

(11) fails to meet the obligation provided for in section 125 or section 137,

(12) fails to comply with the terms and conditions determined by the designated management body, in contravention of section 140,

is liable, in the case of a natural person, to a fine of \$10,000 to \$1,000,000 or, in other cases, to a fine of \$30,000 to \$6,000,000.

CHAPTER VIII MISCELLANEOUS

186. Any document and any information obtained pursuant to this Regulation must be sent to the Minister not later than 15 days following a request to that effect.

187. Every person who is a party to a contract entered into pursuant to this Regulation must comply with each of its clauses.

188. Producers are exempted from the obligations of Chapter II until the expiry of the time available to the Société to designate a management body pursuant to section 70 or, as the case may be, until the expiry of the time limit set in section 77.

189. Section 118.3.3 of the Act does not apply to a municipality regulating one of the materials referred to in sections 25 to 40 and 43, for the purposes of the by-law concerned.

CHAPTER IX TRANSITIONAL AND FINAL

190. Every permit issued pursuant to the Act respecting the sale and distribution of beer and soft drinks in non-returnable containers (chapter V-5.001) that is in force on (*insert the date of coming into force of this Regulation*) ceases to have effect on the first day of the sixteenth month following that date.

Every agreement entered into under the Beer and Soft Drinks Distributors' Permits Regulation (chapter V-5.001, r. 1) that is in effect on (*insert the date of coming into force of this Regulation*) terminates on the first day of the sixteenth month following that date.

191. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

105788

Gouvernement du Québec

O.C. 973-2022, 8 June 2022

Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs
(chapter M-30.001)

Environment Quality Act
(chapter Q-2)

Act to amend mainly the Environment Quality Act with respect to deposits and selective collection
(2021, chapter 5)

Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles
(2022, chapter 8)

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation
(2022, chapter 8)

System of selective collection of certain residual materials

Regulation respecting a system of selective collection of certain residual materials

WHEREAS, under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Environment Quality Act (chapter Q-2), the Government may, by regulation, in particular require any person whose activities generate residual materials to develop, implement and contribute financially to, on the terms and conditions fixed, measures to reduce, recover or reclaim those residual materials;

WHEREAS, under subparagraph 8 of the first paragraph of section 53.30 of the Environment Quality Act, the Government may, by regulation, in particular prescribe the information or documents that a person, a municipality, a group of municipalities or an Aboriginal community, represented by its band council, must transmit to a person who must, under a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of the section, meet the obligations referred to in the regulation as well as the other terms and conditions applicable to the transmission and the time limit for doing so;

WHEREAS, under section 53.30.1 of the Act, a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Act that requires,

as a measure, certain persons to develop, implement and contribute financially to a system of selective collection of certain residual materials, including the collection, transportation, sorting and conditioning of those materials, whenever those materials are stored, to ensure their recovery and reclamation may, in particular,

— under paragraph 1 of the section, determine the products concerned by the system;

— under paragraph 2 of the section, prescribe the time limits and the terms and conditions applicable to the entering into of contracts, if applicable, between the persons, the municipalities, the groups of municipalities and any Aboriginal community, represented by its band council, determined in the regulation and the minimum content of such contracts;

— under paragraph 3 of the section, determine the terms and conditions applicable to the collection, transportation, sorting and conditioning of the products referred to in paragraph 1, including their storage, where they are considered to be residual materials within the meaning of the Act;

— under paragraph 4 of the section, determine, in addition to the persons who are required to develop, implement and contribute financially to the system, the other persons, municipalities, groups of municipalities and Aboriginal communities, represented by their band councils, that are concerned by the system;

— under paragraph 5 of the section, determine the obligations, rights and responsibilities of the persons, municipalities, groups of municipalities and Aboriginal communities, represented by their band councils, that are concerned by the system;

— under paragraph 6 of the section, prescribe a mechanism for resolving disputes that may arise following the entering into or performance of contracts referred to in paragraph 2 or the obligation to prescribe such a mechanism in such contracts;

WHEREAS, under section 53.30.3 of the Act, the Government may, by a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.1 of the Act, in particular,

— under paragraph 1 of the section, prescribe that the responsibility for developing, implementing and contributing financially to a measure imposed by the regulation on certain persons the regulation determines be conferred, for the period it fixes, on a non-profit body designated by the Société québécoise de récupération et de recyclage;

— under paragraph 2 of the section, exempt, in whole or in part, persons who are required, under the regulation, to meet obligations that are the responsibility of a body under paragraph 1 from meeting such obligations;

— under paragraph 3 of the section, prescribe the rules applicable to the designation of the body referred to in paragraph 1;

— under paragraph 4 of the section, prescribe the minimum obligations that the body must meet and the minimum rules that must be provided for in its general by-laws for it to be designated;

— under paragraph 5 of the section, prescribe the obligations, rights and responsibilities of the designated body and its method of financing;

— under paragraph 6 of the section, prescribe the obligations to the designated body that the persons referred to in paragraph 1 have, in particular the obligations to become a member of the body and to provide the body with the documents and information it requests to enable it to meet the responsibilities and obligations conferred on it by the regulation, prescribe the conditions for preserving and transmitting such documents and information, and determine which such documents and information are public;

— under paragraph 7 of the section, prescribe the documents and information that the designated body must provide to the Minister or the Société québécoise de récupération et de recyclage, determine their form and content and the conditions for preserving and transmitting them, and determine which such documents and information are public;

WHEREAS, under section 20 of the Act to amend mainly the Environment Quality Act with respect to deposits and selective collection (2021, chapter 5), a regulation made under section 53.30 of the Environment Quality Act may, for the cases provided for in the third paragraph of section 17 of the Act, prescribe a mechanism for compensating the services referred to in section 53.31.1 of the Environment Quality Act, as it read before being repealed, if the services are provided on or after 31 December 2024;

WHEREAS, under the first paragraph of section 30 of the Act respecting certain measures enabling the enforcement of environmental and dam safety legislation, enacted by section 1 of the Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles (2022, chapter 8), the Government may, in a regulation made under the

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation or the Acts concerned, specify that failure to comply with a provision of the regulation may give rise to a monetary administrative penalty and the regulation may set out the conditions for applying the penalty and determine the amounts or the methods for calculating them. The amounts may vary in particular according to the extent to which the standards have been violated;

WHEREAS, under the first paragraph of section 45 of the Act respecting certain measures enabling the enforcement of environmental and dam safety legislation, as made, the Government may determine the provisions of a regulation the Government has made under that Act or the Acts concerned whose contravention constitutes an offence and renders the offender liable to a fine the minimum and maximum amounts of which are set by the Government;

WHEREAS, under subparagraph 19 of the first paragraph of section 15.4.40 of the Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs, as amended by section 38 of the Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles, any other sum provided for by law or a regulation of the Government or a regulation of the Minister is credited to the Fund for the Protection of the Environment and the Waters in the Domain of the State;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation respecting a system of selective collection of certain residual materials was published in Part 2 of the *Gazette officielle du Québec* of 26 January 2022 with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of the Environment and the Fight Against Climate Change:

THAT the Regulation respecting a system of selective collection of certain residual materials, attached to this Order in Council, be made.

YVES OUELLET
Clerk of the Conseil exécutif

Regulation respecting a system of selective collection of certain residual materials

Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs
(chapter M-30.001, s. 15.4.40, 1st par., subpar. 19)

Environment Quality Act
(chapter Q-2, s. 53.30, 1st par., subpars. 6 and 8, and ss. 53.30.1 and 53.30.3)

Act to amend mainly the Environment Quality Act with respect to deposits and selective collection
(2021, chapter 5, s. 20)

Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles
(2022, chapter 8, s. 38)

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation
(2022, chapter 8, s. 1 (s. 30, 1st par., and s. 45, 1st par.))

CHAPTER I GENERAL

1. The purpose of this Regulation is to require persons who commercialize, market or otherwise distribute products in containers or packaging or commercialize, market or otherwise distribute containers, packaging and printed matter to develop, implement and contribute financially to a system of selective collection of residual materials generated to allow them to be recovered and reclaimed.

2. In this Regulation, unless otherwise indicated by context,

“Aboriginal community” means any Aboriginal community represented by its band council; (*communauté autochtone*)

“conditioning” means any stage in the treatment of residual materials subsequent to sorting that involves dismantling, shredding, reassembling, cleaning or transforming them in any other way in order to reclaim them; (*conditionnement*)

“containers and packaging” means a product made of flexible or rigid material such as paper, cardboard, plastic, glass or metal, and any combination of such materials,

excluding pallets designed to facilitate the handling and transportation of a number of sales units or grouped packagings, that

(1) is used to contain, protect, wrap, support or present products at any stage in the movement of the product from the producer to the ultimate user or consumer; or

(2) is intended for a single or short-term use of less than 5 years and designed to contain, protect or wrap products, such as storage bags, wrapping paper and paper or styro-foam cups, or to be used by the ultimate user or consumer to prepare or consume a food product, such as straws and utensils.

“establishment offering on-site consumption” means an establishment that is not mobile that offers meals, snacks or drinks for sale for immediate consumption in or outside the premises, with no table service; (*établissement de consommation sur place*)

“municipal body” means a municipality, the metropolitan community of Montréal, the metropolitan community of Québec, an intermunicipal board or any group of municipalities; (*organisme municipal*)

“outdoor public place” means any part of land, public road or other outdoor place accessible to the public, continuously, periodically or occasionally, and that is owned by a municipal body or operated by such a body; (*lieu public extérieur*)

“printed matter” means any product made of paper and other cellulosic fibres, whether or not used as a medium for text or images, except books with a useful life of more than 5 years; (*imprimés*)

“residual materials” means residual materials generated by the containers, packaging and printed matter referred to in sections 4 to 6 and 8 to 9; (*matières résiduelles*)

“trademark” means a sign or combination of signs that is used by a person for the purpose of distinguishing or so as to distinguish products or services manufactured, sold, leased, hired or performed by that person from those manufactured, sold, leased, hired or performed by others. However, “trademark” does not include a certification mark within the meaning of section 2 of the Trademarks Act (R.S.C. 1985, c. T-13). (*marque de commerce*)

In this Regulation, the use of the term “sorting, conditioning and reclamation” includes the transfers required for those operations, unless otherwise indicated by context.

CHAPTER II DEVELOPMENT, IMPLEMENTATION AND FINANCIAL CONTRIBUTION OF A SYSTEM OF SELECTIVE COLLECTION

DIVISION I DEVELOPMENT, IMPLEMENTATION AND FINANCING OBLIGATION

3. In this Regulation, every person referred to in section 4, paragraph 1 or 2 of section 5, section 6 or 8, paragraph 1 or 2 of section 9 or section 10 is a “producer”.

§1. Containers and packaging

4. Every person that is the owner or user of a name or trademark and has a domicile or establishment in Québec is required to develop, implement and contribute financially to a system of selective collection of residual materials generated by

(1) the containers and packaging used in the commercialization, marketing or distribution of any other kind in Québec of a product under that name or trademark; and

(2) the containers and packaging identified by that name or trademark.

The obligations set out in the first paragraph apply to a person having a domicile or establishment in Québec who acts as the first supplier in Québec, other than the manufacturer,

(1) of a product the owner or user of the name or trademark for which has no domicile or establishment in Québec;

(2) of a product the owner or user of the name or the trademark for which has a domicile or establishment in Québec but commercializes, markets or otherwise distributes the product outside Québec, following which the product is commercialized, marketed or otherwise distributed in Québec;

(3) of a product that is commercialized, marketed or otherwise distributed without a name or trademark in a container or packaging; and

(4) of a container or packaging that is not identified by a name or trademark.

5. Where a product is acquired outside Québec, as part of a sale governed by the laws of Québec, by a person domiciled or having an establishment in Québec, by a

municipality or by a public body within the meaning of section 4 of the Act respecting contracts by public bodies (chapter C-65.1), for its own use, the obligation to develop, implement and contribute financially to a system of selective collection of residual materials generated, the containers and packaging used for its commercialization or marketing, or, where the product is a container or packaging, the residual materials generated by the container or packaging, applies to

(1) the person operating a transactional website used to acquire the product and which allows a person having no domicile or establishment in Québec to commercialize, market or otherwise distribute the product in Québec; and

(2) the person from which the product was acquired, whether or not that person has a domicile or establishment in Québec, in other cases.

6. Where the persons referred to in the second paragraph of section 4 do business under a single banner, whether pursuant to a franchise contract or another form of affiliation, the obligation set out in the first paragraph of section 4 applies to the owner of the banner if that owner has a domicile or establishment in Québec.

7. Despite sections 4 to 6, a person is not required to develop, implement and contribute financially to a system of selective collection of residual materials generated by containers or packaging for which

(1) the person is already required, pursuant to a regulation made under the Environment Quality Act (chapter Q-2), to develop, implement or contribute financially to measures to recover and reclaim the containers or packaging;

(2) the person is already required, pursuant to a system of selective collection established pursuant to another law in Québec, to implement or contribute financially to measures to recover and reclaim the containers covered by the system; or

(3) the person is able to show a direct contribution to another system to recover and reclaim the containers and packaging to which this Regulation applies that operates on a stable and regular basis in Québec and that

(a) ensures the recovery of the residual materials concerned throughout Québec; and

(b) enables the achievement of the recovery and reclamation rates, including local reclamation rates, by a designated management body for the purposes of section 30.

For the purposes of subparagraph 3 of the first paragraph, a person determines the person's direct contribution to another recovery and reclamation system by sending to the Société québécoise de récupération et de recyclage and the Minister, on 15 May each year, a demonstration of the contribution the data of which have been audited by a person who is a professional within the meaning of section 1 of the Professional Code (chapter C-26), and authorized by the order of which the person is a member to complete an audit mission.

§2. *Printed matter*

8. Every person who owns or uses a name or trademark and that has a domicile or establishment in Québec is required to develop, implement and contribute financially to a system of selective collection of residual materials generated by printed matter identified by that name or trademark.

Despite the first paragraph, the obligation it specifies applies to the person having a domicile or establishment in Québec that acts as the first supplier, in Québec,

(1) of printed matter identified by a name or trademark the owner of which has no domicile or establishment in Québec;

(2) of printed matter the owner or user of the name or the trademark for which has a domicile or establishment in Québec but sells the printed matter outside Québec, following which the printed matter is marketed, commercialized or otherwise distributed in Québec; or

(3) of printed matter that is not identified by a name or trademark.

9. Where printed matter is acquired outside Québec, as part of a sale governed by the laws of Québec, by a person domiciled or having an establishment in Québec, by a municipality or by a public body within the meaning of section 4 of the Act respecting contracts by public bodies (chapter C-65.1), for its own use, the obligation to develop, implement and contribute financially to a system of selective collection of residual materials generated by that printed matter, including the containers and packaging used for its commercialization or marketing, applies to

(1) the person operating the transactional website used to acquire the printed matter and which allows a person having no domicile or establishment in Québec to commercialize, market or distribute the printed matter; and

(2) the person from which the printed matter was acquired, whether or not that person has a domicile or establishment in Québec, in other cases.

10. Where the persons referred to in the second paragraph of section 8 do business under a single banner, whether pursuant to a franchise contract or another form of affiliation, the obligation set out in the first paragraph of section 8 applies to the owner of the banner if that owner has a domicile or establishment in Québec.

11. The obligations set out in section 4, paragraphs 1 and 2 of section 5, sections 6 and 8, paragraphs 1 and 2 of section 9 and section 10 must be performed collaboratively by the persons concerned and they may only develop, implement and contribute financially to a single system of selective collection for all such persons.

DIVISION II SYSTEM CONTENT

12. Producers must, for the purpose of fulfilling their obligations for the development, implementation and financing of a system of selective collection with respect to the collection and transportation of residual materials throughout Québec, except in the territory governed by the Kativik Regional Government as described in paragraph *v* of section 2 of the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1),

(1) collect and transport, in accordance with the terms and conditions set out in Division III of this Chapter, residual materials from

(a) the residential sector, from institutions, businesses and industries whose residual materials and volumes are similar to those of the residential sector, from educational institutions other than university institutions, and from institutions, businesses, industries and outdoor public places whose residual materials are collected and transported, on (*insert the date of coming into force of this Regulation*), by a person, a municipal body or an Aboriginal community;

(b) not later than 5 years after the coming into force of this Regulation, all institutions and businesses as well as university institutions;

(c) not later than 2 years after the submission of the plan referred to in section 56, two thirds of the outdoor public spaces identified in the plan;

(d) not later than 3 years after the submission of the plan referred to in section 56, all the outdoor public spaces identified in the plan; and

(e) not later than 8 years after the coming into force of this Regulation, all industries;

(2) define the terms and conditions for the collection and transportation of the residual materials from the places listed in subparagraph 1 to the place where they are sorted and from there to a place where they are conditioned, reclaimed or disposed of;

(3) promote the entering into the contracts referred to in Division III of this Chapter with groups of municipalities to optimize the collection and transportation of residual materials;

(4) promote the entering into the contracts referred to in Division III of this Chapter, where they concern the collection and transportation of residual materials in the territory of Îles-de-la-Madeleine, and in the territory of the James Bay Region as described in the Schedule to the James Bay Region Development Act” (chapter D-8.0.1) with, as the case may be, the agglomeration of Les Îles-de-la-Madeleine, the Eeyou Istchee James Bay Regional Government or the Cree Nation Government;

(5) promote the entering into the contracts provided for in Division III of this Chapter with service providers operating at the time when a producer must take steps to enter into contracts pursuant to sections 18 and 20; and

(6) provide, with respect to services to collect and transport residual materials referred to in this Regulation, client services to allow, in particular, for the filing and processing of complaints from clients of those services.

Where, on 1 January 2025, the collection and transportation of residual materials from an industry, a business, an institution, an educational institution referred to in subparagraph *a* of subparagraph 1 of the first paragraph or a residential building with 9 dwellings or more has not been the subject of a contract for the purposes of Division III of this Chapter, producers must provide the collection and transportation of the materials.

Producers must in addition, for the purpose of fulfilling their obligations for the development, implementation and financing of a system of selective collection, with respect to the collection and transportation of residual materials in the territory governed by the Kativik Regional Government as described in paragraph *v* of section 2 of the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1),

(1) not later than 1 January 2025, provide the collection and transportation of those materials in the territory of at least 1 Northern village;

(2) not later than 1 January 2027, provide the collection and transportation of those materials in the territory of all the Northern villages; and

(3) promote the entering into of contracts for the collection and transportation of those materials with the Kativik Regional Government.

13. Producers must in addition, for the purpose of fulfilling their obligations for the development, implementation and financing of a system of selective collection, with respect to the sorting, conditioning and reclamation of residual materials,

(1) manage residual materials in a way that gives priority to reclamation, with the choice of reclamation processes respecting the following order:

- (a) reuse;
- (b) recycling, with the exception of biological treatment;
- (c) any other form of reclamation by which residual materials are treated for use as a substitute for raw materials;
- (d) energy recovery, subject to the following cases:
 - i. a life cycle analysis, complying with the applicable ISO standards and taking into account the perennality of resources and the externalities of various reclamation methods for recovered materials, that shows that a reclamation method is more advantageous than another in environmental terms;
 - ii. the existing technology or the applicable laws and regulations does not allow for the use of a reclamation method in the prescribed order;

(2) define the places where residual materials may be stored for processing and reclamation;

(3) promote the local sorting, conditioning and reclamation of residual materials and give priority to, in the following order, maintaining, optimizing and developing players in the value chain in Québec;

(4) plan measures to facilitate participation by social economy enterprises within the meaning of section 3 of the Social Economy Act (chapter E-1.1.1); and

(5) sort and condition the residual materials recovered in accordance with the terms and conditions set out in Division IV of this Chapter.

14. Producers must ensure that the system of selective collection they develop, implement and finance allows residual materials to be traced from collection to final destination.

The traceability of residual materials involves using quantitative data to monitor quantities of residual materials covered by the system of selective collection, at each stage in the collection, transportation, sorting and conditioning process until their final destination.

15. Producers must in addition, for the purpose of fulfilling their obligations for the development, implementation and financing of a system of selective collection, ensure that the system of selective collection they develop

(1) includes operating rules, criteria and requirements that all service providers, including subcontractors, must comply with for the purpose of the management of the residual materials recovered and provides for the establishment of measures to ensure compliance;

(2) includes measures to promote the ecodesign of containers, packaging and printed matter to ensure that they are compatible with the system of selective collection, in particular concerning

- (a) their recyclability;
- (b) the existence of market outlets for the residual materials;
- (c) the inclusion of recycled materials in containers, packaging and printed matter;
- (d) the effort made to reduce, at source, the materials used to manufacture containers, packaging and printed matter; and
- (e) the quantities of containers, packaging and printed matter marketed;

(3) includes information, awareness and education activities, in particular to inform consumers about the environmental benefits of recovering and reclaiming the residual materials concerned and the types of residual materials targeted by the system of selective collection;

(4) includes a research and development component on

- (a) techniques to recover and reclaim the residual materials generated by containers, packaging and printed matter;

(b) the development of market outlets allowing the reclamation of the materials, which must be situated in the following areas, by order of priority: Québec, regions adjacent to Québec, elsewhere in Canada and the United States; and

(c) the measures that may be implemented to ensure that the system of selective collection contributes to the fight against climate change, in particular by reducing the greenhouse gas emissions attributable to the system;

(5) includes a means of communication to make public the following information covering the preceding year, each year, and ensure access for a minimum period of 5 years:

(a) the name of the person or management body designated pursuant to section 30 to implement the system;

(b) the name of the system, if any;

(c) the quantity of materials making up the containers, packaging and printed matter covered by this Regulation, by weight, type of material and type of resin where the materials are plastics;

(d) the quantity of materials referred to in subparagraph *c* of this subparagraph that are recovered;

(e) the quantity of materials referred to in subparagraph *c* of this subparagraph that are

i. sent to a place referred to in subparagraph 1 of the first paragraph of section 77;

ii. sent to a place referred to in subparagraph 2 of the first paragraph of section 77;

iii. otherwise reclaimed;

iv. stored for more than 30 days, per administrative region; or

v. disposed of;

(f) the province, state or, in the case of the United States, the American State in which are located the sites where recovered materials were, as the case may be, conditioned, stored, disposed of or reclaimed and, in the latter case, the reclamation method;

(g) the quantity, by weight, of residual materials made of rigid plastic recovered and sorted, by type of resin;

(h) a description of the main activities completed during the preceding year pursuant to subparagraphs 3 and 4;

(i) a description of the measures implemented to promote the ecodesign of containers, packaging and printed matter and so that the system of selective collection contributes to the fight against climate change, in particular by reducing the greenhouse gas emission attributable to the system;

(j) the manner in which the body ensured, with respect to the management of residual materials produced by the containers, packaging and printed matter recovered, to comply, in the choice of a reclamation process, in the order of priority referred to in paragraph 1 of section 13 and a justification for failing to respect that order;

(k) the manner in which the basic principles of the circular economy and the social economy within the meaning of section 3 of the Social Economy Act (chapter E-1.1.1) were taken into account;

(l) if applicable, a description of the remedial plan referred to in the second paragraph of section 82, the amount of financing for the measures included in the plan, the implementation schedule and a list of the measures completed during the year;

(m) the contract models used by the producer to provide the collection, transportation, sorting and conditioning of the residual materials; the models must be made public within 8 months after the coming into force of this Regulation;

(n) in the case of a system implemented by a management body designated pursuant to section 30,

i. the name of the body;

ii. the names of the body's members;

iii. the composition of the body's board of directors;

iv. a list of the committees set up by the body, their composition and their mandate;

v. with reference to the information referred to in subparagraph *d* of this subparagraph, the recovery rate achieved during the preceding year and the gap between that rate and the minimum rate prescribed in section 73;

vi. with reference to the information referred to in subparagraph *e* of this subparagraph, the reclamation rate, including the local reclamation rate, achieved during the preceding year and the gap between that rate and the minimum rate prescribed in section 75; and

vii. a report setting out the income resulting from the collection, from its members, of amounts to cover the costs of developing and implementing the system of selective collection, which must indicate the apportionment made under subparagraph 7 and be detailed as follows:

(I) the costs relating to the collection and transportation of residual materials covered by this Regulation, including costs for client services;

(II) the costs relating to the sorting, conditioning and reclamation of the residual materials concerned;

(III) the costs referred to in subparagraphs I and II, per inhabitant and by industry, business or institution served;

(IV) the management costs of the designated management body and the costs incurred by the Société québécoise de récupération et de recyclage (referred to herein as the “Société”) for the system of selective collection;

(V) the costs for the collection, transportation, sorting, conditioning and reclamation of containers or residual materials not covered by the system of selective collection that were collected;

(VI) the costs for the activities referred to in subparagraphs 3 and 4;

(VII) the other costs;

(6) provides for the determination of the costs involved in the recovery and reclamation of residual materials generated by the containers, packaging and printed matter covered by this Regulation, after subtraction of any income or gain derived from those materials;

(7) apportions the costs referred to in subparagraph 6 based on characteristics such as those referred to in subparagraphs *a* to *d* of subparagraph 2 and taking into account the percentage of post-consumer recycled materials of which the containers, packaging and printed matter are made;

(8) provides for the verification, by a person who is not employed by a producer or a designated management body under section 30 and who meets any of the following conditions, of the management of the residual materials recovered and of compliance with the requirements of subparagraph 1:

(a) the person holds certification as an environmental auditor issued by a body accredited by the Standards Council of Canada;

(b) the person is a member of a professional order governed by the Professional Code (chapter C 26);

(9) ensures that the verification referred to in subparagraph 8 is conducted at each sorting centre and each conditioner at the following frequency:

(a) at least once in the 2 years following 2025;

(b) as of the first verification conducted under subparagraph *a*, at least once every 3 years;

(10) is not used for purposes for which it is not intended.

The cost of recovering and reclaiming residual materials generated by a container, packaging or printed matter referred to in subparagraph 6 of the first paragraph may only be allocated to a product commercialized, marketed or otherwise distributed using that container, packaging or printed matter, or to the container, packaging or printed matter, and must be internalized in the sale price as soon as it is commercialized, marketed or otherwise distributed.

This internalized cost may only be made visible on the initiative of the producer who commercializes, markets or otherwise distributes the product, container, packaging or printed matter, and in such a case the information must be disclosed as soon as its product is commercialized, marketed or otherwise distributed. The information must include a mention that the cost is used to ensure the recovery and reclamation of the residual materials covered by this Regulation and the address of the website where more information can be obtained.

16. Where the system provides for the management of the residual materials concerned in a territory referred to in paragraph 4 of section 12, the producer must ensure that the measures set out in this Division are adapted to the needs and particularities of that territory.

DIVISION III CONTRACTS FOR THE COLLECTION AND TRANSPORTATION OF RESIDUAL MATERIALS

§1. *Object of contracts*

17. This Division concerns the time limits, terms and conditions that apply to the contracts entered into by producers for the collection and transportation of residual materials referred to in this Regulation and their minimum content.

§2. *Time limits, terms and conditions applicable to the entering into contracts*

18. Where, on (*insert the date of coming into force of this Regulation*), a municipal body or an Aboriginal community is a party to a contract for the collection and transportation of residual materials that ends not later than 31 December 2024, a producer must, not later than 8 months after (*insert the date of coming into force of this Regulation*), take steps to enter into, with that municipal body or Aboriginal community or with any other municipal body or Aboriginal community, a contract for, as a minimum, the collection and transportation of residual materials from residential buildings with less than 9 dwellings and in the territory covered by that contract with the minimum content set out in section 25.

Where, 14 months after (*insert the date of coming into force of this Regulation*), no contract has been entered into pursuant to the first paragraph, the producer and the municipal body or Aboriginal community, as the case may be, may, within 14 days after the time limit, begin a mediation process with a mediator selected from a list of mediators selected pursuant to section 53. The producer and the municipal body or Aboriginal community, as the case may be, pay the fees, expenses, allowances and indemnities of the mediator entrusted with the dispute jointly and in equal shares.

The Minister and the Société must be notified by the producer, within the same time limit, of the reasons of the dispute preventing the entering into the contract referred to in the first paragraph and of the selection of a mediator, if applicable.

The Minister and the Société must be notified in writing of the outcome by the mediator within 30 days of the end of the mediation process.

If the municipal body or Aboriginal community and the producer opt to begin the mediation process referred to in the second paragraph, it may not take longer than 2 months from the date of the notice sent to the Minister in accordance with the third paragraph.

19. If it is impossible for the producer and the municipal body or Aboriginal community, as the case may be, to enter into the contract referred to in the first paragraph of section 18 despite the mediation process undertaken pursuant to the second paragraph of that section, or if the municipal body or Aboriginal community has given the producer written notice that it does not wish to enter into such a contract, the producer may choose

(1) before the expiry date of the contract for the collection and transportation of residual materials to which the municipal body or Aboriginal community is a party, to enter into a contract containing, as a minimum the elements set out in section 25 with the exception of the elements listed in subparagraphs 9 and 10 of the first paragraph and the second paragraph of that section, in order to ensure the collection and transportation of those residual materials; or

(2) starting on the date referred to in subparagraph 1, to undertake to collect and transport the residual materials itself.

Where, pursuant to the first paragraph, the producer enters into a contract for the collection and transportation of residual materials with a person, or undertakes to collect and transport the residual materials itself, the producer must send a notice to the municipal body or Aboriginal community, as the case may be, indicating the date from which the residual materials will be collected and transported by that person or by the producer.

The notice referred to in the second paragraph must be sent before the expiry date of the contract for the collection and transportation of residual materials to which the municipal body or Aboriginal community is a party and which is referred to in the first paragraph of section 18.

20. Where, on (*insert the date of coming into force of this Regulation*), a municipal body or an Aboriginal community is a party to a contract for the collection and transportation of residual materials that ends on a date after 31 December 2024, a producer must, not later than 18 months before 31 December 2024 choose to

(1) take steps to enter into, with the municipal body or Aboriginal community, as the case may be, a contract specifying compensation for the body or Aboriginal community for the services referred to in 53.31.1 of the Environment Quality Act (chapter Q-2), as it read prior to 31 December 2024 provided between 1 January 2025 and the end date of the contract for the collection and transportation of residual materials to which the municipal body or Aboriginal community is a party; or

(2) take steps to enter into, with the municipal body or Aboriginal community, as the case may be, a contract in which

(a) the municipal body or Aboriginal community agrees to cancel the contract for the collection and transportation of residual materials to which it is a party; and

(b) the producer undertakes to compensate the municipal body or Aboriginal community for the costs, penalties or other claims resulting from the cancellation referred to in subparagraph *a* of this paragraph.

Not later than 18 months prior to the end of a contract referred to in subparagraph 1 of the first paragraph, the producer must take steps to enter into, with the municipal body or Aboriginal community concerned, as the case may be, or with any other municipal body or Aboriginal community, a contract for, as a minimum, the collection and transportation of residual materials from residential buildings with less than 9 dwellings and in the territory covered by the contract with the minimum content set out in section 25.

Where the producer chooses to enter into a contract referred to in subparagraph 2 of the first paragraph, the producer must, not later than 18 months before the cancellation referred to in subparagraph *a* of that subparagraph takes effect, enter into, with the municipal body or Aboriginal community concerned, as the case may be, or with any other municipal body, a contract for, as a minimum, the collection and transportation of residual materials from residential buildings with less than 9 dwellings covered by the cancelled contract and in the territory covered by the contract with the minimum content set out in section 25.

21. Where, 12 months prior to 31 December 2024, no other contract has been entered into pursuant to the first paragraph of section 20, the producer and the municipal body or Aboriginal community, as the case may be, must, within 14 days, begin a mediation process with a mediator selected from a list of mediators selected pursuant to section 53. The producer and the municipal body or Aboriginal community, as the case may be, pay the fees, expenses, allowances and indemnities of the mediator entrusted with the dispute jointly and in equal shares.

The Minister and the Société must be notified by the producer, within the same time limit, of the reasons for the dispute preventing the entering into the contract referred to in section 20 and of the selection of a mediator.

The Minister and the Société must be notified in writing of the outcome by the mediator within 14 days of the end of the mediation process.

The mediation process referred to in the first paragraph may not take longer than 2 months from the date of the notice sent to the Minister in accordance with the second paragraph.

22. Where, 10 months prior to 31 December 2024, despite the mediation process undertaken in accordance with section 21, no other contract referred to in section 20 has been entered into by the producer and the municipal body or Aboriginal community, as the case may be, the producer must pay annually to the municipal body or Aboriginal community, as compensation for the services referred to in section 53.31.1 of the Environment Quality Act (chapter Q-2) as it read prior to 31 December 2024 and provided between 1 January 2025 and the end date of the contract for the collection and transportation of residual materials, an amount corresponding to the average compensation received by the body or community for services provided during the years 2022 to 2024 under the Regulation respecting compensation for municipal services provided to recover and reclaim residual materials (chapter Q-2, r. 10).

The amount corresponding to the average compensation paid annually by the producer pursuant to the first paragraph is determined using the information forwarded by the Société to the municipal body or Aboriginal community and to the producer at their request.

23. Where, on (*insert the date of coming into force of this Regulation*), no service to collect and transport residual materials covered by this Regulation is provided in the territory of a municipal body or Aboriginal community or the service is provided directly by the municipal body or Aboriginal community, a producer must, not later than 18 months prior to 31 December 2024, take steps to enter into a contract for, as a minimum, the collection and transportation of residual materials from residential buildings with less than 9 dwellings on the conditions set out in subparagraphs 1 to 4 of the first paragraph of section 24 with the minimum content set out in section 25.

If it is impossible for the producer and the municipal body or Aboriginal community, as the case may be, to enter into the contract referred to in the first paragraph before the date that occurs 12 months prior to 31 December 2024, the second, third, fourth and fifth paragraphs of section 18 apply, with the necessary modifications.

If it is impossible for the producer and the municipal body or Aboriginal community, as the case may be, to enter into the contract referred to in the first paragraph despite the mediation process provided for in section 18, or if the municipal body or Aboriginal community has given the producer written notice that it does not wish to enter into such a contract, the producer must choose

(1) to enter into a contract that contains, as a minimum, the elements referred to in section 25, except those referred to in subparagraphs 9 and 10 of the first paragraph

and the second paragraph of that section, with a person, to provide the collection and transportation of those materials from the day following 31 December 2024; or

(2) from the day following 31 December 2024, provide itself the collection and transportation of those materials.

24. In addition to the collection and transportation of residual materials covered by a contract entered into pursuant to sections 18 and 20, a contract for the collection and transportation of residual materials entered into by a producer pursuant to this Division must cover the collection and transportation of the following residual materials:

(1) residual materials generated by containers, packaging and printed matter covered by this Regulation, with the exception of

(a) residual materials generated by single-use products used by the ultimate user or consumer to prepare or consume a food product, such as straws and utensils, and residual materials generated by products used to support or present products at any stage in their movement from the producer to the ultimate user or consumer; and

(b) residual materials consisting of

- i. rigid plastic belonging to the polystyrene category;
- ii. flexible plastic; or
- iii. compostable or biodegradable plastic;

(2) not later than 1 January 2027, residual materials consisting of rigid plastic belonging to the polystyrene category or flexible plastic, and residual materials generated by products used to support or present products at any stage in their movement from the producer to the ultimate user or consumer;

(3) not later than 1 January 2029, residual materials generated by single-use products used by the ultimate user or consumer to prepare or consume a food product, such as straws and utensils;

(4) not later than 1 January 2031, residual materials consisting of compostable or degradable plastic.

Despite the first paragraph, a contract for the collection and transportation of residual materials entered into by a producer pursuant to this Division must, throughout the territory covered by the contract, allow the collection of residual materials whose collection was provided on all or part of the territory before (*insert the date of coming into force of this Regulation*).

§3. *Minimum content*

25. A contract for the collection and transportation of residual materials entered into by a producer pursuant to this Division must contain, in particular, the following elements:

(1) the types of residual materials covered by the contract and their quantity;

(2) the clients to whom residual material collection services are provided;

(3) the locations in which residual materials are collected, including outdoor public places;

(4) the territory in which residual materials are collected;

(5) all the parameters for the collection and transportation of residual materials, such as those relating to

(a) the type of equipment used for collection and transportation and the parameters relating to its origin and maintenance; and

(b) the conditions for the storage and transfer of residual materials during transportation, if applicable;

(6) the destination of the residual materials collected and the conditions for their transfer, if applicable;

(7) the financial parameters of the contract, including prices and terms of payment;

(8) the duration of the contract and the conditions for its amendment, renewal or cancellation;

(9) the procedure for client service, in particular concerning complaint processing;

(10) the conditions for the awarding of contracts by the municipal body or Aboriginal community, if applicable, covering some or all of the collection and transportation of residual materials under its responsibility;

(11) the traceability of residual materials during their transportation to the place where they are sorted;

(12) the mechanism for resolving disputes arising from the performance of the contract, as selected by the parties;

(13) the conditions ensuring the health and safety of workers during the collection and transportation of residual materials;

(14) where an Aboriginal community is a party to the contract, details on training for the local workforce;

(15) the parameters for communications between the parties;

(16) the quality control procedure for the collection and transportation of residual materials covered by the contract, including the methods used to characterize the residual materials, site visits, and reliance on audits or an external auditor;

(17) the terms and conditions for adding a party to the contract;

(18) the information, awareness and education measures implemented to garner the support of system of selective collection clients;

(19) the conditions for optimizing the procedure for collecting residual materials in order, in particular, to facilitate citizens' access to collection equipment;

(20) where an Aboriginal community is a party to the contract, the manner in which its cultural and linguistic particularities are taken into account in the selective collection services and in the elements referred to in subparagraphs 9 and 18.

Where a contract entered into pursuant to section 18 or 19, the second or third paragraph of section 20 or section 23 concerns the collection and transportation of residual materials in the territory governed by the Kativik Regional Government as described in paragraph v of section 2 of the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1), in the territory of the James Bay Region as described in the Schedule to the James Bay Region Development Act (chapter D-8.0.1), or in the territory of the regional municipalities of Minganie, Caniapiscau and Golfe-du-Saint-Laurent, it must include as a minimum, in addition to the elements listed in the first paragraph, the conditions for the storage, sorting or conditioning of residual materials prior to transportation, if applicable.

DIVISION IV CONTRACTS FOR THE SORTING, CONDITIONING AND RECLAMATION OF RESIDUAL MATERIALS

§1. *Object of contracts*

26. This Division concerns the time limits, terms and conditions that apply to the entering, by producers, into contracts for the sorting, conditioning and reclamation of residual materials covered by this Regulation and their minimum content.

§2. *Time limits, terms and conditions applicable to the entering into contracts*

27. Producers must enter into all the contracts needed to ensure the sorting, conditioning and reclamation of residual materials covered by this Regulation.

Where, on (*insert the date of coming into force of this Regulation*), a municipal body or an Aboriginal community is a party to a contract for the sorting, conditioning or reclamation of residual materials that ends on a date after 31 December 2024, sections 20 to 22 apply, with the necessary modifications, to the entering into the contract referred to in the first paragraph.

28. In selecting a service provider to enter into a contract pursuant to section 27, a producer must take into account

(1) the ability of the service provider to meet the determined requirements for the sorting, conditioning or reclamation of the residual materials targeted and to ensure local management of the residual materials recovered;

(2) the presence of a service provider able to provide the necessary services in the territory concerned;

(3) the system's accessibility for various types of service providers; and

(4) the business model of the service provider and the benefits generated for the community.

In making a selection, the producer must, when entering into a contract pursuant to section 27, give priority to service providers that are already operating when steps are taken to enter into the contract.

§3. *Minimum content*

29. A contract entered into pursuant to section 27 must contain, in particular, the following elements:

(1) the types of residual materials covered by the contract and their quantity;

(2) the origin of the residual materials;

(3) all the parameters for the sorting and conditioning of the residual materials, such as those relating to

(a) the type of equipment used to sort, condition or reclaim the residual materials and the parameters relating to their origin and maintenance;

(b) the types of bales of materials produced;

(c) the conditions for the storage and transfer of residual materials, at each state of sorting, conditioning or reclamation;

(d) the management of residual materials taken in charge by the system of selective collection without being covered by this Regulation;

(e) the expected quality of the materials following sorting or conditioning; and

(f) the traceability of residual materials at each stage leading from sorting to conditioning and from conditioning to reclamation;

(4) if applicable, the destination for the materials once sorted or conditioned;

(5) the financial parameters for the contract, including prices and terms of payment;

(6) the quality control procedure for the sorting, conditioning or reclamation covered by the contract, including the methods used to characterize residual materials, site visits, and reliance on audits or an external auditor;

(7) the duration of the contract and the conditions for its amendment, renewal or cancellation;

(8) the mechanism for resolving disputes relating to the performance of the contract selected by the parties;

(9) the conditions ensuring the health and safety of workers at the site where materials are sorted, conditioned or reclaimed;

(10) the information, awareness and education measures implemented to garner the support of system of selective collection clients;

(11) the parameters for communications between the parties.

CHAPTER III MANAGEMENT BODY

DIVISION I DESIGNATION

30. In the third month after the coming into force of this Regulation, the Société designates, to assume, in place of the producers, the obligations of developing, implementing and contributing financially to a system of selective collection, a body that meets the requirements of

section 31 and for which the requirements of sections 32 and 33 have been met and for which an application for designation has been sent. The Société must, without delay, send to the body and to the Minister a written confirmation of the designation.

