
- a mining project,
- a wider mandate concerning the residual materials elimination.

At the beginning of 2021, the Minister of the Environment gave to the BAPE the mandate to hold a public commission on the actual situation and management of the ultimate waste materials in Quebec.

The recommendations provided by the BAPE consultations are now subject to an in-depth analysis by the dedicated teams of the ministry of the Environment and the Fight Against Climate Change (MELCC). At the same time, the government has already begun the transition towards residual materials management 2.0 through three major regulatory projects. Those new regulations will help to reduce the quantity of materials intended for elimination and focus on the circularity of products marketed in Quebec.

Extended producer responsibility

Waste management, or *residual materials management* as it is more properly called in Québec, is provided for in division VII of the Environmental Quality Act.

As a competitive, market-based approach to managing the reuse, recycling and safe disposal of end-of-life products and packaging, EPR is recognized as a leading approach for reducing plastic waste in a cost-efficient and responsible manner.

The MELCC used its regulatory prerogatives provided by the Environmental Quality Act to enact three important regulations in 2022 using an EPR approach:

- Regulation respecting the development, implementation and financial support of a deposit-refund system for certain containers (in force since July 7th.).
- Regulation respecting a *curbside* system of selective collection of certain residual materials (in force since July 7th).
- Regulation amending the Regulation respecting the recovery and reclamation of products by enterprises (in force since June 30th).

The enactment of these three regulations will:

- Increase producers' responsibility for the products they place on the market.
- Ensure harmonization and optimization of recovery and reclamation activities for the targeted materials throughout the vast territory of Quebec to divert them as much as possible from disposal.
- Promote the ecodesign of products to facilitate their reclamation in a new perspective of circular economy.
- Achieve high recovery and reclamation rates due to performance obligations required from targeted producers under penalty of financial consequences that must be reinvested in the system.
- Ensure the traceability of materials to their final destination, better monitoring and greater transparency of the results achieved.
- Develop local outlets for these materials allowing us to supply our companies, create wealth and contribute to the development of a circular economy. For example, in April 2022, our government allocated \$22.5 million in funding to Recyclage Lithion for its industrialization plan to recycle lithium batteries. Also, in June 2022, the government awarded more than \$21 million to O-I Canada to acquire equipment permitting glass recycling.

New deposit-refund regulation

The regulation assigns responsibility for developing, implementing and funding a modernized deposit-refund system to producers who commercialize, market or otherwise distribute "ready-to-drink" beverages in certain containers and assigns the management of the system to a Designated Stewardship Organization ("DSO") selected by RECYC-QUÉBEC to act on their behalf.

The DSO will be held accountable for meeting all performance targets for recovery, reclamation, local reclamation and recycling. If the expected results are not achieved, corrective actions sustained by investments in the system would be required to improve its performance.

Container-based approach. The regulation provides for both single-use and multiple refill containers.

The regulation was extended to all “ready-to-drink” beverage containers from 100 ml to 2 l inclusively. Beverage containers such as wine, hard liquor and cider, juice, milk and water will be added to current containers of beer and soft drinks that are subject to deposit-refund. Container numbers will more than double, and container materials will vary even more.

Eventually, 5 billion containers will be redeemed annually, including more than one billion plastic water bottles.

The deposit-refund fee will increase to \$0.10 for most of the containers concerned and \$0.25 for glass containers of 500 ml or more.

The deployment of the new deposit-refund system is scheduled for autumn 2023 (November 1st, 2023).

The return network will be composed of at least 1500 return places and must serve the entire population of Quebec, including remote and north communities.

New selective curbside collection system regulation

Similar to the deposit-refund system, the new selective curbside collection system assigns responsibility for developing, implementing and funding a modernized curbside system of selective collection to producers who market, sell or otherwise distribute containers (others than deposit-refund assigned containers), packaging or printed matter, and to assign the management of the system to a Designated Stewardship Organization (“DSO”) selected by RECYC-QUÉBEC to act on their behalf.

Apart from products already subject to the previous regulation, new products are added, such as single-use products used in the preparation and consumption of food products such as utensils and straws, printed paper with a lifespan of fewer than five years, such as guides and school textbooks and products similar to containers and packaging, such as products to support or display the products (hooks, hangers, etc.).

The DSO would need to approach municipal bodies to sign collection and transporting contracts that at least cover materials originating in the residential sector.

The obligation to accept named materials in the selective collection system would come into effect gradually so that by 2031, all target materials are included.

The service obligation would come into effect gradually over 10 years for all residential (including multi-dwelling buildings), institutional, commercial, industrial and outdoor public space sectors. ICI and multi-dwelling building managers will have an obligation to ensure their participation in the selective curbside collection system. The selective curbside collection and the deposit-refund DSOs will need to put in place a common mechanism for inter-system complementarity, setting operational and financial

functionalities and taking into account the materials targeted by one system that end up in the other.

New regulation respecting the recovery and reclamation of products by enterprises

The government has recently amended the Regulation respecting the recovery and reclamation of products by enterprises (RRRPE).

Since coming into force in 2011, this regulation was the only regulation in Québec that focused on full extended producer responsibility.