The designation referred to in the first paragraph is effective as of the date on which the Société sends the confirmation referred to in the first paragraph.

The Société publishes on its website, on the date provided for in the second paragraph, the name of the body designated as the management body of the system of selective collection and the date from which the designation is effective.

31. Any body may be designated pursuant to section 30 if

(1) it is constituted as a non-profit legal person;

(2) its head office is in Québec and it carries on most of its activities in that province;

(3) its board of directors has at least 10 members and at least two thirds of its elected members are producers having their domicile or an establishment in Québec;

(4) the number of members of the board of directors mentioned in paragraph 3 ensures a fair representation of all the sectors of activity to which the producers belong. Their representation is in proportion to the quantity, by weight, and type of containers, packaging and printed matter commercialized, marketed or otherwise distributed in Québec by the producers in each sector and to the types and quantities of materials used to manufacture such containers, packaging and printed matter;

(5) it pursues its activities in the field of selective collection and the management of systems to recover and reclaim residual materials; and

(6) it is able to bear financial responsibility for developing a system of selective collection in accordance with this Regulation.

32. Every application for the designation of a body must be sent to the Société not later than (*insert the date occurring 2 months after the date of coming into force of this Regulation*) or, for a designation other than an initial designation, not later than 2 months before the expiry of the current designation, and must include the following information and documents:

- (1) the body's name, address, telephone number and email address;
- (2) the business number assigned to the body if it is registered under the Act respecting the legal publicity of enterprises (chapter P-44.1);
- (3) the name of its representative;
- (4) a list of the members of the board of directors, with information allowing them to be identified;
- (5) in the case of a first designation, a plan for the development and implementation of a system referred to in section 33;
- (6) a copy of any document showing that the body meets the requirements of section 31;
- (7) a list of the producers supporting the designation of the body and any document showing support from producers;
- (8) a list of the body's members, if any.

Every person sending an application under the first paragraph must forward a copy of the application to the Minister on the same date as the date on which the application has been sent to the Société.

In cases other than an initial designation, the Société designates a body that meets the requirements of section 31 and for which the requirements of sections 32 and 33 are met and for which an application for designation has been sent, within 30 days of receiving the application.

33. A plan for the development and implementation of a system of selective collection must contain

- (1) a general description of the activities of the producers;
- (2) the terms and conditions of membership in the body;
- (3) a summary description of the planned system, covering the operational and financial components for the first 5 years of implementation;
- (4) the model contracts to be used by the body to provide the collection, transportation, sorting and conditioning of the residual materials;

(5) a list of the measures that the body plans to implement to promote ecodesign and the development of market outlets, in particular in Québec, for various containers, packaging and printed matter and the ecodesign criteria it intends to ask the producers to take into account;

(6) a list of the information, awareness and education measures the body plans to implement, in particular to facilitate the commissioning of the system of selective collection;

(7) a draft timeframe for the development and implementation of the system, detailing in particular the implementation stages referred to in subparagraph 1 of the first paragraph of section 12; and

(8) a proposal for harmonizing the system of selective collection with any deposit-refund system developed and implemented pursuant to a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and of section 53.30.2 of the Environment Quality Act (chapter Q-2), hereinafter referred to as "deposit-refund system", which must contain, without limiting the possibility to provide for other elements, the elements of section 88.

34. The Société may, if it notes that the development and implementation plan submitted to it with an application for designation pursuant to section 32 does not meet all the requirements of section 33, ask the applicant to make changes.

35. If, among the applications sent, more than one body meets the requirements of section 31, the requirements of sections 32 and 33 are met and the Société is satisfied with the development and implementation plan submitted for each body, it designates the body supported by the greatest number of producers.

36. On the expiry of the time limit set in the first paragraph of section 32, if no application for designation has been sent, if no body for which an application has been sent meets the requirements of section 31, or if the requirements of sections 32 and 33 have not been met, the Société designates, within 30 days of the expiry of the time limit, any body which, in its opinion, is able to assume the obligations of subdivision 1 of Division II of this Chapter, even if the body, which must still be constituted as a non-profit legal person and have its head office in Québec, meets only some or none of the other requirements.

The Société must, before designating a body pursuant to the first paragraph, obtain its agreement.

37. If the Société has not designated a body within the time allowed in section 30 or the first paragraph of section 36, the obligation provided for therein falls, as of the expiry of the time, on the Minister, who must act as soon as possible.

38. A body is designated for a period of 5 years.

On expiry, it is automatically renewed for the same period, provided that the body has filed with the Société and with the Minister, not later than 6 months prior to expiry, a report on the implementation and effectiveness of the system of selective collection and that the Société has indicated that it is satisfied with the report not later than 4 months prior to expiry.

39. The report referred to in section 38 must contain at least the following information on the current designation period:

(1) an overview of the progress of the types of materials taken in charge by the system of selective collection;

(2) a description of the main problems encountered in the implementation of the system and the manner in which the designated management body solved them;

(3) a description of the elements that, according to the body, allowed the system to generate positive benefits on the management of residual materials in Québec;

(4) a description of the progress of the percentages of recovery and reclamation achieved;

(5) an estimate of the quantities of greenhouse gas emissions that the measures implemented by the system of selective collection allowed to prevent;

(6) if applicable, a description of the measures contained in a remedial plan sent pursuant to section 82;

(7) the proportion of residual materials sent to a reclamation site within the meaning of section 77, per type of material, that were processed and transformed for reintroduction as a substitute for raw materials of the same nature into an industrial process to manufacture new products within the meaning of subparagraph 1 of the first paragraph of section 77.

The report referred to in the first paragraph must set out the aims and priorities of the designated management body for the following 5 years, which must describe in particular, for those years, the elements referred to in subparagraphs 3 to 7 of the first paragraph of section 33.

The report must also state the comments and recommendations made by environmental groups and consumers, in particular during the consultations held pursuant to section 65. Where the body decides not to act on certain recommendations, it must justify its position in the report.

40. The Société may, within the month following the submission of the report referred to in the second paragraph of section 38, suggest changes to the body that submitted the report.

The Société informs the Minister, within the time limit set in the first paragraph, of the changes it has suggested to the body.

The body has 2 weeks from the receipt of the proposed changes from the Société to make changes to the report or justify its decision not to make a suggested change.

41. If the Société has not ruled on a report within the time limit, the report is deemed to be satisfactory to the Société and the body's designation is automatically renewed on expiry with no further notice or time limit.

42. A body's designation is not renewed if

(1) the body has failed to submit its report within the time limit set in the second paragraph of section 38; or

(2) the body has submitted a report within the time limit set in the second paragraph of section 38, but the Société has not stated that it is satisfied with the report within the time limit set in the second paragraph of that section.

Where a designation is not to be renewed for a reason set out in the first paragraph, the Société must, at least 4 months before the expiry of the designation, notify the body and the Minister, giving the reason for non-renewal.

The Société must also, as soon as possible, post on its website a notice informing producers that the body's designation has not been renewed.

43. Where a body's designation will not be renewed on expiry, the Société must begin a process that will allow it, in the 4 months prior to expiry, to designate, to ensure the implementation and financing of a system of selective collection developed and implemented by another body, any body that meets the requirements of section 31, for which the requirements of sections 32 and 33 have been met and for which an application for designation as a management body for the system of selective collection has been filed. It sends confirmation of the designation to the body and to the Minister without delay.

If the Société has not designated a body within the time limit in the first paragraph, the obligation provided for therein falls, as of the expiry of the time limit, on the Minister, who must act as soon as possible.

44. At the end of the time limit provided for in section 43, if no application for designation has been sent, or if no body for which an application has been sent meets the requirements of section 31 or for which the requirements of sections 32 and 33 have not been met, section 36 applies, with the necessary modifications.

45. The Société may terminate a current designation if

(1) the designated management body fails to comply with a provision of this Regulation or of its general by-laws;

(2) the designated management body ceases operations for any reason, including its bankruptcy, its liquidation or the assignment of its property;

(3) the designated management body has filed false or misleading information with the Société or has made false representations; or

(4) more than 50% of the members of the designated management body request termination.

To terminate a designation in progress, the Société sends written notice to the body and to the Minister stating the reason for the termination of designation.

If termination is for a reason provided for in subparagraph 1 of the first paragraph, the body must remedy its failure within the time limit set in the notice, failing which its designation is terminated by operation of law on the expiry of the time limit. If termination is for a reason provided for in subparagraph 2, 3 or 4 of the first paragraph, its designation is terminated by operation of law on the date of receipt of the notice by the body.

The Société must post on its website, as soon as possible, a notice informing producers that the body's designation has been terminated.

46. Where the Société sends a notice referred to in the second paragraph of section 45, it must take steps, within 6 months of sending the notice, to designate any body which, in its opinion, is able to assume the obligations of subdivision 1 of Division II of this Chapter, even if the body, which must still be constituted as a non-profit legal person and have its head office in Québec, meets only some or none of the other requirements.

The Société must, before designating a body pursuant to the first paragraph, obtain its agreement.

A designation under the first paragraph takes effect from the date on which a notice informing the body of the designation is received by the body.

47. Despite section 46, an application for designation as management body may be filed with the Société at any time after a notice has been sent under the second paragraph of section 45.

Sections 30 to 35 apply, with the necessary modifications, to any application filed pursuant to the first paragraph.

The designation of a body whose application was filed pursuant to the first paragraph and which meets the conditions of section 31 must be given priority over the designation of a body pursuant to the first paragraph of section 46.

48. If the designation of a body ends prior to expiry or is not renewed, the body must continue to meet its obligations until a new body has been designated.

A body whose designation is terminated must take all necessary steps to ensure that the body that will take its place is able to fulfill all its obligations under this Regulation as soon as possible. The 2 bodies may, for that purpose, enter into a contract to determine the terms and conditions that apply, in particular, to the management of contracts entered into by the body whose designation is terminated.

DIVISION II **OBLIGATIONS, RIGHTS AND RESPONSIBILITIES**

§1. Of the designated management body

49. Every management body designated pursuant to Division I of this Chapter must assume, in place of the producers, the obligations of those producers under this Regulation.

§§1. Rules of governance

50. A designated management body must, within 8 months after its designation, ensure that

(1) in addition to the conditions set out in paragraphs 3 and 4 of section 31, the board of directors of the body has enough members to ensure representation in proportion to the financial contribution made by producers to the system of selective collection;

(2) each producer is entitled to only one seat on the board of directors;

(3) each member of the board of directors who is not a member of the body pursues or has pursued activities in the field of selective collection.

51. A body must, within 8 months after its designation, adopt general by-laws providing for

(1) rules of ethics and professional conduct for the members of the board of directors and employees, addressing compliance with laws and regulations, the confidentiality of information obtained in the performance of their duties, conflicts of interest and apparent conflicts of interest;

(2) the procedure for convening meetings, making decisions and ensuring the necessary quorum at meetings of the board of directors;

(3) the contents of the minutes from meetings of the board of directors, which must record the decisions made and their approval by the board of directors;

(4) the inclusion of any topic raised by a member of the monitoring committee established pursuant to section 66 on the agenda at the next ensuing meeting of the board of directors, at the member's request, and the presence of the member to present it.

The body must also implement measures, within the same time limit, to ensure that data gathered for the development, implementation and management of the system of selective collection are used in accordance with the applicable laws and regulations and ensure protection for the personal and confidential information of its members.

52. The following items must be entered on the agenda for each annual general meeting of the members of a designated management body:

(1) a presentation of the body's activities during the preceding calendar year;

(2) changes in the implementation of the system and the costs incurred;

(3) the possibility for members to give their opinion on those topics.

53. Within 30 days after its designation, the designated management body must establish a committee to select mediators pursuant to the second paragraph of section 18 or section 21.

The committee referred to in the first paragraph must include 2 persons chosen by the Union des municipalités du Québec and the Fédération québécoise des municipalités locales et régionales (FQM), and 2 persons who are members of the designated management body, chosen by the body.

The selection committee must, within 3 months of its establishment, draw up a list of 20 mediators accredited by a body recognized by the Minister of Justice and whose head office is situated in Québec.

If training on the operation of the system of selective collection is needed to allow the mediators referred to in the third paragraph to perform their duties, the costs of the training are borne jointly and equally by the designated management body and the municipal federations referred to in the second paragraph.

54. The list of mediators drawn up pursuant to section 53 is sent to the Minister, the Société and the mediation or arbitration body referred to in the third paragraph of section 53 within 14 days of being drawn up.

55. Within 4 months after its designation, the designated management body must set up a contingency fund that allows it to meet its obligations under this Regulation, and maintain it for the duration of its designation.

Within the same time limit, the body must establish the terms and conditions for contributions to the contingency fund by its members.

As of 2025, the contingency fund must be sufficient to allow the body to meet its obligations for a period of at least 3 months.

§§2. *Submission of plans and reports and monitoring committees*

56. Not later than 3 years after its designation, the designated management body must submit a plan to the Société and to the Minister describing how it intends to fulfill its obligation to collect and transport residual materials from outdoor public spaces in municipalities of over 25,000 inhabitants referred to in subparagraphs *c* and *d* of paragraph 1 of section 12, when those public spaces are not covered by a contract to collect and transport residual materials entered into pursuant to sections 18 to 24.

The Société may, within 2 months after submitting the plan referred to in the first paragraph, propose to the body to make changes to the plan.

The Société informs the Minister, within the same period as the period referred to in the second paragraph, of the changes to the plan it proposed to the body.

The body has 2 months after receiving the change proposals from the Société to make the changes in the plan or justify its decision not to make the proposed changes.

57. The plan referred to in section 56 must contain

(1) an identification and a map of all the outdoor public spaces concerned; and

(2) a description of the way in which the designated management body intends to collect and transport residual materials from the outdoor public spaces.

58. Not later than 30 June each year, as of 2024, the designated management body must send to the Société and the Minister, with respect to the system of selective collection, a report on its activities for the preceding calendar year along with its financial statements.

The report's information on the quantities or achievement of the rates and the financial statements must be audited by an independent third person who is a professional within the meaning of section 1 of the Professional Code (chapter C-26) and authorized by the order of which the professional is a member to complete an audit mission. The financial statements may also be audited by any other person legally authorized to perform such an activity in Québec.

Despite the first paragraph, the first report sent by the designated management body covers its activities for the period beginning on the date of its designation and ending on 31 December 2023.

59. The report referred to in the first paragraph of section 58 must contain

(1) the name and professional contact information of the directors of the designated management body, the sectors of activities of the producers they represent and the dates of the meetings of the board of directors;

(2) a list of the body's members and of the persons referred to in section 7;

(3) the name of the system of selective collection, if any;

(4) any website address;

(5) a description of the selective collection services, detailing the collection services provided for the residential sector, industries, businesses and institutions as well as outdoor public spaces;

(6) the quantity of materials making up the containers, packaging and printed matter referred to in this Regulation, by weight, by type of materials and by type of resin where the materials are plastics;

(7) the information referred to in subparagraph *d* of subparagraph 5 of the first paragraph of section 15 by type of material, by administrative region, by isolated or remote territory, for the whole of Québec, and by inhabitant;

(8) the quantity, by weight and by type of materials, of residual materials generated by containers, packaging and printed matter covered by this Regulation that

(a) were disposed of, detailed in total quantity and by inhabitant;

(b) were the subject of energy recovery;

(c) were the subject of a biological treatment;

(d) were sent to a site referred to in subparagraph 1 of the first paragraph of section 77;

(e) were sent to a site referred to in subparagraph 2 of the first paragraph of section 77;

(f) were stored for more than 30 days, and the address of each storage site and the name of the person operating the site;

(g) following their conditioning, were sent to a site to be transformed for their reintroduction into an industrial process to manufacture new containers, packaging or printed matter, and the contact information of the site;

(9) the quantity, by weight, of residual materials made of rigid plastic recovered and sorted, by type of resin;

(10) the quantity, by weight, of residual materials not covered by this Regulation and that were taken in charge by the system of selective collection, and the quantity of redeemable containers under a regulation made pursuant to subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Environment Quality Act (chapter Q-2) taken in charge by that system and the manner in which the containers and residual materials were taken in charge for their reclamation;

(11) the quantity, by weight, of the residual materials referred to in this Regulation and that were taken in charge as part of a deposit-refund system implemented under a regulation made pursuant to subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Environment Quality Act;

(12) the recovery and reclamation rates referred to in sections 73, 75 and 79 that were achieved, based on the data by weight and the difference between the rates achieved and the rates prescribed;

(13) the final destination of the residual materials referred to in subparagraph *e* of subparagraph 5 of the first paragraph of section 15 and the name and address of the persons who recovered them, conditioned them, stored them, disposed of them or reclaimed them and, in the latter case, the reclamation method;

(14) for each type of container, packaging and printed matter, the criteria for apportioning the cost of collecting, transporting, sorting, conditioning and reclaiming them, taking into account criteria such as those set out in subparagraphs *a* to *d* of subparagraph 2 of the first paragraph of section 15;

(15) a description of the operating rules, criteria and requirements that all service providers, including subcontractors, must comply with for the purpose of the management of the residual materials recovered and the measures put in place to ensure compliance;

(16) the amounts charged to producers by the designated management body, pursuant to section 121, to finance the cost of recovering and reclaiming the residual materials referred to in subparagraph 6 of the first paragraph of section 15 and the apportionment of the cost made pursuant to subparagraph 7 of that section and, if the costs are internalized in the sale price of a product, the cost of collecting, transporting, sorting, conditioning and reclaiming the residual materials concerned whose cost is internalized in the sale price of the product; and

(17) the quantity, by weight, of compostable or degradable materials referred to in the first paragraph of section 86 and, if applicable, the amount of the sum paid pursuant to the second paragraph of section 86 and the measures the body put in place to reduce the use of those materials.

60. The report referred to in the first paragraph of section 58 must, in addition, contain

(1) a list of the contracts entered into by the designated management body and a summary of their contents and, if applicable, a list of any changes made to current or renewed contracts;

(2) a description of the measures put in place to promote the eco-design of containers, packaging and printed matter and to allow the system of selective collection to contribute to the fight against climate change, in particular by avoiding the greenhouse gas emissions attributable to the system;

(3) a description of the way in which the body has ensured, with respect to the management of the residual materials generated by containers, packaging and printed matter that have been recovered, that the selection of a form of reclamation complies with the order of priority set out in paragraph 1 of section 13;

(4) a description of the way in which the body has, in developing and implementing the system of selective collection, taken into account the principles forming the basis for the circular economy and the social economy within the meaning of section 3 of the Social Economy Act (chapter E-1.1.1);

(5) a description of its information, awareness and education activities and of the research and development activities completed during the year or scheduled for the following year;

(6) the results of all the studies carried out during the year, in particular the studies of the characterization of residual materials carried out pursuant to section 81;

(7) a list of its committees, the mandate of each committee and the names of its members;

(8) more specifically, with respect to the monitoring committees, the dates of their meetings, the topics on the agenda at each meeting, and the recommendations made by the committees to the board of directors;

(9) the actions taken on the recommendations made by the monitoring committees and, if applicable, the reason for which no action is taken on a recommendation;

(10) a list of the mediators selected pursuant to section 53;

(11) a report containing the information listed in subparagraph *vii* of subparagraph *h* of subparagraph 5 of the first paragraph of section 15;

(12) the number and sites where verifications referred to in subparagraph 9 of the first paragraph of section 15 were conducted during the year, the name and address of the person who conducted the verifications, a copy of the documents demonstrating that the person meets the conditions set in subparagraph 8 of that paragraph,

the observations resulting from the verifications and, if applicable, the adjustment to be made by the body to correct the problems;

(13) any change made to the system and any change planned for the following year;

(14) if the designated management body has agreed with a management body designated under a regulation made pursuant to subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Environment Quality Act (chapter Q-2) on the elements for ensuring harmonization of the systems that will be developed, implemented and contributed financially to them, a description of the elements referred to in section 88; and

(15) a description of the steps referred to in section 115 that were taken during the year and the means planned, agreed to and implemented by the bodies with which exchanges occurred, to optimize the use of their resources.

61. The financial statements referred to in the first paragraph of section 58 must contain

(1) the contributions required from the producers for the financing of the system;

(2) any form of income from the operation of the system and, if applicable, of a deposit-refund system developed, implemented and financed under a regulation made pursuant to subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Environment Quality Act (chapter Q-2);

(3) the expenses for the collection and transportation of residual materials, including expenses for the provision of the service to the clients served, and the expenses for the sorting, conditioning and reclamation of the residual materials;

(4) the expenses for the management of the redeemable containers and residual materials referred to in subparagraphs 10 and 11 of the first paragraph of section 59;

(5) the expenses for the information, awareness and education activities aimed in particular at informing consumers on the environmental benefits of recovery and reclamation of the residual materials concerned and on the types of residual materials involved in the system of selective collection;

(6) the expenses associated with the research and development activities on the elements referred to in subparagraph 4 of the first paragraph of section 15;

(7) the amount of the indemnity paid to the Société pursuant to section 116; and

(8) any other expenses for the implementation of the system of selective collection.

62. Where a remedial plan referred to in the second paragraph of section 82 must be produced by the designated management body, the annual report must also contain a detailed description of the measures in the plan that have been implemented during the year covered by the report, if applicable, the reasons for which certain measures were not implemented and the expenses incurred and that have not yet been incurred for the implementation of the measures.

63. The Société must, within 3 months after receipt of the designated management body's annual report, send to the designated management body the results of its analysis of the report including, if applicable,

(1) a list of the information required by sections 59 to 62 that do not appear and the time limit for providing the information; and

(2) any other obligation provided for in this Regulation that has not been complied with by the body and the time limit set for indicating how the situation is to be remedied and the schedule to do so.

It must also, in the same time limit as that set in the first paragraph, send to the Minister a written summary of the results of the analysis it made of the body's annual report, which must include the list provided for in subparagraph 1 of the first paragraph and a list of the obligations referred to in subparagraph of that paragraph, and formulate its recommendations on the manner in which the system of selective collection could be improved.

64. Not later than the 60th day after the date on which the results referred to in section 63 are sent or, if a time limit is set by the Société pursuant to subparagraph 1 of the first paragraph of that section, not later than the 60th day after the end of that time limit, the body makes the information referred to in subparagraph 5 of the first paragraph of section 15 public.

65. At least every 5 years, the designated management body must consult with environmental groups carrying on activities in the field of selective collection or in the field of management of residual material recovery and reclamation systems and with consumers to present the development of the system of selective collection and gather their comments and recommendations.

66. Not later than 2025, the designated management body must establish a committee to monitor the implementation of local services and a committee to monitor the collection of materials.

The members of the committees must be independent from the members of the designated management body's board of directors.

67. The designated management body must ensure that the members of each committee meet at least twice during the first year of development of the system of selective collection and at least 3 times per year thereafter.

68. The members of the committee monitoring the implementation of local services are mandated by the following persons, communities and bodies:

(1) municipal bodies that are parties to the contracts entered into pursuant to Chapter II, that must mandate 3 to 5 representatives taking into account the regional or territorial characteristics;

(2) Aboriginal communities that are parties to the contracts entered into pursuant to Chapter II, that must mandate 2 representatives taking into account the regional or territorial characteristics;

(3) institutions, businesses and industries that are parties to contracts entered into pursuant to Chapter II, that must mandate 4 representatives taking into account the diversity of the needs of the institutions, businesses and industries in the collection of residual materials;

(4) the providers of services to collect and transport residual materials covered by this Regulation, that must mandate 3 representatives taking into account the range of business models and the various types of material making up the containers, packaging and printed matter.

Three seats as observers on the monitoring committee are held by the designated management body, the Ministère du Développement durable, de l'Environnement et des Parcs and the Société.

69. The members of the committee monitoring the collection of materials are mandated by the following persons having a domicile or establishment in Québec:

(1) the managers of sorting centres for the sorting of residual materials, who must mandate 3 representatives taking into account the range of business models;

(2) residual material conditioners, who must mandate 1 representative whose conditioning activities concern mainly plastic, 1 representative whose conditioning activities concern mainly glass and 1 representative whose conditioning activities concern mainly cellulosic fibres;

(3) residual material reclaimers, who must mandate 3 representatives whose reclamation activities concern mainly each of the 3 types of materials referred to in subparagraph 2;

(4) if applicable, persons acting mainly as intermediaries in the buying or selling of residual materials, such as brokers;

(5) a management body designated under a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Environment Quality Act (chapter Q-2), if such a body exists.

A person or body referred to in the first paragraph may only be represented on the committee by a single person

Three seats as observers on the monitoring committee are held by the designated management body, the Ministère du Développement durable, de l'Environnement et des Parcs and the Société.

70. Every 2 years, one third of the members of each committee referred to in sections 68 and 69 must be replaced by new members who meet the conditions in those sections.

71. The monitoring committees are responsible for

(1) monitoring the implementation and management of the system;

(2) anticipating the issues that may arise when implementing and managing the system; and

(3) raising the issues with the designated management body and recommending ways to resolve them.

72. The designated management body must follow up on all the issues raised and all ways to resolve them recommended by a monitoring committee.

The designated management body must send to the monitoring committees, at their request, any operational and financial information for the system that they need to fulfill their mandate.

§§3. Recovery and reclamation rates

73. A management body designated pursuant to section 30 is required to achieve the recovery rates specified in this section from the residual materials generated by containers, packaging and printed matter referred to in sections 4 to 6, 8 and 9.

The rates specified in this section are determined by type of material.

The minimum rates to be achieved beginning in the year 2027 are as follows:

Type of material	Minimum annual recovery rate to be achieved beginning in year 2027
1- Cardboard	85%, increased to 90% after 5 years
2- Printed matter, containers and packaging made of fibres other than cardboard	80%, increased to 85% after 5 years
3- Rigid plastics of the high-density polyethylene (HDPE) type	80%, increased by 5% every 5 years until the rate reaches 90%
4- Rigid plastics of the polyethylene terephthalate (PET) type	80%, increased by 5% every 5 years until the rate reaches 90%
5- Other rigid plastics	75%, increased by 5% every 5 years until the rate reaches 85%
6- Flexible plastics	50%, increased by 5% every 5 years until the rate reaches 85%
7- Glass	70%, increased by 5% every 5 years until the rate reaches 85%
8- Metals other than aluminum	75%, increased by 5% every 5 years until the rate reaches 90%
9-Aluminum	55%, increased by 5% every 5 years until the rate reaches 80%

74. The recovery rates for residual materials listed in section 73 are calculated by dividing, for each type of material, the weight of the materials recovered by the weight of the materials of which the containers, packaging and printed matter covered by this Regulation and by multiplying the result obtained by 100.

For the purposes of the first paragraph, the weight of the materials recovered is determined by the designated management body through characterization performed in accordance with the conditions of section 81 and the weight of the materials of which the containers, packaging and printed matter are made concerns only the weight

of materials collected and transported under a contract entered into pursuant to Division III of Chapter II of this Regulation in the year for which the rate is calculated.

Only materials that are traced may be considered in the calculation referred to in the first paragraph.

75. A management body designated pursuant to section 30 is required to achieve the reclamation rates specified in this section from the residual materials generated by containers, packaging and printed matter referred to in sections 4 to 6, 8 and 9.

The rates specified in this section are determined by type of material.

The minimum rates to be achieved are as follows:

(1) for the years 2027 to 2029:

Type of material	Minimum annual reclamation rate to be achieved for years 2027 to 2029
1- Cardboard	75%
2- Printed matter, containers and packaging made of fibres other than cardboard	70%
3- Rigid plastics of the high-density polyethylene (HDPE) type	65%
4- Rigid plastics of the polyethylene terephthalate (PET) type	70%
5- Other rigid plastics	65%
6- Flexible plastics	40%
7- Glass	65%
8- Metals other than aluminum	70%
9-Aluminum	45%

(2) for the years 2030 and following:

Type of material	Minimum annual reclamation rate to be achieved beginning in the year 2030
1- Cardboard	75%, increased by 5% every 5 years until the rate reaches 85%
2- Printed matter, containers and packaging made of fibres other than cardboard	70%, increased by 5% every 5 years until the rate reaches 80%
3- Rigid plastics of the high-density polyethylene (HDPE) type	65%, increased by 10% every 5 years until the rate reaches a minimum of 85%

Type of material	Minimum annual reclamation rate to be achieved beginning in the year 2030
4- Rigid plastics of the polyethylene terephthalate (PET) type	70%, increased by 5% every 5 years until the rate reaches 85%
5- Other rigid plastics	65%, increased to 75% after 5 years
6- Flexible plastics	40%, increased by 10% every 5 years until the rate reaches 80%
7- Glass	70%, increased by 5% every 5 years until the rate reaches 80%
8- Metals other than aluminum	70%, increased by 10% every 5 years until the rate reaches 80%
9-Aluminum	45%, increased by 10% every 5 years until the rate reaches 85%

76. The reclamation rates for residual materials listed in section 75 are calculated as follows:

(1) for the rates referred to in subparagraph 1 of the third paragraph of section 75, by dividing, by type of material, the weight of the materials sent after sorting to a conditioner by the weight of the materials of which the containers, packaging and printed matter covered by this Regulation and by multiplying the result obtained by 100;

(2) for the rates referred to in subparagraph 2 of the third paragraph of section 75, by dividing, by type of material, the weight of the materials sent by a conditioner to a reclamation site by the weight of the materials of which containers, packaging and printed matter covered by this Regulation and by multiplying the result obtained by 100.

For the purposes of the first paragraph, the weight of materials sent to a conditioner or to a reclamation site, as the case may be, is determined by the designated management body through a characterization performed in accordance with the conditions of section 81 and the weight of the materials of which the containers, packaging and printed matter are made concerns only the weight of materials collected and transported under a contract entered into pursuant to Division III of Chapter II of this Regulation in the year for which the rate is calculated.

Only materials that are traced within the meaning of section 14 may be considered in the calculation referred to in the first paragraph.

77. The following sites are reclamation sites for the purposes of section 76:

(1) sites where the materials sent are processed and transformed for reintroduction as a substitute for raw materials of the same nature into an industrial process to manufacture new products;

(2) sites where the materials sent are processed to be used as a substitute for raw materials of a different nature.

The following sites are not reclamation sites for the purposes of section 76:

(1) sites where the materials sent are used to produce a fuel, heat or any other form of energy;

(2) sites where the materials sent are used as backfill for a landfill site or used for the landscaping of such a site;

(3) sites where the materials sent are subjected to biological processing, except those situated in the territories referred to in paragraph 4 of section 12.

78. The rates listed in sections 73 and 75 that are achieved by a producer must be audited by an independent third person who is a professional within the meaning of section 1 of the Professional Code (chapter C-26) and authorized by the order of which the professional is a member to complete an audit mission. They may also be audited by any other person legally authorized to perform such an activity in Québec.

79. A management body designated pursuant to section 30 is required to achieve the local reclamation rates specified in this section from the residual materials generated by containers, packaging and printed matter referred to in sections 4 to 6, 8 and 9.

The rates specified in this section are determined by type of material.

The minimum rates to be achieved beginning in 2030 are as follows:

Type of material	Minimum annual local reclamation rate to be achieved beginning in 2030
1- Cardboard	90%
2- Printed matter, containers and packaging made of fibres other than cardboard	90%
3- Rigid plastics of the high-density polyethylene (HDPE) type	90%
4- Rigid plastics of the polyethylene terephthalate (PET) type	80%

Type of material	Minimum annual local reclamation rate to be achieved beginning in 2030
5- Other rigid plastics	75%
6- Flexible plastics	50%
7- Glass	70%
8- Metals other than aluminum	50%
9-Aluminum	50%

80. The local reclamation rates listed in section 79 are calculated by dividing, by type of material, the weight of the materials sent by a conditioner to a local reclamation site by the weight of the materials sent to any reclamation site referred to in the first paragraph of section 77 and by multiplying the result obtained by 100.

A local reclamation site within the meaning of the first paragraph is a reclamation site referred to in section 77 and situated in the territory of Québec, in the territory of Ontario, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador and in the territory of the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York or Pennsylvania.

Where residual materials are sent to a local reclamation site situated elsewhere than in Québec, the proportion, by weight, of what has been sent that may be counted for the purposes of calculating the local reclamation rates is not more than 30% of the total weight of what has been sent to a local reclamation site.

The quantities of materials that correspond to the percentage referred to in the first paragraph may, at the body's choice, be completely counted for only one type of material or distributed among the various types of materials. The quantity of material obtained following such counting for a type of material may not exceed the actual quantity of material reclaimed locally, but elsewhere than in Québec, for that type of material.

81. To determine the weight of materials needed to calculate the rates referred to in sections 74 and 76, the designated management body performs a characterization using samples of residual materials taken in sorting centres and with conditioners in compliance with the following conditions:

(1) sampling in a sorting centre is conducted before and after the sorting of the materials;

(2) sampling with a conditioner is conducted when the materials are sent, by the conditioner, to the reclamation site or, if the conditioner is also the person who reclaims the materials, once conditioning has been completed;

(3) one third of the sorting centres and conditioners must be the subject of a characterization each year, allowing each sorting centre and each conditioner to have been the subject of a characterization at least once every 3 years;

(4) the samples taken as part of the characterization are taken in accordance with a sampling plan approved by a statistician who holds an accreditation issued by the Statistical Society of Canada or a statistician who is a member of the Association des statisticiens et statisticiennes du Québec.

82. The designated management body must, each year and for each type of material referred to in sections 73, 75 and 79, determine if the recovery, reclamation and local reclamation rates have been achieved.

Where one or more prescribed rates have not been achieved, the body must, within 3 months after the date for submitting the annual report referred to in section 58, submit a remedial plan to the Société and to the Minister detailing the measures that will be implemented to achieve the rates.

83. The measures in the remedial plan must

(1) ensure that the minimum rates covered by the remedial plan can be achieved within 2 years; and

(2) take into account the measures contained in any remedial plan previously submitted to the Société and to the Minister.

The remedial plan must specify that the body must finance the measures it contains and the amount of the financing calculated in accordance with section 84.

In the case of a failure to achieve the minimum rate for local reclamation, the measures in the remedial plan must, in addition to the measures specified in the first paragraph,

(1) detail what the designated management body plans to do to stimulate the development of local market outlets for the materials concerned; and

(2) specify that if the local reclamation rate is not achieved during 10 consecutive years, the increase in the financing of measures that the body has implemented for the local reclamation of materials and that is specified in the remedial plan referred to in the second paragraph of section 82 will double until the rate is achieved.

84. The amount of financing for the measures referred to in the second paragraph of section 83 is established

- (1) using the equation

$$MFm = Pmm \times M$$

where:

MFm = the amount of the financing for the measures for the year concerned;

Pmm = the weight, in kilograms and by type of material, of the materials of which the containers, packaging and printed matter covered by this Regulation are made that are needed to achieve the prescribed rates for the year concerned;

M = an amount equivalent to the amount that the body required its members to pay during the previous year as a contribution to finance the costs of recovering and reclaiming materials for which the rate was not achieved; and

(2) when neither the recovery rate nor the reclamation rate is achieved, in a given year, for a type of material, by adding together the amount used to finance the measures in the remedial plan and multiplying by 0.75;

(3) where, for a type of material, at least 3 of the prescribed rates for a given year are not achieved, the result obtained by adding the amounts for financing the measures contained in the remedial plan is multiplied by 0.60.

85. Where, for a given type of material, the recovery and reclamation rates, except the local reclamation rate, do not achieve the prescribed rates for a period of 5 consecutive years, despite the implementation of the remedial plans sent to the Société and to the Minister during that period, the body must pay to the Minister of Finance, not later than 30 June after the last of those years, an amount equivalent to the amount of the financing for the measures targeting that type of material that were included in the last remedial plan sent to the Minister pursuant to the second paragraph of section 82. If, for the last of those years, the gap between the rate prescribed and rate achieved is less than 5%, the amount to be paid is reduced by half.

The sums paid pursuant to the first paragraph are paid into the Fund for the Protection of the Environment and the Waters in the Domain of the State established under the Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs (chapter M-30.001).

Any sum not paid within the prescribed time bears interest, from the date of default, at the rate determined pursuant to the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002).

In addition to the interest payable, 15% of the unpaid amount is added to the sum owed if the failure to pay exceeds 60 days.

86. The designated management body must determine each year, for the preceding year and by type of materials, the weight of compostable or degradable materials of which the containers and packaging referred to in this Regulation are made and the weight of the materials sent, as the case may be, to a conditioner or a reclamation site using a characterization performed in accordance with the conditions set out in section 81.

The body must, not later than 30 June each year, pay to the Minister of Finance a sum the amount of which is calculated using the following equation:

$$Mcd = \frac{Crv \times Qmr}{Qm}$$

where:

Mcd = the amount of the sum to be paid for compostable or degradable materials for a given year;

Crv = the costs for the recovery and reclamation of compostable or degradable materials of which the containers and packaging are made, for the preceding year;

Qm = the quantity of compostable or degradable materials of which the containers and packaging referred to in this Regulation are made;

Qmr = the quantity of compostable or degradable materials of which the containers and packaging referred to in this Regulation are made and that have been recovered under the system of selective collection.

The second, third and fourth paragraphs of section 85 apply to any sum referred to in the second paragraph of this section.

§§4. –Harmonization of systems

87. A management body designated pursuant to Division I of Chapter III of this Regulation must, within 9 months after its designation or after the designation, if it is subsequent to that date, of a management body designated under a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30

and section 53.30.2 of the Environment Quality Act (chapter Q-2), take steps to agree with that body on the elements allowing to harmonize the systems to be developed, implemented and contributed financially to them.

88. System harmonization must include

(1) a determination of the types of containers or residual materials that each system may be required to take in charge despite them not being covered by any of the system, including

(a) with respect to redeemable containers that the system of selective collection may be required to deal with, caps, tabs, labels and shrink sleeves; and

(b) with respect to containers or residual materials that the deposit-refund system may be required to deal with, cardboard, containers not covered by the deposit-refund system, recipients and plastic film used to transport redeemable containers;

(2) the methods used to determine the quantities of containers or residual materials covered by a system that must be dealt with by the other system, including the criteria used for the characterization, as the case may be, of the redeemable containers or residual materials and an identification of the persons responsible for determining the quantities and the persons responsible for ensuring follow-up;

(3) the terms and conditions applicable to the management of containers or residual materials covered by a system that must be dealt with by the other system, in particular concerning traceability and, where applicable, the manner in which they may be dealt with by the system by which they are covered;

(4) the financial terms and conditions for the performance of the obligations on which the 2 bodies agree;

(5) the terms and conditions for communications between the 2 bodies.

89. Any agreement on system harmonization must specify, in addition to the elements provided for in section 88,

(1) the duration of the agreement and the conditions for its amendment, renewal or cancellation;

(2) the dispute resolution mechanism.

A copy of an agreement entered into by the bodies must be sent to the Minister and to the Société within 15 days of signing.

90. If the designated management bodies submit a dispute to an arbitrator, pursuant to section 94, concerning an element referred to in paragraph 2 of section 88, they must, beginning on 1 January 2024, and every 3 months until an agreement referred to in section 87 is entered into or, as the case may be, until the end of a mediation process or the release of an arbitration award, characterize the redeemable containers covered by the deposit-refund system or the residual materials targeted by the system of selective collection, taken in charge by each system despite not being targeted by that system.

The bodies must, not later than 31 December 2023, jointly mandate a person to perform the characterizations referred to in the first paragraph.

A characterization must make it possible to determine the types and quantities of redeemable containers taken in charge by the system of selective collection or of residual materials taken in charge by the deposit-refund system despite not being targeted by that system.

To determine the types and quantities of redeemable containers taken in charge by the system of selective collection, each characterization must be performed using samples taken at a place where residual materials coming mostly from urban territories are sorted, a place where residual materials coming mostly from semi-urban territories are sorted and a place where residual materials coming mostly from rural territories are sorted, all of which are situated in different administrative regions.

To determine the types and quantities of residual materials taken in charge by the deposit-refund system, each characterization must be performed using samples taken in at least 10 operating return sites, including at least 2 of each type of return site, situated in at least 5 administrative regions.

The number of samples and the frequency at which the samples are taken must be validated by a statistician with a university diploma in statistics or an accreditation issued by the Statistical Society of Canada or by a statistician who is a member of the Association des statisticiens et statisticiennes du Québec.

The financial terms and conditions applicable to the taking in charge, by a system, of redeemable containers or residual materials that are not targeted by that system are, beginning on 1 January 2024 and until the date of the arbitration award, if the terms and conditions were not the subject of an agreement before that date, the terms and conditions determined by the arbitrator based on the information obtained as part of the arbitrator's mandate. The calculation of the amounts to be paid for taking containers

or residual materials in charge must be carried out on the basis of their quantity, determined by the characterizations performed under this section.

91. If the bodies fail to agree, within the time limit set in section 87, on all the elements for system harmonization, they must, within 14 days following the end of that time limit, submit the elements on which they disagree to a mediator who is accredited by a body recognized by the Minister of Justice and whose head office is situated in Québec.

The Minister and the Société must be notified in writing by the bodies, within the same time limit, of the elements of the dispute referred to in the first paragraph and of the choice of a mediator.

The Minister and the Société must be notified in writing by the mediator, within 14 days following the end of the mediation process, of its total or partial success, its failure or the fact that the producer and the retailer discontinued their application. Within the same time limit, the bodies record in writing the elements on which they agree and send a copy of the agreement to the Minister and the Société. If an agreement has been entered into before the mediation process, the agreement entered into after the process forms an integral part of the agreement.

92. The bodies pay the mediator's fees in equal shares, along with the costs incurred by the mediator.

93. The mediation process lasts a maximum of 3 months.

94. If, on the expiry of the time limit specified in section 93, the mediation process has not allowed the bodies to agree on all the elements for system harmonization, they must submit the elements on which they disagree to an arbitrator who is accredited by a body referred to in the first paragraph of section 90 that accredits arbitrators.

95. The bodies cannot, in an arbitration agreement, derogate from this Division.

96. The arbitrator may, if the bodies so request and circumstances allow, attempt to effect reconciliation between the bodies. Following conciliation, if the bodies agree on some or all of the elements submitted to the arbitrator, they must record them in writing and send a copy of the agreement to the Société and to the Minister. The agreement becomes an integral part of any agreement entered into before the mediation process. Arbitration continues for the other elements on which the bodies have not reached an agreement.

97. The arbitrator must personally perform the mandate entrusted by the bodies or, as the case may be, by the body that accredited the arbitrator, and must act at all times in a neutral and impartial manner.

The arbitrator must avoid any situation of conflict of interest in performing the mandate. If such a situation arises, the arbitrator must so inform the bodies and the bodies may indicate to the arbitrator how to remedy the conflict of interest or they may terminate the mandate by sending a signed notice.

98. The bodies have 14 days following the time limit in section 94 to choose an arbitrator to hear their dispute. On the expiry of that time limit, if the bodies have failed to agree on the choice of an arbitrator, they must, within 2 business days, ask a body referred to in the first paragraph of section 91 that accredits arbitrators to designate one.

The body selected then has 5 business days to designate an arbitrator.

99. An arbitrator who cannot continue with the mandate must inform the bodies without delay. The bodies must then choose another arbitrator within 5 business days of being informed. If the bodies fail to agree on the choice of a new arbitrator, they must ask the body referred to in the first paragraph of section 98 to designate a new arbitrator within 5 days of the expiry of the time limit for choosing a new arbitrator themselves.

An arbitrator whose mandate is terminated must transfer the entire case to the new arbitrator as soon as possible, as agreed with the new arbitrator.

100. Not later than 10 days after the choice or designation of the arbitrator, each body must submit to the arbitrator, and to the other body, all the documents and information that support its claims.

101. The arbitrator determines the procedure for the conduct of the arbitration. It may be conducted in writing, by telephone conference call, or in person or using 2 or more such methods. In all cases, the arbitrator gives preference to the procedure that is the most practical and the least likely to generate costs. The arbitrator must, however, see that the adversarial principle and the principle of proportionality are observed.

Where arbitration takes place in person, witnesses are called, heard and indemnified according to the rules applicable to a trial before a court.

102. The arbitrator has all the necessary powers to exercise jurisdiction, including the power to administer oaths, the power to appoint an expert and the power to rule on the arbitrator's own jurisdiction.

If the arbitrator rules on the arbitrator's own jurisdiction, a body may, within 30 days of being advised of the decision, ask the court to rule on the matter. A decision of the court recognizing the jurisdiction of the arbitrator cannot be appealed.

For so long as the court has not made its ruling, the arbitrator may continue the arbitration proceedings and make an award.

103. If a body fails to submit its documents and information or fails to state its contentions, attend a hearing or present evidence in support of its contentions, the arbitrator, after recording the default, may continue the arbitration.

104. At any time before the award is made, the arbitrator may ask the bodies to provide additional information and documents.

105. Execution of the elements on which the bodies have reached an agreement before the arbitration continues without interruption while arbitration is conducted.

106. The arbitration award must be made within 3 months after the matter is taken under advisement and is binding on the bodies. It must be made in writing, give reasons and be signed by the arbitrator. It must state its date and the place where it was made. The award is deemed to have been made on that date and at that place.

The time limit set in the first paragraph may, before its expiry, be extended by 1 month at the discretion of the arbitrator.

107. The arbitration award must be notified to the bodies without delay. The notification ends the arbitration.

The arbitration award becomes enforceable as soon as it is received by the bodies. It has all the effects of a final judgment of a court not subject to appeal.

108. The arbitrator may, on the arbitrator's own initiative, correct any error in writing or calculation or any other clerical error in the arbitration award within 30 days after the award date.

Within 30 days after receiving the award, a body may ask the arbitrator to correct any clerical error or ask for a supplemental decision on a part of the dispute that was not dealt with in the award or, with the other party's consent,

for an interpretation of a specific passage of the award, in which case the interpretation becomes an integral part of the award.

The decision correcting, supplementing or interpreting the arbitration award must be made within 2 months after it is requested. The rules applicable to the arbitration award apply to such a decision. If the decision is not rendered before the expiry of the prescribed time, a body may ask the court to issue an order to safeguard the parties' rights. The decision of the court cannot be appealed.

109. The arbitrator is required to preserve the confidentiality of the arbitration process and protect deliberative secrecy but violates neither by stating conclusions and reasons in the award.

110. The arbitration award has effect only for the duration of the current designation of the bodies to which it applies.

111. The bodies must send a copy of the arbitration award to the Société and the Minister within 10 days of its notification.

112. An arbitrator is entitled to fees for the time taken to study the file, drafting of the award and, if applicable, hold hearings in the presence of the bodies, including preparation.

113. The arbitrator is entitled to a reimbursement of expenses, including travel and accommodation expenses, based on the standards in force set out in the *Directive concernant les frais de déplacement des personnes engagées à honoraires par des organismes publics* made by the Conseil du trésor on 26 March 2013, as amended.

The arbitrator's travelling time is remunerated when the distance travelled is greater than 90 km measures as a radius from the arbitrator's base.

The actual expenses and other costs necessary to the performance of the arbitrator's mandate are reimbursed on presentation of supporting documents.

114. The invoice of fees and expenses is sent to the bodies by the arbitrator, broken down to allow the bodies to verify justification of each day for which fees or expenses are claimed. It must include supporting documents for the expenses claimed, if any.

The bodies are equally liable for the arbitrator's fees and expenses.

§§6. *Exchanges with other bodies*

115. The designated management body must undertake steps to exchange with any body referred to in subparagraph 7 of the first paragraph of section 53.30 of the Environment Quality Act (chapter Q-2) on the means to optimize the use of their resources.

§§7. *Indemnity to the Société*

116. The designated management body must pay an indemnity to the Société annually corresponding to its management costs and other expenses incurred to fulfill the obligations imposed under this Regulation.

To allow the designated management body to make the payment referred to in the first paragraph, the Société must send to the body, not later than 1 September each year, a detailed list, by obligation for the fiscal year in progress of the management costs and other expenses referred to in that paragraph that it has incurred up to that date and those it expects to incur until the end of that fiscal year. It must also send to the body, after receiving it, auditor general's report provided for in section 30 of the Act respecting the Société québécoise de récupération et de recyclage (chapter S-22.01), an update of the list setting out the management costs and other expenses actually incurred during the year concerned.

Not later than 31 October each year concerned by the payment, the designated management body must pay to the Société, as indemnity, an amount corresponding to 75% of the costs and other expenses indicated in the list required as of 30 September. After the update referred to in the second paragraph has been received, if the amount of the indemnity already paid to the Société does not cover all the costs and other expenses actually incurred by the Société for the year concerned, the designated management body pays the difference to the Société within 30 days after the documents are received. If the indemnity already paid is greater than the management costs and other expenses actually incurred for the year concerned, the amount of the indemnity owed for the following year is reduced by an amount equal to the overpayment.

The indemnity is calculated using the activity-based costing method.

117. Any amount still owed to the Société on the date provided for in section 116 bears interest at the rate determined pursuant to the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002).

§2. *Of producers towards the body*

118. A producer must be a member of the designated management body not later than the end of the fourth month after the date of designation.

A natural person who becomes covered by section 4, paragraph 1 or 2 of section 5, sections 6 or 8, paragraph 1 or 2 of section 9 or section 10 after the time limit provided for in the first paragraph or a legal person constituted, continued or amalgamated after that time limit must be a member of the body within 10 days, as the case may be, of the date on which the person becomes covered by any of the sections or of the date on which the legal person is constituted, continues or amalgamated.

119. The conditions for membership of the body may in no case include the payment of a contribution.

120. As a member of the designated management body, the producer must provide

(1) its name, address, telephone number and electronic address;

(2) its Québec business number if it is registered under the Act respecting the legal publicity of enterprises (chapter P-44.1);

(3) the name and contact information of its representative;

(4) for each container, packaging or printed matter covered by this Regulation that it commercializes, markets or otherwise distributes, the associated trademark or name, if any; and

(5) its status in connection with the product, in other words if it is the owner or user of the trademark or name associated with it, the first supplier of the product in Québec, or the operator of a transactional website referred to in section 5 or 9.

121. Every member of the designated management body is bound to comply with the terms and conditions determined by the body with respect to every stage in the system of selective collection. It is also bound to pay to the body, within the time limit it sets, as a contribution, the amounts needed by the body to finance the costs of recovering and reclaiming residual materials referred to in subparagraph 6 of the first paragraph of section 15.

The amounts referred to in the first paragraph are modulated in accordance with the conditions of subparagraph 7 of the first paragraph of section 15 and must match the cost per kilogram of the material concerned.

122. A producer must provide to the designated management body, within the time it indicates, all the documents and information it requests to allow the body to perform its responsibilities and obligations pursuant to this Regulation.

§3. *Of other persons covered by the system of selective collection*

123. Every institution, business and industry must, not later than 1 year after the date on which a producer begins to collect residual materials from it in accordance with subparagraph 1 of the first paragraph of section 12, participate in the system of selective collection implemented pursuant to this Regulation by ensuring, in particular, that the residual materials generated by containers, packaging and printed matter covered by this Regulation, if used for its activities or by persons who attend it, can be dealt with by the system.

For the purposes of the first paragraph, participation in the system of selective collection means in particular, with respect to establishments offering on-site consumption, providing clients with recovery bins clearly marked with the residual materials covered by this Regulation that must be placed in them. The bins must be easily locatable, clearly identified and situated directly in the establishment or in clear view near the establishment.

124. The owner or manager of a multiple-unit residential complex and the syndicate of an immovable under divided co-ownership must, within 1 year from the date on which a producer starts to collect residual materials from them in accordance with paragraph 1 of section 12, make recovery bins available to occupants and co-owners, clearly marked with the residual materials covered by this Regulation that must be placed in them. The bins must be placed in the common areas, clearly identified, and be situated in the building or close to and clearly visible from the building.

125. A municipal body or an Aboriginal community which, on (*insert the date of coming into force of this Regulation*), is a party to a contract for the collection, transportation, sorting or conditioning of residual materials covered by this Regulation must, within 2 months after the designation of a body pursuant to section 30, send the following information to the body:

- (1) the nature of the contract and the terms and conditions for its execution;
- (2) the identification of the parties to the contract;
- (3) the identification of the residual materials covered by the contract;

(4) the territory covered and the number and address of the dwellings, institutions, businesses and industries from which the residual materials are collected under the contract and the number from which the residual materials are not collected under the contract;

(5) the end date of the contract and the conditions that may lead, as the case may be, to its amendment, renewal or cancellation.

126. Every person who, on (*insert the date of coming into force of this Regulation*), is a party to a contract for the collection, transportation, sorting or conditioning of the residual materials covered by this Regulation must, within 2 months after the designation of a body pursuant to section 30 and, thereafter, on 30 April each year until 2024, send to the body the following information for the preceding calendar year:

- (1) the nature of the contract and the terms and conditions of its performance;
- (2) the identification of the parties to the contract;
- (3) in the case of a person who is a party to a contract for the sorting of residual materials, the rate of discharge of the materials;
- (4) the origin and destination of the residual materials covered by the contract;
- (5) the end date of the contract and the conditions that may lead, as the case may be, to its amendment, renewal or cancellation.

127. The persons, municipal bodies and Aboriginal communities referred to, as the case may be, in sections 123 to 126 must provide to the designated management body, within the time limit it indicates, the documents and information it requests to enable it to meet the responsibilities and obligations conferred on it by this Regulation.

CHAPTER IV MONETARY ADMINISTRATIVE PENALTIES

128. A monetary administrative penalty of \$250 in the case of a natural person or \$1,000 in other cases may be imposed on any person who fails

- (1) to file with the Minister a copy of an application referred to in the first paragraph of section 32, in contravention of the second paragraph of that section;
- (2) to include in its annual report the information listed in sections 59 to 62;

(3) to send any notice or to provide any study, information, report, plan or document, or to comply with the time limit for sending them, if no other monetary administrative penalty is otherwise specified for that contravention by the Environment Quality Act or by this Chapter.

129. A monetary administrative penalty of \$350 in the case of a natural person or \$1,500 in other cases may be imposed on any person who fails

(1) to send an annual report to the Minister at the frequency and on the conditions set out in the first paragraph of section 58 or to send the financial statements contained in the report for an audit mission as provided for in the second paragraph of that section;

(2) to establish any committee required by this Regulation;

(3) to send to a designated management body the information referred to in section 125 or 126;

(4) to comply with a clause in a contract entered into pursuant to this Regulation, in contravention of section 140.

130. A monetary administrative penalty of \$750 in the case of a natural person or \$3,500 in other cases may be imposed on any person who fails to put in place the measures of a remedial plan submitted to the Minister pursuant to the second paragraph of section 82.

131. A monetary administrative penalty of \$1,000 in the case of a natural person or \$5,000 in other cases may be imposed on any person who

(1) fails to take steps to enter into contracts for the collection and transportation of residual materials referred to in section 20, within the time limits and according to the conditions set out in sections 21 to 25;

(2) fails to take steps to enter into contracts for the sorting, conditioning and reclamation of residual materials referred to in the first paragraph of section 27, within the time limits and in accordance with the conditions set out in the second paragraph of that section and section 29;

(3) designates a body without the conditions of the first paragraph of section 31 being met;

(4) fails to comply with the obligations set out in sections 49 to 52, sections 55 and 56, section 81 and the first paragraph of section 86;

(5) fails to pay to the Minister of Finance the sums referred to in section 85 or the second paragraph of section 86, in contravention of those sections;

(6) fails to take steps to agree with a body on the elements to ensure system harmonization to be developed, implemented and contributed financially to the bodies in accordance with section 87, within the time limits and in accordance with the conditions set out in that section and in sections 88 to 114, in contravention of those sections;

(7) fails to participate in the system of selective collection implemented pursuant to this Regulation, in contravention of the first paragraph of section 123, or to make recovery bins available, in contravention of the second paragraph of that section or of section 124.

132. A monetary administrative penalty of \$2,000 in the case of a natural person or \$10,000 in other cases may be imposed on any person who fails

(1) to meet the obligations of section 4, paragraphs 1 and 2 of section 5, sections 6 and 8, paragraphs 1 and 2 of section 9 and section 10 collaboratively with the other persons mentioned to develop, implement and contribute financially to a single system for all such persons, in contravention of section 11;

(2) to meet any of the requirements concerning the content of the system of selective collection set out in sections 12 to 16;

(3) to designate a body, in contravention of section 30;

(4) to be a member of a management body designated in accordance with section 118.

CHAPTER V OFFENCES

133. Every person who fails

(1) to send to the Minister a copy of an application referred to in the first paragraph of section 32, in contravention of the second paragraph of that section,

(2) to include in its annual report the information listed in sections 59 to 62,

(3) to send any notice or to provide any study, information, report, plan or document, or to comply with the time limit for providing them, if no other monetary administrative penalty is otherwise specified for that contravention by the Environment Quality Act or by this Chapter, commits an offence and is liable, in the case of a natural person, to a fine of \$1,000 to \$100,000 and, in other cases, to a fine of \$3,000 to \$600,000.

134. Every person who fails

(1) to send an annual report to the Minister at the frequency and on the conditions set out in the first paragraph of section 58 or to send the financial statements contained in the report for an audit mission as provided for in the second paragraph of that section,

(2) to establish any committee required by this Regulation,

(3) to send to a designated management body the information provided for in section 125 or 126,

(4) to comply with a clause in a contract entered into pursuant to this Regulation, in contravention of section 140,

commits an offence and is liable, in the case of a natural person, to a fine of \$2,000 to \$100,000 and, in other cases, to a fine of \$6,000 to \$600,000.

135. Every person who fails to implement the measures of a remedial plan submitted to the Minister pursuant to the second paragraph of section 82 commits an offence and is liable, in the case of a natural person, to a fine of \$4,000 to \$250,000 and, in other cases, to a fine of \$12,000 to \$1,500,000.

136. Every person who

(1) fails to take steps to enter into contracts for the collection and transportation of residual materials referred to in section 20, within the time limits and according to the conditions set out in sections 21 to 25,

(2) fails to take steps to enter into contracts for the sorting, conditioning and reclamation of residual materials referred to in the first paragraph of section 27, within the time limits and in accordance with the conditions set out in the second paragraph of that section and section 28,

(3) designates a body without the conditions of the first paragraph of section 31 being met,

(4) fails to comply with the obligations set out in sections 49 to 52, sections 55 and 56, section 81 and the first paragraph of section 86,

(5) fails to pay to the Minister of Finance the sums referred to in section 85 or the second paragraph of section 86, in contravention of those sections,

(6) fails to take steps to agree with a body on the elements to ensure system harmonization to be developed, implemented and contributed financially to the bodies in

accordance with section 87, within the time limits and in accordance with the conditions set out in that section and in sections 88 to 114, in contravention of those sections,

(7) fails to participate in the system of selective collection implemented pursuant to this Regulation, in contravention of the first paragraph of section 123, or to make recovery bins available, in contravention of the second paragraph of that section or of section 124, commits an offence and is liable, in the case of a natural person, to a fine of \$5,000 to \$500,000 and, in other cases, to a fine of \$15,000 to \$3,000,000.

137. Every person who

(1) fails to meet the obligations of section 4, paragraphs 1 and 2 of section 5, sections 6 and 8, paragraphs 1 and 2 of section 9 and section 10 collaboratively with the other persons also mentioned therein to develop, implement and contribute financially to a single system for all such persons, in contravention of section 11,

(2) fails to meet any of the requirements concerning the content of the system of selective collection set out in sections 12 to 16,

(3) fails to designate a body, in contravention of section 30;

(4) fails to be a member of a management body designated in accordance with section 118,

(5) for the purposes of this Regulation, makes a declaration, files information or produces a document that is false or misleading, commits an offence and is liable, in the case of a natural person, to a fine of \$10,000 to \$1,000,000 or, despite article 231 of the Code of Penal Procedure (chapter C-25.1), to a maximum term of imprisonment of 3 years, or both, and, in other cases, to a fine of \$15,000 to \$3,000,000.

138. Every person who contravenes any other obligation set out in this Regulation commits an offence and is liable, if no other sanction is provided for by this Chapter or the Environment Quality Act, to a fine of \$1,000 to \$100,000 in the case of a natural person and to a fine of \$3,000 to \$600,000 in other cases.

CHAPTER VI
MISCELLANEOUS

139. Any document and any information obtained pursuant to this Regulation must be forwarded to the Minister not later than 15 days after a request to that effect.

140. Every person who is a party to a contract entered into pursuant to this Regulation must comply with each of its clauses.

141. Producers are exempted from the obligations of Chapter II of this Regulation until the expiry of the time limit the Société has to designate a body pursuant to section 30 or, as the case may be, until the expiry of the time limit set in section 36.

CHAPTER VII FINAL

142. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

105789

Gouvernement du Québec

O.C. 996-2022, 8 June 2022

Highway Safety Code
(chapter C-24.2)

Licences — Amendment

Regulation to amend the Regulation respecting licences

WHEREAS, under paragraph 1 of section 619 of the Highway Safety Code (chapter C-24.2), the Government may by regulation determine, according to the nature of each licence, the information that the title evidencing it must include and the form of that title;

WHEREAS, under paragraph 1.0.1 of section 619 of the Code, the Government may by regulation determine the period of validity of each licence and of the title evidencing it, except as regards a restricted licence issued under section 118 of the Code;

WHEREAS, under paragraph 4.1 of section 619 of the Code, the Government may by regulation prescribe at what intervals the payment of duties exigible under section 93.1 of the Code must be made;

WHEREAS, under paragraph 4.2 of section 619 of the Code, the Government may by regulation determine the period within which payment of the duties, fees and insurance contribution exigible under section 93.1 of the Code must be made;

WHEREAS, under paragraph 5 of section 619 of the Code, the Government may by regulation prescribe the cases and conditions giving entitlement to a reimbursement of part of the duties exigible for obtaining a licence and of the duties exigible under section 93.1 of the Code and establish the calculation method or fix the exact amount of the duties to be reimbursed;

WHEREAS, under paragraph 5.2 of section 619 of the Code, the Government may by regulation prescribe the cases and conditions allowing claims for repayment, upon expiration of the period prescribed by regulation, of the duties, fees and insurance contribution exigible under section 93.1 of the Code and establish the calculation method or fix the exact amount of the sums claimed, as well as the maximum period which may be covered by such a claim;

WHEREAS, under paragraph 2 of the first paragraph of section 619.3 of the Code, the Government may prescribe, by regulation, calculation methods for the duties exigible for obtaining a learner's licence, probationary licence, driver's licence or restricted licence, on the basis of one or more of the following factors:

— the time remaining between the date of issue of the licence and the date of the prescribed day within the prescribed period under paragraph 4.2 of section 619 of the Code for the payment of duties exigible under section 93.1 of the Code;

— the time expired between the date of issue of the licence and the expiration date of a previous licence;

— the cancellation of a previous licence;

— the cancellation of a previous licence at the holder's request;

— the applicant's entitlement to a reimbursement of part of the duties for the previous licence;

WHEREAS, under the third paragraph of section 619.3 of the Code, the calculation methods prescribed on the basis of the factors referred to in paragraph 2 of the first paragraph must be based on the licence duties fixed under section 619.2 of the Code which would be exigible under section 93.1 of the Code or on the monthly licence duties fixed by the Government, by regulation, on the basis of one or more of the factors prescribed in section 619.2 of the Code;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation to amend the Regulation respecting licences was published in

(2) by striking out “, in force since 1 February 2005 and periodically revised” in the first paragraph;

(3) by replacing “méthode actuarielle” in the second paragraph of the French text by “valeur actuarielle”;

(4) by revoking subparagraphs 5 and 6 of the third paragraph.

2. This Regulation comes into force on the first day of the month occurring four months after the date of its publication in the *Gazette officielle du Québec*.

105787

Gouvernement du Québec

O.C. 972-2022, 8 June 2022

Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs (chapter M-30.001)

Environment Quality Act (chapter Q-2)

Act to amend mainly the Environment Quality Act with respect to deposits and selective collection (2021, chapter 5)

Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles (2022, chapter 8)

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation (2022, chapter 8)

Development, implementation and financial support of a deposit-refund system for certain containers — Amendment

Regulation respecting the development, implementation and financial support of a deposit-refund system for certain containers

WHEREAS, under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Environment Quality Act (chapter Q-2), the Government may, by

regulation, in particular, require any person who markets or otherwise distributes products in containers acquired for that purpose to develop, implement and contribute financially to, on the terms and conditions fixed, measures to reduce, recover or reclaim residual materials generated by the containers;

WHEREAS, under subparagraph 8 of the first paragraph of section 53.30 of the Act, the Government may, by regulation, in particular, prescribe the information or documents that a person, a municipality, a group of municipalities or an Aboriginal community, represented by its band council, must transmit to a person who must, under a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of the section, meet the obligations referred to in the regulation as well as the other terms and conditions applicable to the transmission and the time limit for doing so;

WHEREAS, under section 53.30.2 of the Act, a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Act that requires, as a measure, certain persons to develop, implement and contribute financially to a deposit system may, in particular,

— under paragraph 1 of the section, determine the products concerned by the system;

— under paragraph 2 of the section, prescribe the time limits and the terms and conditions applicable to the entering into of contracts, if applicable, between the persons, the municipalities, the groups of municipalities and any Aboriginal community, represented by its band council, determined in the regulation and the minimum content of such contracts;

— under paragraph 3 of the section, determine the terms and conditions applicable to the return, transportation, sorting and conditioning of returnable products, including their storage, to recover and reclaim such products;

— under paragraph 4 of the section, determine, in addition to the persons who are required to develop, implement and contribute financially to the system, the other persons, municipalities, groups of municipalities and Aboriginal communities, represented by their band councils, that are concerned by the system;

— under paragraph 5 of the section, determine the obligations, rights and responsibilities of the persons, municipalities, groups of municipalities and Aboriginal communities, represented by their band councils, that are concerned by the system;

—under paragraph 6 of the section, determine, in particular with respect to the obligations referred to in paragraph 5, the obligations that certain persons concerned by the system must meet as regards their participation in the organization of the return of returnable products;

—under paragraph 7 of the section, fix a deposit payable on the purchase of any of the products referred to in paragraph 1 that, upon return, is refundable in whole or, as determined under paragraph 8, in part only, or prescribe the parameters to be used by a body designated under a regulation made under section 53.30.3 of the Act to fix such a deposit, which is not payable until it has been approved by the Minister;

—under paragraph 9 of the section, determine the persons who are required to collect and refund, in the cases and on the conditions it prescribes, the deposit fixed under paragraph 7;

—under paragraph 10 of the section, fix the indemnity payable for management costs, or the parameters to be used to fix it by a body designated under a regulation made under section 53.30.3 of the Act, in particular for the handling and storage of products referred to in paragraph 1 following their return, and determine the persons who are entitled to receive such an indemnity, the persons who are required to pay such an indemnity and the terms and conditions applicable to the payment of such an indemnity;

—under paragraph 11 of the section, prescribe a mechanism for resolving disputes that may arise following the entering into or performance of contracts referred to in paragraph 2 or the obligation to prescribe such a mechanism in such contracts;

WHEREAS, under section 53.30.3 of the Environment Quality Act, the Government may, by a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.2 of the Act, in particular,

—under paragraph 1 of the section, prescribe that the responsibility for developing, implementing and contributing financially to a measure imposed by the regulation on certain persons the regulation determines be conferred, for the period it fixes, on a non-profit body designated by the Minister or the Société québécoise de récupération et de recyclage;

—under paragraph 2 of the section, exempt, in whole or in part, persons who are required, under the regulation, to meet obligations that are the responsibility of a body under paragraph 1 from meeting such obligations;

—under paragraph 3 of the section, prescribe the rules applicable to the designation of the body referred to in paragraph 1;

—under paragraph 4 of the section, prescribe the minimum obligations that the body must meet and the minimum rules that must be provided for in its general by-laws for it to be designated;

—under paragraph 5 of the section, prescribe the obligations, rights and responsibilities of the designated body and its method of financing;

—under paragraph 6 of the section, prescribe the obligations to the designated body that the persons referred to in paragraph 1 have, in particular the obligations to become a member of the body and to provide the body with the documents and information it requests to enable it to meet the responsibilities and obligations conferred on it by the regulation, prescribe the conditions for preserving and transmitting such documents and information, and determine which such documents and information are public;

—under paragraph 7 of the section, prescribe the documents and information that the designated body must provide to the Minister or the Société québécoise de récupération et de recyclage, determine their form and content and the conditions for preserving and transmitting them, and determine which such documents and information are public;

WHEREAS, under the first paragraph of section 30 of the Act respecting certain measures enabling the enforcement of environmental and dam safety legislation, enacted by section 1 of the Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles (2022, chapter 8), the Government may, in a regulation made under the Act respecting certain measures enabling the enforcement of environmental and dam safety legislation or the Acts concerned, specify that failure to comply with a provision of the regulation may give rise to a monetary administrative penalty and the regulation may set out the conditions for applying the penalty and determine the amounts or the methods for calculating them. The amounts may vary in particular according to the extent to which the standards have been violated;

WHEREAS, under the first paragraph of section 45 of the Act respecting certain measures enabling the enforcement of environmental and dam safety legislation, as made, the

Government may determine the provisions of a regulation the Government has made under that Act or the Acts concerned whose contravention constitutes an offence and renders the offender liable to a fine the minimum and maximum amounts of which are set by the Government;

WHEREAS, under subparagraph 9 of the first paragraph of section 95.1 of the Act, the Government may make regulations to exempt any person, municipality or class of activity it determines from all or part of the Act and prescribe, in such cases, environmental protection and quality standards applicable to the exempted persons, municipalities and activities, which may vary according to the type of activity, the territory concerned or the characteristics of the milieu;

WHEREAS, under subparagraph 19 of the first paragraph of section 15.4.40 of the Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs, as amended by section 38 of the Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles, any other sum provided for by law or a regulation of the Government or a regulation of the Minister is credited to the Fund for the Protection of the Environment and the Waters in the Domain of the State;

WHEREAS, under section 21 of the Act to amend mainly the Environment Quality Act with respect to deposits and selective collection (2021, chapter 5), despite section 13 of that Act, any permit issued under the Act respecting the sale and distribution of beer and soft drinks in non-returnable containers (chapter V-5.001) and any agreement entered into under the Beer and Soft Drinks Distributors' Permits Regulation (chapter V-5.001, r. 1) that is in force on the date of coming into force of that section remains in force until a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30, as amended by section 3 of that Act, and section 53.30.2, enacted by section 4 of that Act, terminates it;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation respecting the development, implementation and financial support of a deposit system for certain containers was published in Part 2 of the *Gazette officielle du Québec* of 26 January 2022 with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of the Environment and the Fight Against Climate Change:

THAT the Regulation respecting the development, implementation and financial support of a deposit-refund system for certain containers, attached to this Order in Council, be made.

YVES OUELLET
Clerk of the Conseil exécutif

Regulation respecting the development, implementation and financial support of a deposit-refund system for certain containers

Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs (chapter M-30.001, s. 15.4.40, 1st par., subpar. 19)

Environment Quality Act (chapter Q-2, s. 53.30, 1st par., subpars. 6 and 8, s. 53.30.2, pars. 1 to 7 and 9 to 11, s. 53.30.3, pars. 1 to 7, and s. 95.1, 1st par., subpar. 9)

Act to amend mainly the Environment Quality Act with respect to deposits and selective collection (2021, chapter 5, s. 21)

Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles (2022, chapter 8, s. 38)

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation (2022, chapter 8, s. 1 (s. 30, 1st par., and s. 45, 1st par.))

CHAPTER I GENERAL

1. The purpose of this Regulation is to require persons who commercialize, market or otherwise distribute products in containers they have procured for that purpose to develop, implement and contribute financially to a deposit-refund system for the containers to allow them to be recovered and reclaimed.

2. In this Regulation,

“administrative region” means a region described and delimited in Schedule I to the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1), except the Nord-du-Québec administrative region and the territory of the regional county municipalities of Minganie, Caniapiscau and Golfe-du-Saint-Laurent; (*régions administratives*)

“alcoholic beverage” means alcohol, spirits, wine, cider and beer, and every liquid containing ethyl alcohol and capable of being consumed by a person, provided that such liquid contains more than 0.5% of ethyl alcohol by volume. Any liquid containing more than one of the five varieties of alcoholic beverages is considered as belonging to that variety which has the higher percentage of alcohol, in the following order: alcohol, spirits, wine, cider and beer; (*boisson alcoolique*)

“carbonated soft drink” means a non-alcoholic beverage that contains water, natural or artificial sweeteners and, in certain cases, aromatic substances and in which carbon dioxide gas is dissolved; (*boisson gazeuse*)

“container” means a recipient, except a bag or a bag-in-box package, used to commercialize, market or otherwise distribute a product in a volume of not less than 100 ml and not more than 2 litres, of a type defined in section 3; (*contenant*)

“designated management body” means any body designated pursuant to Division I of Chapter III; (*organisme de gestion désigné*)

“establishment offering on-site consumption” means an establishment that is not mobile that offers meals, snacks and drinks for sale or otherwise for immediate consumption in or outside the premises; (*établissement de consommation sur place*)

“isolated or remote territory” means the territory governed by the Kativik Regional Government as described in paragraph v of section 2 of the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1), the territory of the James Bay Region as described in the Schedule to the James Bay Region Development Act (chapter D-8.0.1), and the territory of the regional county municipalities of Minganie, Caniapiscau and Golfe-du-Saint-Laurent; (*territoires isolés ou éloignés*)

“major contributor” means a person who uses more than 350 million redeemable containers per year to commercialize, market or otherwise distribute its products; (*grand contributeur*)

“medium contributor” means a person who uses between 100 and 350 million redeemable containers per year to commercialize, market or otherwise distribute its products; (*moyen contributeur*)

“milk” means the lacteal secretion obtained from the mammary gland of a domestic animal such as a cow, goat or sheep and intended for human consumption; (*lait*)

“milk permeate” means the product obtained by removing milk proteins and milkfat from milk, partly skimmed milk, or skimmed milk by ultrafiltration; (*perméat de lait*)

“minor contributor” means a person who uses fewer than 100 million redeemable containers per year to commercialize, market or otherwise distribute its products; (*petit contributeur*)

“multi-layer container” means a container mainly made from fibre, as well as thin layers of plastic and, in some cases, a thin layer of aluminum; (*contenant multicouches*)

“product” means any liquid intended for human consumption which is sold in a sealed container and which, at the time of purchase, is ready to be drunk, except a concentrate, stock, soup, cream, milk formula, syrup and yogourt drink, and any product of the same type containing over 50% milk permeate; (*produit*)

“redeemable container” means any container on which a deposit is paid; (*contenant consigné*)

“regional municipality” means a regional county municipality, the agglomerations of Ville de Montréal, Ville de Québec, Ville de Longueuil, Ville de La Tuque and Les Îles-de-la-Madeleine and the municipalities of Gatineau, Laval, Lévis, Mirabel, Rouyn-Noranda, Saguenay, Shawinigan, Sherbrooke and Trois-Rivières; (*municipalité régionale*)

“retailer” means a person who operates a retail establishment in which a product is offered for sale in a redeemable container, except a retail establishment in which a product is offered for sale only by means of one or more vending machines, a retail establishment in which a product is offered for sale only by means of a single commercial refrigerator measuring no more than 76.2 cm wide x 82.28 cm deep x 200.66 cm high and an establishment offering on-site consumption; (*détaillant*)

“reusable container” means a container that may be used more than once to commercialize, market or otherwise distribute a product; (*contenant à remplissage multiple*)

“single-use container” means a container that may be used only once to commercialize, market or otherwise distribute a product; (*contenant à remplissage unique*)

“unorganized territory” means a territory referred to in Chapter II of Title I of the Act respecting municipal territorial organization (chapter O-9). (*territoires non organisés*)

In the definition of “alcoholic beverage”, the words “alcohol”, “beer”, “cider”, “light cider”, “spirits” and “wine” have, unless the context indicates a different meaning, the meaning assigned by the Act respecting offences relating to alcoholic beverages (chapter I-8.1).

3. The types of redeemable containers are as follows:

- (1) single-use metal containers;
- (2) single-use plastic containers;
- (3) single-use glass containers and containers made of other breakable material;
- (4) single-use fibre containers, including multi-layer containers;
- (5) single-use biobased containers;
- (6) reusable glass containers and containers made of other breakable material;
- (7) reusable containers made of a material other than glass or other breakable material.

Containers made of a mixture of materials, the main material of which, by weight, is any of the materials referred to in subparagraphs 1 to 4 of the first paragraph or the materials contained in a biobased container, belong to the type of containers that, in the first paragraph, is associated with that material or that type of biobased container.

4. Every redeemable container must be marked with a bar code that, when scanned, shows its type, weight and volume and a description of the product commercialized, marketed or otherwise distributed in the container, as well as the amount of the deposit.

5. Every person that is the owner or user of a name or trademark and has a domicile or establishment in Québec is required to develop, implement and contribute financially to a deposit-refund system for containers in which a product is commercialized, marketed or otherwise distributed in Québec under that name or trademark.

The obligations specified in the first paragraph apply to a person having a domicile or establishment in Québec who acts as the first supplier of the product in Québec, other than the manufacturer, if

(1) the owner or user of the name or trademark has no domicile or establishment in Québec;

(2) the owner or user of the name or trademark has a domicile or establishment in Québec but commercializes, markets or otherwise distributes the product outside Québec, and if the first supplier then commercializes, markets or otherwise distributes the product in Québec; or

(3) the product is commercialized, marketed or otherwise distributed in Québec without a name or trademark.

6. Where a product is acquired outside Québec, as part of a sale governed by the laws of Québec, by a person domiciled or having an establishment in Québec, by a municipality or by a public body within the meaning of section 4 of the Act respecting contracts by public bodies (chapter C-65.1), for its own use, the obligations specified in the first paragraph of section 5 apply to

(1) the person operating the transactional website used to acquire the product and which allows a person having no domicile or establishment in Québec to commercialize, market or otherwise distribute the product in Québec; and

(2) the person from which the product was acquired, whether or not that person has a domicile or establishment in Québec, in other cases.

7. Where persons referred to in section 5 or 6 do business under a single banner, whether under a franchise contract or another form of affiliation, the obligations specified in the first paragraph of section 5 apply to the owner of the banner if that owner has a domicile or establishment in Québec.

8. Every person to whom section 5, 6 or 7 applies, herein referred to as a “producer”, must fulfill the obligations specified in those sections collaboratively with the other persons concerned, and those persons may only develop, implement and contribute financially to a single deposit-refund system.

9. Every producer who commercializes, markets or otherwise distributes a product in a reusable container may add to the return sites provided for in Chapter II the supplementary return sites the producer chooses and for which the producer is not required to comply with sections 25 to 40. The producer must however provide, for the redeemable containers returned to those sites, so that they may be considered in calculating the recovery,

reclamation, local reclamation and recycling rates for redeemable containers prescribed by this Regulation, the information and documents that a designated management body requests, within the time limit it sets to do so, to allow that body to fulfill its responsibilities and obligations under this Regulation. The costs associated with adding sites fall entirely on the producer who adds sites.

10. The documents and information required by or pursuant to this Regulation must be sent electronically.

CHAPTER II DEVELOPMENT, IMPLEMENTATION AND FINANCING OF THE DEPOSIT-REFUND SYSTEM

DIVISION I PARAMETERS

11. Every producer must, to fulfill its obligation to develop, implement and finance a deposit-refund system and in connection with the charging and refunding of deposits, the return and management of redeemable containers, and the cost of developing, implementing and operating the system,

(1) determine a mechanism for charging and refunding deposits, covering the aspects not provided for in this Regulation;

(2) ensure the presence of return sites for redeemable containers throughout Québec, in accordance with the rules set out in sections 25 to 43, if applicable;

(3) determine the places where the redeemable containers that are recovered may be sorted, conditioned and reclaimed;

(4) take steps to allow the reclamation, preferably in Québec, of the redeemable containers that are recovered with the choice of reclamation process respecting, in order, reuse, conditioning to obtain a material for use as a substitute for raw materials of a similar nature, conditioning to obtain such a material for use as a substitute for raw materials of a different nature, conditioning to obtain a material for use for energy recovery, or another reclamation use of a redeemable container or such a material, unless

(a) a life-cycle analysis, consistent with the applicable ISO standards and taking into account, in particular, resource sustainability and the externalities of various forms of reclamation for the redeemable containers that are recovered or the material obtained following their conditioning, shows that one form has an environmental advantage over another; or

(b) the existing technology or applicable laws and regulations do not allow a form of reclamation to be used in the prescribed order;

(5) take steps so that the disposal of a redeemable container or a material obtained following the conditioning of such a container is the last option chosen;

(6) determine the costs involved in the development, implementation and operation of the deposit-refund system;

(7) distribute the costs by type of redeemable container, taking into account, for each type, the cost of recovery, transportation, storage, sorting, conditioning and reclamation;

(8) determine the financial contribution to be paid by producers for the cost of developing, implementing and operating the system;

(9) ensure the collection of redeemable containers at return sites and in establishments offering on-site consumption, and determine the terms and conditions applicable to the transportation, sorting and conditioning of those containers and, as the case may be, of the material obtained following their conditioning as far as their final destination;

(10) ensure the traceability of the redeemable containers recovered and, as the case may be, of the material obtained following their conditioning;

(11) determine the requirements that all service providers, including managers of return sites and subcontractors, must observe in managing the redeemable containers that are recovered;

(12) ensure the presence of a research and development component on recovery, sorting, conditioning and reclamation techniques for the redeemable containers and, in the latter case, for the material obtained following their conditioning, and ensure the presence of such a component on the development of market outlets for those containers and material; and

(13) take steps to ensure that the system is used only for redeemable containers in Québec.

The final destination of a redeemable container or of the material obtained following its conditioning is the place where it is

(1) reused;

(2) used as a substitute for raw materials of a similar or different nature;

- (3) used for energy recovery;
- (4) reclaimed otherwise than as provided for in subparagraphs 1 to 3; or
- (5) disposed of.

12. The traceability of redeemable containers involves using quantitative data to monitor such containers from each return site in Québec where redeemable containers are returned to the site of their final destination and, where they are conditioned, to monitor the material obtained following conditioning to its final destination.