The initial version of the RRRPE focused on hazardous household waste, such as paints and their containers, used motor oils, their containers and filters, electronic products, batteries, mercury lamps, antifreeze, coolants and other similar products. The RRRPE was amended in 2019 to add the category of household appliances and air conditioners.

The regulation gives producers flexibility in the implementation of their recovery and reclamation programs. It leaves the choice of modalities and partnerships up to the producers, while the government's role includes designating product categories, determining minimal obligations, establishing a general framework for program implementation, and setting recovery goals.

Under RRRPE, any targeted producer must implement its recovery and reclamation program on an individual basis or can choose to join a Producer Responsibility Organization (PRO) recognized by RECYC-QUÉBEC to manage the producer's EPR obligations under the RRRPE. While a few producers have decided to set up their own program, most producers have preferred to join a PRO.

Since 2011, Québec has seen tangible and measurable results demonstrated by a net improvement of diversion from disposal and an increasing proportion of recovered end-of-life products directed to the appropriate recovery channels.

After 10 years of implementation and oversight, Québec reviewed the RRRPE. The amendments to RRRPE include additional products and product categories, and additional requirements to address identified issues. The amended regulation designates the following new products and product categories: agricultural products, including agricultural plastics, pressurized fuel containers, pharmaceutical products, including pointed or sharp objects, small, sealed lead-acid cells and batteries weighing 5 kg or less and refrigerating and freezing appliances designed for non-food applications.

Other important changes have been made to the common core of this regulation, such as a new framework of requirement for the PROs, the inclusion of online sales, the revision of recovery objectives, the transformation of penalties into mandatory reinvestments or the integration of incentives for the circular economy and ecodesign.

Discouraging the disposal of residual materials

Despite these major advances to divert waste materials from elimination, approximately 5.7 million metric tonnes are still eliminated in Québec. More than 55 % of these waste materials represent organic matter.

Among the measures considered to discourage disposal of waste materials, the government has published the Strategy for the recovery of organic materials and a draft Regulation to increase the charges payable for the disposal of waste materials.

Increasing the charges payable for the disposal of residual materials

The amendments proposed in the draft regulation concern:

- Increase in the residual materials disposal fee to \$30/tonne, compared to \$24.32/tonne currently.
- Annual indexation of \$2/tonne/year for subsequent years.
- Application of a partial charge, equivalent to one-third of the disposal charges, for residual materials intended for daily covering in disposal sites.
- Application of the disposal charges by certain residual materials transfer centers. This new requirement will allow better traceability of residual materials and improve practices to ensure compliance.
- With the proposed adjustments, approximately \$150 million will be generated annually and paid into the Fund for the Protection of the Environment and the Waters in the Domain of the State.
- More than half of the amounts collected in charges will be redistributed to the municipal sector to support municipalities in the development, revision, modification, and implementation of their residual materials management plan.
- The consultation period on this draft regulation has been finalized, and the comments are very positive. We expect an enactment in early August.

Organic Materials Recovery Strategy

Residual organic materials represent more than half of the residual materials eliminated in Québec. According to the Québec inventory of greenhouse gas emissions, in 2017, the waste management sector was the fifth largest anthropogenic emitter in Québec, and the landfill of organic matter is the main source. Even if this sector has achieved the most significant reduction in its emissions (nearly 34% since 1990), mainly through the implementation of gas capture systems in landfills, the management of residual organic matter is still a priority.

As a result, in 2020, the government published the Organic Materials Recovery Strategy. The main objectives of the Strategy are:

- To manage residual organic materials in 100% of the municipalities by 2025.
- To manage residual organic materials of all industries, businesses and institutions by 2025.
- To recycle or recover 70% of the residual organic materials by 2030
- To reduce by 270 000 t eq. CO₂ GHG emissions by 2030.

The Strategy aims to encourage change through strong economic incentives and accelerate the implementation of collection and treatment services.

One of the main actions of the Strategy is the increase of disposal charges.

To divert organic matter, Québec has opted for a results approach rather than an obligation approach. For example, the biomethanation plant in Québec City, which will be soon operational, will process all the residential organic matter in the city as well as municipal biosolids. The plant has installed an optical sorting center to separate organic matter from the rest of the waste materials before it enters the biomethanation process. Thus, citizens will put their organic matter in a coloured bag that will be placed in their garbage bin without requiring additional collection.

Canada-wide Strategy on Zero Plastic Waste (Stratégie pancanadienne visant l'atteinte zéro déchet de plastique)

The MELCC is actively involved in Canada's Zero Plastic Waste Strategy Action Plan developed by the Canadian Council of Ministers of the Environment (CCME).

In November 2018, federal, provincial and territorial ministers of the environment approved the Strategy on Zero Plastic Waste. The Strategy describes Canada's vision for plastics in a circular economy and provides a framework for action, outlining ten priority result areas where actions are needed to eliminate the harmful environmental impacts of plastic pollution and recover the value of plastic waste through greater prevention, collection and recovery.

For more information, see the questions below.

Why was regulatory modernization considered?