13. Every producer must also, for the same purposes as those set out in section 11 and with respect to activities to inform consumers with respect to the communication of certain information,

(1) provide for information, awareness and education activities to inform consumers about the environmental advantages of recovering and reclaiming of various types of redeemable containers, about the types and formats of redeemable containers, their deposit, the return sites available and the deposit refunding modes, in order to promote their participation in the system; and

(2) use a means of communication to make public, each year, the information listed in section 134 and ensure that the information remains accessible for a minimum period of five years.

14. Every producer must, in addition, for the same purposes as those set out in section 11 and with respect to the auditing of certain activities,

(1) see to the verification, by a person who is not employed by a producer or by a designated management body and who meets one of the following conditions, of the management of the containers recovered and of compliance with the requirements set out in subparagraph 11 of the first paragraph of section 11:

(a) the person holds certification as an environmental auditor issued by a body accredited by the Standards Council of Canada;

(b) the person is a member of a professional order governed by the Professional Code (chapter C-26); and

(2) ensure that the verification referred to in paragraph 1 is performed at the following frequency:

(a) in the case of the managers of return sites, including subcontractors, at least 10%, in more than one administrative region, must be verified each year and all must be verified over a five-year period;

(b) in other cases, the verification must take place during the first full calendar year during which the deposit-refund system is implemented, and at least every three years thereafter.

15. Every producer must, for the same purposes as those set out in section 11, plan measures to facilitate participation by social economy enterprises within the meaning of section 3 of the Social Economy Act (chapter E-1.1.1) and measures to contribute to the fight against climate change.

16. When, as part of the implementation of a deposit-refund system, the measures provided for in sections 11 to 15 are to be applied in an isolated or remote territory, they must be adapted to reflect the needs and particularities of the territory concerned.

DIVISION II AMOUNT OF THE deposit

17. Beginning in the sixteenth month following (*insert the date of coming into force of this Regulation*), the amount of the deposit for each redeemable container is

(1) \$0.25 for glass containers of not less than 500 ml and not more than 2 litres that are used to commercialize, market or otherwise distribute a product; and

(2) \$0.10 for glass containers less than 500 ml and for other types of containers.

Despite the first paragraph, the amount of the deposit for a fibre container, including a multi-layer container, is applicable as of the date occurring two years after the date specified in the first paragraph.

18. From the expiry of a five-year period beginning in the sixteenth month following (*insert the date of coming into force of this Regulation*), a designated management body may modify the amount of the deposit for a container on the following conditions:

(1) the body may not specify more than two deposit amounts for all containers;

(2) the amount of a deposit may not be less than \$0.10 nor more than \$1.00.

The designated management body must, when modifying the amount of a deposit, take into account the anticipated impact of the modification on the recovery rate for the containers concerned. It may also take into account the format and volume of the containers.

A deposit amount that is different from the amounts in force can only be specified if

(1) the recovery rate achieved for the type of container associated with the deposit amount the body intends to modify is more than 10% below the minimum recovery rate prescribed by section 99, for the two consecutive years preceding the year for which the modification is planned; and

(2) the body submitted a plan and implemented it as provided for if, for one of the years preceding the year for which the modification is planned, the body was required to submit a remediation plan pursuant to section 113.

If the modification of a deposit amount increases the deposit amount for a type of container for which the prescribed recovery rate has been achieved, the increase may not exceed 50% of the amount in force.

19. Despite sections 17 and 18, any designated management body may, beginning in the sixteenth month following (*insert the date of coming into force of this Regulation*), specify a deposit amount for reusable containers that is different from the deposit amount for other types of containers. It may also modify the deposit amount at any time it determines.

The designated management body must take into account, when specifying or modifying a deposit amount, the anticipated impact on the recovery rates for the containers concerned. It may also take into account the format and volume of the containers.

The amount specified or modified pursuant to the first paragraph must be higher than any other deposit amount in force.

The designated management body must, before specifying or modifying an amount referred to in the first paragraph, consult all the producers that use reusable containers to commercialize, market or other distribute a product.

20. Any modification of a deposit amount pursuant to section 18 and any deposit amount specified or modified pursuant to section 19 must be approved by the Minister before it can be charged, after the Minister has requested the opinion of the Société québécoise de récupération et de recyclage, herein referred to as the “Société”.

The designated management body must submit, with its request for approval, an assessment of the impact of modifying or specifying the deposit amount on the recovery rates for the containers concerned, on the income

generated from unclaimed deposits, and on the amounts producers are required to pay as contributions. It must also submit the results of the consultation referred to in the fourth paragraph of section 19.

The Société must submit its opinion to the Minister within 30 days of receiving a request for an opinion. If the Société submits a negative opinion, it must give the reasons for its decision.

If the Société fails to submit its opinion within the time specified in the third paragraph, it is deemed to agree with the modification or specification of a deposit amount for which an approval is requested.

21. A designated management body must post the deposit amounts for containers on its website, not later than the thirtieth day preceding the date of their coming into force.

It must also publish in the *Gazette officielle du Québec*, within the time limit specified in the first paragraph, any new deposit amount and the date of its coming into force.

22. The deposit amount for a container under an agreement entered into pursuant to the Act respecting the sale and distribution of beer and soft drinks in non-returnable containers (chapter V-5.001) and the Beer and Soft Drinks Distributors’ Permits Regulation (chapter V-5.001, r. 1) or under a private deposit-refund system for reusable containers is the amount specified in section 17 beginning in the sixteenth month following the date of coming into force of that section, or, if an amount is specified pursuant to section 19, the amount if it comes into force as of the same month. The amount of such a deposit is thereafter the amount modified pursuant to section 18 or, if an amount is specified or modified pursuant to section 19, that amount if it comes into force after the sixteenth month.

23. A person who purchases a product in a redeemable container is required to pay the amount of the deposit for the container to the person selling the product, and the deposit for the container then belongs to the person to whom it is paid.

24. When a redeemable container is returned to a return site, the deposit amount must be refunded in full.

A producer must refund the deposit to the manager of the return site where the amount was refunded, at the frequency agreed on by contract or, when no contract has been entered into, within 30 days after the manager sends a claim to that effect, which must be accompanied by documents that prove the claim.

DIVISION III RETURN OF REDEEMABLE CONTAINERS AND REFUNDING

§1. Return sites for redeemable containers and refunding

25. Every place where a person may return a redeemable container and obtain a refund for the amount of the deposit on the container, referred to as a “return site”, must comply with the following requirements:

- (1) all redeemable containers must be accepted;
- (2) reusable containers must be handled in a manner that allows their reuse;
- (3) the site must be clean, safe and well lighted;
- (4) the site must be situated inside a building or in a closed shelter, including a stand but excluding a tent or other type of shelter made of textile material;
- (5) a recovery bin, other than a garbage container, for the disposal of containers rejected when they are returned and also for the disposal of boxes or other recipients used to transport redeemable containers, must be situated in the client area and be clearly marked for that purpose;
- (6) the redeemable containers that have been returned to a return site must be stored in an entirely enclosed space, separate from the client area and not visible or accessible from the client area;
- (7) the site must be readily identifiable, clearly marked as being part of the deposit-refund system and, when associated with more than one retail establishment, clearly marked as being associated with each such establishment;
- (8) a sign bearing the name or logo of the system must be installed in a prominent position on the façade of the return site or near the site;
- (9) the site must be accessible to persons with reduced mobility;
- (10) except in isolated or remote territories, the site must have year-round road access;
- (11) the site must be situated within a radius of not more than 1 km from a retail establishment operated by a retailer, except in the case of a group referred to in section 49.

If a retailer provides a service for the return of redeemable containers and refunding the deposit only at checkout counters in a retail establishment, those counters are considered, for all of them, to be one return point and they must meet the requirements for that type of return site, in addition to the requirements of this subdivision. If a retailer provides a service for the return of redeemable containers and refunding the deposit both at checkout counters in a retail establishment and using one or more devices situated in the establishment, the checkout counters or the device or devices are considered to form a single return point.

26. Only the following personal information may be required from a person to whom a deposit is refunded electronically:

- (1) name;
- (2) address;
- (3) telephone number;
- (4) email address.

27. When a return site is situated inside an establishment, it must be open at the same times as the establishment.

When a return site is installed by a single retailer outside an establishment, operated by the retailer, to which the site is associated, the site must be open during the same business hours as that of the establishment.

When a return site is installed by a group of retailers outside the establishments they operate and the business hours of each of those establishments are shorter than the period referred to in the fourth paragraph, the site must be open during the business hours of the establishment that is open the longest.

In other cases, and except in isolated or remote territories, a return site must be open every day, for at least 10 hours on Mondays to Saturdays and for at least six hours on Sundays, except on 1 and 2 January, 24 June and 24, 25, 26 and 31 December.

28. The business days and hours of a return site must be posted at a place at the site that is clearly visible from outside.

29. Various types of return sites may be installed at the same location. In such a case they are counted as one return site for the purposes of sections 41 and 42.

30. Except where the requirements of this Division apply, the organization of a return site, including its location, its form and the equipment therein, is a responsibility of the producer or, as the case may be, of the retailer referred to in section 45 if the retailer and the producer have not entered into a contract pursuant to section 47.

31. Return sites are of three types:

- (1) return points;
- (2) return centres;
- (3) bulk return points.

§§1. Return points

32. A return point is designed to accept up small quantities of redeemable containers.

33. In addition to the requirements of sections 25 to 29, a return point must meet the following requirements:

- (1) it offers refunding on site, in cash, of the deposit for a redeemable container;
- (2) it has enough space for two persons at a time;
- (3) it is at a moderate temperature.

34. The manager of a return point may limit the number of redeemable containers that a person may return on each visit. However, that number may not be less than 50.

When the producer contracts with a person for the management of a return point, the possibility of imposing a limit pursuant to the first paragraph and the conditions for doing so must be set out in the contract.

§§2. Return centres

35. A return centre is designed to accept both small and large quantities of redeemable containers at each visit. It may also, in certain cases, be used as a site where the operations for containers from other return sites are centralized.

36. In addition to the requirements of sections 25 to 29, a return centre must meet the following requirements:

- (1) refunding of the deposit by a secure electronic process, within two consecutive business days of the transaction at the centre is offered on site;
- (2) it is at a moderate temperature;

(3) the manager of the centre ensures that personnel members are present during business hours to provide assistance to the clients.

37. The manager of a return centre may not limit the number of redeemable containers that may be returned on each visit.

§§3. Bulk return points

38. A bulk return point is a site where redeemable containers are returned using a recipient whose dimensions, material, colour and all other elements are determined by the producer that designed and implemented the deposit-refund system of which it forms a part.

39. In addition to the requirements of sections 25 to 29, a bulk return point must meet the following requirements:

- (1) it offers refunding of the deposit by any means considered appropriate by the manager of the site;
- (2) the refunding of the deposit by an electronic process is secure and completed within a maximum of seven days of the return of the containers at the site;
- (3) the use of reusable transportation recipients is encouraged.

40. The manager of a bulk return point may not limit the number of redeemable containers that may be returned at each visit.

§2. Distribution of return sites

41. Beginning in the sixteenth month following (*insert the date of coming into force of this Regulation*), every producer must ensure that a minimum of 1,500 return sites, excluding bulk return sites, are functional across the administrative regions, with the exception of unorganized territories situated in those regions.

The producer must also ensure that the return sites are functional in isolated or remote territories, respecting the number of sites provided for in those territories in a contract entered into under section 57 or, if there is no contract, the number of sites provided for in section 59.

Each administrative region must have a minimum number of return points per number of inhabitants, as follows:

- (1) Montréal and Laval, one return point for every 15,000 inhabitants;

(2) Montérégie, Estrie, Outaouais, Laurentides, Lanaudière and Capitale-Nationale, one return point for every 8,000 inhabitants;

(3) Saguenay-Lac-Saint-Jean, Chaudière-Appalaches, Mauricie and Centre-du-Québec, one return point for every 6,000 inhabitants;

(4) Abitibi-Témiscamingue, Bas-Saint-Laurent, Gaspésie-Îles-de-la-Madeleine, and Côte-Nord, with the exception of the territories of the regional county municipalities of Minganie, Caniapiscau and Golfe-du-Saint-Laurent, one return point for every 4,000 inhabitants.

When, in a given administrative region, the number of inhabitants is not an exact multiple of the number indicated in the second paragraph, the last group may have fewer members.

42. In addition to the requirements of section 41, every producer must ensure that there are, in each regional municipality, at least two return sites at which it is possible to return an unlimited number of containers at each visit.

The producer must also ensure that the return sites in each regional municipality are able, globally, to accept at least 80% of the redeemable containers in which a product is commercialized, marketed or otherwise distributed in that regional municipality.

The total number of redeemable containers specified in the second paragraph for a regional municipality is obtained by dividing the number of redeemable containers in which a product is commercialized, marketed or otherwise distributed in the whole of Québec during the year preceding the year of the calculation by the number representing the population of Québec, established by an order made under section 29 of the Act respecting municipal territorial organization (chapter O-9), to which the number representing the population of the Aboriginal communities present in Québec, and by multiplying the result obtained by the number of inhabitants in the regional municipality.

The population of the Aboriginal communities referred to in the third paragraph is counted in the section of the website of the Ministère des Affaires municipales et de l'Habitation on municipal organization and that is not counted in the order referred to in the third paragraph.

The number of inhabitants in a regional municipality is calculated by adding the number of inhabitants of each local municipality within it, that number being established by the order referred to in the

third paragraph to which is added the number of inhabitants that are part of any Aboriginal community present in the regional municipality.

43. Every producer must, not later than the date that occurs three years after the date of coming into force of this Regulation, submit to the Société and to the Minister a plan containing all the measures it intends to implement for the return of redeemable containers in which products are consumed in a public space, including

(1) the spaces targeted;

(2) the types of devices, recipients and other equipment that will be installed;

(3) the person by whom and manner in which the operation of the devices and the maintenance and replacement of the devices, recipients and other pieces of equipment will be assured;

(4) the terms and conditions applicable to the recovery of redeemable containers; and

(5) a timeframe for the implementation of the measures, for two thirds of the public places targeted, within two years following the time limit set, and within three years for all the public places targeted.

Where the requirement provided for in the first paragraph is, pursuant to section 91, imposed on a designated management body, the plan must be sent not later than the date that occurs three years after the date of its designation.

Any part of a building, land, public road or other place that is accessible to the public on a continuous, periodic or occasional basis, except an establishment operated by a retailer or an establishment offering on-site consumption, is a public space.

44. Every producer must, not later than the fifteenth day following (insert the date of the last day of the sixteenth month following the date of coming into force of this Regulation), draw up a list of all return sites operating throughout Québec and map them. The producer must update the list and map and make them accessible to the public via a website.

The list must show, for each return site, its type, the mode of refund if offers and, if applicable, the maximum number of redeemable containers that may be returned per visit.

§3. Retailers

45. Every retailer must, for each establishment the retailer operates in which products are offered for sale in a redeemable container, accept the redeemable containers that are returned to the retailer and refund the deposit amount, except if the area of the part of the establishment reserved for sales is equal to or less than 375 square metres.

46. Redeemable containers must be accepted by a retailer and the deposit must be refunded at a return site in accordance with sections 25 to 40.

Every producer must ensure that a return site is installed for each establishment referred to in section 45.

47. From the fourth month following (*insert the date of coming into force of this Regulation*), every producer must take steps to enter into a contract with every retailer which, once signed, must specify

(1) the location, number, type and layout of the return sites that will be installed;

(2) whether it is the producer or the retailer who is responsible for installing and managing the return sites;

(3) the terms and conditions applicable to the access to the return sites and the parking spaces available close to the sites;

(4) the types of devices and other equipment that will be installed for the return of redeemable containers and the person responsible for their purchase or leasing and their maintenance and replacement;

(5) the terms and conditions applicable to the maintenance and replacement of the devices and other pieces of equipment installed;

(6) if applicable, the number of redeemable containers that it will be possible to return at each visit;

(7) if the installation of a bulk return point is planned, the types of recipients that may be used to return redeemable containers;

(8) the terms and conditions applicable to the storing the containers returned;

(9) the mode or modes for refunding deposits that will be offered;

(10) the terms and conditions applicable to client service for the return sites;

(11) the terms and conditions applicable to the refunding to the manager of a return site the deposit that the manager has refunded for the return of redeemable containers;

(12) the management process for the redeemable containers rejected by a device;

(13) the management process for containers that are non-returnable and for the recipients used to transport containers that are abandoned in a return site, until a system harmonization agreement is entered into pursuant to section 142 or an arbitration award is rendered pursuant to Division II of Chapter IV;

(14) the terms and conditions applicable for collecting redeemable containers and containers that are non-refundable and recipients referred to in subparagraph 13 from the return sites, including the frequency of collection, until, in the case of the containers and recipients referred to in subparagraph 13, a system harmonization agreement is entered into pursuant to section 142 or an arbitration award is rendered pursuant to Division II of Chapter IV;

(15) the costs relating to

(a) the installation and operational and financial management of the return sites;

(b) modifications to an existing establishment to allow the installation of a return site;

(c) the purchase or leasing of the devices that will be installed in a return site;

(d) the maintenance and replacement of the devices; and

(e) training for the personnel members responsible for client services and the handling of containers, on deposit or not, as well as recipients used to transport those containers for their collection from a return site;

(16) the sharing of responsibilities with respect to the costs referred to in subparagraph 15;

(17) if a single return site is installed for more than one establishment, the responsibilities of each retailer operating one or more establishments with respect to the elements in subparagraphs 1 to 16;

(18) the information and documents that must be submitted to the producer, and the frequency and mode of submission;

(19) a schedule for the implementation of the obligations set out in the contract;

(20) the duration of the contract;

(21) the terms and conditions applicable for modifying, cancelling and renewing the contract; and

(22) the dispute resolution method.

In the cases referred to in subparagraphs 13 and 14 of the first paragraph, the producer and the retailer must attempt to agree, within three months from the date of the signing of a system harmonization agreement or an arbitration award, on the terms and conditions applicable to the elements listed in those subparagraphs, if the elements are covered by the agreement or the arbitration award and the producer and the retailer do not comply with what is provided for in their respect in the agreement or award. If they agree on the terms and conditions, they must sign an agreement, which becomes an integral part of the contract entered into pursuant to the first paragraph as of the date on which the contract is signed.

If the producer and the retailer do not agree on the elements listed in subparagraphs 13 and 14 of the first paragraph at the end of the three-month period provided for in the second paragraph, section 50 applies, with the necessary modifications.

At the end of the three-month period following the mediation provided for in section 50, if the parties still do not agree, the Société determines, within 30 days after that time limit, the obligations of the producer and the retailer with respect to the elements listed in subparagraphs 13 and 14 of the first paragraph.

48. Several retailers may group together to fulfill their obligations under this subdivision, on condition that the group has obtained prior approval from any producer that has developed and implemented the deposit-refund system, but remain individually responsible for compliance.

49. If, in a local municipality, retailers group together to install a single return site, the site must be situated within a maximum radius of 1 km from one of the associated establishments and, according to the number of inhabitants of the municipality,

(1) within a maximum radius of 5 km from the other associated establishments for a local municipality of fewer than 3,000 inhabitants;

(2) within a maximum radius of 3 km from the other associated establishments for a local municipality of 3,000 to 25,000 inhabitants;

(3) within a maximum radius of 2 km from the other associated establishments for a local municipality of 25,001 to 100,000 inhabitants; and

(4) within a maximum radius of 1 km from the other associated establishments for a local municipality of more than 100,000 inhabitants.

50. If, at the end of the ninth month following (*insert the date of coming into force of this Regulation*), a producer and a retailer have not succeeded in entering into a contract pursuant to section 47 or have not succeeded in agreeing on all the elements to be included in such a contract, they must, within 14 days after the time limit, submit the elements on which they disagree to a mediator who is accredited by a body recognized by the Minister of Justice and whose head office is located in Québec. The producer and the retailer pay the mediator's fees in equal shares, along with the costs incurred by the mediator.

The Minister and the Société must be notified by the producer in writing, within the same 14-day time limit, of the elements of the dispute preventing the entering into a contract and of the choice of a mediator.

The Minister and the Société must be notified in writing by the mediator, within 14 days following the end of the mediation process, of its total or partial success, its failure or the fact that the producer and the retailer discontinued their application. They are also notified in writing, if the mediation was partially successful, of the elements on which the parties still disagree.

51. Not later than the twelfth month following (*insert the date of coming into force of this Regulation*), if a producer and a retailer have still not succeeded in entering into a contract pursuant to section 47, the retailer is required to install, within three months of that date, a return point or return centre for each establishment it operates and in which it sells a product in a redeemable container. Sections 25 to 40 apply to the retailer.

The producer must, in such a case,

(1) reimburse to the retailer, within 30 days of the filing of a claim by the retailer, the amounts spent to meet the obligation imposed on the retailer by the first paragraph, and the amounts that the retailer incurs to cover the elements listed in subparagraph 14 of the first paragraph of section 47; the claim must detail the costs claimed and include the documents that show those costs; and

(2) ensure that the redeemable containers stored at the site are collected at least twice per week.

The retailer must provide the producer, within the time set by the producer, with all the information and documents requested by the producer concerning the elements listed in subparagraphs 1, 3, 6 to 10 and 12 of the first paragraph of section 47.

52. Every retailer is required, for each establishment operated in which the retailer sells a product in a redeemable container, to post clearly, inside the establishment at the place where the product is offered for sale, the amount of the deposit for the container.

The amount of the deposit must also appear on the invoice for the person who purchases the product, on a line just below the line indicating the amount of the sale.

53. Every retailer is required, for each establishment operated in which the retailer sells a product in a redeemable container, to post clearly, in or at the entrance to the establishment, the address of the return site for that establishment, if its area is greater than 375 square metres, or the address of the return site nearest to the establishment, if its area is equal to or less than 375 square metres.

54. Despite section 51, a contract between a producer and a retailer may be entered into at any time after the expiry of the time specified in that section. In such a case, the clauses of the contract are substituted for the obligations provided for in that section.

55. Every producer must, within eighteen months following (insert the date of coming into force of this Regulation), submit to the Société and to the Minister a list of all the retailers subject to the obligations of this subdivision, detailing how they have fulfilled their obligations.

56. This subdivision does not apply in isolated or territories and unorganized territories, or to establishments offering on-site consumption.

§4. Isolated or remote territories and establishments offering on-site consumption

§§1. Isolated or remote territories

57. Every producer must offer the authorities responsible for the administration of isolated or remote territories to install, in those territories, return sites for redeemable containers in which products are sold.

For that purpose, the producer must, from the fourth month following (*insert the date of coming into force of this Regulation*), begin a process with each authority to enter into a contract which, once signed, must specify at least

(1) the location, number, type and layout of the return sites that will be installed;

(2) the person responsible for installing the return site or sites and the person responsible for managing the return site or sites;

(3) the terms and conditions applicable to the access to the return sites and their business hours;

(4) the type of devices that may be installed at a return site and the person responsible for their purchase or leasing, maintenance and replacement;

(5) the terms and conditions applicable to the maintenance and replacement of the devices installed;

(6) the number of redeemable containers that it will be possible to return at each visit;

(7) if the installation of a bulk return point is planned, the types of recipients that may be used to return redeemable containers;

(8) the management mode for the return sites;

(9) the terms and conditions applicable to the storing of the containers returned and the special arrangements that will be needed to prevent the inconveniences caused by odours, vermin and wildlife;

(10) the mode or modes for refunding deposits that will be offered;

(11) the terms and conditions applicable to client service at the return sites;

(12) the terms and conditions applicable to the refunding by the producer to the manager of a return site of the deposits that the manager has refunded for the return of redeemable containers;

(13) the management process for the containers that are non-returnable or rejected by a device, and for the recipients used to transport containers that are abandoned at a return site;

(14) the terms and conditions applicable for collecting redeemable containers and containers and recipients referred to in paragraph 13 from the return sites, including the frequency of collection;

(15) the information, awareness and education measures that will be implemented for the inhabitants of the territory concerned, including the information that will be posted concerning return sites and the language used for that purpose;

(16) the information and documents that must be submitted to the producer, and the frequency and mode of submission;

(17) a schedule for the implementation of the obligations set out in the contract;

(18) the duration of the contract;

(19) the terms and conditions applicable for modifying, cancelling and renewing the contract; and

(20) the dispute resolution method.

58. If, at the end of the ninth month following (*insert the date of coming into force of this Regulation*), a producer and an authority referred to in the first paragraph of section 57 have not succeeded in entering into a contract pursuant to section 57 or have not succeeded in agreeing on all the elements to be included in such a contract, they must, within 14 days after the time limit, submit the elements on which they disagree to a mediator who is accredited by a body recognized by the Minister of Justice and whose head office is located in Québec. The producer and the authority pay the mediator's fees in equal shares, along with the costs incurred by the mediator.

The Minister and the Société must be notified by the producer in writing, within the same 14-day time limit, of the elements of the dispute preventing the entering into a contract and of the choice of a mediator.

The Minister and the Société must be notified in writing by the mediator, within 14 days following the end of the mediation process, of its total or partial success, its failure or the fact that the producer and the authority concerned discontinued their application. They are also notified in writing, if the mediation was partially successful, of the elements on which the parties still disagree.

59. Not later than by the end of the twelfth month following (*insert the date of coming into force of this Regulation*), if a producer and an authority referred to in the first paragraph of section 57 have still not succeeded in entering into a contract pursuant to section 57, the

producer is required, within three months of that date, to install and finance return sites in the territory for which the authority is responsible, refund the deposits for redeemable containers, collect containers from the return sites, and transport, condition and, in the case of redeemable containers, reclaim them, in accordance with the following distribution:

(1) for each locality with fewer than 3,000 inhabitants situated in a territory: at least one return point, accessible at least 24 hours per week over a minimum period of four days;

(2) for each locality of 3,000 inhabitants or more situated in a territory: at least two return sites, including a return point, accessible at least 30 hours per week over a minimum period of five days.

The producer must, for each return site put in place and financed pursuant to the first paragraph, provide an enclosed space at the return site, sufficiently large to store all the redeemable containers returned until they are collected, and laid out in a way that prevents the harm caused by odours, vermin and wildlife.

The producer must also, for each return site put in place in a locality situated in a territory accessible year-round by road or rail, collect redeemable containers at the following minimum frequency:

(1) once per month for localities with fewer than 3,000 inhabitants;

(2) twice per month for localities with 3,000 or more inhabitants.

For a return site put in place in a locality that is not accessible year-round by road or rail, the producer must collect redeemable containers at least twice per year.

60. Despite section 59, a contract between a producer and an authority referred to in the first paragraph of section 57 may be entered into at any time after the expiry of the time specified in section 59. In such a case, the clauses of the contract are substituted for the obligations provided for in that section.

61. The producer is responsible for the installation and the operational and financial management of a return site referred to in this sub-subdivision.

§§2. Establishments offering on-site consumption

62. The operator of an establishment offering on-site consumption must participate in the deposit-refund system developed and implemented pursuant to this Regulation.

The operator must, for that purpose, in addition to the requirements of sections 63 and 65, take the other necessary steps to do so within the establishment.

63. Beginning in the fourth month following (*insert the date of coming into force of this Regulation*), a producer must take steps to enter into a contract with any group of persons authorized to do so and that acts on behalf of a group of establishments offering on-site consumption or with any establishment offering on-site consumption individually if no group of persons acts on its behalf, which, once signed, must specify

(1) the types of establishments offering on-site consumption to which a collection service for redeemable containers in which they sell or otherwise make available a product will be offered;

(2) an undertaking, by any party to the contract, to draw up a list showing the number of participating establishments offering on-site consumption, their name and address, their type, the particularities to be taken into account concerning access to the establishment, and the terms and conditions applicable for updating the list;

(3) a list of the equipment and accessories needed to facilitate the collection of redeemable containers, including compactors, bins, crates or other types of recipients, the person responsible for the supply of the equipment and accessories, the terms and conditions for the emptying of redeemable containers and the on-site sorting of containers, if possible, and the financial terms and conditions applicable for purchasing and maintaining the equipment and those accessories;

(4) the frequency and modes of collection of redeemable containers in such establishments;

(5) the types of vehicles that may be used for the collection of redeemable containers in each establishment;

(6) the minimum and maximum quantities of redeemable containers that may be returned at each collection, and the mode of communication for requesting or cancelling a collection if needed;

(7) the mode or modes for refunding the deposit for redeemable containers collected and the terms and conditions applicable to refunds;

(8) the information, awareness and education measures to be implemented for personnel members at such establishments to ensure a proper management of redeemable containers in which they sell or otherwise offer a product; and

(9) an implementation schedule for collection services, which must begin not later than the sixteenth month and a half following (*insert the date of coming into force of this Regulation*).

64. If, at the end of the eleventh month following (*insert the date of coming into force of this Regulation*), a producer and a group of persons acting on behalf of a group of establishments offering on-site consumption or, as the case may be, an establishment offering on-site consumption acting individually, have not succeeded in entering into a contract pursuant to section 63, or have not succeeded in agreeing on the elements that must be included in such a contract, they must, within 14 days after the time limit, submit the elements on which they disagree to a mediator who is accredited by a body recognized by the Minister of Justice and whose head office is located in Québec. The producer and the group of persons or, as the case may be, the establishment offering on-site consumption acting individually, pay the mediator's fees in equal shares, along with the costs incurred by the mediator.

The Minister and the Société must be notified by the producer and by the group of persons or, as the case may be, the establishment offering on-site consumption concerned, within the same 14-day time limit, of the elements of the dispute preventing them from entering into a contract and of the choice of a mediator.

The Minister and the Société must be notified in writing by the mediator, within 14 days following the end of the mediation process, of its total or partial success, its failure or the fact that the producer and the group of persons or, as the case may be, the establishment offering on-site consumption concerned discontinued their application. They are also notified in writing, if the mediation was partially successful, of the elements on which the parties still disagree.

65. If, not later than the end of the fourteenth month following (*insert the date of coming into force of this Regulation*), a producer and a group of persons or an establishment offering on-site consumption referred to in section 63 have still not succeeded in entering into a contract, the producer must offer each establishment offering on-site consumption on whose behalf the group acts or the establishment offering on-site consumption concerned, not later than the end of the sixth week following the expiry of the time prescribed, a collection service for redeemable containers, on the following conditions:

(1) for every establishment with a capacity of 50 or more persons at a time: one collection at least once per week;

(2) for every establishment with a capacity of fewer than 50 persons at a time: one collection at least twice per month;

(3) every collection must allow the establishment to return all the redeemable containers it has stored;

(4) the producer must provide the equipment and accessories needed to facilitate the collection of redeemable containers, including compactors, bins, crates or other types of recipients, and take the necessary steps to ensure that redeemable containers are emptied and sorted on site, if possible;

(5) the producer must refund the deposit for redeemable containers collected to the establishment concerned within a maximum of seven consecutive business days following collection;

(6) if the refunding mode requires a digital application, the producer must assign an identification code to the establishment and provide it with a sufficient quantity of precoded labels or a device to allow the establishment to print its own labels;

(7) the producer must provide the establishment with a document showing the operation of the collection service, the redeemable containers targeted and the rules that must be observed in order to receive the service.

66. Despite section 65, a contract with a representative may be entered into at any time after the expiry of the time specified in that section. In such a case, the clauses of the contract are substituted for the provisions of that section.

DIVISION IV TRANSPORTATION, SORTING, CONDITIONING AND RECLAMATION OF REDEEMABLE CONTAINERS

§1. Obligations of producers

67. Every producer must ensure that redeemable containers are transported, sorted, conditioned and reclaimed. For that purpose, the producer may enter into a contract with any service provider, taking into account the requirements of section 68.

68. In selecting a service provider, the producer must take into account

(1) the ability of the service provider to meet the requirements determined by the producer for the transportation, sorting, conditioning or reclaiming of redeemable containers; and

(2) the service provider's business model and the impact of that model on the community;

(3) the ability of the service provider, depending on the nature of the contract,

(a) to sort and condition, locally, the redeemable containers that are recovered;

(b) to contribute to the fight against climate change, considering for example the effort made by the service provider to reduce greenhouse gas emissions by selecting a conditioning process or a form of recovery that generates such a reduction or by selecting routes and modes of transportation to collect redeemable containers; and

(c) to use the materials sent to it as a substitute for raw materials of a similar or different nature, except where the materials are used in a landfill for residual materials within the meaning of the Regulation respecting the landfilling and incineration of residual materials (chapter Q-2, r. 19), in a biological treatment centre, or for energy recovery.

The producer must, in selecting a service provider, facilitate participation by social economy enterprises within the meaning of section 3 of the Social Economy Act (chapter E-1.1.1).

§2. Contracts

69. A contract entered into pursuant to section 67 must specify

(1) the type and quantity of redeemable containers covered by the contract;

(2) the places where services will be provided;

(3) the type of equipment used to deliver services and the terms and conditions applicable to the maintenance and replacement;

(4) the conditions for the storage of redeemable containers or materials obtained following their conditioning, at each stage of transportation, sorting, conditioning and reclamation, if applicable;

(5) the management of contamination in redeemable containers;

(6) the traceability of redeemable containers or materials obtained following their conditioning, for the part covered by the delivery of the service;

(7) the requirements concerning the quality of the redeemable containers following transportation or sorting and the quality of the material obtained following the conditioning of those containers;

(8) the terms and conditions applicable to the quality control procedure referred to in paragraph 7, including the methods used to characterize redeemable containers, site visits and the use of audits or an external auditor;

(9) the requirements that all service providers, including subcontractors, must observe in managing the recovered containers and the measures that must be implemented to assure those requirements;

(10) the financial parameters, including the price of the services provided and the terms and conditions applicable to payment;

(11) the duration of the contract and the conditions for its amendment, renewal or cancellation;

(12) the dispute resolution mechanism;

(13) the conditions ensuring the health and safety of workers at the site where materials are transported, sorted, conditioned or reclaimed; and

(14) a list of the information and documents that the service provider must submit to the producer to allow it to meet its obligations under this Regulation, and the frequency of submission.

CHAPTER III MANAGEMENT BODY

DIVISION I DESIGNATION

70. During the third month following the coming into force of this Regulation, the Société designates a body that meets the requirements of sections 73 and 74, for which the requirements of sections 71 and 72 have been met, and for which an application to be designated as the management body for the deposit-refund system has been sent to the Société, to assume, in place of producers, the obligation to develop, implement and contribute financially to a deposit-refund system. The Société must, without delay, send confirmation of the designation to the body and to the Minister.

The designation provided for in the first paragraph is effective as of the date on which the confirmation provided for in the first paragraph is sent by the Société.

The Société must post on its website, on the date provided for in the second paragraph, the name of the body designated as the management body for the deposit-refund system and the date on which the designation takes effect.

71. Every application for the initial designation of a body must be filed with the Société within two months after the coming into force of this Regulation or, for a subsequent designation pursuant to section 84, not later than the eighth week preceding the expiry of the current designation. It must contain the following information and documents:

(1) the body's name, address, telephone number and email address;

(2) the Québec business number assigned if it is registered under the Act respecting the legal publicity of enterprises (chapter P-44.1);

(3) the name of its representative;

(4) a list of the directors of its board of directors and the information for identifying them;

(5) a list of its members;

(6) in the case of an initial designation, a plan for the development and implementation of the deposit-refund system whose contents meet the requirements of section 72;

(7) a copy of any other document showing that the body meets the requirements of sections 73 and 74;

(8) a list of the producers who support the body's designation, signed by each producer.

A person who files an application pursuant to the first paragraph must send a copy to the Minister on the date on which the application is filed with the Société.

72. A development and implementation plan for a deposit-refund system must contain

(1) a general description of the activities of the producers that, if the body is designated by the Société, will be required to be members;

(2) the terms and conditions applicable to membership of the body;

(3) a summary description of the planned system, covering the operational and financial components for the first five years of implementation;

(4) with respect to the returning of redeemable containers, a template for the contracts that may be entered into with the following persons must take into account the various geographical and operational realities of each person:

- (a) retailers;
 - (b) groups of persons acting on behalf of a group of establishments offering on-site consumption or an establishment offering on-site consumption individually;
 - (c) representatives in isolated or remote territories;
- (5) a list of the measures that the body plans to implement to promote the development of markets throughout Québec for the material obtained following the conditioning of the redeemable containers, and the ecodesign criteria it intends to require producers to consider;
- (6) a list of the information, awareness and education measures the body plans to implement to encourage consumer participation in the deposit-refund system;
- (7) a draft timeframe for the development and implementation of the deposit-refund system and the implementation of the measures referred to in subparagraph 6; and
- (8) a proposal for harmonizing the deposit-refund system with any selective collection system for certain residual materials developed and implemented pursuant to a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.1 of the Act, hereinafter referred to as the “selective collection system”, which must provide for, without limiting the possibility of adding other elements, the elements provided for in section 143.

The operational component referred to in subparagraph 3 of the first paragraph includes all stages in the implementation of the deposit-refund system, and more specifically the stages involving the return of redeemable containers and their management to their final destination or, as the case may be, to the site of the material obtained following conditioning.

73. Any body that meets the following requirements may be designated pursuant to section 70:

- (1) it is constituted as a non-profit legal person;
- (2) its head office is in Québec and it pursues most of its activities in Québec;

(3) each of the following categories of producers classified based on the types of products they commercialize, market or otherwise distribute, is represented by a producer on its board of directors:

- (a) producers of beer and other malt-based alcoholic beverages;
- (b) producers of alcoholic beverages other than those referred to in subparagraph *a*;
- (c) producers of carbonated soft drinks other than sparkling water;
- (d) producers of water, including sparkling water;
- (e) producers of milk and milk substitutes;
- (f) producers of all other beverages that do not contain alcohol;

(4) each category of producers, based on the types of containers they use among those listed in subparagraphs 1 to 4, 6 and 7 of the first paragraph of section 3, mainly to commercialize, market or otherwise distribute their products, is represented by a producer on the board of directors; producers who mainly use one of the types of containers referred to in subparagraphs 6 and 7 of the first paragraph of section 3 form a single category for the purposes of this subparagraph;

(5) most of the body’s activities are connected to the recovery and reclamation of residual materials;

(6) the body is able to take financial responsibility for the development of the deposit-refund system to which this Regulation applies.

A single member of the body’s board of directors may fulfill a requirement specified in both subparagraph 3 and subparagraph 4 of the first paragraph.

74. In addition to the requirements of section 73, a body must, to be designated, have adopted general by-laws that are in effect when the application for designation is filed and provide for

- (1) rules of ethics and professional conduct for the members of the board of directors and employees, addressing compliance with laws and regulations, the confidentiality of information obtained in the performance of their duties, conflicts of interest and apparent conflicts of interest;

(2) the procedure for convening meetings, making decisions and ensuring the quorum at meetings of the board of directors;

(3) the contents of the minutes from meetings of the board of directors, which must record the decisions made and their approval by the board of directors;

(4) the inclusion of any topic raised by a member of the monitoring committee referred to in sub-subdivision 8 of subdivision 1 of Division II of this Chapter on the agenda at the next ensuing meeting of the board of directors, at the member's request, and an invitation to the member to present it; and

(5) the possibility for producers to become members.

75. The Société may, if it notes that the development and implementation plan filed with an application for designation does not meet all the requirements of section 72, ask the applicant to make changes before selecting the body that will be designated pursuant to section 70.

76. If, among the applications filed, more than one body meets the requirements of sections 73 and 74, the requirements of sections 71 and 72 are met by each body and the Société is satisfied with the development and implementation plan submitted for each body, it designates the body supported by the greatest number of producers in each of the categories listed in subparagraph 3 of the first paragraph of section 73.

77. On the expiry of the time limit set in section 71, if no application for designation has been sent, if no body for which an application has been sent meets the requirements of sections 73 and 74, or if the requirements of sections 71 and 72 have not been met for a body, the Société designates, within 30 days following the expiry of the time limit, a body which, in its opinion, is able to assume the obligations referred to in subdivision 1 of Division II of this Chapter, even if the body, which must still be constituted as a non-profit legal person and have its head office in Québec, meets only some or none of the other requirements.

The Société must, before designating a body pursuant to the first paragraph, obtain its agreement.

The designation provided for in the first paragraph is effective as of the date on which the notice informing the body of the designation is received by the body.

78. If the Société has not designated a body within the time limit set in section 70 or the first paragraph of section 77, the obligation set out therein is transferred, on the expiry of the time limit, to the Minister, who must act as soon as possible.

79. A body's designation is valid for a period of five years.

On expiry, it is automatically renewed for the same period, provided that

(1) the body has filed with the Société and the Minister, not later than six months prior to expiry, a report on the implementation and effectiveness of the deposit-refund system during the designation in progress, which must also include consultations and discussions with environmental groups and consumers, the dates of the consultations and discussions, the topics discussed, the recommendations made and any follow-up action taken;

(2) the report sets out the body's strategic aims and priorities for the deposit-refund system for the new five-year period; and

(3) the Société declares to the designated management body that it is satisfied with the report, not later than four months before the expiry of designation.

80. Not later than four months before the expiry of a designation, the Société must send to the Minister the results of its analysis of the report sent by the body and, if applicable, make recommendations.

81. The Société may, before the expiry of the four-month time limit set in subparagraph 3 of the second paragraph of section 79, suggest that the designated management body make changes to a report filed with the Société pursuant to subparagraph 1 of the second paragraph of section 79.

82. If the Société has not ruled on a five-year report within the time limit, the report is deemed to be satisfactory to the Société and the body's designation is automatically renewed on expiry, with no further notice or time limit.

83. When a designation is not renewed because of non-compliance with a condition in the second paragraph of section 79, the Société must, at least four months before the expiry of the designation, notify the body and the Minister, giving the reason for non-renewal.

84. When a body's designation will not be renewed on expiry, the Société must begin a process that will allow it, in the four months prior to expiry, to designate, to ensure the operation and financing of the deposit-refund system, a body that meets the requirements of sections 73 and 74, for which the requirements of sections 71 and 72 have been met and for which an application for designation as a management body for the deposit-refund system has been sent. It sends confirmation of the designation to the body and to the Minister without delay.

85. At the end of the time limit provided for in the first paragraph of section 84, if no application for designation has been sent or if no body for which an application has been sent meets the requirements provided for in section 73 and 74 or for which the requirements of sections 71 and 72 have not been met, section 77 applies, with the necessary modifications.

86. If the Société has not designated a body within the time limit set to do so in section 84 or 85, the obligation provided therein is transferred, on the expiry of the time limit, to the Minister, who must act as soon as possible.

87. The Société may terminate a current designation if

(1) the designated management body fails to comply with one of its obligations under this Regulation or an obligation in its general by-laws;

(2) the designated management body ceases operations for any reason, including bankruptcy, liquidation or the assignment of its property;

(3) the designated management body has filed false or misleading information with the Société or has made false representations; or

(4) more than 50% of the members of the designated management body request termination.

To terminate a current designation, the Société sends written notice to the body and to the Minister stating the reason for the termination of designation.

If the reason is the reason provided for in subparagraph 1 of the first paragraph, the body must remedy its failure within the time limit set in the notice, failing which its designation is terminated by operation of law on the expiry of the time limit. If the reason is a reason provided for in subparagraph 2, 3 or 4 of the first paragraph, its designation is terminated by operation of law on the date of receipt of the notice by the body.

The Société publishes as soon as possible, on its website, a notice informing producers that the designation of a management body is terminated.

88. Where the Société sends a notice referred to in the second paragraph of section 87, it must take steps, within 6 months of sending the notice, to designate a body which, in its opinion, is able to assume the obligations of subdivision 1 of Division II of this Chapter, even if the body, which must still be constituted as a non-profit legal person and have its head office in Québec, meets only some or none of the other requirements.

The Société must, before designating a body pursuant to the first paragraph, obtain its agreement.

A designation under the first paragraph takes effect from the date on which the body receives a notice sent as soon as possible by the Société.

If the Société has not designated a body within the time limit set in the first paragraph, the obligation is transferred, on the expiry of the time limit, to the Minister, who must act as soon as possible.

89. Despite section 88, an application for designation as a management body may be filed with the Société at any time after a notice has been sent under the second paragraph of section 87.

Sections 70 to 74, with the necessary modifications, apply to any application filed pursuant to the first paragraph.

90. If the designation of a management body terminates prior to expiry or is not renewed, the body must continue to meet its obligations until a new management body has been designated.

A management body whose designation is terminated must take all necessary steps to ensure that the body that will take its place is able to fulfill all its obligations under this Regulation as soon as possible. The two bodies may, for that purpose, enter into a contract to determine the terms and conditions that apply, in particular, to the management of contracts entered into by the management body designated pursuant to this Regulation.

DIVISION II OBLIGATIONS, RIGHTS AND RESPONSIBILITIES

§1. Of the designated management body

91. A designated management body must assume, in place of the producers, the obligations of those producers under Chapters I and II.

§§1. Governance

92. The management body designated by the Société must, within three months following its designation, ensure

(1) that its board of directors has at least 10 directors and that at least two thirds of its directors are representatives of producers that have a domicile or establishment in Québec;

(2) that a producer is entitled to only one seat on the board of directors;

(3) that the number of directors on its board of directors ensures a fair representation of all the categories of producers referred to in subparagraphs 3 and 4 of the first paragraph of section 73. Their representation must be proportionate to the quantity and type of containers commercialized, marketed or otherwise distributed in Québec by the producers in each sector and to the types and quantities of materials used to manufacture such containers;

(4) that each director on the board of directors who is not a producer has experience in the field of deposits; and

(5) that at least three directors on the board of directors are minor contributors while at least four are medium contributors.

The designated management body must also implement measures, within the time limit set out in the first paragraph, to ensure that data gathered for the development, implementation and operation of the system of selective collection are used in accordance with the applicable laws and regulations and that the measures ensure protection for the personal and confidential information of its members.

93. The following items must be entered on the agenda for each annual general meeting of the members of the designated management body:

(1) a presentation of the body's activities during the preceding calendar year;

(2) a presentation of the activities that the body plans to implement during the current calendar year;

(3) changes in the implementation of the system of selective collection and the costs incurred;

(4) the possibility for members to give their opinion on such topics.

§§2. Financing of the system

94. The designated management body may use, to meet its obligation to finance the deposit-refund system pursuant to section 70, any deposit amount paid by a producer pursuant to the first paragraph of section 97.

It may also use any other form of income generated by the operation of the system.

If the amounts referred to in the first and second paragraphs are not sufficient for the financing of the system in a given year, the designated management body may require producers to pay, as contributions, the sums

necessary to cover the difference. The producers are bound to pay the amounts required by the designated management body within the time limit it sets.

95. The contributions a producer is required to pay pursuant to the third paragraph of section 94 are calculated by multiplying the quantity of redeemable containers used by the producer during the year for which the contribution is required to commercialize, market or otherwise distribute a product by a per-container amount set by the designated management body on the basis of, but not limited to, the elements and factors set out in the second paragraph.

In setting the amount referred to in the first paragraph, the designated management body must take into account the type of redeemable containers used by the producer during the year concerned to commercialize, market or otherwise distribute a product, the capacity of the deposit-refund system to take them in charge until their reclamation, and the factors connected to the impact of the containers on the environment, including

(1) the materials of which the containers are made;

(2) their actual recyclability;

(3) the existence of markets for all the materials of which a redeemable container is made;

(4) the existence of markets in Québec for all the materials used in a redeemable container;

(5) the inclusion of post-consumer recycled materials in those containers;

(6) the effort made to reduce, at source, the materials used to manufacture the redeemable containers; and

(7) the possibility that the containers will be used more than once to commercialize, market or otherwise distribute a product.

96. The designated management body must post and update the amount referred to in the first paragraph of section 94 on its website, without restricting access, for each type of container and based on the volume of the product commercialized, marketed or otherwise distributed in each type of container.

97. Every producer must pay to the designated management body, at the time it determines, the deposit for each container in which it commercializes, markets or otherwise distributes a product.

98. The per-container amount set pursuant to the first paragraph of section 95 may be allocated only to that container and, if it is partly or entirely included in the sale price for the product, must be internalized in the sale price as soon as the product is commercialized, marketed or otherwise distributed.

The internalized cost may only be made visible on the initiative of the producer who commercializes, markets or otherwise distributes the product, and in such a case the information must be disclosed as soon as the product is commercialized, marketed or otherwise distributed. The information must include a mention that the amount is used to ensure the recovery and reclamation of the redeemable container and the internet address where more information may be obtained.

§§3. Recovery rate

99. The designated management body is required to achieve the following annual recovery rates for redeemable containers:

(1) for the years 2026 and 2027:

Type of container	Annual recovery rate
Single-use metal containers	75%
Single-use plastic containers	70%
Single-use containers made of glass or any other breakable material	65%
Single-use biobased containers	70%
Reusable containers made of glass or any other breakable material	85%
Reusable containers made of any material other than glass or other breakable material	70%
All containers	70%

(2) for the years 2028 and 2029:

Type of container	Annual recovery rate
Single-use metal containers	80%
Single-use plastic containers	75%
Single-use containers made of glass or any other breakable material	75%
Single-use fibre containers, including multi-layer containers	65%

Type of container	Annual recovery rate
Single-use biobased containers	75%
Reusable containers made of glass or any other breakable material	90%
Reusable containers made of any material other than glass or other breakable material	75%
All containers	80%

Starting in 2030, and every two years thereafter, the recovery rates prescribed by subparagraph 2 of the first paragraph are increased by 5% until they reach 90%.

100. The recovery rates prescribed by section 99 are calculated by dividing, for a given year, for each type of containers, the quantity of redeemable containers that are recovered at all return sites by the quantity of redeemable containers in which a product has been commercialized, marketed or otherwise distributed by a producer, and by multiplying the result obtained by 100.

101. Only redeemable containers that have been traced may be considered in the calculation of the recovery rates achieved by the designated management body, which must be audited by an independent third person who is a professional within the meaning of section 1 of the Professional Code (chapter C-26) and authorized by the order concerned to complete an audit mission. They may also be audited by any other person legally authorized to perform such an activity in Québec.

102. Redeemable containers that are recovered via a selective collection system are eligible for the calculation of recovery rates if

(1) they are not accounted for in the calculation of recovery and reclamation rates for the selective collection system for certain residual materials;

(2) they are covered by an agreement entered into, pursuant to section 142, between the designated management body and a management body designated pursuant to the regulation respecting the selective collection system for certain residual materials, or are covered by an arbitration award that determines the elements not covered by such an agreement that enable the harmonization of the deposit and selective collection systems;

(3) they represent at most 5% of the redeemable containers in which a product is commercialized, marketed or otherwise distributed under the deposit-refund system;

(4) the quantity of redeemable containers that are eligible is limited to 10% of the total quantity of redeemable containers that are recovered that are counted for the achievement of those rates; and

(5) they meet all the requirements applicable to redeemable containers of the same type accounted for under the deposit-refund system.

§§4. Reclamation rates

103. The designated management body is required to achieve the following annual reclamation rates for the material obtained following the conditioning of the redeemable containers:

(1) for the years 2026 and 2027:

Type of container	Annual reclamation rate
Single-use metal containers	75%
Single-use plastic containers	68%
Single-use containers made of glass or any other breakable material	63%
Single-use biobased containers	68%
Reusable containers made of glass or any other breakable material	90%
Reusable containers of any material other than glass or other breakable material	80%
All containers	65%

(2) for the years 2028 and 2029:

Type of container	Annual reclamation rate
Single-use metal containers	80%
Single-use plastic containers	73%
Single-use containers made of glass or any other breakable material	73%
Single-use fibre containers, including multi-layer containers	60%
Single-use biobased containers	73%
Reusable containers made of glass or any other breakable material	90%

Type of container	Annual reclamation rate
Reusable containers of any material other than glass or other breakable material	85%
All containers	75%

Starting in 2030, and every two years thereafter, the reclamation rates prescribed by subparagraph 2 of the first paragraph are increased by 5% until they reach 90%.

104. Only materials obtained following the conditioning of redeemable containers that are sent to a site to be reclaimed as a substitute for raw materials of a similar or different nature, except when that material is used in a landfill for residual materials within the meaning of the Regulation respecting the landfilling and incineration of residual materials (chapter Q-2, r. 19), in a biological treatment or for energy recovery, are eligible for the calculation of reclamation rates.

For a material obtained following the conditioning of reusable redeemable containers to be eligible in the calculation of the rates prescribed by section 103, the designated management body must demonstrate that the containers have, on average, been reused at least 10 times before being conditioned, each time for the same purposes as those for which they were used for the first time to commercialize, market or otherwise distribute a product.

105. For each type of single-use containers referred to in section 103, the reclamation rate is calculated by dividing the quantity, by weight, of the material obtained following the conditioning of the redeemable containers of that type and that has been sent to a site to be reclaimed in the same manner as that referred to in the first paragraph of section 104, by the weight of all redeemable containers of the same type used to commercialize, market or otherwise distribute a product, and by multiplying the result obtained by 100.

106. For each type of reusable containers referred to in section 103, the reclamation rate is calculated by dividing the quantity, by weight, of the material obtained following the conditioning of the redeemable containers of that type and that has been sent to a site to be reclaimed in the same manner as that referred to in the first paragraph of section 104, by the weight of all redeemable containers that are recovered of the same type, that may no longer be reused and before they are conditioned, and by multiplying the result obtained by 100.

107. The recovered redeemable containers referred to in section 102 are eligible for the calculation of reclamation rates if the requirements of that section are met.

§§5. Local reclamation rates

108. The designated management body is required to achieve the following annual local reclamation rates for the material obtained following the conditioning of the redeemable containers to which this Regulation applies:

Type of container	Annual local reclamation rate
Single-use metal containers	80% starting in 2026
Single-use plastic containers	80% starting in 2026
Single-use containers made of glass or other breakable material	90% starting in 2026
Single-use fibre containers, including multi-layer containers	80% starting in 2028
Single-use biobased containers	80% starting in 2028
Reusable containers made of glass or any other breakable material	90% starting in 2026
Reusable containers of any material other than glass or other breakable material	80% starting in 2026

Local reclamation is the reclamation, in Québec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador or the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York and Pennsylvania, of a material obtained following the conditioning of a redeemable container.

109. For each type of containers referred to in section 108, the local reclamation rate is calculated by dividing the quantity, by weight, of the material obtained following conditioning of containers of that type and that has been sent to a site to be reclaimed locally in the same manner as that referred to in the first paragraph of section 104, by the quantity, also by weight, of the material obtained following the conditioning of the redeemable containers of that type and that has been sent to a site to be reclaimed in the same manner as that referred to in the first paragraph of section 104, and by multiplying the result obtained by 100.

110. Where the material obtained following the conditioning of redeemable containers has been sent to a site to be reclaimed locally, but elsewhere than in Québec, in the same manner as that referred to in the first paragraph of section 104, the proportion, by weight, of what has been reclaimed and that may be included in calculating the local reclamation rate is at most 30% of the total weight of what has been sent to a site to be reclaimed locally in the same manner as that referred to in the first paragraph of section 104.

The quantities of material corresponding to the percentage referred to in the first paragraph may, as the body chooses, be accounted for entirely by a single type of container or shared between different types of container. However, the quantity of material obtained for a type of container as a result cannot exceed the actual quantity of material that has been sent to a site to be reclaimed locally, but elsewhere than in Québec, for that type of container.

§§6. Recycling rate

111. The designated management body must ensure, that for each type of redeemable containers, the material obtained following conditioning of the containers that are recovered are sent, in the following percentages and for the following purposes, to a site where it is transformed to be reintegrated in new products:

(1) as of 2026, at least 50% of the material obtained following the conditioning of metal containers, in order to manufacture new containers and packaging;

(2) as of 2026, at least 50% of the material obtained following the conditioning of plastic containers, in order to manufacture new containers and packaging;

(3) as of 2026, at least 50% of the material obtained following the conditioning of glass containers, in order to manufacture new containers;

(4) as of 2028, at least 50% of the material obtained following the conditioning of fibre containers, including multi-layer containers, in order to manufacture new containers, packaging or paper intended for the printing field.

112. The rates prescribed by section 111 are calculated by dividing the quantity, by weight and by material listed in paragraphs 1 to 4 of that section, the material obtained following the conditioning of redeemable containers that has been sent to a site referred to in that section by quantity, by weight, of material obtained following the conditioning of the redeemable containers referred to in the first paragraph of section 103, and by multiplying the result obtained by 100.

§§7. Remediation plan

113. The designated management body must determine each year, for each type of container referred to in section 3, if the recovery, reclamation, local reclamation and recycling rates prescribed have been achieved.

When one or more prescribed rates have not been achieved, the designated management body must, within three months from the date set for submitting the annual report referred to in sub-subdivision 9 of this subdivision, send to the Société and the Minister, for information purposes, a remediation plan covering all the rates and detailing, for each rate, the measures that will be implemented to achieve the rate.

114. The measures contained in a remediation plan must

(1) allow the prescribed rates to be achieved within two years; and

(2) take into account the measures contained in a remediation plan previously submitted to the Société and the Minister.

The measures in a remediation plan for local reclamation rates and recycling rates must

(1) if a local reclamation rate is not achieved, stimulate the development, in Québec, of markets for the material obtained following the conditioning of redeemable containers; and

(2) if a recycling rate is not achieved, stimulate the development of markets for the material obtained following the conditioning of redeemable containers to promote its re-use in new containers, packaging or paper intended for the printing field.

115. The measures in a remediation plan are financed by the designated management body and the plan must contain the amount associated with that financing.

The amount associated with the financing provided for in the first paragraph is calculated as follows:

(1) Recovery rate – for the prescribed recovery rate, using the equation

$$MFr = Q_{cm} \times MC$$

where:

MFr = the amount of the financing for the measures for the year concerned;

Q_{cm} = the quantity, by type and in units, of redeemable containers needed to achieve the prescribed recovery rates for the year concerned;

MC = an amount equivalent to the amount of the deposit for a container needed to achieve the prescribed rates;

(2) Reclamation rate, local reclamation rate and recycling rate – for the reclamation rates, the local reclamation rates and the prescribed recycling rates, by multiplying the quantity of materials, the weight of which is converted into the number of containers, which, for a given type of redeemable containers, is needed to achieve the prescribed reclamation rate, local reclamation rate or recycling rate by an amount equal to the amount set by container, by the designated management body, in accordance with the second paragraph of section 95.

The quantity needed referred to in subparagraph 2 of the second paragraph is, in the cases below, calculated as follows:

(1) where, for a given year, no contribution is required from the producers for a type of redeemable containers, the quantity of material that is needed is multiplied by \$0.02;

(2) where, for a type of redeemable container, two rates prescribed for a given year are not achieved, the result obtained by adding the amounts for financing the measures contained in the remediation plan is multiplied by 0.75;

(3) where, for a type of contained on deposit, three or more of the rates prescribed for a given year are not achieved, the result obtained by adding the amounts for financing the measures contained in the remediation plan is multiplied by 0.60.

116. If, for a given type of redeemable containers or, as the case may be, material obtained following the conditioning of that type of containers, the designated management body does not achieve the prescribed recovery and reclamation rates, except the local reclamation rates, for a period of five consecutive years despite the implementation of remediation plans during that period, it must make a payment to the Minister of Finance, not later than 15 May following the last of those years, in an amount equal to the amount for the financing of the measures for that type of containers, provided for in the last remediation plan sent to the Société and the Minister pursuant to the second paragraph of section 113. If the gap between the prescribed rate and the rate achieved is less than 5%, the amount of the payment is reduced by half.

The sums paid pursuant to the first paragraph are paid to the Fund for the Protection of the Environment and the Waters in the Domain of the State established under the Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs (chapter M-30.001).

117. The sums referred to in section 116 that are not paid within the prescribed time bear interest, from the date of default, at the rate determined pursuant to the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002).

In addition to the interest payable, 15% of the unpaid sums is added to the sum owed if the failure to pay exceeds 60 days.

118. If a local reclamation rate or recycling rate is not achieved during five consecutive years, the amount associated with the financing of the measures that the designated management body has put in place or planned to put in place to achieve the rate and that are provided for in the remediation plan will double until it is achieved.

§§8. *Monitoring committee*

119. During the first year of the implementation of a deposit-refund system, the designated management body must establish a monitoring committee, whose members are independent of the members of its board of directors and mandated by the following persons or bodies having a domicile or establishment in Québec to represent them:

- (1) return point managers;
- (2) return centre managers;
- (3) bulk return point managers;
- (4) conditioners, who must mandate two representatives for persons conditioning different types of containers;
- (5) a person whose activities involve recycling the material obtained following the conditioning of redeemable containers to manufacture new containers, packaging or paper intended for the printing field, and a person whose activities involve reclaiming such a material by using it as a substitute for raw materials of a similar or different nature, except where the materials are used in a landfill for residual materials within the meaning of the Regulation respecting the landfilling and incineration of residual materials (chapter Q-2, r. 19), in a biological treatment centre or for energy recovery;

(6) transporters, who must mandate one representative for persons who collect redeemable containers from return sites and one representative for persons who collect redeemable containers from establishments offering on-site consumption;

(7) retailers;

(8) establishments offering on-site consumption;

(9) the authorities responsible for the administration of the isolated or remote territories;

(10) municipal bodies, including associations established to represent the municipalities;

(11) a management body designated pursuant to a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.1 of the Act, if such a body exists.

Each person and body listed in the first paragraph may be represented by a maximum of two persons as member of the monitoring committee.

Three seats as observers on the monitoring committee must be reserved for the designated management body, for the Ministère du Développement durable, de l'Environnement et des Parcs and for the Société.

120. The members of the monitoring committee representing the persons or bodies listed in subparagraphs 1 to 8 of the first paragraph of section 119 serve for a term of two years. At the expiry of their term, the persons or bodies must mandate new representatives to sit on the monitoring committee.

121. The monitoring committee is responsible for

(1) monitoring the implementation and operation of the system;

(2) anticipating the issues that the designated management body may face when implementing and operating the system; and

(3) raising the issues with the designated management body and recommending ways to resolve them.

122. The designated management body must send to the monitoring committee, at its request, all operational and financial information on the system needed by the committee to perform its duties.

123. The monitoring committee must hold at least two meetings per year.

124. At least once every five years, before the report referred to in section 79 is sent, the designated management body must hold a meeting with environmental groups and consumers to present the development of the system and gather their comments and recommendations.

§§10. *Bar code information and register*

125. The designated management body must take the necessary steps to ensure that it is possible for a site where a product is offered for sale in a redeemable container and a return site to obtain all the information listed in section 4 from the bar code marked on a redeemable container.

126. The management body must also keep a register containing the quantity of redeemable containers, by type, returned each month to each return site.

§§11. *Annual report*

127. Not later than 15 May each year, the designated body must send to the Société and the Minister a report on its activities in connection with the deposit-refund system for the preceding calendar year along with its audited financial statements.

The first annual report on the activities of the body must be sent on May 15 following the first full year of implementation of the deposit-refund system. It must cover the period beginning in the sixteenth month following (*insert the date of coming into force of this Regulation*) and ending on 31 December of that full year.

The financial statements and the data referred to in subparagraphs *b* to *g*, *k* and *l* of subparagraph 2 and in subparagraph *c* of subparagraph 3 of the first paragraph of section 129, and those referred to in the second paragraph of that section must be audited by an independent third person who is a professional within the meaning of section 1 of the Professional Code (chapter C-26) and authorized by the professional order of which the professional is a member to complete an audit mission. The financial statements and data may also be audited by any other person legally authorized to perform such an activity in Québec.

128. The report referred to in the first paragraph of section 127 must contain the following information:

- (1) the name of the body;
- (2) the name and professional contact information of each of its directors;

- (3) the category of producers to which each director belongs, from among those listed in subparagraphs *a* to *f* of subparagraph 3 of the first paragraph of section 73;

- (4) a list of its members;

- (5) the dates of the meetings of its board of directors;

- (6) a list of its committees, the mandate of each committee, the names of its members and the number of its meetings;

- (7) more specifically, with respect to the monitoring committee, the dates of its meetings, the items on the agenda at each meeting, and the recommendations made by the committee to the board of directors;

- (8) the actions taken on the recommendations made by the monitoring committee and, if applicable, the reason for which no action is taken on a recommendation.

129. The report referred to in the first paragraph of section 127 must, in addition, contain the following information more specifically connected with the development and implementation of the deposit-refund system:

- (1) the name of the system, if any;

- (2) for each type of redeemable container,

- (a) the types of product it contains and the trademark or name associated with each type of product;

- (b) the quantity, in units and by weight, of the redeemable containers used to commercialize, market or otherwise distribute a product in Québec;

- (c) the quantity, in units and by weight, of redeemable containers recovered, by administrative region, or by isolated or remote territory, for the whole of Québec and by inhabitant;

- (d) the quantity, in units and by weight, of redeemable containers recovered in return sites and in establishment offering on-site consumption;

- (e) the quantity, by weight and by material, of the material obtained following the conditioning of redeemable containers that has been used as a substitute for raw materials of a similar or different nature, except where the material is used in a landfill for residual materials within the meaning of the Regulation respecting the landfilling and incineration of residual materials (chapter Q-2, r. 19), in a biological treatment centre or for energy recovery, and its final destination;

(f) the quantity, by weight and by material, of the material obtained following the conditioning of redeemable containers that has been reclaimed otherwise than as a substitute for raw materials of a similar or different nature and its final destination;

(g) the estimated quantity of redeemable containers rejected by the devices installed at return sites and the method used to estimate the quantity;

(h) the quantity, by weight and by material, of the material obtained following the conditioning of redeemable containers recovered that has been disposed of and its final destination;

(i) the quantity, in units, of redeemable containers returned to a return site and that are disposed of;

(j) the quantity, by weight and by material, of the material obtained following the conditioning of redeemable containers that was sent to a place to be processed and re-used in new containers, packaging or paper intended for the printing field and the address of that place;

(k) the quantity, in units, of the containers recovered and the quantity, by weight, of the materials obtained following their conditioning that are stored for at least 30 days, with the name and address of the place where they are stored; and

(l) the name and address of the persons who condition, the name and address of the persons who reclaim, including the mode of reclamation, and the name and address of the persons who dispose of the containers;

(3) for each type of reusable redeemable container,

(a) the quantity, in units, on the first day of the year covered by the report, of reusable containers in circulation on the market;

(b) the quantity, in units, of new containers added to those referred to in subparagraph *a* during the year covered by the report;

(c) the quantity, in units, of containers recovered that have been re-used and their final destination; and

(d) a demonstration of the average number of uses of a given container for the same purposes as those for which it was first used to commercialize, market or otherwise distribute a product;

(4) if an agreement has been entered into pursuant to section 142 or an arbitration award has been rendered pursuant to Division II of Chapter IV, the quantity of redeemable containers that are taken in charge by a selective collection system and the quantity, by weight, of residual materials targeted by the system that are taken in charge by the deposit-refund system;

(5) in the case referred to in section 145, an estimate during the period provided for in that section and based on the data obtained following the characterizations, of the quantity of redeemable containers, by type, that were taken in charge by a selective collection system and the quantity of residual materials, by type, that were taken in charge by the deposit-refund system and, in the latter case, the manner in which the residual materials were taken in charge for their reclamation;

(6) a list of return sites, by type and by administrative region, and also by isolated or remote territory;

(7) for each return site, its type, address, modes of refund offered, business hours, location inside an establishment or, if not, distance between the site and any establishment with which it is associated, and number of redeemable containers that a person may return per visit if there is a limit;

(8) the address of the website where the list referred to in section 44 can be viewed;

(9) a description of the collection services in return sites and establishments offering on-site consumption;

(10) if applicable, a description of the collection service for redeemable containers, scheduled and completed, in public places;

(11) if applicable, reports from studies completed by the designated management body during the year covered by the report, including studies to determine, by type, the quantities of redeemable containers that are recovered via a selective collection system;

(12) a description of the requirements that all service providers, including subcontractors, must observe in managing the redeemable containers that are recovered and that they take in charge, along with the results from all verifications of such service providers during the year;

(13) a description of the main information, awareness and education activities and research and development activities completed during the year and scheduled for the following year;

(14) a description of the steps referred to in section 169 that were taken during the year and the means planned, agreed to and implemented with the bodies with which exchanges have take place, to optimize the use of their resources.

The report must also contain the following information for the whole of Québec:

(1) the detailed calculation for the contributions producers are required to pay for each type of redeemable container, including the per-container amount used to calculate such contributions and the way in which the factors connected to the impact of the containers on the environment were applied when setting the per-container amount for calculating contributions;

(2) for each type of redeemable container and for all redeemable containers, the recovery rate for redeemable containers, as a percentage, based on data by units and weight and the gap between the rates achieved and the rates prescribed;

(3) for each type of redeemable container and for all redeemable containers, the rates, as a percentage, for the reclamation, local reclamation and recycling of containers, and the gap between the rates achieved and the rates prescribed.

130. The report referred to in the first paragraph of section 127 must, in addition, contain

(1) a list of the contracts, except those entered into with a service provider referred to in Division IV of Chapter II but including any system harmonization agreement, entered into during the year by the designated management body and their contents and, if applicable, a list of any changes made to a current or renewed contract or harmonization agreement;

(2) a list of the contracts entered into during the year by the designated management body with a service provider referred to in Division IV of Chapter II including, for each contract, its purpose, the area covered, the clients targeted by collection and transportation services, the type of container or material targeted, the date on which it takes effect and its duration;

(3) a description of the measures implemented to promote the design of containers using an approach that reduces negative impacts on the environment throughout their life cycle and contributes to the fight against climate change;

(4) an explanation of how the designated management body has ensured, with respect to the management of the redeemable containers that are recovered, that the selection of a form of reclamation complies with the order of priority set out in subparagraph 4 of the first paragraph of section 11;

(5) an explanation of how the body has, in developing and implementing the deposit-refund system, taken into account the principles forming the basis for the circular economy and the social economy within the meaning of the Social Economy Act (chapter E-1.1.1);

(6) any change to the system made or planned for the year following the year covered by the report;

(7) if an agreement has been entered into pursuant to section 142, or if an arbitration award has been made, a description of the activities completed under the agreement or award; and

(8) if such an agreement has not been signed and no arbitration award has been made, a description of the steps taken, up to the date of the report, pursuant to section 142.

131. Where the final destination for a redeemable container or the material obtained following its conditioning must be provided pursuant to sections 128 to 130, it must include a name and an address.

132. Where a remediation plan must be produced by the designated management body, the annual report must also contain a detailed description of the measures in the plan that have been implemented during the year covered by the report and the reason why some measures have not been implemented, along with the costs incurred or to be incurred for the implementation of the measures.

133. The financial statements referred to in the first paragraph of section 126 must contain the following information:

(1) the contributions paid by producers to finance the system, for all contributions and for each type of redeemable container;

(2) all forms of income resulting from the operation of the system and, if applicable, from a selective collection system;

(3) by type of containers, the total of the deposit amounts for redeemable containers in which a product was sold or otherwise offered that were not refunded during the year;

(4) the costs associated with the operation of return sites, for all administrative regions and for all remote or isolated territories;

(5) the costs associated with the collection of redeemable containers from return sites, and the costs associated with the transportation of containers from return sites to the sites where they are conditioned;

(6) the costs associated with the collection of redeemable containers from establishments offering on-site consumption, and the costs associated with the transportation of containers from such establishments;

(7) the costs associated with the sorting, conditioning and reclamation of redeemable containers, by type of container;

(8) the costs associated with information, awareness and education activities;

(9) the costs associated with market research and development activities on techniques to recover and condition redeemable containers and reclaim materials from their conditioning, and market development;

(10) the costs associated with the implementation, during the year covered by the financial statements, of the measures in a remediation plan;

(11) the amount of the indemnity paid to the Société pursuant to section 170;

(12) costs associated with the management of redeemable containers recovered via a selective collection system;

(13) all expenses associated with the requirement referred to in subparagraph 5 of the first paragraph of section 129;

(14) any other cost associated with the operation of the system.

134. The designated management body must post the following information annually on its website, not later than the sixtieth day following date on which the results referred to in section 135 are sent or, if the Société has set a time limit pursuant to subparagraph 1 of the first paragraph of that section, not later than the sixtieth day following the expiry of that time limit, covering the year preceding the posting:

(1) the information referred to in paragraphs 1 to 6 of section 128 and the recommendations referred to in paragraph 7 of that section, along with any action taken on the recommendations;

(2) the information referred to in subparagraphs 1 to 11 and 13 of the first paragraph of section 129, except the information referred to in subparagraph *l* of subparagraph 2 and in subparagraphs *a* and *b* of subparagraph 3 of the first paragraph; only the province or state, among the information listed in the second paragraph of section 108, or the country in other cases, in which a final destination is situated and only the result of a demonstration made pursuant to subparagraph *d* of subparagraph 3 of the first paragraph of that section may be posted;

(3) the information referred to in subparagraphs 1 to 3 of the second paragraph of section 128;

(4) the information referred to in paragraphs 3 to 5 of section 130;

(5) the detailed description of the measures referred to in section 132 that have been implemented;

(6) the information referred to in paragraphs 1 to 10, 12 and 13 of section 133.

Such information is public and the body must make it accessible to all persons for a minimum period of five years.

135. The Société must, within 3 months following receipt of the designated management body's annual report, send to it the results of its analysis of the report, including, if applicable,

(1) a list of the information required by sections 128 to 133 that is not shown and the time limit for providing it; and

(2) any other obligation of this Regulation that the body has not fulfilled, as well as the time limit set to allow the body to indicate how it intends to correct the situation and its timeframe for doing so.

The Société must also, within the time limit set in the first paragraph, send a written summary to the Minister of the results of its analysis of the body's annual report, which must include the list required under subparagraph 1 of the first paragraph and a list of the obligations referred to in subparagraph 2 of that paragraph, and make recommendations on ways to improve the deposit-refund system.

§§12. Exchanges with other bodies

136. The designated management body must take steps to exchange with a body referred to in subparagraph 7 of the first paragraph of section 53.30 of the Act on the means to optimize the use of their resources.

§2. Of producers towards the body

137. A producer must be a member of the designated management body not later than the fourth month following the date of its designation.

Every natural person who becomes covered by section 5, 6 or 7 after the time limit referred to in the first paragraph or every legal person constituted, continued or amalgamated after that time limit must be a member of the body within 10 days, as the case may be, of the date on which it becomes covered by any of those sections or the date on which it is constituted, continued or amalgamated.

138. The conditions for membership of the body may in no case include the payment of a contribution.

139. Every producer that is a member of the designated management body must provide the following information:

(1) its name, address, telephone number and electronic address;

(2) its Québec business number if the enterprise is registered under the Act respecting the legal publicity of enterprises (chapter P-44.1);

(3) the name and contact information of its representative;

(4) for each product to which this Regulation applies that the producer commercializes, markets or otherwise distributes,

(a) the associated trademark or name, if applicable;

(b) the bar code on the containers in which it commercializes, markets or otherwise distributes a product and the elements listed in section 4 that the bar code shows when scanned; and

(c) an update of the information if a change is made;

(5) its status in connection with the product, in other words if the producer is the owner or user of the trademark or name associated with it, if the producer is the

first supplier of the product in Québec or if the producer sells a product in one of the situations referred to in section 6.

140. Every member of the designated management body is bound to comply with the terms and conditions determined by the body with respect to the deposit-refund system.

141. Every member of the designated management body must provide, within the time limit it sets, the information and documents it requests in order to fulfill its responsibilities and obligations under this Regulation, including the quantity and weight of the redeemable containers used to commercialize, market, or otherwise distribute a product in the course of a year.

The following are included in the calculation of the weight of redeemable containers referred to in the first paragraph:

(1) for plastic containers, fibre containers, including multi-layer containers, and biobased containers: the caps;

(2) for plastic containers, single-use or reusable glass containers: the labels and shrink sleeves;

(3) for metal containers, the elements listed in paragraph 2 along with the tabs.

CHAPTER IV HARMONIZATION OF SYSTEMS

142. A management body designated pursuant to this Regulation must, within nine months following its designation or following the designation, if later, of a management body designated pursuant to a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 and section 53.30.1 of the Act, take steps to agree with that body on the elements needed for system harmonization that will be developed, implemented and financially supported by them.

143. System harmonization must include

(1) a determination of the types of container or types of residual materials that may be taken in charge by a system when not targeted by that system;

(2) the methods used to determine the quantities of containers or residual materials targeted by one system that are taken in charge by the other system, including the criteria used to characterize, as the case may be, redeemable containers or residual materials, and to identify the persons responsible for determining those quantities and for providing follow-up;

(3) the terms and conditions applicable to the management of containers or residual materials targeted by one system that are taken in charge by the other system, in particular as regards their traceability and, if applicable, the way in which they may be taken in charge once again by the system that targets them;

(4) the financial terms and conditions applicable to the performance of the obligations on which the two bodies agree; and

(5) the terms and conditions for communications between the two bodies.

144. An agreement on system harmonization must specify, in addition to the elements provided for in section 143,

(1) its duration and the conditions for its amendment, renewal or cancellation; and

(2) the dispute resolution mechanism.

A copy of an agreement entered into by the bodies must be sent to the Minister and to the Société within 15 days of signing.

145. If the designated management bodies submit a dispute to an arbitrator, pursuant to section 149, concerning an element referred to in paragraph 2 of section 143, they must, beginning on 1 January 2024, and every three months until an arbitration award is made, characterize the redeemable containers or residual materials targeted by the selective collection system and taken in charge by one of the systems despite not being targeted by that system.

The bodies must, not later than 31 December 2023, jointly mandate a person to perform the characterizations referred to in the first paragraph.

A characterization must make it possible to determine the types and quantities of redeemable containers taken in charge by the selective collection system or of residual materials taken in charge by the deposit-refund system despite not being targeted by that system.

To determine the types and quantities of redeemable containers taken in charge by the selective collection system, each characterization must be performed using samples taken at a place where residual materials coming mostly from urban territories are sorted, a place where residual materials coming mostly from peri-urban territories are sorted, and a place where residual materials coming mostly from rural territories are sorted, all of which are situated in different administrative regions.

To determine the types and quantities of residual materials taken in charge by the deposit-refund system, each characterization must be performed using samples taken in ten operating return sites, including at least two of each type of return site, situated in at least five administrative regions,

The number of samples and the frequency at which the samples are taken must be validated by a statistician with a university diploma in statistics or an accreditation issued by the Statistical Society of Canada or by a statistician who is a member of the Association des statisticiens et statisticiennes du Québec.

The financial terms and conditions applicable to the taking in charge, by a system, of redeemable containers or residual materials that are not targeted by that system are, beginning on 1 January 2024 and until the date of the arbitration award, if the terms and conditions were not the subject of an agreement before that date, the terms and conditions determined by the arbitrator based on the information obtained as part of its mandate. The calculation of the amounts to be paid for taking containers or residual materials in charge must be carried out on the basis of their quantity, determined by the characterizations conducted under this section.

DIVISION I MEDIATION

146. If the bodies fail to agree, within the time prescribed by section 142, on all the elements for system harmonization, they must, within 14 following the end of that time limit, submit the elements on which they disagree to a mediator who is accredited by a body recognized by the Minister of Justice and whose head office is situated in Québec.

The Minister and the Société must be notified in writing by the bodies, within the same time limit, of the elements of the dispute referred to in the first paragraph and of the choice of a mediator.

The Minister and the Société must be notified in writing by the mediator, within 14 days following the end of the mediation process, of its total or partial success, its failure or the fact that the producer and the bodies discontinued their application. Within the same time limit, the bodies must record in writing the elements on which agreement has been reached and send a copy of the agreement to the Minister and to the Société. If an agreement has been entered into before the mediation process, the agreement entered into after the mediation process becomes an integral part of the agreement.

147. The bodies pay the mediator's fees in equal shares, along with the costs incurred by the mediator.

148. The mediation process lasts a maximum of three months.

DIVISION II ARBITRATION

§1. *General*

149. If, at the expiry of the time limit specified in section 148, the mediation process has not allowed the bodies to agree on all the elements for system harmonization, they must submit the elements on which they disagree to an arbitrator who is accredited by a body referred to in the first paragraph of section 146 that accredits arbitrators.

150. The bodies cannot, in an arbitration agreement, derogate from the provision of this Division.

151. The arbitrator may, if the bodies so request and the circumstance allow, attempt to effect conciliation between the bodies. Following conciliation, if the bodies agree on some or all of the elements submitted to the arbitrator, they must record them in writing and send a copy of the agreement to the Société and to the Minister. The agreement becomes an integral part of any agreement entered into before or after the mediation process. Arbitration continues for the other elements on which the bodies have not reached an agreement.

152. The arbitrator must personally perform the mandate entrusted by the bodies or, as the case may be, by the body that accredited the arbitrator, and must act at all times in a neutral and impartial manner.

The arbitrator must avoid any situation of conflict of interest in performing the mandate. If such a situation arises, the arbitrator must so inform the bodies and the bodies may indicate to the arbitrator how to remedy the conflict of interest or they may terminate the mandate by sending a signed notice.

§2. *Selection of an arbitrator*

153. The bodies have 14 days following the time limit in section 149 to choose an arbitrator to hear their dispute. On the expiry of that time limit, if the bodies have failed to agree on the choice of an arbitrator, they must, within two business days, ask a body referred to in the first paragraph of section 146 that accredits arbitrators to designate one.

The body selected then has five business days to designate an arbitrator.

154. An arbitrator who cannot continue with the mandate must inform the bodies without delay. The bodies must then choose another arbitrator within five business days of being informed. If the bodies fail to agree on the choice of a new arbitrator, they must ask the body referred to in the first paragraph of section 153 to designate a new arbitrator within five business days of the expiry of the time limit for choosing a new arbitrator themselves.

An arbitrator whose mandate is terminated must transfer the entire case to the new arbitrator as soon as possible, as agreed with the new arbitrator.

§3. *Conduct of arbitration*

155. Not later than 10 days after the choice or designation of an arbitrator, each body must submit to the arbitrator, and to the other body, all the documents and information that support its claims.