The enactment of the EPR regulations will:

- Increase producers' responsibility for the products they place on the market.
- Ensure harmonization and optimization of recovery and reclamation activities for the targeted materials throughout the vast territory of Quebec to divert them as much as possible from disposal.
- Promote the eco-design of products to facilitate their reclamation in a new perspective of circular economy.
- Achieve high recovery and reclamation rates due to performance obligations required from targeted producers under penalty of financial consequences that must be reinvested in the system.
- Ensure the traceability of materials to their final destination, better monitoring and greater transparency of the results achieved.
- Develop local outlets for these materials allowing us to supply our companies, create wealth and contribute to the development of a circular economy.

Our actions aim to boost public confidence in these systems where they invest much effort. Not everything is perfect right now, and we have to wait for these measures to take effect in order to be able to measure progress. We are counting on the support of the population to maintain their good habits by depositing the recyclable materials

in the recycle bin and returning their deposit-refund containers to the places provided for this purpose.

It was important for the government and the population that the modernization of the deposit-refund and the selective curbside collection systems be done simultaneously. Together, these two systems can take charge of all containers, packaging and printed matter (including newspapers) marketed in Quebec to direct these materials to efficient recovery and recycling channels. This represents nearly one million tonnes of materials each year, and the management of these materials must be done in a global and integrated way if we wish to improve our performance in a significant and sustainable way and maintain and increase the support of the different stakeholders.

As for the RRRPE, the main amendments, which will benefit the concerned companies, are intended to correct regulatory application difficulties identified during stakeholder consultations and to respond to the concerns raised during these consultations. The new regulation has made it possible to correct certain issues such as fairness towards all subject companies, adjustment of the minimum recovery rate, payment of penalties, requirements of the implementation programs in northern and remote communities, transparency, or administrative burden. Although many of the changes in the core regulation are alleviations, this will not affect program performance. The new amendments relax the reporting requirements of the EPR programs by allowing the possibility of presenting the results by sub-categories of products and limiting the audit's scope to quantitative and financial information. The designation of the new products also aligns with the government's desire to divert from disposal as many materials as possible.

Another important aspect worth repeating is that in all our EPR systems, producers will be required to meet different performance targets.

How will the alignment between the deposit-refund and the selective curbside collection systems be done?

It is up to the two Designated Stewardship Organizations to determine a mechanism to link the systems and agree on the operational and financial terms for the management of the materials to avoid double accountability and to consider a fair sharing of responsibilities. The two DSOs must ensure that the various partners and service providers in each system, such as the collection or the sorting centers, act in compliance with these operational and financial terms.

The government intends to encourage expertise exchanges between the various EPR management bodies to improve management practices and find common solutions for better circularity of materials.

How have all these regulatory changes been perceived?

Even if some steps still have to be taken during the regulatory implementation, the population welcomes the changes in regulations.

All these important regulatory modifications result from prior consultation with the multiple stakeholders concerned. For most of the stakeholders, the EPR approach was accepted. For others, acceptability varied according to the degree of understanding of the responsibilities and challenges induced by the EPR.

For the selective curbside collection system, for example, a system that has operated until now in the form of partial EPR, the transition to a full EPR seems to be easier. Even for the deposit-refund system, which requires a more profound transformation, some stakeholders who were initially worried about certain aspects of the applicability of an EPR have progressively changed their point of view and now see all the advantages brought by this innovative approach. It is the case of "*Société des alcools du Québec*", who is in Quebec the biggest retailer but also producer to a large variety of alcoholic beverages.

The RRRPE has also known the same general good acceptability for the majority of the amendments proposed in the new regulation, with only one exception.

The Organic Materials Recovery Strategy and the draft Regulation to increase the charges payable for the disposal of waste materials were very well received.

What will be the cost to the consumer?

In the previous system, consumers already bore a large part of the costs of the selective curbside collection system, which are passed on and internalized in the sale price of the packaging, containers and printed matter. However, the impact during the transition to a complete EPR system may vary depending on the methods put in place by the producers to achieve the new prescribed results, and the evolution of the costs of the system over time.

Concerning the costs of the deposit-refund system, they will be partly offset by the resale value of the materials and by unclaimed deposits, as is currently the case. The portion of the costs not offset by the sources of revenue mentioned above will be assumed by the producers. This contribution from producers will be calculated according to the quantities marketed and according to environmental performance criteria. Producers will have the option of passing on all or part of this contribution in the sale price, in which case it will have to be internalized in this price. However, the application of a deposit does not involve an increase in consumer costs since the deposit is fully refundable, so the impact is essentially based on the consumer's diligence in returning their deposit containers.

As for the subjection of new products to the RRRPE regulation, the concerned companies will be responsible for the financing of the reclamation and recovery programs. As is the case in most EPR programs, companies are expected to transfer these costs to the consumer. Where applicable, these costs must be internalized in the selling price of the products and correspond to what is commonly called an "eco-fee". It is important to know that this "eco-fee" is in no way required by the government and that it is at the discretion of the company marketing the product. According to our analysis, depending on the product category, increases ranging from 0% to 10% could be observed in the price of the newly covered products, but in most cases, the increases are below the 5% mark.