156. The arbitrator determines the procedure for the conduct of the arbitration. It may be conducted in writing, by telephone conference call, or in person or using two or more such methods. In all cases, the arbitrator gives preference to the procedure that is the most practical and the least likely to generate costs. However, the arbitrator must see that the adversarial principle and the principle of proportionality are observed.

When arbitration takes place in person, witnesses are called, heard and indemnified according to the rules applicable to a trial before a court.

157. The arbitrator has all the necessary powers to exercise jurisdiction, including the power to administer oaths, the power to appoint an expert and the power to rule on the arbitrator's own jurisdiction.

If the arbitrator rules on the arbitrator's own jurisdiction, a body may, within 30 days of being advised of the decision, ask the court to rule on the matter. A decision of the court recognizing the jurisdiction of the arbitrator cannot be appealed.

For so long as the court has not made its ruling, the arbitrator may continue the arbitration proceedings and make an award.

158. If a body fails to submit its documents and information or fails to state its contentions, attend at the hearing or present evidence in support of its contentions, the arbitrator, after recording the default, may continue the arbitration.

159. At any time before the award is made, the arbitrator may ask the bodies to provide additional information and documents.

160. Execution of the elements on which the bodies have reached agreement before the arbitration continues without interruption while arbitration is conducted.

§4. Arbitration award

161. The arbitration award must be made within three months after the matter is taken under advisement and is binding on the bodies. It must be made in writing, be signed by the arbitrator, and include reasons. It must state its date and the place where it was made. The award is deemed to have been made on that date and at that place.

The time limit set in the first paragraph may, before its expiry, be extended by one month at the discretion of the arbitrator.

162. The arbitration award must be notified to the bodies without delay. The notification ends the arbitration.

The arbitration award becomes enforceable as soon as it is received by the bodies. It has all the effects of a final judgment of a court not subject to appeal.

163. The arbitrator may, on the arbitrator's own initiative, correct any error in writing or calculation or any other clerical error within 30 days after the award date.

Within 30 days after receiving the award, a body may ask the arbitrator to correct any clerical error or ask for a supplemental award on a part of the dispute that was not dealt with in the award or, with the other party's consent, for an interpretation of a specific passage of the award, in which case the interpretation becomes an integral part of the award.

The arbitrator's decision correcting, supplementing or interpreting the arbitration award must be made within two months after it is requested. The rules applicable to the arbitration award apply to such a decision. If the decision is not rendered before the expiry of the prescribed time, a body may ask the court to issue an order to safeguard the parties' rights. The decision of the court cannot be appealed.

164. The arbitrator is required to preserve the confidentiality of the arbitration process and protect deliberative secrecy but violates neither by stating conclusions and reasons in the award.

165. The bodies must send a copy of the arbitration award to the Société and to the Minister within 10 days of its notification.

166. The arbitration award has effect only for the duration of the current designation of the bodies to which it applies.

§5. Fees and expenses

167. The arbitrator is entitled to receive fees for the time taken to study the file, draft the award and, if applicable, hold hearings in the presence of the bodies, including preparation.

168. The arbitrator is entitled to a reimbursement of expenses, including travel and accommodation expenses, based on the standards in force set out in the Directive concernant les frais de déplacement des personnes engagées à honoraires par des bodies publics made by the Conseil du trésor on 26 March 2013, as amended.

The arbitrator's travelling time is remunerated when the distance travelled is greater than 90 km measured as a radius from the arbitrator's base.

The actual expenses and other costs necessary to the performance of the arbitrator's mandate are reimbursed on presentation of supporting documents.

169. The invoice of fees and expenses is sent to the bodies by the arbitrator, broken down to allow the bodies to verify the justification of each day for which fees or expenses are claimed. It must include supporting documents for the expenses claimed, if any.

The bodies are equally liable for the arbitrator's fees and expenses.

CHAPTER V **INDEMNITY TO THE SOCIÉTÉ**

170. The designated management body must pay an amount to the Société annually corresponding to its management costs and other expenses incurred for fulfilling the obligations imposed under this Regulation.

To allow the designated management body to make the payment referred to in the first paragraph, the Société must send to the body, not later than 30 September each year, a detailed list by obligation for the year in progress of the management costs and other expenses referred to in that paragraph that it has incurred up to that date and

those it expects to incur until the end of the fiscal year. It must also send to the body, after receiving it, the auditor general's report provided for in section 30 of the Act respecting the Société québécoise de récupération et de recyclage (chapter S-22.01), an update of the list setting out the management costs and other expenses actually incurred during the year concerned.

Not later than 31 October each year, the designated management body must pay to the Société, as indemnity, an amount corresponding to 75% of the costs and other expenses indicated in the list required as of 30 September. After the update referred to in the second paragraph has been received, if the indemnity already paid to the Société does not cover all the costs and other expenses actually incurred by the Société for the year concerned, the designated management body pays the difference to the Société within 30 days after the documents are received. If the indemnity already paid is greater than the amount of the management costs and other expenses actually incurred for the year concerned, the amount of the indemnity owed for the following year is reduced by an amount equal to the overpayment.

The indemnity is calculated using the activity-based costing method.

171. The indemnity owed to the Société on the date provided for in section 170 bears interest at the rate determined pursuant to the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002).

CHAPTER VI MONETARY ADMINISTRATIVE PENALTIES

172. A monetary administrative penalty of \$250 in the case of a natural person or \$1,000 in other cases may be imposed on any person who

- (1) sends information or a document by a means other than electronically, in contravention of section 10;
- (2) fails to send with a request for approval the information referred to in the second paragraph of section 20;
- (3) fails to give reasons for a notice in accordance with the third paragraph of section 20;
- (4) fails to post deposit amounts as required by section 21 or within the time limit specified;
- (5) requires personal information other than the information listed in section 26 from a person;

(6) fails to post the business days and hours of a return site in accordance with the requirements of section 28;

(7) limits the number of redeemable containers that may be returned on each visit to less than 50, in contravention of section 34;

(8) limits the number of redeemable containers that may be returned on each visit, in contravention of section 37 or section 40;

(9) fails to draw up the list provided for in section 44, to update it or to make it available on a website or fails to do so within the time limit specified in that section;

(10) fails to send notification as required by the second or third paragraph of section 50, the second or third paragraph of section 58, the second or third paragraph of section 64 or the second or third paragraph of section 146, or to send notification in writing or within the time limit specified therein;

(11) fails to post the amount of the deposit, in contravention of the first paragraph of section 52, or the address of the return site, in contravention of section 53;

(12) fails to comply with the requirements of the second paragraph of section 52 or section 55;

(13) fails to post on its website the information provided for in the third paragraph of section 70 or the fourth paragraph of section 87, or fails to post them on the date or within the time limit specified, or the information provided for in section 96;

(14) fails to send to the Minister a copy of the application referred to in the first paragraph of section 71, in contravention of the second paragraph of that section;

(15) fails to send the report referred to in section 127 with all the information provided for in sections 128 to 131, and the information provided for in section 132, where it applies;

(16) fails to send the financial statements referred to in section 127 along with all the information provided for in section 133;

(17) fails to post the information provided for in the first paragraph of section 134 or to make the information available within the time limit specified in the second paragraph of that section;

(18) fails to send to the Minister the summary provided for in the second paragraph of section 135 or to send it within the time limit specified;

(19) fails to provide the information provided for in section 139;

(20) fails to send to the Société and to the Minister a copy of the agreement referred to in the second paragraph of section 144 or to send it within the time limit specified;

(21) fails to send to the Société and to the Minister a copy of the arbitration award referred to in section 165 or to send it within the time limit specified;

(22) fails to take the steps referred to in section 136;

(23) fails to send a document or information requested by the Minister to the Minister, in contravention of section 186, or to send it within the time limit specified;

(24) fails to comply with a provision of this Regulation for which no monetary administrative penalty is otherwise provided for.

173. A monetary administrative penalty of \$1,500 may be imposed on any designated management body that

(1) fails to establish the monitoring committee provided for in the first paragraph of section 119;

(2) fails to comply with the time limit in section 127 for sending the report and financial statements referred to in that section.

174. A monetary administrative penalty of \$500 in the case of a natural person or \$2,500 in other cases may be imposed on any person who

(1) fails to obtain approval before grouping with other retailers, in contravention of section 48;

(2) fails to ensure the collection of redeemable containers as required by subparagraph 2 of the second paragraph of section 51 or by the third or fourth paragraph of section 59 or to ensure collection at the required frequency;

(3) fails to comply with the requirements of the second paragraph of section 59;

(4) fails to send the confirmation provided for in the first paragraph of section 70 or the first paragraph of section 84, or to send it within the time limit specified;

(5) fails to send the notice provided for in the third paragraph of section 77, section 83, the second paragraph of section 87 or the third paragraph of section 88 or to send the notice within the time limit specified;

(6) fails to implement the measures provided for in the second paragraph of section 92 or to implement them within the time limit specified;

(7) fails to send a remediation plan, in contravention of the second paragraph of section 113, or to send it within the time limit specified;

(8) fails to hold the meeting referred to in section 124 and to gather comments and recommendations as provided for;

(9) fails to send the report or the financial statements provided for in the first paragraph of section 127, the audited financial statements, as provided for in that first paragraph, the audited data required under the third paragraph of section 127 or the financial statements and data required under the third paragraph of section 127 audited by a person referred to therein or any of the documents within the time limit specified;

(10) fails to send to the designated management body the results referred to in the first paragraph of section 135 or to send them within the time limit specified;

(11) fails to comply with the time limit in section 142.

175. A monetary administrative penalty of \$750 in the case of a natural person or \$3,500 in other cases may be imposed on any person who fails to comply with the distances provided for in section 49.

176. A monetary administrative penalty of \$1,000 in the case of a natural person or \$5,000 in other cases may be imposed on any person who

(1) fails to comply with the requirements of section 9, section 18, the second, third or fourth paragraph of section 19, section 95 or section 98;

(2) modifies or specifies a deposit amount without having obtained the Minister's approval, in contravention of section 20;

(3) fails to pay the deposit for a container, in contravention of section 23;

(4) fails to reimburse a deposit in full, in contravention of the first paragraph of section 24, or fails to do so in compliance with the conditions set out in the second paragraph of that section;

- (5) fails to comply with the requirements of section 25, 27, 33, 36, 39 or 42;
- (6) fails to send the plan provided for in section 43 or sends a plan that does not cover all the measures listed in that section or fails to send it within the time limit specified;
- (7) offers to accept and refund a redeemable container without complying with the provisions of sections 25 to 40, in contravention of the first paragraph of section 46;
- (8) fails to ensure that a return site is installed for each establishment referred to in section 45, in contravention of the second paragraph of section 46;
- (9) enters into a contract that does not contain all the elements provided for in section 47, the second paragraph of section 57, section 63 or section 69 or an agreement that does not contain all the elements provided for in sections 143 and 144;
- (10) fails to enter into a mediation process, in contravention of the first paragraph of section 50, the first paragraph of section 58, the first paragraph of section 64 or the first paragraph of section 146, or to enter into the process within the time limit specified;
- (11) fails to provide the information and documents required pursuant to the third paragraph of section 51 or the first paragraph of section 141 or fails to provide them within the time limit specified;
- (12) fails to offer to install return sites for redeemable containers in contravention of the first paragraph of section 57;
- (13) fails to comply with the obligations set out in section 62;
- (14) fails to offer a collection service, in contravention of section 65, or offers it without complying with the conditions in that section;
- (15) fails to take into account the elements provided for in the first paragraph of section 68 when selecting a service provider;
- (16) fails to facilitate participation by social economy enterprises when selecting a service provider, in contravention of the second paragraph of section 68;
- (17) except in the case provided for in section 77, designates a management body without complying with the conditions in the first paragraph of section 71;
- (18) except in the case provided for in section 77, designates a management body despite the fact that it does not meet the requirements of section 73 or the requirements of section 74;
- (19) designates a management body pursuant to section 76 without meeting the requirement provided for;
- (20) designates a management body without obtaining its agreement, in contravention of the second paragraph of section 77 or the second paragraph of section 88;
- (21) fails to send to the Minister the results provided for in section 80;
- (22) fails to ensure compliance with the requirements of the first paragraph of section 92;
- (23) fails to pay the sums provided for in the third paragraph of section 94 within the time limit specified;
- (24) fails to make the payment provided for in section 97 at the time determined by the designated management body;
- (25) fails to make the payment provided for in the first paragraph of section 116;
- (26) fails to keep the register provided for in section 126;
- (27) fails to provide the designated management body with the information provided for in section 139;
- (28) fails to take the steps referred to in section 142;
- (29) fails to perform the characterizations provided for in the first paragraph of section 145 or fails to perform them at the required times;
- (30) fails to comply with the requirements of the second, third, fourth or fifth paragraph of section 145 when performing a characterization;
- (31) fails to comply with all the clauses of a contract entered into pursuant to this Regulation to which the person is a party, in contravention of section 187.
- 177.** A monetary administrative penalty of \$1,500 in the case of a natural person or \$7,500 in other cases may be imposed on any person who
- (1) fails to ensure that a minimum of 1,500 return sites, excluding bulk return points, are functional across the administrative regions, in contravention of the first paragraph of section 41;

(2) fails to ensure that return sites are functional in isolated or remote territories or fails to comply with the number of sites set for those territories, in contravention of the second paragraph of section 41;

(3) fails to comply with the minimum number of return points per number of inhabitants provided for in the third paragraph of section 41;

(4) fails to accept the redeemable containers that are returned or to refund the deposit on those containers, in contravention of section 45;

(5) fails to comply with the requirements provided for in the first paragraph of section 51;

(6) fails to take the steps referred to in the second paragraph of section 90;

(7) fails to comply with the obligations referred to in sections 147, 149 and 150.

178. A monetary administrative penalty of \$2,000 in the case of a natural person or \$10,000 in other cases may be imposed on any person who

(1) fails to mark a bar code on the redeemable containers in which the person commercializes, markets or otherwise distributes a product, in contravention of section 4;

(2) fails to develop, implement or financially support a deposit-refund system, in contravention of sections 5 to 7;

(3) fails to fulfill the obligations of section 8 collaboratively with the other persons referred to in sections 5, 6 and 7 or fails to develop a single deposit-refund system in contravention of the said section 8;

(4) fails to fulfill the obligations of sections 11 to 16;

(5) fails to take the steps provided for in the first paragraph of section 47, the second paragraph of section 57, section 63 or the first paragraph of section 88;

(6) fails to meet the requirements provided for in the first paragraph of section 59 or to ensure that redeemable containers are transported, sorted, conditioned and reclaimed, in contravention of section 67;

(7) fails to designate a body, in contravention of the first paragraph of section 70, the first paragraph of section 77 or the first paragraph of section 84;

(8) fails to continue to meet the obligations referred to in the first paragraph of section 90 or fails to assume the obligations provided for in section 91;

(9) fails to make the payment provided for in the third paragraph of section 94;

(10) fails to make the payment provided for in section 97;

(11) fails to meet the obligation provided for in section 125 or section 137;

(12) fails to comply with the terms and conditions determined by the designated management body, in contravention of section 140.

CHAPTER VII OFFENCES

179. Every person who

(1) sends information or a document by a means other than electronically, in contravention of section 10,

(2) fails to send, with a request for approval, the information referred to in the second paragraph of section 20,

(3) fails to give reasons for a notice in accordance with the third paragraph of section 20,

(4) fails to post deposit amounts as provided for in section 21 or within the time limit specified,

(5) requires personal information other than the information listed in section 26 from a person,

(6) fails to post the business days and hours of a return site in accordance with the requirements of section 28,

(7) limits the number of redeemable containers that may be returned on each visit to less than 50, in contravention of section 34,

(8) limits the number of redeemable containers that may be returned on each visit, in contravention of section 37 or section 40,

(9) fails to draw up the list provided for in section 44, to update it or to make it accessible on a website or fails to do so within the time limit specified in that section,

(10) fails to send the notice provided for in the second or third paragraph of section 50, the second or third paragraph of section 58, the second or third paragraph of section 64 or the second or third paragraph of section 146, or to send the notice in writing or within the time limit specified,

(11) fails to post the amount of the deposit, in contravention of the first paragraph of section 52, or the address of the return site, in contravention of section 53,

(12) fails to comply with the requirements provided for in the second paragraph of section 52 or section 55,

(13) fails to post on its website the information provided for in the third paragraph of section 70 or the fourth paragraph of section 87, or fails to post them on the date or within the time limit specified, or the information provided for in section 96,

(14) fails to send to the Minister a copy of the application referred to in the first paragraph of section 71, in contravention of the second paragraph of that section,

(15) fails to send the report referred to in section 127 with all the information provided for in sections 128 to 131 and the information provided for in section 132, where it applies,

(16) fails to send the financial statements referred to in section 127 with all the information provided for in section 133,

(17) fails to post the information provided for in the first paragraph of section 134 or to make the information available during the period provided for in the second paragraph of that section,

(18) fails to send to the Minister the summary provided for in the second paragraph of section 135 or to send it within the time limit specified,

(19) fails to provide the information provided for in section 139,

(20) fails to send to the Société and to the Minister a copy of the agreement referred to in the second paragraph of section 144 or to send it within the time limit specified,

(21) fails to send to the Société and to the Minister a copy of the arbitration award referred to in section 165 or to send it within the time limit specified,

(22) fails to take the steps referred to in section 136,

(23) fails to send a document or information request by the Minister to the Minister, in contravention of section 186, or to send it within the time limit specified,

(24) fails to comply with a provision of this Regulation for which no monetary administrative penalty is otherwise provided for,

is liable, in the case of a natural person, to a fine of \$1,000 to \$100,000 and, in other cases, to a fine of \$3,000 to \$600,000.

180. Every person who

(1) fails to establish the monitoring committee provided for in the first paragraph of section 119,

(2) fails to comply with the time limit in section 127 for sending the report and financial statements referred to in that section,

is liable, in the case of a natural person, to a fine of \$2,000 to \$100,000 and, in other cases, to a fine of \$6,000 to \$600,000.

181. Every person who

(1) fails to obtain approval before grouping with other retailers, in contravention of section 48,

(2) fails to ensure the collection of redeemable containers as required by subparagraph 2 of the second paragraph of section 51 or by the third or fourth paragraph of section 59 or to ensure collection at the required frequency,

(3) fails to comply with the requirements of the second paragraph of section 59,

(4) fails to send the confirmation provided for in the first paragraph of section 70 or the first paragraph of section 84, or to send it within the time limit specified,

(5) fails to send the notice provided for in the third paragraph of section 77, section 83, the second paragraph of section 87 or the third paragraph of section 88 or to send it within the time limit specified,

(6) fails to implement the measures provided for in the second paragraph of section 92 or to implement them within the time limit specified,

(7) fails to send a remediation plan, in contravention of the second paragraph of section 113 or to send it within the time limit specified,

(8) fails to hold the meeting referred to in section 124 and to gather comments and recommendations as provided for,

(9) fails to send the report or the financial statements provided for in the first paragraph of section 127, the audited financial statements, as provided for in that first paragraph, the audited data required in the third paragraph of section 127 or the financial statements and data

required in the third paragraph of section 127 audited by a person referred to therein, or to send any of the documents within the time limit specified,

(10) fails to send to the designated management body the results referred to in the first paragraph of section 135 or to send them within the time limit specified,

(11) fails to comply with the time limit in section 141 or the time limit in section 142,

is liable, in the case of a natural person, to a fine of \$2,500 to \$250,000 and, in other cases, to a fine of \$7,500 to \$1,500,000.

182. Every person who fails to comply with the distances provided for in section 49 is liable, in the case of a natural person, to a fine of \$4,000 to \$250,000 and, in other cases, to a fine of \$12,000 to \$1,500,000.

183. Every person who

(1) fails to comply with the requirements of section 9, section 18, the second, third or fourth paragraph of section 19, section 95 or section 98,

(2) modifies or specifies a deposit amount without having obtained the Minister's approval, in contravention of the first paragraph of section 20,

(3) fails to pay the deposit for a container, in contravention of section 23,

(4) fails to reimburse a deposit in full, in contravention with the first or second paragraph of section 24, or fails to do so in compliance with the conditions set out in the second paragraph of that section,

(5) fails to comply with the requirements of section 25, 27, 33, 36, 39 or 42,

(6) fails to send the plan provided for in section 43 or sends a plan that does not cover all the measures listed in that section or fails to send it within the time limit specified,

(7) offers to accept and refund a redeemable container without complying with the provisions of sections 25 to 40, in contravention of the first paragraph of section 46,

(8) fails to ensure that a return site is installed for each establishment referred to in section 45, in contravention of the second paragraph of section 46,

(9) enters into a contract that does not contain all the elements provided for in section 47, the second paragraph of section 57, section 63 or section 69 or an agreement that does not contain all the elements provided for in sections 143 and 144,

(10) fails to enter into a mediation process, in contravention of the first paragraph of section 50, the first paragraph of section 58, the first paragraph of section 64 or the first paragraph of section 146 or to enter into the process within the time limit specified,

(11) fails to provide the information and documents required pursuant to the third paragraph of section 51 or the first paragraph of section 141 or fails to provide them within the time limit specified,

(12) fails to offer to install return sites for redeemable containers in contravention of the first paragraph of section 57,

(13) fails to comply with the obligations set out in section 62,

(14) fails to offer a collection service, in contravention of section 65, or offers it without complying with the conditions in that section,

(15) fails to take into account the elements provided for in the first paragraph of section 68 when selecting a service provider,

(16) fails to facilitate participation by social economy enterprises when selecting a service provider, in contravention of the second paragraph of section 68,

(17) except in the case provided for in section 77, designates a management body without complying with the conditions in the first paragraph of section 71,

(18) except in the case provided for in section 77, designates a management body despite the fact that it does not meet the requirements of section 73 or the requirements of section 74,

(19) designates a management body pursuant to section 76 without complying with the requirement provided for,

(20) designates a management body without obtaining its agreement, in contravention of the second paragraph of section 77 or the second paragraph of section 88,

(21) fails to send to the Minister the results provided for in section 80,

(22) fails to ensure compliance with the requirements of the first paragraph of section 92,

(23) fails to pay the sums provided for in the third paragraph of section 94 within the time limit specified,

(24) fails to make the payment provided for in section 97 at the time determined by the designated management body,

(25) fails to make the payment provided for in in the first paragraph of section 116,

(26) fails to keep the register provided for in section 126,

(27) fails to provide the designated management body with the information provided for in section 139,

(28) fails to take the steps referred to in section 142,

(29) fails to perform the characterizations provided for in the first paragraph of section 145 or fails to perform them at the required times,

(30) fails to comply with the requirements provided for in the second, third, fourth or fifth paragraph of section 145 when performing a characterization,

(31) fails to comply with all the clauses of a contract entered into pursuant to this Regulation to which the person is a party, in contravention of section 187,

is liable, in the case of a natural person, to a fine of \$5,000 to \$500,000 or, in other cases, to a fine of \$15,000 to \$3,000,000.

184. Every person who

(1) fails to ensure that a minimum of 1,500 return sites, excluding bulk return points, are functional across the administrative regions, in contravention of the first paragraph of section 41,

(2) fails to ensure that return sites are functional in isolated or remote territories or fails to comply with the number of sites set for those territories, in contravention of the second paragraph of section 41,

(3) fails to comply with the minimum number of return points per number of inhabitants provided for in the third paragraph of section 41,

(4) fails to accept the redeemable containers that are returned or to refund the deposit on those containers, in contravention of section 45,

(5) fails to comply with the requirements provided for in the first paragraph of section 51,

(6) fails to take the steps referred to in the second paragraph of section 90,

(7) fails to comply with the obligations provided for in sections 147, 149 and 150,

is liable, in the case of a natural person, to a fine of \$8,000 to \$500,000 or, in other cases, to a fine of \$24,000 to \$3,000,000.

185. Every person who

(1) fails to mark a bar code on the redeemable containers in which the person commercializes, markets or otherwise distributes a product, in contravention of section 4,

(2) fails to develop, implement or financially support a deposit-refund system, in contravention of sections 5 to 7,

(3) fails to fulfill the obligations of section 8 collaboratively with the other persons referred to in sections 5, 6 or 7 or fails to develop a single deposit-refund system in contravention of the said section 8,

(4) fails to fulfill the obligations of sections 11 to 16,

(5) fails to take the steps provided for in the first paragraph of section 47, the second paragraph of section 57, section 63 or the first paragraph of section 88,

(6) fails to comply with the requirements provided for in the first paragraph of section 59 or to ensure that redeemable containers are transported, sorted, conditioned and reclaimed, in contravention of section 67,

(7) fails to designate a body, in contravention of the first paragraph of section 70, the first paragraph of section 77 or the first paragraph of section 84,

(8) fails to continue to meet the obligations referred to in the first paragraph of section 90 or fails to assume the obligations provided for in section 91,

(9) fails to make the payment provided for in the third paragraph of section 94,

(10) fails to make the payment provided for in section 97,

(11) fails to meet the obligation provided for in section 125 or section 137,

(12) fails to comply with the terms and conditions determined by the designated management body, in contravention of section 140,

is liable, in the case of a natural person, to a fine of \$10,000 to \$1,000,000 or, in other cases, to a fine of \$30,000 to \$6,000,000.

CHAPTER VIII MISCELLANEOUS

186. Any document and any information obtained pursuant to this Regulation must be sent to the Minister not later than 15 days following a request to that effect.

187. Every person who is a party to a contract entered into pursuant to this Regulation must comply with each of its clauses.

188. Producers are exempted from the obligations of Chapter II until the expiry of the time available to the Société to designate a management body pursuant to section 70 or, as the case may be, until the expiry of the time limit set in section 77.

189. Section 118.3.3 of the Act does not apply to a municipality regulating one of the materials referred to in sections 25 to 40 and 43, for the purposes of the by-law concerned.

CHAPTER IX TRANSITIONAL AND FINAL

190. Every permit issued pursuant to the Act respecting the sale and distribution of beer and soft drinks in non-returnable containers (chapter V-5.001) that is in force on (*insert the date of coming into force of this Regulation*) ceases to have effect on the first day of the sixteenth month following that date.

Every agreement entered into under the Beer and Soft Drinks Distributors' Permits Regulation (chapter V-5.001, r. 1) that is in effect on (*insert the date of coming into force of this Regulation*) terminates on the first day of the sixteenth month following that date.

191. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

105788

Gouvernement du Québec

O.C. 973-2022, 8 June 2022

Act respecting the Ministère du Développement durable, de l'Environnement et des Parcs
(chapter M-30.001)

Environment Quality Act
(chapter Q-2)

Act to amend mainly the Environment Quality Act with respect to deposits and selective collection
(2021, chapter 5)

Act mainly to reinforce the enforcement of environmental and dam safety legislation, to ensure the responsible management of pesticides and to implement certain measures of the 2030 Plan for a Green Economy concerning zero emission vehicles
(2022, chapter 8)

Act respecting certain measures enabling the enforcement of environmental and dam safety legislation
(2022, chapter 8)

System of selective collection of certain residual materials

Regulation respecting a system of selective collection of certain residual materials

WHEREAS, under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Environment Quality Act (chapter Q-2), the Government may, by regulation, in particular require any person whose activities generate residual materials to develop, implement and contribute financially to, on the terms and conditions fixed, measures to reduce, recover or reclaim those residual materials;

WHEREAS, under subparagraph 8 of the first paragraph of section 53.30 of the Environment Quality Act, the Government may, by regulation, in particular prescribe the information or documents that a person, a municipality, a group of municipalities or an Aboriginal community, represented by its band council, must transmit to a person who must, under a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of the section, meet the obligations referred to in the regulation as well as the other terms and conditions applicable to the transmission and the time limit for doing so;

WHEREAS, under section 53.30.1 of the Act, a regulation made under subparagraph *b* of subparagraph 6 of the first paragraph of section 53.30 of the Act that requires,



Design Options and Cost

A DRS for the Future In Québec

Sarah Edwards

John Carhart

Mark Cordle

April 30, 2021

Report for Recyc-Québec

Prepared by Eunomia Research & Consulting

Quality review by Sam Millette

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Acknowledgements

We would like to thank the following organizations for their input: Recyc-Québec, Ministère de l'Environnement et de la Lutte contre les changements climatiques, Boissons Gazeuses Environnement, Houston Conseils Inc., Association canadienne des boissons, Société des alcools du Québec, Association des brasseurs du Québec, Conseil de la transformation alimentaire du Québec, Conseil des industriels laitiers du Québec, Association des négociants embouteilleurs de vin, Association des détaillants en alimentation du Québec, Conseil canadien du commerce de détail, Association des marchands dépanneurs et épiciers du Québec, Tomra Canada, Groupe Lactalis, Conseil des dépanneurs du Canada.

Disclaimer

Eunomia Research & Consulting has taken due care in the preparation of this report to ensure that all facts and analysis presented are as accurate as possible within the scope of the project. However no guarantee is provided in respect of the information presented, and Eunomia Research & Consulting is not responsible for decisions or actions taken on the basis of the content of this report.

Executive Summary

Created in 1984, Québec’s deposit return system (DRS) is regulated under the provisions of the *Environment Quality Act, 1972*. The program covers all single-use soft drink and beer containers, including plastic bottles, metal and bi-metal cans, and glass bottles. Other beverage containers, such as those used for water, sports drinks, and juice, are managed through curbside multi-material recycling programs (“collecte sélective”). Since the program began, the deposit on aluminum, glass, and plastic soft drink and beer cans has been \$0.05. Beer cans and bottles larger than 450ml are subject to a \$0.20 deposit. Beer bottles below 450ml are subject to a \$0.05 deposit for can and \$0.10 deposit on glass bottles.

On January 30, 2020, the Québec Government announced that the existing DRS would be expanded to include all “ready-to-drink” beverage containers with a capacity of 100 ml to 2L (e.g., flat and sparkling water, wine and spirits, juices and fruit-flavoured beverages, milk and milk substitutes, natural beverages, etc.), except for “bag-in-box” containers and flexible pouches. The future system also includes for increased and simplified deposit amounts of \$0.25 for wine and spirits bottles and \$0.10 for other containers.¹ Containers made of cardboard (i.e., multi-layer containers) are also expected to be included under the expanded system starting in 2024. The future system will also need to achieve a 75% recycling rate by 2025 and a 90% by 2030. To achieve this, consumer convenience and easy access to redemption points is key.

As part of its plan to modernize the province’s DRS, the Government intends to have legislation drafted and enacted by December 2021. To help inform this process, Recyc-Québec tasked Eunomia with considering how a future system could be configured utilizing a range of return infrastructure to achieve a 90% return rate and to assess the cost of this future system. The analysis presented in this report follows on from that carried out by Houston Conseils as detailed in “*Deposit Modernisation – Mandate to Develop Deposit System Scenarios – Phase 1 Final Report*”.

At the heart of Eunomia’s standard approach to configuring and costing a future DRS is ensuring a high level of customer convenience. Systems that employ return-to-retail redemption are considered the gold standard of convenience as they provide consumers with a “one stop shop,” which avoids extra trips and emissions. Our modelling approach therefore requires an understanding of where retailers are located and the size of those retailers, such that space limitations for the placement of RVMs and storage of material can be assessed. As part of the process, we consider locations that are likely to handle high volumes based on population density and the location of hotels, restaurants and cafés (HoReCa) to determine where additional return points will be needed to manage this material.

The proposed changes to the DRS in Québec will result in an estimated 4,990M total containers being included in the system by 2030 (an increase of 128% over the current system in 2020). In order to achieve the 90% collection for recycling target, the future system will need to be designed in a way that can accommodate not only more containers generated in households, but also containers consumed and discarded away-from-home, such as wines and spirits bottles from the HoReCa sector.

The return options considered as part of the modelling are included in Table 1.

Table 1: Advantages and Disadvantages of Different Return Infrastructure Options Considered

Return Infrastructure	Advantages and Disadvantages
<p>Return in Retail through RVM</p>	<p><i>Advantages</i></p> <p>Consumers are able to return empty containers at the same time/location as they are purchasing new ones, avoiding extra trips and emissions.</p> <p>Consumers can return single use and refillables at the same location, reducing confusion and inconvenience.</p> <p>Containers are separated counted, verified, sorted into two fractions heavy (glass) and light (metals, plastics and multi-layer), and then crushed or compacted.</p> <p>Avoids expensive system-specific infrastructure as there is no need to secure additional sites, which could be difficult due to planning restrictions or reluctance by people to live near waste management facilities.</p> <p>Benefits for retailers, such as increased foot traffic (which can translate into increased sales) and an improved corporate image.¹</p> <p>Deposit paid to redeemer immediately.</p> <p>Offers the highest level of consumer convenience.</p> <p><i>Disadvantages</i></p> <p>Space requirements costs associated with RVMs, material storage.</p> <p>Staff time and cost for servicing machines, managing deposit refunds, answering questions.</p>

¹ Two large independent studies in Europe demonstrated that shoppers returning containers for their deposit spend more than average. In Sweden spend was 52% more for customers returning containers, in Finland it was 15%. Survey of 8,500 shoppers at 70 supermarkets (Movement Research & Consulting), Survey of 8,500 shoppers at 71 supermarkets (TNS Gallup)

<p>Kiosks</p>	<p><i>Advantages</i></p> <p>Potential for two or more retailers within close proximity to place a kiosk close by so that they can avoid having to accept in store returns.</p> <p>Containers are counted, verified, sorted, and then crushed or compacted.</p> <p><i>Disadvantages</i></p> <p>Requires someone to ensure the kiosks are operational at all times, difficult when not on a specific retailers land</p> <p>No one available to deal with redeemers' questions if the machines are not working if places on land not controlled by a single retailer</p> <p>Potential problems with securing a site due to planning restrictions or objections by land owners even if the proposed location is in a parking lot between existing retailers.</p> <p>Unable to accommodate refillables which could lead to containers being left in the kiosk and requiring separate collection</p> <p>Limits the number of people that can redeem at one time (kiosks are small, so there is the issue of where people would wait while others redeem their containers; this is an important consideration in the context of Québec's climate)</p>
	<p>Bag drops</p>

Depots	<p><i>Advantages</i></p> <p>Act as regional hubs through which the IC&I sector as well as groups like boy scouts, charities and schools can redeem high volumes of containers. Depots also count and verify containers through bulk processing machines.</p> <p>Depot operators could service local retail RVMs, kiosks and bag drops and even find new locations for bag drops to maximize units captured.</p> <p><i>Disadvantages</i></p> <p>Potential problems with securing a location due to planning/zoning restrictions or objections by residents who are concerned with living close to what could be classed as a waste management facility.</p>
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Data on retailer location, size and current returns was not shared by stakeholders and as such two approaches were taken to configure and cost a future system for Québec:

- 1) First a **geographical coverage approach** was taken whereby retailer data purchased from the North American Industry Classification System (NAICS) was plotted using GIS mapping and then the number of return points was determined by setting criteria for how far 90% of the population had to be from a return point in urban, semi urban and rural areas. Kiosks or bag drops replaced retailers where there were two or more retailers within the same 6-digit posts code. HoReCa location data was also purchased from NAICs and depots were placed to ensure no HoReCa was further than 30km from a depot in urban areas and 60km in a rural area.
- 2) Following to feedback from stakeholders a second future system was designed using a **volume-based approach with a greater reliance on depots**. Limited soft drink retail return data provided by Recyc-Québec and the projected return volume in 2030 was used to determine the number of retailers calculated to have sufficient volume to accommodate an RVM the remaining volume would flow through bag drops and 50 depots.

Future System 1 (geographical cover approach) (FS 1) and FS 2 (volume-based approach) was costed using Eunomia activity-based DRS model adapted to include Québec cost factors such as labor rates, fuel costs, geography. The outputs from the activity-based cost modeling demonstrated how expensive the kiosk option was and in order to better enable FS1 to be compared to FS2 a variant was modelled whereby the kiosk in FS1 were replaced with bag drop.

E.1.1 FS Configuration Comparison

Table 2 details the design key components of each future system (FS). FS 1 offers more return points than FS 2 and more of these points are in retail allowing for consumers to return when the shop providing a common stop approach to redemption. The current system is estimated to have 13,100 retailers obligated with 90% of the volume being returned through 3,935 retailers. While both these systems offer few potential return points they do provide more return options and more options for high volume return from the IC&I sector. FS 1 also measures the level of convenience provided by

the return locations as a geographical coverage metric has been used to assess. This means that those living in urban areas for example are no further than 800m from a return point, this would allow redemption to be made without a car and should enable container to be redeemed when consumed “on-the-go”. FS 2 with the greater number of depots will result in haulers servicing the IC&I sector having less distance to travel to return containers generated from these sectors.

Table 2: System Key Design Components

Key Consideration	Future System 1	Future System 1 (Variant – Excluding Kiosks)	Future System 2
Return Points	<p>Total: 3,763</p> <ul style="list-style-type: none"> • 3,121 return in retail with RVM • 307 kiosks • 307 bag drops • 25 depots 	<p>Total: 3,763</p> <ul style="list-style-type: none"> • 3,121 return in retail with RVM • 614 bag drops • 25 depots 	<p>Total: 3,476</p> <ul style="list-style-type: none"> • 2,812 return in retail with RVM • 614 bag drops • 50 depots
Number of Conditioners for Light Fraction	5	5	5
Geographical Coverage	<p>90% of population within:</p> <ul style="list-style-type: none"> • 15km of a return point in rural (<55 ppl per sqkm) areas • 7km in semi urban (55<density<631 ppl per sqkm) areas • 800m in urban (>631 ppl per sq km) areas 	<p>90% of population within:</p> <ul style="list-style-type: none"> • 15km of a return point in rural (<55 ppl per sq km) areas • 7km in semi urban (55<density<631 ppl per sq km) areas • 800m in urban (>631 ppl per sq km) areas 	<p>Could not be calculated as retailer volume by location data not provided</p>
Logistics	<p>The activity-based cost model includes to containers to be collected from return locations and transport either to conditioners, processors or depots for sorting, conditioning or recycling.</p>		

E.1.2 FS Cost Comparison

Total Cost

A comparison of the FSs is provided in Table 3. Activity based costs are provided for the reception of containers, effectively the return points, RVM's in retail, kiosks and bag drops. The costs include the depreciation of capital assets as well as operating costs such as labour, property lease or space costs, electricity etc. FS 1 reception costs are significantly less than FS 1 – variant and FS 2 because it included kiosks which due to the capital, installation and servicing costs is significantly more expensive than return in retail as shown in Table 5. Transportation costs include the costs of collecting containers from the return points and transporting them to conditioners or depots prior to bulk transfer, as well as the transportation of containers from depots to conditioners or recyclers. Costs include the depreciation of tractors and trailers as well as maintenance and labour costs. Transportation costs are highest in FS 2 as there are more depots to collect from. Depots are predominately managing returns from the CI&I sector as well as material collected through bag drops. All of these units have to be counted and verified through bulk sorting equipment and separated into two fractions prior to transfer to the conditioner and recycler. Again, depot costs are higher under FS 2 because there are more depots. Conditioning costs are the same across the FS as the same number of containers have to be conditioned. The central administration costs for the system operator are also assumed to be the same across all FSs; these costs include for 11 staff plus office space, IT and education and communication. This cost modelling does not include any transitioning costs or costs, for example, associated with locating sites for depots or bag drops.

Table 3: Summary of FS Costs

Activity Cost Element	FS 1 Cost (CAD\$ millions)	FS 1 Variant Cost (CAD\$ millions)	FS 2 Cost (CAD\$ millions)
Costs			
Reception	103.49	83.79	76.79
Transportation	36.74	39.90	40.78
Depot	35.37	42.39	49.04
Conditioning	38.32	38.32	38.32
Central Administration	1.9	1.9	1.9
Gross Cost	215.84	206.3	206.84
Income			
Material Revenues	-44.37	-44.37	-44.37
Unclaimed Deposits	-46.87	-46.87	-46.87
Total Net Cost	124.62	115.07	115.61

Source: Eunomia

The average cost of each of the systems on a per unit returned and placed on market perspective is provided in Table 4. The cost per unit differs by material type which is detailed in Table 6.

Table 4: Cost per Unit Returned and Placed on Market

	FS 1 (Canadian Cents)	FS 1 Variant (Canadian Cents)	FS 2 (Canadian Cents)
Unit Returned	2.77	2.56	2.57
Unit Placed on Market	2.50	2.31	2.32

Source: Eunomia

Cost by Return Point

The cost associated with returning a container through different return points is indicated in Table 5. The cost of managing a container through a RVM in a retail store versus a bag drop or kiosk is detailed in Table 5 for FS 1. The table details the gross and net costs as well as the cost per container collected through the different type of return point and the costs associated with the reception of the container, this is in effect the handling fee. As stated above, managing a container through kiosks is significantly higher than through a RVM in a retail store. The cost of the bag drop is also high overall because while the reception costs are low the cost of having to transport uncompact containers and then separately, count, verify and sort adds cost. This is reflected in the handling fee. The handling fee for a retailer with an RVM should be \$0.030 compared to a retailer that might consider a bag drop where the handling fee would be \$0.014. The RVM in store, while more expensive from a reception perspective, significantly reduced downstream costs. The kiosks, in addition to being expensive due to high capital costs and the need for more management to ensure they are always operation, have additional downside as detailed in Table 1, which is why a variant of FS 1 was modeled. Bag drop costs can be offset by charging the customer a convenience fee for choosing to use them. In Oregon this is \$0.40 per bag. This revenue stream would reduce the bag drop cost to \$0.0388 per container from \$0.0438 in FS 1.

Table 5: Cost by Return Point Type (FS 1)

	Retail RVM (CAD\$ millions)	Kiosk (CAD\$ millions)	Depot RVM (CAD\$ millions)	Bag Drop (CAD\$ millions)
Gross Cost	105.92	35.50	0.89	33.13
Total Net Cost	60.90	25.01	0.51	22.64
Reception Cost (Handling Fee) (cents)	3.05	5.18	3.23	1.40
Cost per Container Collected (Cents)	2.75	4.84	2.74	4.38

Cost by Container Type

The difference in cost by container type is demonstrated in Table 6 for FS 1 (Variant). The cost of managing glass in the system is the highest due to its weight and a relatively low market value, compared to aluminum which is light, easily compacted compared to plastics, and provides significant revenue to the system from material sales.

Table 6: Cost by Container Type (FS 1 Variant)

	Plastic	Metal	Glass	Multi-Layer
Gross Cost (Millions)	72.91	66.16	54.75	17.33
Net Cost (Millions)	43.89	11.87	47.38	11.92
Net Cost Per Unit Placed On Market (Canadian Cents)	2.43	0.56	8.75	2.33

E.1.3 Curbside Costs

The future DRS will pull material currently being recycled through curbside into the DRS, and it will also have capture material that is disposed to landfill. Less material collected at the curbside could reduce collection costs if the volume is sufficient to enable route optimisation, and this potential benefit has not been calculated. Less material collected at the curbside will mean that less material is delivered to the MRF so reducing MRF tipping costs as well as reducing the amount of material disposed thus reducing landfill tipping costs. On the flip side, the curbside system will see a reduction in material revenues associated predominately with aluminum and PET, while a potential reduction in costs associated with the handling and onward recycling of glass. MRFs in Québec also receive the deposit if they can successfully separate out the deposit material. While it could be assumed that because the DRS is pulling material from the curbside the revenue from the deposits will decrease in the future system this is not actually the case. Because both the scope of containers and deposit increases in the future containers that currently do not have a deposit will have a deposit, and each container sorted through the MRF will be worth twice as much, so the possible revenue from deposits increases. The overarching impact is an approximate \$19 million benefit as detailed in Table 7.

Table 7: Impact on Curbside Services

	Amount (CAD \$) millions	Loss or Benefit
Reduction in Material revenue	7.3	Loss

Reduction in MRF Sorting Fees	14.59	Benefit
Reduction in Landfill Tipping Fees	8.10	Benefit
Increase in Deposits	2.80	Benefit
Total	18.16	Benefit

Source: Eunomia

E.2.0 Stakeholder Impact

A high-level overview of the FSs on stakeholders is set out in Table 8. The activity-based costing approach to calculating systems costs results in a potential handling fee to retailers with RVM's of \$0.03, \$0.01 more than currently under FS1. The overarching costs of the FS 1 with out the kiosks and FS 2 is comparable. FS 1 is designed to provide a level of access based on geographic coverage criteria that along with more options for high volume return to capture units from the IC&I provides more options for all consumers. Then impact on the curbside system is a benefit of \$12.58 million.

Table 8: Overview of Impacts to Stakeholders

Stakeholder	Impact
Retailer	Both options include return in retail as well as options for retailers to be replaced with bag drop. Activity based costing used to model the future system indicates that the handling fee for a retailer with an RVM should be no less than \$0.031 under FS 1, which is a whole cent more that current handling fees. The potential handling fees are less under FS 2 because more volume is going through fewer retailers but if set at this amount it would be suitable for retailers with less volume.
System Operator	Although the costs of both FSs are very similar, FS 1 offers slightly less risk as more containers are returned via return in retail (less risk in respect to securing locations for bag drop and depots).
Government	FS 1 has more return points than FS 2 and the geographical coverage approach provides security that return points will be located at a convenient distance from consumers' homes, which, along with a higher deposit could result in high returns. Both FSs are an improvement over the current system in that they facilitate better capture of large volume returns and volumes from IC&I. Neither system includes reverse logistics for beer from HoReCa, which could potentially lower the capture rate of this material. With that being said, FS 2 has depots more closely located to HoReCa, making it more convenient for haulers serving these

	establishments, which could potentially lead to higher capture rates.
Consumer	Although both FSs have fewer return points than current system, there are more options for return including bag drops and bulk return at depots. Under FS 1, return locations will be conveniently located to incentivize return when the deposit is increased.
HoReCa	The removal of reverse logistics for beer is potentially a concern for businesses in the HoReCa sector. An increase in the deposit and expansion of the system to include wines and spirits will likely incentivize haulers to make arrangements with HoReCa to separate out this material (with the deposit offsetting service costs). It is unlikely that HoReCa will receive any revenue for recycling, so the system could reduce service costs to these businesses.
Curbside Recycling	Some of the additional tonnage sent through the DRS system will be taken from the curbside recycling stream. As a result, there would be less material flowing into MRFs and being sold as baled commodities, as well as increase in the amount of deposits being reimbursed by the sorting centers. The change in MRF tipping fees is a decrease of \$14.59 million per year, the change in material revenue would be a decrease of \$7.3 million per year. The change in deposit revenue is an increase of \$2.8 million per year.
Curbside Trash	Some material will also be taken from the curbside garbage stream, which will reduce the total disposal costs paid for the blue box system. The avoided landfill disposal costs under the expanded DRS system is a savings of \$8.1 million per year.

E.3.0 Takeaways, Considerations and Recommendations

Takeaways

In order to reach a 90% return rate, it will be necessary to implement a mix of return options that make it easy and accessible for consumers to return containers that have been consumed both in and outside the home. At \$115.07M and \$115.61M, respectively, the net costs of FS 1 variant (excluding kiosks) and FS 2 are very similar. FS 1 provides less operational delivery risk as there is more return in retail and less reliance on the placing of infrastructure where none of the stakeholders have ownership or control. The number of return points under FS 1 is also closer to the number of retailers where 90% of the retail volume currently flows, providing a slightly greater level of confidence that the 90% return rate could be achieved, especially when combined with the geographical coverage targets and the range of different return point options. Return in retail

provides the most cost-effective mechanisms for returns but it should be recognized that not all retail stores will have the space to return. This is where the placement of bag drops to serve more than one retailer especially in urban areas where there are small retailers in close proximity may be important. Bag drop costs can also be reduced by allowing the system operator to charge customers who use this return option to pay a convenience fee, user of a similar system in Oregon pay \$0.40 per bag returned for the convenience. Recognising that in the future system there should be no cross subsidies between container types, the study calculates the cost of managing each container type (glass, plastics, metal and multi-layers) through the system, it also provides an indication of what the handling fee should be for retailers in the future.

Consideration and Recommendations

Many DRSs include allowances for certain retailers to be exempt from the requirements to take-back containers, either by limiting the number of containers that a consumer can return in one day, or allowing such stores to opt-out of the system altogether if they meet certain criteria. For example, in some markets, retailers whose annual revenues are below a certain threshold may be exempt from the obligation to refund the deposit. In other jurisdictions, DRS legislation may include exemptions for retailers that sell less than a certain number of units, or that are below a certain size (i.e., square footage). Exemptions based on retailer size are what is most commonly found in legislation. In order to enable the government to make an informed decision on this, the current system operators and stakeholders should provide retailer size and current return volume data to enable the cut off to be assessed. Without this data, the government could be forced to continue to require all retailers to be obligated, with retailers eligible for exclusion only if the system operator can demonstrate that the set geographical coverage target and 90% return target is met.

Eunomia was not asked to assess the cost and operational requirements of transitioning from the current system to the FS. This analysis and planning will be required to ensure a smooth transition, in which the anticipated significant influx of material at the beginning of the switch can be effectively captured and managed.

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Glossary of Terms

Term	Definition
Bag Drop	A redemption route for deposit return systems in which consumers drop-off filled bags of empty beverage containers to a designated location. Beverage containers are later verified and counted and consumers are refunded their deposits through a digital account.
Transfer center with conditioner option	Party responsible for sorting mixed containers into individual commodities
Deposit	A sum of money required by law to be exchanged for a product in addition to the purchase price, in order to incentivize its return to the system.
Deposit Return System (DRS)	A system in which a beverage container is purchased at the point of sale for a set sum of money (deposit) in addition to the purchase price. This sum is returned when the empty beverage container is redeemed.
Handling Fee	Fee paid to parties providing redemption infrastructure calculated to cover the cost of receiving beverage containers from consumers and storing them prior to collection.
Conditioner	Parties that provide services that may include: counting, weighing, measuring, controlling, surveying and verifications. They may be responsible for scrap buying/selling, overseas shipping and brokering, and materials transformation.
Producer	Brand owners, manufacturers or distributors of beverage products. Produce products and place the items on the market. Producers sell their products to retailers, who sell them to consumers. These parties are also known as deposit initiators, as they are the originators of the deposit return process.
Producer Responsibility Organization (PRO)	Organization appointed by producers to manage the DRS program on their behalf.
Retailer	Sellers of beverages to consumers. These parties buy from producers and sell to consumers through a licensed establishment.
Reverse Vending Machine (RVM)	A machine through which beverage containers are returned, verified and compacted and deposits are automatically refunded. Used by consumers at redemption locations.

1.0 Introduction

Background

On January 30, 2020, the Québec Government announced that the current deposit return system (DRS) would be expanded to include all “ready-to-drink” beverage containers with a capacity of 100 ml to 2L (e.g., flat and sparkling water, wine and spirits, juices and fruit-flavoured beverages, milk and milk substitutes, natural beverages, etc.), except for “bag-in-box” containers and flexible pouches. As part of the plan, the Government will be implementing increased and simplified deposit amounts of \$0.25 for wine and spirits bottles and \$0.10 for other containers.² Containers made of cardboard (i.e., multi-layer containers) are also expected to be included under the expanded system, but at a later time. The Government anticipates that the new system, expected to be rolled out starting in fall 2022, will ultimately lead to an almost doubling of the number of beverage containers being used to about 4.5 billion a year, up from the current 2.4 billion.³

Unlike most other DRSs in North America, Québec’s system is based on a return-to-retail (R2R) model, where retailers are legally obligated to take back empty containers from customers and issue deposit refunds. The province considers to utilize its existing networks of reverse vending machines (RVMs) in grocery stores for returns, plus other collection centres.⁴

In addition to expanding the program to new types of beverages, the Québec Government has also announced that recovery and recycling targets will be set. Specifically, businesses will need to ensure that 75% of deposit-bearing containers will be recovered and recycled by 2025, increasing to 90% by 2030. Failure to achieve these targets will result in penalties.⁵

Objective

Ennomia Research and Consulting was commissioned by Recyc-Québec to examine how a future DRS could be designed to collect for recycling 90% of single-use beverages included under an expanded system and to assess the potential cost of this system. As part of this work, it was asked to consider a range of redemption options including:

- Return-to-retail (R2R): a return option where empty containers can be redeemed at a redemption point that is co-located with a retail store. R2R can take several forms, including retailers with RVMs in-store, or kiosks incorporating RVMs that are located outside of the stores. It can also include redemption where customers present empty containers directly to a store employee who provides the deposit refund.
- Return-to-depot: a return option which involves a staffed or unstaffed facility accepting empty containers from both households and charities wanting to return in bulk as well as large volumes collected by private sector organizations (e.g., hotels, restaurants and cafes, schools, and event spaces, etc.)
- Bag drop: a return option in which consumers drop-off bags of empty containers to a designated stand-alone location (often a secure shipping container). Containers are later verified and counted, with the deposit being returned to consumers via an electronic transfer to their digital account for further transfer into their bank account.

To be clear, the objective is not to design the future DRS (this will be the responsibility of the future producer responsibility organization), but to present and assess the cost of various design options as well as the impact of each on a range of stakeholders, including the curbside collection system.

Structure

This report is split into the following sections:

- Modelling Considerations: Current system performance and convenience, and key considerations for the design of a future system.
- Future Systems: An overview of FS 1 and FS 2.
- Future Systems Cost: An overview of the costs of FS 1 and FS 2.
- Future Systems Comparison and Impact of Stakeholders: Comparison of key factors of each system and their impacts on stakeholders.
- Key Takeaways, Considerations, and Recommendations: Summary of report key takeaways and conclusions.

2.0 Modelling Considerations

The two primary factors impacting the performance of a DRS are: 1) the value of the deposit; and 2) the level of consumer convenience. For the purposes of this project, the deposit value has been set at \$0.25 (wines and spirits) and \$0.10 (all other beverages) and as such a key consideration for the modelling of a future system is to consider the level of convenience to enable 90%.

A convenient redemption system is one that is easy, accessible, and fair for all consumers. Convenience can be assessed by how easily a person can access a return point to recoup their deposit money. This can be measured in a number of ways, for example:

- Distance (km) or drive time (hours/minutes) to closest return point (with different measures for rural vs. urban areas).
- Number of return points per capita (return point to consumer ratio).

Other metrics to evaluate convenience include the percentage of the population that participates in the system. These metrics when calculated for Québec enable comparison with other jurisdictions.

2.1 Current System Performance and Convenience

Performance

In 2018, 68.59% of single use containers with a deposit were returned through the DRS system with a further 4.77% collected through curbside programs resulting in a total return rate of 73.36%. Table 9 provides an overview of the performance of the current program in 2018.

Table 9: Containers Sold and Returned in 2018 (billion units)

	Aluminum	Plastic	Glass	Total
Containers Sold				

Soft Drinks	844.7	229.1	22.5	1,096.3
Beer	1,042.4	-	138.4	1,180.8
Total	1,887.1	229.1	160.9	2,277.1
Containers Returned where Deposit Refunded				
DRS - Soft drinks	583.5	101.9	5.6	691
DRS - Beer	604.5	37.3	99.6	741.4
Curbside System	109.5	19.9	-	129.4
Sub-Total	1,297.5	159.1	105.2	1,561.8
Container Return Rate (%)	68.76%	69.45%	65.38%	68.59%
Curbside Recovery of Containers Not Returned for Deposit Refund	75.3	11.4	22.0	108.7
Total Containers Recovered	1,372.8	170.5	127.2	1,670
Total Rate of Recovery	72.75%	74.42%	79.06%	73.36%

Source: *Houston Conseils*^{vi}

According to anonymized retailer return data² provided by Recyc-Québec,^{vii} there are approximately 13,100 retailers that are obligated to accept empty containers of the same type they sell. The same data suggests that 90% of the soft drink containers recycled via the DRS are returned through approximately 3,935 retailers. Using the data from the table above, it was determined that 63% of

² Retail return data did not contain any locational information. Retailers were listed with a reference number only so it was not possible for Eunomia to assess the geographical coverage nor where high volume returns were taking place in order to evaluate alternative infrastructure needs.

soft drinks containers (all materials) are collected through retail the rest are collected through the curbside program.³

The 3,935 retailers responsible for collecting 90% of the 63% soft drink containers collected through retail locations can therefore be assumed to deliver a 57% return rate for soft drinks; this is a long way from 90%.

While limited returns data was available for soft drinks by retail point, absolutely no returns data by retailer was available for beer. Furthermore, it was not possible to determine the percentage of containers, specifically beer, that were collected from HoReCa versus through retail locations.

Convenience

As all retailers are obligated under the current program, the level of convenience is assumed to be high. Eunomia was not able to access retailer location data and therefore was unable to evaluate current convenience metrics such as average distance to return points or return point to consumer ratio.

Table 10 presents data on the level of convenience of Québec’s DRS based on population per return point for the current system (2018) as well as under a future system (2030)⁴, and offers a comparison to other jurisdictions. Based on a redemption network of 13,100 retailers, the number of consumers per return point in Québec’s is currently comparable to Germany (653 vs. 636). Despite this, Québec’s return rate is significantly lower than Germany’s, probably because of Germany’s higher deposit value, which is six times that of Québec’s. If we only consider the 3,935 retailers that collect 90% of the containers recovered via the DRS, the population per return point increases to 3,049; by 2030, this number is expected to increase even further. In Oregon and Michigan, both of which have return rates close to 90%, there is one return point per 1,933 and 1,783 population, respectively. These jurisdictions are provided as a reference point, and demonstrates that it may be challenging to achieve 90% with a deposit of \$0.10 unless there is a high level of convenience, this is further highlighted in a recently released report from Reloop “What We Waste”^{viii}.

Table 10: Population per Return Point in Québec and Other Jurisdictions

Jurisdiction	Number of Return Locations	Return Infrastructure	Deposit Value (CAD)	Population Per Return Point	Return Rate ⁵
Québec (2018)					

³ 69 divided by 1,096.3 x 100.

⁴ Population 2018 – 8,754,571, Population 2030 – 8,962,000

⁵ Excludes returns through the curbside system

All Retailers	13,100	Retail	\$0.05 and \$0.10	653	69%
Retailers Responsible for 90% of the Retail Returns	3,935	Retail	\$0.05 and \$0.10	3,049	N/A
Québec (2030)					
All Retailers	13,100	Retail	\$0.10 and \$0.25	683	Unknown
Retailers Responsible for 90% of the Retail Returns	2,812	Retail	\$0.10 and \$0.25	3,187	Unknown
Oregon (2018)	2,123	Retail, depot and bag drop	\$0.12 (USD \$0.10)	1,933	89%
Germany (2018)		Retail	\$0.33	636	98%
Norway (2018)		Retail	\$0.11–\$0.45	355	90%
Michigan (2018)	5,600	Retail	\$0.12 (USD \$0.10)	1,783	89%
Alberta (2018)	221	Depot	\$0.10	19,778	86%

2.2 Future System Key Considerations

Key considerations for the design of a future system are summarized below :

- Volume and Weight:** It is expected that in 2030, sales of eligible single-use beverage containers into Québec will be 128% higher than current volumes. Sales volumes for 2017 (actual) and 2030 (projected) are shown in Table 11. As shown in the table, the introduction of wine and liquor bottles to the DRS results in a significant increase (358%) in the tonnage of materials sold into Québec by 2030.

Table 11: Volume and Weight of Containers Assumed to be Sold in Québec by Material (2017 and 2030)

Material	2017		2030		% Increase in Number of Containers Sold	% Increase in Weight of Containers Sold
	Number of Containers Sold (millions of units)	Weight of Containers Sold (Tonnes)	Number of Containers Sold (millions of units)	Weight of Containers Sold (Tonnes)		
Metal	1,808	23,063	2,133	27,211	18%	18%
Plastic	231	6,914	1,804	54,009	681%	681%
Multi-Layer	0	0	511	15,340	N/A	N/A
Glass	152	31,920	541	186,794	256%	485%
Total	2,191	61,897	4,990	283,353	128%	358%

Source: Eunomia calculation using data from Recyc-Québec and Houston Conseils

- Composition:** By 2030, it is very likely that the composition of beverage container material will change, and this, like volume, will have an impact on the return infrastructure and logistics. Figure 1 shows that by count, plastic beverage containers will make up a significantly larger proportion of the material stream than they do today (36% vs. 11%). However, when measured by weight, glass will make up the largest portion (66%) of material available for collection and processing, due to the addition of wine and liquor containers to the system.

Figure 1: Material Composition of Beverage Containers Sold in 2017 (left) and 2030 (right) by Unit

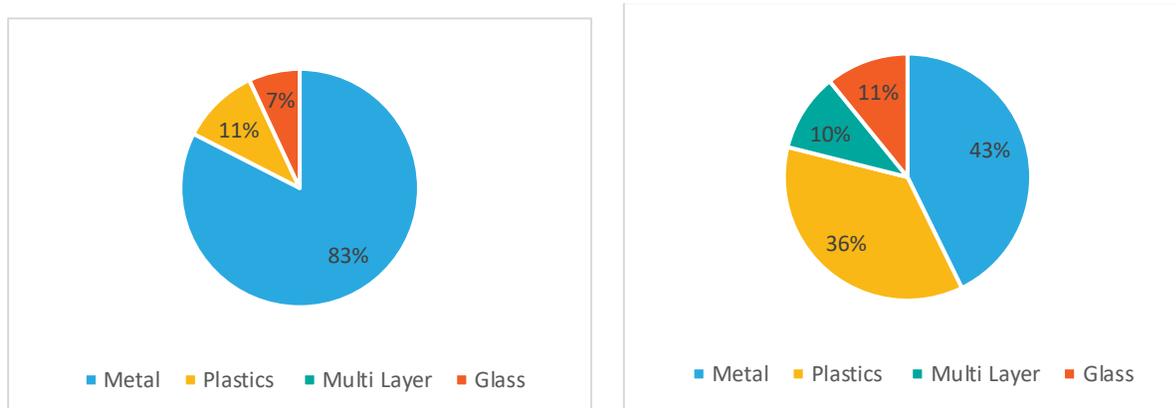
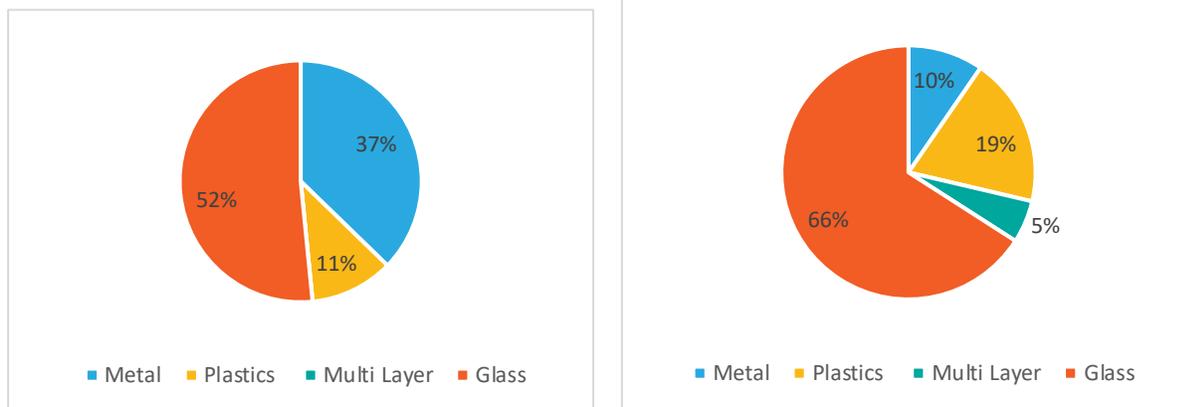


Figure 2: 2017 Material Composition of Beverage Containers Sold in 2017 (left) and 2030 (right) by Weight



- At Home and Away-from-Home Consumption and Return:** To reach a 90% return rate, the future system must provide convenient return options for containers consumed both at and away-from-home (e.g., schools, hotels, public spaces, restaurants, concerts, parks, etc.). Under the current two operator system, beer containers are sometimes collected via reverse logistics.

Unfortunately, data necessary to determine the percentage of containers consumed in the home versus away-from-home in Québec was not available. However, CM Consulting’s latest “Who Pays What? An Analysis of Beverage Container Collection and Costs in Canada”^{ix} report provides a summary of sources of data for away-from-home consumption, which includes the 2015 study carried out in Québec titled “Étude comparative des systèmes de récupération des contenants de boisson au Québec.” This study provides data on away-from-home consumption for a number of different beverages for the years 2005 and 2010. The studies that include data for Canada are summarized in Appendix A.2.0.

For the purposes of the modelling, we have applied the values presented in **Erreur ! Source du renvoi introuvable.** It is assumed that the away-from-home values for glass beer, wine and spirit bottles is generated predominately by hotels, restaurants, and cafés (HoReCa) whereas for some soft drinks some of the volume will be consumed “on the go” as people are walking around cities or travelling in cars or on public transport. While it would have been beneficial for the modelling to know the split between volume consumed in HoReCa vs. on “on the go”, no data was available.

Table 12: Percentage of Units Sold Assumed to be Consumed “At Home” and “Away-from-Home” in the Future System

Material	Metal	Plastic	Multi-Layer	Glass	Total
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% Away-from-Home	17	40	5	21	23
% At Home	83	60	95	79	77

Source: Eunomia assumption

- **Refillables:** While refillables are not part of the design of a future system, consideration is needed as to how, from a consumer perspective, the DRS for single-use containers is linked to one for refillables where retailers will remain the primary return point.
- **Return and Processing Infrastructure:** To achieve a 90% return rate, the future system will have to:
 - Ensure convenience and flexibility for both households and haulers serving the commercial sector;
 - Allow for quick returns;
 - Allow consumers to access their deposit immediately or at a later point via electronic transfer;
 - Accommodate large-volume redeemers (e.g., haulers providing services to the HoReCa sector);
 - Be technology-focused and utilize modern RVMs with online connectivity. These systems allow real-time data to be transferred to a central system operator, which provides transparency on what is being returned and where. They also facilitate identification of potential fraudulent returns (e.g., containers sold outside the province, containers redeemed more than once), increase collection and logistical efficiencies, and allow for effective billing of producers. Under both future systems presented in this report, all units are verified and counted either through a RVM or a bulk counting machine in a depot.

Table 13 presents an overview of the different types of redemption systems utilized in DRSs and which are included in the FS design.

Table 13: Overview of DRS Return and Processing Infrastructure

Infrastructure	Description
Redemption Methods	
Return-in-Retail (Automated (RVMs) or Manual Collection)	 <p>Although some continue to collect containers and refund deposits manually, most large retail stores have automated the process and use RVMs. Any retailer that sells a deposit-bearing beverage can opt-in to redeem and collect empty containers and return the deposit to the consumer.</p>

<p>Depots and Counting Centers</p>	<p>These centers are typically situated in retail spaces or in warehouses on the outskirts of a town. Depots process high volumes of returned containers, as returns delivered by haulers providing services to HoReCa. Depot users are required to have an online account and all bags or crates of containers returned must include a sticker with the account holder’s details. The depot operator processes the containers using bulk counting machines, which removes any refillables that are rejected by the technology. After each unit is automatically verified and counted, it is split into two fractions: heavy (single use glass) and light (multi-layer, metal and plastic) where it is then crushed or compacted. The depots can also accommodate some RVMs for household return.</p> <p>The depots act as hubs for material consolidation where direct delivery of glass to a recycler or the light faction to a conditioner is not efficient. Depots could be operated by the PRO or by the private sector under contract with the PRO to ensure that there is a consistency of service and operation to enable data transfer. Depots could be operated by local waste management companies and haulers and could service and consolidate material from local bag drops and potentially retailer RVMs but this would be the decision of the PRO.</p> 
<p>Kiosk</p>	<p>These facilities are stand-alone units and container RVMs. Kiosks offer no option for the return of refillables to be made at the same time as single use unless the kiosk is located on a retail parking lot.</p> 
<p>Bag Drops</p>	<p>Consumers register for an online account and purchase special bags or stickers for bags that they fill with deposit containers. They drop-off full bags to unstaffed, standalone outlets and receive credit for deposit refunds to their accounts once bags are collected and containers are verified through the depots/counting centers.</p>  
<p>Additional Infrastructure</p>	
<p>Conditioners</p>	<p>All glass will either be delivered after pick up from an RVM to the recycler or bulked at the depot after being verified. The light faction needs to be sorted by commodity prior to being marketed.</p>

3.0 Future Systems (FS)

Despite the fact that a DRS already operates in Québec, Eunomia did not have access to existing service and/or returns data to serve as a baseline to model each future system (FS). Therefore, the process of developing a FS and estimating costs of that system was iterative:

- **FS 1: A geographical coverage approach** was taken whereby retailer data (purchased from the North American Industry Classification System (NAICS)) was plotted using geographic information system (GIS) mapping. The number of return points was then determined by setting criteria for reasonable distances that 90% of the population could be from a return point in urban, semi-urban and rural areas. In cases where two or more retailers were located within the same 6-digit postal code, kiosks or bag drops were assumed to replace retailers. Data on the locations of hotels, restaurants, and cafes (HoReCa) was also purchased from NAICS to ensure that no HoReCa was further than 30km from a depot in urban areas and 60km in rural areas.
- **FS 2:** Based on feedback received from stakeholders, a second FS was designed using a **volume-based approach**. Soft drink retail return data provided by Recyc-Québec and projected return volumes for 2030 were used to determine the number of retailers that accept sufficient volumes of containers to accommodate a RVM. It was assumed that the remaining volume would flow through bag drops and 50 depots.

More detail on each of the FS modelling is contained in Section 0 and 3.2.

3.1 FS 1: Geographical Coverage Approach

Return Routes, Container Verification and Counting

As stated above, the two most important factors to achieving a high (at least 90%) return rate are the value of the deposit and the level of convenience, the latter of which can be measured by distance from or travel time to a return point.

Given that data on retailer locations was not provided by stakeholders, Eunomia purchased data (i.e., retail codes) from NAICS, which is presented in Appendix A.1.0. It's important to note that this dataset excludes gas stations or pharmacies that sell beverages.

While NAICS retail data for the US includes retailer size (square footage), this level of detail was not available in Canada. Therefore, in addition to data on retailer locations, Eunomia purchased data on store revenue and number of employees. Data on store size is important for modelling purposes as it allows small stores that have less room for RVMs or the storage of containers to be exempt from DRS take-back requirements.

Although it is better than no information at all, using data from NAICS is not ideal for a number of reasons. For example:

- The number of retailers based on NAICS data was less than the retail numbers provided by Recyc-Québec.^x
- For some retailers the revenue was rolled up to a group level rather than being attributed to each single store.

- Data on number of employees was not listed for all retailers.

Plotting the NAICS data on GIS, our team modelled the retailer network considering distance from a return point and the percentage of the population within the modelled distance. The geographical coverage calculations considered where people live. For example, in dense urban areas it is more likely that people will not have a car or are less likely to use it and as such convenience to them would be the ability to walk to a return point. Conversely, in rural areas people must travel by car for most activities and as such are able to travel further distances in the same amount of time. Considering that Québec’s population is centered in several urban areas, ensuring convenient access to return points in these areas is going to be critical to achieving 90%. To determine an appropriate number of retailer locations, Eunomia made assumptions regarding “reasonable” travel distances (considering 1km, 800m and 500m) and calculated the percentage of the population that would be within those distances of a retail store.

In addition to the urban areas, there are semi-urban areas where vehicles are likely to be the predominate mode of transport. However, compared to rural areas, these areas may have higher traffic congestion, which increases travel time. Again, we made an assumption regarding reasonable distance to a redemption point and then calculated the percentage of the population living within that distance.

Table 14 summarizes the outcome of this exercise and was used to determine the number of returns points under FS 1. Table 14 also shows the percentage of population located within each of the set areas and the total number of redemption points that this equates to.

Table 14: Percentage of Population Living Within a Set Distance to a Redemption Point

	Rural (<55 people per sq km)	Semi-Urban (55<density<631 people per sq km)	Urban (>631 people per sq km)	Total
Distance to Nearest Redemption Point	15km	7km	800m	
% of Population Living in Region	21%	26%	53%	
% of Population in each Region Living within Distance to a Redemption Point	90%	95%	90%	90%

Number of Redemption Points	567	450	3,513	4,530
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Source: NAICS data, Eunomia

Eunomia then considered locations where either kiosks or bag drops could be established as points of return. It is generally assumed that bag drops or kiosks are located in the parking lots of very large retail stores, where retailers can oversee them. However, as data on retailer size was not available, we assumed that in cases where two or more retailers were located within the same 6-digit postcode area, that only one return location would be required, and this would be through either a kiosk or depot. Replace multiple retailers with one kiosk means the total number of return points will decrease on more than a one for one basis when substituting a kiosk/bag drop instead of having return in retail.

The impact of this assumption is shown in Table 15.

Table 15: Number of Redemption Points

	Rural (<55 people per sq km)	Semi-Urban (55<density<631 people per sq km)	Urban (>631 people per sq km)	Total
Number of Redemption Points prior to replacing 2 or more retailers in same postcode with bag drop or kiosks	567	450	3,513	4,530
Number of Bag Drops or Kiosks	64	41	510	614
Number of Return in Retail after retail locations in same post code substituted with bag drop or kiosk	338	377	2,406	3,121

Source: NAICS data, Eunomia

For the cost modelling we have assumed that of the 614 return points that could either be kiosk or bag drop locations, half are kiosk and half are bag drop. The reason for splitting these return points 50:50 is primarily to ascertain the cost difference between the two. All retail return points in the model have been modelled as having RVM's. All RVMs are processing in excess of 40,000 containers per month per RVM; based on discussions with RVM suppliers, this is considered to be a very viable volume, with volumes as low as 20,000 per month feasible on a RVM throughput lease models. It's also been assumed that all RVMs will count and verify each unit returned, sort the material into two fractions (i.e. heavy (glass) and light (multi-layer, plastics and metal), and compact or crush the containers to reduce space requirements.

To accommodate the estimated 23% of containers that will be consumed and discarded away-from-home (including those consumed "on the go" (mostly soft drinks) and in HoReCa establishments (more likely to be beers, wines and liquor)), a network of high-volume depots will be necessary to facilitate the bulk return of large volumes potentially in bags and cases. In addition to the NAICS retailer data, Eunomia purchased HoReCa and institutional locational data to understand where the out of home consumption would be taking place. The cost modelling assumed that depending on volumes, these businesses would either take their units to a depot themselves to redeem the deposit or contract with a local hauler that would offset the cost of the collection with the value of the deposit. Under this FS, it has been assumed that no IC&I location will be further than 30km from a depot in the urban areas, and in the rural area no more than 60km. Based on this assumption, Québec would need 25 depots. The depots would also accommodate some RVMs for residential returns.

As stated in Table 13, all depots would require the customer to have a digital account and to attach a unique customer label to their pre-filled bag or crate that would be scanned by the depot operator before dispensing the containers into a machine that would count, sort, separate, crush, and compact the containers in much the same way as RVMs. The depots will be used to consolidate material returned through retail RVM's where the distance and volume is insufficient to warrant direct delivery to a conditioner.

Table 16 details the number of units collected through each return route under this FS.

Table 16: Estimated Number of Containers (M) Returned in 2030, by Return Route (Based on 90% Return Rate)

	Retail RVM (M)	Kiosk (M)	Bag Drop (M)	Depot (M)	Total
Number of Containers Returned per Annum	2,218	517	517	1,243	4,494
Plastic	631	151	151	681	
Aluminium	1,066	256	356	406	
Glass	284	53	53	122	
Multi-Layer	236	57	57	34	
Number of return points.	3,121	307	307	25	

Source: Eunomia

The population per redemption point under Québec’s FS compared to Oregon as well as the current system is shown in Table 17. The table shows that the population per redemption point in Québec is 24 % less than that in Oregon, which could present a risk to achieving the 90% target. Oregon was chosen as a comparison here because it is a state that has recently increased the scope of beverages covered as well as the deposit value to USD\$0.10 (up from \$0.05).

Table 17: Estimated Population per Redemption Point in 2030 (Based on 90% Return Rate), Québec vs. Oregon

Convenience Metric	FS 1	Current System (13,100 return points)	Current System (Retailers handling 90% of the volume, 3,935)	Oregon
Population per Return Point	2,390	683	2,278	1,933

Conditioning and Processing

The RVMs and depots will sort the empty containers into two fractions: heavy (glass) and light (multi-layer, metals, and plastics). In the case of a retailer RVM, the separated glass will either be collected and taken directly to the glass processor, or bulked at a depot before being transported to the processor (whichever is closest). The light fraction will be taken either directly or via bulk transfer at a depot to a conditioner where the material will be further sorted into individual fractions before being sold. To reduce travel distances, two large transfer center & conditioners (one close to Québec City and the other near Montreal) and three smaller transfer center & regional conditioners (near Val-D’or, Saguenay, and Amqui), have been costed in the model. The smaller conditioners are likely to be collocated at larger depots.

Table 18: Volume Conditioned through each Location Assuming 2030 Volumes at 90% Return Rate

Location	Number of Entities Serviced (hotels, restaurants, cafés, retailers)
Montreal	14 900
Québec City	3 800
Amqui	1 200
Saguenay	1 100

Val D'or	500
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Source: Eunomia

Transportation

The cost model assumes:

- Household consumers transport their containers to a retail, kiosk, bag drop or depot location.
- IC&I premises either transport their own containers to a depot or contract with a hauler to collect and deliver containers to a depot with the deposit offsetting any waste and recycling service fees.
- Containers collected through RVMs are delivered directly to either the processor (glass) or conditioner (other) if sufficient volume can be collected and delivered in a working day. If not, material is bulked at depots before being transported.
- Collections from retailers to depots and conditioners are carried out in tractor trailer units
- Trailers without tractor units for storing containers at depots.

System Summary

The flow of material through the system, including material that is assumed to continue to be collected through the curbside system, is included in Table 19.

Table 19: Material Flows (Tonnes)

	Plastic	Aluminum	Glass	Carton	Total
Put on Market (Tonnes)	54,009	27,211	186,794	15,340	283,353
Collected through DRS (Tonnes)	38,338	25,306	176,521	11,505	261,669
Collected Through Curbside (Tonnes)	3,254	1,007	8,691	2,703	15,654
Collected Through Residual (Tonnes)	2,673	1,121	3,202	1,172	8,167
Littered (Tonnes)	228	30	146	76	480

3.2 FS 2: Volume Based Approach

Return Routes, Container Verification and Counting

This FS has been modelled based on volumes collected through existing retail stores to ascertain where volume is sufficient to warrant a RVM and then supplementing that with a bag drop and additional depots. Kiosks were excluded from this FS for the following reasons:

- Kiosks can not manage refillables and therefore do not allow for a single point of return for all containers. This is inconvenient for consumers, as it requires them to take refillables and single-use containers to different locations. Also, if a refillable container is rejected by a RVM, there is the potential for the consumer to leave the container within the kiosk requiring additional clearance and management.
- Because of how small they are, kiosks are not ideal in cold climates. If a consumer attends the kiosk and it is being used, they have to either wait in their car or outside in the cold.
- Kiosks that are not associated with a retail store require additional management to ensure they are always fully operational. Also, the fact that they are not staffed means there is no one for the consumer to directly engage with if they encounter a problem.

These factors result in a kiosk being a more expensive return route as detailed in Section 4.1.

Under this FS, an indication of the proportion of containers returned through existing stores was calculated by analyzing the information provided by Recyc-Québec^{xi} on the number of soft drink containers returned through retail stores where the store was identified by a reference number and not by a location. Using this limited data, the percentage of total soft drinks returned through each retailer was calculated and this percentage was applied to the projected volume in 2030 (excluding bulk returns and HoReCa volumes). The next step was to assess which stores had a large enough volume to accommodate a RVM (approximately 20,000 containers/month). If a store had significant volume, its throughput was reduced based on the assumption that no store could accommodate more than 8 RVMs.

Under FS 2, the total number of bag drops is 614 which is the same as the combined number of kiosks and bag drops under FS 1; this is to ensure there is still coverage in the urban areas which is where the majority of these alternative return points will be located to replace small retailers that are in the same 6-digit postcode area.

A total of 50 depots are included under this option.

The total number of redemption points and the volume returned through each of them is set out in Table 20.

Table 20: Estimated Number of Containers (M) Returned by Return Route in 2030 (Based on 90% Return Rate)

	Retail RVM (M)	Bag Drop (M)	Depot (M)	Total
Number of Containers Returned per Annum	2,439	677	1,378	4,494
Plastic	701	195	720	

Aluminium	1,183	329	472	
Glass	292	81	138	
Multi-Layer	262	73	48	
Number of return points	2,812	614	50	3,476

Source: Eunomia

Conditioning, Processing and Transportation

The principles set out under FS 1 apply to FS 2 in respect to conditioning, processing and transportation.

System Summary

The waste flows under this FS are provided in Table 21. An infrastructure map cannot be provided for this FS because retail location data was not known. The waste flows are the same as in FS1, as the same targets are being met under each scenario.

Table 21: Material Flows (tons)

	Plastic	Aluminum	Glass	Multi-Layer	Total
Put on Market (t)	54,009	27,211	186,794	15,340	283,353
Collected through DRS (t)	38,338	25,306	176,521	11,505	251,669
Collected Through Curbside (t)	3,254	1,007	8,691	2,703	15,654
Collected Through Residual (t)	2,673	1,121	3,202	1,172	8,167
Littered (t)	228	30	146	76	480

Source Eunomia

4.0 Future System Cost

This section provides an overview of the costs of the two possible FSs detailed above. Eunomia's model for estimating future DRS costs and benefits model uses a bottom-up approach. Key elements of the cost model are summarized in Table 22 with further information provided in A.3.0. Appendix A.4.0 and Appendix A.5.0 provide a more detailed breakdown of the costs for the summary tables in Section 4.1 and Section 4.2.

Table 22: Activity Cost Elements

Activity Cost Element	Summary
Reception	This includes all costs related to the infrastructure necessary for a consumer or the IC&I sector to return containers as well as the time within retail stores managing and handling the material prior to collection, and time maintaining kiosks and bag drop.
RVM, Kiosk and Bag Drop	<p>Cost for RVMs in retailers the cost includes the capital and installation costs depreciated over seven years, plus costs for refurbishments and replacement parts such as compactor units as well as bin costs.</p> <p>Retail space requirements are costed including instore, backroom, and additional storage prior to pick up.</p> <p>The labor costs are built up based on time necessary to empty bins, clean RVMs, process receipts, assist in the pick-up of containers.</p> <p>The kiosks and RVM capital cost is depreciated over seven years, there are costs for installation, maintenance, land costs, as well as labour time to assist in the pick up containers and general cleaning of the kiosk.</p> <p>Bag drop as with kiosks includes for the containers and technology plus labour time for the collection of containers during pick up.</p>
Transport	This includes all costs related to the collection of containers from retailers, kiosks and bag drops and transportation to either a conditioner or a depot, as well as the costs to transport containers from a depot to a conditioner.
Pickup/ collection	These costs include the capital costs of the collection vehicles (depreciated over 9 years) plus maintenance, fuel, and labour costs (driver, as well as supervision and management). There is also an assumed level of profit for the serviced provider if the services are provided by the private sector.
Pickup at redemption location	This includes costs related to time spent at the retailer or depot to assist with loading of containers into the collection vehicle.
Transportation to the conditioner	This includes the cost of the vehicle, labour, fuel, etc. associated with transporting containers to the conditioners.
Depot	This includes all costs related to receiving, counting, sorting, and storing containers at depots.

Activity Cost Element	Summary
Reception and take back	This includes the capital costs and associated cost of borrowing for the bulk counting and verification machines, as well as the installation and maintenance of these machines amortized over five years. It also includes costs related to staff time spent receiving containers and processing them through the bulk counting machines, as well as managing the containers once they have been counted and sorted.
Depot transfer	This includes costs related to staff time spent loading containers into collection vehicles
Depot space	This is the lease costs for the property which includes space for the unloading trucks, storage, bulk return, office space, delivery bay.
Depot overhead	Overhead costs include supervision labour costs, fixed costs for equipment, and a small profit in the case of private depot management. Also includes the electricity costs, etc.
Depot counting	This includes the costs associated with counting containers at the smaller depots, based on throughput, capital, and counting machine operating costs.
Other Counting	This includes the costs associated with counting containers at the larger depots, based on throughput, capital, and counting machine operating costs.
Conditioning	This is based on a per tonne conditioning fee.
Central Administration	This includes resource costs for administration, marketing and communications costs, infrastructure such as IT set up and office space, and legal/accounting departments.

Source Eunomia

4.1 Future System 1: Geographical Coverage Approach

Total Cost

The total cost of FS1 as well as a break down by activity is provided in Table 23.

Table 23: Total System Cost Summary (FS 1)

Activity Cost Element	Cost M (CAD \$)
Reception	
RVM and kiosk	68.57
RVM Space	9.31

Activity Cost Element	Cost M (CAD \$)
RVM Labour	7.89
Bag Drop Labour	1.63
Bag Drop Space	4.30
Bins	11.79
Transportation	
Pickup/Collection	27.36
Pickup at Redemption Location	1.49
Transportation to the Conditioner	7.89
Depot	
Depot Reception & Takeback	5.68
Depot Transfer	0.23
Depot Space	2.59
Depot Overhead	8.16
Depot Counting	13.48
Other Counting	5.23
Conditioning	38.32
Central Administration	1.90
Gross Cost	215.84
Material Revenues	(44.37)
Unclaimed Deposit	(46.87)
Total Net Cost	124.62

Source: Eunomia

The average cost per container collected and cost per container placed on the market is shown in Table 24.

Table 24: Cost per Container Returned and Placed on the Market (FS 1)

	Cost (Canadian Cents)
Unit Returned	2.77
Unit Placed on Market	2.50

Source: Eunomia

Cost by Return Route

The costs associated with redeeming empty containers vary depending on the return route used. For example, containers that returned via retailer RVMs are crushed and compacted and therefore require less storage space and handling in retail locations; this, in turn, allows for more material to be transported in a collection vehicle, reducing transport costs. Capital costs associated with kiosks and bag drops will increase the costs of this return option. A comparison of the costs of managing containers returned via the different return routes under FS 1, based on the material flows set out in Table 19, are provided in Table 25. The table shows that the costs of managing containers returned through a kiosk or bag drop are significantly higher than those returned through a RVM at a retailer or depot. On average, the cost of managing a container returned via a kiosk is \$0.0484 versus \$0.0275 through a retailer RVM (a difference of 75%). The higher costs associated with kiosk returns are related to the kiosk and associated infrastructure, while for the bag drop they are related to managing uncompacted and uncrushed containers. The revenue streams available to offset the cost of service include material income from the sale of material as well as unclaimed deposits associated with the containers that are not returned.

Table 25: Cost of Managing Returned Containers through Different Return Routes (FS 1)

Activity Cost Element	Retail RVM (CAD\$ millions)	Kiosk (CAD\$ millions)	Depot RVM (CAD\$ millions)	Bag Drop (CAD\$ millions)
Reception				
RVM & Kiosks	49.42	18.91	0.24	0.00
RVM Space	5.29	4.00	0.02	0.00
RVM Labour	6.52	1.09	0.29	0.00
Bag Drop Labour	0.00	0.00	0.00	1.63
Bag Drop Space	0.00	0.00	0.00	4.30
Bins	5.24	2.74	0.01	1.13
Transportation				
Pickup/Collection	13.32	2.81	0.00	11.24
Pickup at Redemption Location	1.23	0.03	0.05	0.19
Transportation to the Conditioner	3.59	0.83	0.03	0.83
Depot				
Depot Reception & Takeback	0.17	0.04	0.00	1.64
Depot Transfer	0.12	0.03	0.00	0.03
Depot Space	0.55	0.13	0.01	0.51
Depot Overhead	1.73	0.40	0.02	1.59
Depot Counting	0.00	0.00	0.00	4.00
Other Counting	0.00	0.00	0.00	1.55
Conditioning	17.81	4.28	0.22	4.28
Central Administration	0.94	0.22	0.01	0.22
Gross Cost	105.92	35.50	0.89	33.13
Material Revenues	-21.90	-5.10	-0.18	-5.10
Unclaimed deposits	-23.13	-5.39	-0.19	-5.39

Total Net Cost	60.90	25.01	0.51	22.64
Cost of Container Return Point (Handling Fee) (cents)	3.05	5.18	3.23	1.40
Cost per Container Collected (Cents)	2.75	4.84	2.74	4.38

Source: Eunomia

The cost of handling a container through the different points is shown above as being \$0.031 for a unit returned through an RVM versus \$0.014 through a bag drop for example. This does not mean that it would cost less to put out more bag drops because bag drops create more costs in the system down stream. Retailers using RVMs should be given a higher fee because overall RVM's are the most cost effective mechanisms for returning a container, \$0.0275 per container collected when the whole system cost is considered compared to \$0.0438 for a container returned through a bag drop. The capital cost of kiosks makes this return option too expensive compared to the other options.

Cost by Container Type

While understanding the average cost of the system per container is helpful for comparing different return routes, it is important to understand what the different container types, glass, plastics and cans cost to the system to ensure when producers cover the cost of the system there is no cross subsidies between container types. The different properties of the container, weight, compact rate, value all impact on the cost of handling and the material revenue that can offset the cost. The cost of handling a glass container is \$0.0812 per container placed on the market compared to \$0.0088 for a metal container. The table below also includes a cost line to cover fraudulent activities, this could be double redemption through a bag drop or containers coming from outside of the province, this cost is an estimated. The gross cost of multi-layer is lower than what might be expected because it has a lower return rate (75% vs 90% for plastics) as such the model is allocating a lower proportion of the fixed and variable reception costs.

Table 26: Cost by Material Type under FS 1

Item	Total Cost (\$ millions)				Cost per Unit Placed on Market (Cents)			
	PET	Metal	Glass	Multi-Layer	PET	Metal	Glass	Multi-Layer
Gross Cost	77.74	73.13	51.34	18.48	4.31	3.43	9.48	3.61
Revenues								
Material Revenues	-10.32	-32.18	-1.76	-0.11	-0.57	-1.51	-0.32	-0.02
Unclaimed Deposits	-18.70	-22.11	-5.61	-5.30	-1.04	-1.04	-1.04	-1.04
Total Net Cost	48.72	18.85	43.97	13.06	2.70	0.88	8.12	2.55

Source: Eunomia, note: the total gross cost in the table above appears around \$5 million larger than in Table 25, this is because fraudulent deposits has been added as a separate line in this table, whereas it is combined in the unclaimed deposit line in Table 25.

4.1.1 FS 1 Variant

As demonstrated above, the costs of managing containers returned through a kiosk and/or bag drop are significantly higher than those of a retail or depot-based RVM. While bag drops provide an additional level of convenience in that they do not require customers to feed containers individually into a RVM, the kiosks do not. Given all of the disadvantages associated with kiosks, it was decided to rerun the model based on the assumption that all kiosks are replaced with bag drops. The results of this exercise are presented in Table 27, Table 29 and Table 30. The tables show that when kiosks are removed from the equation, the cost of FS 1 decreases by 8%.

Table 27: Total Cost of FS 1 (Excluding Kiosks)

Activity Cost Element	Cost (CAD\$) Millions
Reception	
RVM & Bag Drop	49.69
RVM Space	5.31
RVM Labour	6.73
Bag Drop Labour	3.27
Bag Drop Space	8.59
Bins	10.20
Transportation	
Pickup/Collection	30.36
Pickup at Return Location	1.65
Transportation to the Conditioner	7.89
Depot	
Depot Reception & Takeback	7.28
Depot Transfer	0.23
Depot Space	2.59
Depot Overhead	8.56
Depot Counting	17.38
Other Counting	6.35
Conditioning	38.32
Central Administration	1.90
Gross Cost	206.30
Material Revenues	(44.37)
Unclaimed Deposits	(46.87)
Total Net Cost	115.07

Source: Eunomia

Table 28: Cost of Managing Returned Containers through Different Return Routes (FS 1 – Excluding Kiosk)

Activity Cost Element	Retail RVM (\$ millions)	Depot RVM (\$ millions)	Bag Drop (\$ millions)
Reception			
RVM & Kiosks	49.42	0.24	0.00
RVM Space	5.29	0.01	0.00
RVM Labour	6.44	0.29	0.00
Bag Drop Labour	0.00	0.00	3.27
Bag Drop Space	0.00	0.00	8.59
Containers	5.24	0.01	2.27
Transportation			
Pickup/Collection	11.31	0.00	19.05
Pickup at Return Location	1.23	0.05	0.37
Transportation to the Conditioner	3.59	0.03	1.66
Depot			
Depot Reception & Takeback	0.17	0.00	3.28
Depot Transfer	0.12	0.00	0.05
Depot Space	0.48	0.01	0.88
Depot Overhead	1.58	0.02	2.92
Depot Counting	0.00	0.00	7.96
Other Counting	0.00	0.00	2.91
Conditioning	17.81	0.22	8.55
Central Administration	0.94	0.01	0.44
Gross Cost	103.62	0.89	62.20
Material Revenues	-21.90	-0.18	-10.20
Unclaimed deposits	-23.13	-0.19	-10.78
Total Net Cost	58.60	0.51	41.22
Cost of Container Return Point (Handling Fee) (cents)	3.05	3.22	1.40
Cost per Container Collected (Cents)	2.64	2.72	3.99

Source: Eunomia

Table 29: Cost per Container Returned and Placed on the Market under FS 1 (Excluding Kiosks)

	Cost (Canadian Cents)
Unit Returned	2.56
Unit Placed on Market	2.31

Source: Eunomia

Table 30: Cost by Material Type under FS 1 (Excluding Kiosks)

Item	Total Cost (\$ millions)				Cost per Unit Placed on Market (Canadian cents)			
	PET	Metal	Glass	Multi-Layer	PET	Metal	Glass	Multi-Layer
Cost Element								
Central Administration	0.68	0.84	0.22	0.16	0.04	0.04	0.04	0.03
Reception and retailer, bag drop pick up	37.41	45.95	11.85	8.88	2.07	2.15	2.19	1.74
Transportation	7.07	3.70	25.80	1.68	0.39	0.17	4.77	0.33
Conditioner	21.75	11.39	0.00	5.18	1.21	0.53	0.00	1.01
Depot Counting and verification	4.38	2.29	16.01	1.04	0.24	0.11	2.96	0.20
Fraudulently Claimed Deposits	1.62	1.98	0.87	0.38	0.09	0.09	0.16	0.08
Gross Cost	72.91	66.16	54.75	17.33	4.04	3.10	10.11	3.39
Income								
Material Revenues	-10.32	-32.18	-1.76	-0.11	-0.57	-1.51	-0.32	-0.02
Unclaimed Deposits	-18.70	-22.11	-5.61	-5.30	-1.04	-1.04	-1.04	-1.04
Total Net Cost	43.89	11.87	47.38	11.92	2.43	0.56	8.75	2.33

Source: Eunomia, note: the total gross cost in the table above appears around \$5 million larger than in Table 27, this is because fraudulent deposits has been added as a separate line in this table, whereas it is combined in the unclaimed deposit line in Table 27.

4.2 Future System 2: Volume Based Approach

Total Cost

The total cost of FS 2 as well as cost by activity is provided in Table 31. The net cost of this system is over \$9M less than FS 1. If kiosks are removed (FS 1 variant), the net cost of FS 2 is \$1M more.

Table 31: Total System Cost Summary (Million) (FS 2)

Activity Cost Element	Cost (CAD\$) millions
Reception	
RVM	45.02
RVM Space	4.80
RVM Labour	6.87
Bag Drop Labour	3.27
Bag Drop Space	8.59

	Bins	8.24
Transportation		
	Pickup/Collection	31.25
	Pickup at Redemption Location	1.64
	Transportation to the Conditioner	7.89
Depot		
	Depot Reception & Takeback	6.72
	Depot Transfer	0.23
	Depot Space	5.18
	Depot Overhead	15.15
	Depot Counting	15.72
Other Counting		6.04
Conditioning		38.32
Central Administration		1.90
Gross Cost		206.84
Material Revenues		(44.37)
Unclaimed Deposits		(46.87)
Total Net Cost		115.61

Source: Eunomia, Note costs may not add due to rounding

The average cost per container collected and placed on the market is shown in Table 32.

Table 32: Cost per Container Returned and Placed on the Market (FS 2)

	Cost (Canadian Cents)
Unit Returned	2.57
Unit Placed on Market	2.32

Source: Eunomia

Cost by Return Route

The cost of managing a container returned through each return route (excluding kiosks) in FS 2 is set out in Table 33. The cost for handling a unit through a retailer RVM under this scenario is less than under FS 1 because there are less retailers and more volume going through each. The bag drop cost increases because there is more units in the system that are not being compacted prior to transportation and that require counting and verifying at the depots.

Table 33: Costs of Managing Returned Containers through Different Return Routes (FS 2)

Activity Cost Element	Retail RVM (CAD\$) millions	Depot RVM (CAD\$) millions	Bag Drop (CAD\$) millions
Reception			
RVM & Infrastructure	44.49	0.53	0.00
RVM Space	4.77	0.03	0.00
RVM Labour	6.30	0.58	0.00
Bag Drop Labour	0.00	0.00	3.27
Bag Drop Space	0.00	0.00	8.59
Bins	3.72	0.03	1.50
Transportation			
Pickup/Collection	14.79	0.00	16.46
Pickup at Redemption Location	1.34	0.05	0.25
Transportation to the Conditioner	3.94	0.06	1.09
Depot			
Depot Reception & Takeback	0.19	0.00	2.32
Depot Transfer	0.13	0.00	0.03
Depot Space	1.11	0.02	1.23
Depot Overhead	3.26	0.07	3.61
Depot Counting	0.00	0.00	5.28
Other Counting	0.00	0.00	2.03
Conditioning	19.77	0.38	5.49
Central Administration	1.03	0.02	0.29
Gross Cost	104.84	1.77	51.44
Material Revenues	-24.07	-0.37	-6.69
Deposit Balance	-25.43	-0.39	-7.06
Total Net Cost	55.34	1.01	37.69
Cost of Container Return Point (Handling Fee) (cents)	2.49	3.26	2.01
Cost per Container Collected (Cents)	2.27	2.71	5.56

Source: Eunomia

Cost by Container Type

The cost per container type under FS 2 is provided in Table 34.

Table 34: Cost by Material Type under FS 2

Item	Total Cost (\$ millions)				Cost per Unit Placed on Market (Canadian cents)			
	Plastic	Metal	Glass	Multi-Layer	Plastic	Metal	Glass	Multi-Layer
Gross Cost	73.29	66.77	54.21	17.42	4.06	3.13	10.01	3.41

Income								
Material Revenues	-10.32	-32.18	-1.76	-0.11	-0.57	-1.51	-0.32	-0.02
Unclaimed Deposits	-18.70	-22.11	-5.61	-5.30	-1.04	-1.04	-1.04	-1.04
Total Net Cost	44.28	12.48	46.84	12.01	2.45	0.59	8.65	2.35

Source: Eunomia, note: the total gross cost in the table above appears around \$5 million larger than in Table 31 this is because fraudulent deposits has been added as a separate line in this table, whereas it is combined in the unclaimed deposit line in Table 31

4.3 DRS Cost Overview

Kiosks are an expensive way to manage returned containers; when these are removed from the modelling, the cost of FS 1 is only slightly lower (\$1M) than FS 2. When compared to retail collection, bag drops are also expensive. However, bag drops provide an additional level of convenience for consumers and therefore have been used in FS 1 to replace retailers located predominately in urban areas where retailers are in close proximity. In the Oregon DRS, consumers pay a convenience fee of \$0.40 per bag returned through a bag drop to offset this additional cost. British Columbia has started to introduce a similar return option but are not charging a convenience fee. If a similar convenience fee is assumed in the FS, the cost of FS 1 decreases to \$122 million, and FS 2 to \$112 million.

4.4 Curbside Costs

The future DRS will divert material away from the curbside recycling system as well as from the garbage stream, as not all containers are currently being captured in the curbside recycling system.

Reclaimed Deposits Under Current System

Under the current deposit system, sorting centers do receive some in-scope containers. Sorting centers can reimburse these containers for their deposit value. Table 35 provides detail on the number of MRF-bound plastic and aluminum containers.

Table 35: MRF Bound Containers

	Deposit Containers Put on Market (2018) (millions)	% of POM containers which are inbound to Sorting Centers from Curbside Recycling Collection	Number of Containers Inbound to Sorting Centers
Plastic	229.1	13.7%	31.3
Aluminum	1,887.1	9.8%	184.8

Source: Houston Conseils

Of the containers which are included in inbound tonnage to the sorting centers, a percentage are successfully sorted and redeemed by the sorting center for their deposit value. Table 36 details this percentage.

Table 36: Number of Containers Redeemed by Sorting Centers

	Number of Containers Inbound to Sorting Centers (millions)	% of Inbound Containers which are Successfully Redeemed	Number of Containers Successfully Redeemed by Sorting Centers	Deposits Redeemed (\$ CAD) million
Plastic	31.3	63.6%	19.9	1.0
Aluminum	184.8	59.5%	109.5	6.8
Total	216.1		129.4	7.8

Source: Houston Conseils

Table 37 shows the percentage of containers put on the market which are then redeemed by sorting centers.

Table 37: Percent of Containers Put on Market Redeemed Through Sorting Centers

	Number of Containers POM (millions)	Number of Containers Successfully Redeemed by Sorting Centers	% of POM Containers which are redeemed by Sorting Centers
Plastic	229.1	19.9	8.7%
Aluminum	1,887.1	109.5	5.8%
Total	2,116.2	128.9	6.1%

Source: Houston Conseils

Applying an average deposit of 5-cents to each of the redeemed containers for plastic, and a mix of 20-cents and 5-cents for the aluminum containers, based on return volumes of each container type, a total of \$7.85M is redeemed in deposits. If extrapolated to the number of containers projected to be placed on the market in 2030, this would increase to \$8.85M assuming similar return rates to 2018.

Reclaimed Deposits Under Future System

In the future systems, the scope of containers put under the DRS is expected to produce twice the volume of containers under deposit. Therefore, the put-on market of in scope containers will be greater than under the current scope. A comparison is shown in Table 38 below.

Table 38: Comparison of In-Scope Volumes

	Current Scope Put on Market (2019)	Expanded Scope Put on Market (2030 Projection)
Plastic	311	1,805
Aluminum	2,064	2,133
Total	2,375	3,938

Source: *Houston Conseils*

Under the future system, Eunomia calculates the estimated tonnage which flows into the DRS under the expanded scope, as well as the curbside recycling system and garbage streams in a system where the DRS is performing at 90% return rates.

The number of containers expected to be collected through the curbside Blue Box is shown in Table 39.

Table 39: Total Units Collected Through Curbside Blue Box Under Future Scenario

	Containers Collected Through Curbside Recycling (ex. Contamination) (millions)
Plastic	96.31
Aluminum	69.93

Source: *Eunomia*

If assuming the same percentage of in scope containers are collected as in 2018, as is illustrated in Table 39 above, then an expected number of containers reimbursed through the sorting systems can be estimated. Table 40 below shows this calculation and in addition, under the increased deposit of 10-cents per container, an estimated deposit revenue is also calculated.

Table 40: Containers Reimbursed Through Sorting Centers Under Future Scenario

	Containers Collected Through Curbside Blue Box (ex. Contamination) (million)	% of Collected Containers Successfully Reimbursed	# of Containers Successfully Reimbursed (million)	Deposit successfully Reimbursed (\$ CAD) million

Plastic	96.31	63.6%	61.23	6.12
Aluminum	69.93	59.5%	41.44	4.49
Total	166.24		102.67	10.60

Source: Eunomia

The total reimbursement amount of \$10.60 million under a DRS with a 90% return and higher deposit level is around \$3.00 million more than if the current scope and deposit level were still implemented in 2030. This is due to the fact that as the scope expands, and the deposit level doubles, the decreased percentage of in-scope containers reimbursed through the curbside (6.1% under the current system versus 2.6% under the future system) is offset by increases in absolute volume, and deposit value per container.

Material Revenue

The amount of material revenue in the curbside recycling system will also change as a result of fewer tons being sent to the materials recovery systems via curbside collection.

The change tons expected to be collected through the curbside system, along with the material revenue lost is shown in Table 41.

Table 41: Change in Tonnages and Material Revenue

Material	Change in Outbound Tonnage	Change in Material Revenue (\$ CAD) million
Plastic	-28,995	-3.75
Aluminum	-3,508	-4.34
Glass⁶	-83,834	0.84
Carton	-7,087	-0.06
Total	-123,384	-7.31

Source: Eunomia

MRF Sorting Fees

⁶ Glass assumed to have negative value when collected through curbside

Because the DRS will take some recyclable material out of the MRF stream, MRFs will see a decline in the total tonnage sent for sorting. This means fewer tipping fees will be paid to the MRF. This change in tipping fees is shown in Table 42 below, assuming a tipping fee of \$105/tonne.

Table 42: MRF Tipping Fee Reduction

Material	Reduction in Inbound Tonnage Sent to MRF (Tonnes)	Reduction in Tip Fees Under DRS (\$ CAD) million
Total	138,959	14.59

Source: Eunomia

The DRS system will therefore result in a reduction of \$14.59 million in MRF tipping fees.

Landfill Costs

In addition to removing some tonnage from the recycling stream, the DRS will also remove some tonnage from the garbage stream as well. Less garbage will result in avoided disposal costs under the expanded DRS, as fewer tonnes will end up in landfill. The total avoided disposal is shown in Table 43 below, assuming a disposal cost of \$100/tonne.

Table 43: Avoided Landfill Disposal Cost

Material	Change in Tonnage Sent to Landfill (Tonnes)	Avoided Disposal Costs (\$ CAD) million
Total	80,977	8.10

Source: Eunomia

A total of \$8.1 million is avoided in disposal costs under the expanded DRS.

Summary of Curbside Impacts

The overarching impact is 18.14 million as detailed in Table 44.

Table 44: Impact on Curbside Services

	Amount (CAD \$) millions	Loss or Benefit
Material revenue	7.3	Loss
MRF Sorting Fees	14.59	Benefit
Landfill Tipping Fees	8.1	Benefit
Deposits	2.77	Benefit
Total	18.14	Benefit

Source: Eunomia

5.0 Future System Comparison and Impact on Stakeholders

The two design options presented in this report are just two of many possible configurations for the future system. Table 45 compares the variant of FS 1 (which excludes kiosks) with FS 2.

Table 45: Comparison of Possible Future Systems (FS 1 variant and FS 2)

Key Consideration	Current System	Future System 1 (Variant – Excluding Kiosks)	Future System 2
Cost	Not known in a comparable format	Gross cost: \$206.05M Net cost: \$114.82M	Gross cost: \$206.60M Net cost: \$115.37M
Return Points	~13,100 total retailers with 90% of volume processed through 3,935	Total: 3,763 <ul style="list-style-type: none"> • 3,121 return in retail • 614 bag drops • 25 depots <p>More return points than FS 2 but slightly less than where 90% of the current volume is returned. Great options for bulk return, returns from IC&I should provide more ability to capture units from these sectors</p>	Total: 3,476 <ul style="list-style-type: none"> • 2,812 return in retail • 614 bag drops • 50 depots <p>Over 1,000 less return in retail points compared to current system with greater reliance on depots to process volume.</p>
Number of Conditioners for Light Fraction	1	5	5
Geographical Coverage	Could not be calculated due to retail locational data not being available	90% of population within: <ul style="list-style-type: none"> • 15km of a return point in rural (<55 ppl per sqsqkm) areas • 7km in semiurban 	Could not be calculated as retailer volume by location not provided

Key Consideration	Current System	Future System 1 (Variant – Excluding Kiosks)	Future System 2
		(55 ppl per sq km < density < 631 ppl per sq km) areas <ul style="list-style-type: none"> 800m in urban (>631 ppl per sqkm) areas 	
Return Options for Consumers	Return in retail only through RVM or manual return	Good – options available for consumers who want to access deposit immediately as well as those that are happy to have the convenience of a bag drop at the cost of waiting to receive payment after units have been processed. More retail return points and a wider geographical coverage to ensure convenience.	Good – options available for consumers who want to access deposit immediately as well as those that are happy to have the convenience of a bag drop at the cost of waiting to receive payment after units have been processed.
Options to Capture HoReCa and Large Volume Returns	Beer via reverse logistics Recover may pick up empty soft drink containers from HoReCa as part of recycling program	Option for bulk return and returns from HoReCa Distance to travel to depot further than under FS 2	Option for bulk return and returns from HoReCa Distance to travel to depot less than FS 1 proving increased convenience
Fraud Mitigation	Some level of fraud protection for units returned through RVM, which currently is only for plastics and metals (not glass)	Both systems are technology focused, with all units individually counted and verified through RVMs or bulk counting and verification machines at depots.	
Deliverability Risk	N/A	This option is based on providing a certain level of geographical coverage, with that coverage being provided by retailers. The	This option is based on retailers that have been calculated to have sufficient volume for an RVM in the future.

Key Consideration	Current System	Future System 1 (Variant – Excluding Kiosks)	Future System 2
		<p>assumption is that where two or more retailers are located within the same 6-digit postal code area, a bag drop would be established negating a retailer’s need to accept returns. More bag drops are located in urban areas as there are more retailers in close proximity.</p> <p>There is always a risk to the system operator when depots and bag drops are added because there is a need to find and secure suitable locations which cannot be guaranteed and can take time. Oregon has found the expansion of their depots and bag drops to be problematic due to planning zoning restrictions as well as a reluctance by the public to live next to what is viewed as waste management facilities.</p>	<p>This option is more heavily reliant on placing of infrastructure whether depots or bag drop-in locations for which no stakeholder has ownership, creating a greater risk in delivery than FS 1.</p>

Source: Eunomia

Stakeholder Impact

A high level overview of the FSs impact on stakeholders is set out in Table 46. The activity based costing approach to calculating systems costs results in a potential handling fee to retailers with RVM’s of \$0.03, \$0.01 more than currently under FS1. The overarching costs of the FS 1 with out the kiosks and FS 2 is comparable. FS 1 is designed to provide a level of access based on geographic coverage criteria that along with more options for high volume return to capture units from the IC&I provides more options for all consumers. Due to the expanded scope and higher deposit, if the sorting centers separate out beverage containers the value of these containers will be greater than

currently, while there will be a loss of material revenue their will be less sorting center fees as less material will need to be sorted, plus less material to landfill providing a net benefit.

Table 46: Overview of Impacts to Stakeholders

Stakeholder	Impact
Retailer	<p>Both options include return in retail as well as options for retailers to be replaced with bag drop.</p> <p>Activity based costing used to model the future system indications that the handling fee for a retailer with an RVM should be no less than \$0.031 under FS 1, this is a whole cent more that current handling fees. The potential handling fees are less under FS 2 because more volume is going through fewer retailers but if set at this amount it would be suitable for retailers with less volume.</p>
System Operator	<p>Although the costs of both FSs are very similar, FS 1 offers slightly less risk as more containers are returned via return in retail (less risk in respect to securing locations for bag drop and depots).</p>
Government	<p>FS 1 has more return points than FS 2 and the geographical coverage approach provides security that return points will be located at a convenient distance from consumers’ homes, which, along with a higher deposit could result in high returns.</p> <p>Both FSs are an improvement over the current system in that they facilitate better capture of large volume returns and volumes from IC&I, neither system includes reverse logistics for beer from HoReCa, which could potentially lower the capture rate of this material. With that being said, FS 2 has depots more closely located to HoReCa, making it more convenient for haulers serving these establishments, which could potentially lead to higher capture rates.</p>
Consumer	<p>Although both FSs have less return points than current system, there are more options for return including bag drops and bulk return at depots. Under FS 1, return locations will be conveniently located to incentivize return when the deposit is increased.</p>
HoReCa	<p>The removal of reverse logistics for beer is potentially a concern for businesses in the HoReCa sector.</p> <p>An increase in the deposit and expansion of the system to include wines and spirits will likely incentivize haulers to make arrangements with HoReCa to separate out this material (with the deposit offsetting service costs). It is unlikely that HoReCa will receive any revenue for recycling, so the system could reduce service costs to these businesses.</p>
Curbside	<p>Some of the additional tonnage sent through the DRS system will be taken from the curbside recycling stream. As a result, there would be less material flowing</p>

Recycling	into MRFs and being sold as baled commodities, as well as changes in the amount of deposits being reimbursed by the sorting centers. The overall change to the MRF tipping fees would be a decrease of \$14.59 million per year, while the change in material revenue would also be a decrease of \$7.3 million. The value of reimbursed deposits would increase by \$3.8 million per year.
Curbside Trash	Some material will also be taken from the curbside garbage stream, which will reduce the total disposal costs paid for the blue box system. The avoided disposal costs would be \$8.10million per year.

6.0 Key Takeaways, Considerations and Recommendations

Key Takeaways

In order to reach a 90% return rate, it will be necessary to implement a mix of return options that make it easy and accessible for consumers to return containers that have been consumed both in and outside the home. The least expensive return option is return in retail, where modern RVMs are used to collect and process empty containers. Due to their relatively high costs and operational challenges, kiosks are unlikely to play a significant role in a future system, while bag drops—although expensive—will likely replace small retailers in urban areas due to their added level of convenience. The costs of bag drop redemption can be reduced if the consumer is made to pay a “convenience fee”, as is currently the case in Oregon. If such a fee were to be implemented, the cost of bag drop return would drop to \$0.0388 per container from \$0.0438 in FS 1, and in FS2, the cost would be \$0.0506 cents per container, rather than \$0.0556.

At \$115.07M and \$115.61M, respectively, the net cost of FS 1 variant (excluding kiosks) and FS 2 is very similar. FS 1 provides less operational delivery risk as there is more return in retail and less reliance on the placing of infrastructure where none of the stakeholders have ownership or control. The number of return points under FS 1 is also closer to the number of retailers where 90% of the retail volume currently flows provide a slightly greater level of confidence that the 90% return rate could be achieved, especially when combined with the geographical coverage targets and the range of different return point options.

The cost of managing different containers through the system difference based on the property of the container, glass has the highest cost due to its weight and low market value. Aluminium has the least costs because it is light can be easily compacted and has a high market value.

Considerations and Recommendations

The model does not include for any transitional costs, nor does it consider how the system will transition in a way that can accommodate a significant influx of containers in the short term. Directly prior to when the deposit changes and the scope increases, consumers may hoard containers such that they can claim the higher deposit value. If the infrastructure is not in place to accommodate this potential influx retailers may be inundated. Education and the provision

potentially of some temporary facilities such as bag drops could help alleviate this. Over time, older RVMs will need to be replaced with new ones, and new RVMs will need to be installed at additional retailers where the placement of a RVM is now warranted due to significantly increased volumes. Both FS 1 and FS 2 include new depots, which, in addition to accepting returns provide a counting and verification function; locations for these facilities will need to be secured or private sector providers contracted with areas that provide the necessary levels of access to effectively service and capture volume from the HoReCa sector.

Many DRSs include allowances for certain retailers to be exempt from the requirements to take-back containers, either by limiting the number of containers that a consumer can return in one day, or allowing such stores to opt-out of the system altogether if they meet certain criteria. For example, in some markets, retailers whose annual revenues are below a certain threshold may be exempt from the obligation to refund the deposit. In other jurisdictions, DRS legislation may include exemptions for retailers that sell less than a certain number of units, or that are below a certain size (i.e. square footage). Exemptions based on retailer size are what is most commonly found in legislation. In order to enable the government to make an informed decision on this, the current system operators and stakeholders should provide retailer size and current return volume data to enable the cut off to be assessed. Without this data, the government could be forced to continue to require all retailers to be obligated with retailers only being able to be excluded if the system operator can demonstrate that the set geographical coverage target and 90% return target is met. There may also be a cost to the retailer for opting out which is the case for example in the Oregon DRS.

Considerations for Future Design

Québec benefits from several local recyclers for glass, PET and multi-layer. The FSs modelled assumed that containers in RVMs and bulk counting machines are separated into two fractions, light and heavy. These technologies could sort into more fractions. A separate fraction for PET for example could significantly reduce the transport and conditioning costs. The part of the system where further costs would be incurred would be at the retailer where there would be the need potentially of additional space. The future system operator may wish to investigate this option.

The activity-based cost model could easily be rerun based on current retailer location, size and return volumes to better understand what retailer sizes could be exempt whilst still maintaining a convenient return infrastructure.

APPENDICES

A.1.0 NAICs Codes for Retail Locations and Away from Home Consumption

SIC Codes Used

SIC Code	Description
5311	Department Stores
5399	Miscellaneous General Merchandise
5411	Grocery Stores
5451	Dairy Products Stores
5499	Miscellaneous Food Stores
5541	Gasoline Service Stations
5812	Eating Places
5813	Drinking Places
5921	Liquor Stores
7011	Hotels and Motels
7832	Motion Picture Theaters, Except Drive
7996	Amusement Parks
7997	Membership Sports and Recreation Clubs
7999	Amusement and Recreation, Nec
8062	General Medical and Surgical Hospitals
8211	Elementary and Secondary Schools

8221	Colleges and Universities
8222	Junior Colleges

A.2.0 At Home vs Away from Home Consumption

Table 47 summarizes the data included in from the 2020 “Who Pays What? An Analysis of Beverage Container Collection and Costs in Canada”^{xii} report on the percentage of beverages consumed away from home.

Table 47: Data on Away from Home Consumption

Study Name	Away from Home Consumption
The Environmental and Economic Performance of Beverage Container Reuse and Recycling in British Columbia, Canada, prepared by Container Recycling Institute, August 2015 (not available to the public)	All beverage containers: 30-40%
IPSOS Study conducted in Ontario for CBCRA in 2012 ^{xiii}	Glass: 28% Aluminum cans: 28% PET: 28% HDPE: 20% Gable top cartons: 10%
Beverage Packaging Environmental Council (BPEC) study, 2006 ^{xiv}	<i>By container type:</i> Glass: 33% Aluminum: 24% Plastic: 42% <i>All beverage containers: 37%</i>
Mise en Marché et Récupération des Contenants de Boisson au Québec prepared by Francois Lafortune ^{xv}	Milk containers: 5% (2005) Soft-drink containers: 17% Juice containers: 22% (2005) Wine/spirits containers: 22% (2005) Water bottles: 50% A survey of 1,500 found the following away from consumption: Beer: 13% Soft drink: 31% Jus: 39%

	Milk: 20%
	Water: 48%
	Wine and spirits: 9%

Source: *Who Pays What? An Analysis of Beverage Container Collection and Costs in Canada, November 2020.*

A.3.0 Activity based Costing Assumptions

Particular assumptions are constant across both scenarios mentioned in this report. For instance, inputs such as salaries and capital unit costs are fixed across FS1 and FS2.

A.3.1 Retailer Assumptions

The costs associated with RVMs are shown in A.3. Table 1.

A.3. Table 1 Purchase and Maintenance cost of RVM

Parameter	Value
Purchase Cost per Dual Stream Online RVM (\$)	36,000
Installation Fee (\$)	750.0
Loan Repayment Period	7
Annual Operating/maintenance Costs per RVM (\$)	2,700

Renovation and replacement costs are shown in A.3. Table 2.

A.3. Table 2 Renovation

Parameter	Value
Lifetime of Compactor, containers	1,300,000
Cost of Replacement (\$)	3,080
Renovation Cost (every 4 to 5 years)	6,545

The RVM space requirements are shown in A.3. Table 3.

A.3. Table 3 Space Requirements

Requirement	Value
RVM footprint, (m2)	1.3
Additional space for queuing, (m2)	2.0
Backroom storage space (m2)	3.0
Total space requirements, m2	6.3

Space Required (m2) per unit volume storage (m3)	0.9
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The time required for various activities is shown in A.3. Table 4.

A.3. Table 4 Activity Based Labor

Activity	Value
Emptying bins, time per empty (mins)	5.0
Cleaning RVMs, time per machine (mins)	10.0
Processing Receipts, time per receipt processed (mins)	0.1
RVM Beverage Containers Returned per Customer (# of containers)	40.0
Time Needed per Pickup (mins)	30.0

RVM bin costs and replacement details are shown in A.3. Table 5.

A.3. Table 5 RVM Bin Cost

Parameter	Value
Purchase Cost, \$	90.0
Washing Cost, \$	1.5
Number of Bins Needed per RVM (e.g spares, replacements)	3.0
Number of Years before Replacement	3.0

A.3.2 Kiosk Assumptions

Kiosk purchase and maintenance costs are shown in A.3. Table 6.

A.3. Table 6 Purchase and Maintenance Costs

Capital Parameter	Value
Kiosk Infrastructure Cost (\$)	150,000
Kiosk RVM Cost (per RVM) (\$)	80,000.0
Installation Fee (\$)	3,000.0
Loan Repayment Period (\$)	7.0
Operating/Maintenance Costs per RVM (\$)	2,700.0

Kiosk space requirements are shown in A.3. Table 7.

A.3. Table 7 Space Requirements

Kiosk Space	Space
Total space requirements, m2	60

A.3.3 Bag Drop Assumptions

The bag drop assumptions are shown in A.3. Table 8.

A.3. Table 8 Bag Drop Assumptions

Parameter	Value
Container width (ft)	8.0
Container length (ft)	20.0
Unloading space (ft)	8.0
Customer space (ft)	2.0
Infrastructure cost (\$)	50,000.0
Labour hours required per day	1.0
Drop off hours per day	13.0
Max bags per customer per day	2.0
Beverage Containers per bag	80.0
Max bags per bag drop	200.0

A.3.4 Salaries

Annual salaries are shown in A.3. Table 9.

A.3. Table 9 Salaries

Staff Type	Annual Salary
Retail Staff (\$)	30,347
Manual operator - Counting Centre (\$)	36,816

IT / Database staff - Central Admin (\$)	50,500
Customer services staff - Central Admin & Collections (\$)	30,347

A.3.5 Transport

Annual salaries of collections staff are shown in A.3. Table 10.

A.3. Table 10 Resource Costs: Salaries

Parameter	Annual Salaries
Collections Driver	70,720
Collections Supervisor	84,864
Collections Manager	101,836

Costs of transportation are shown in A.3. Table 11.

A.3. Table 11 Resource Costs: Inputs

Parameter	Amount
Semi-Truck Purchase Cost	168,000
Fuel Cost, \$ per litre	1.30
Profit Margin	10%
Contingency %	10%

Percent of collected containers needing further hauling is shown in A.3. Table 12.

A.3. Table 12 Further Haulage to Conditioner: Containers

Parameter	Amount
% of Collected Containers Needing Further Haulage	70%

Further hauling to conditioner distance and costs are shown in A.3. Table 13.

A.3. Table 13 Further Haulage to Conditioner: Travel

Parameter	Amount
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Average Distance to Conditioner (km)	90.7
Cost per Km (\$/km)	4.0

A.3.6 Counting

Total number of containers needed to be counted are shown in A.3. Table 14.

A.3. Table 14 Counting Containers

Parameter	Number
Containers Needing to be Counted	1,740,687,583

Capital costs are shown in A.3. Table 15.

A.3. Table 15 Capital Costs

Parameter	Amount
Counting Machine Cost per Machine	180,000
Installation Costs	30,800
Number of years to be annualised over	5.0
Cost of capital	5%
Number of Machines Needed	47.0

Operating costs are shown in A.3. Table 16.

A.3. Table 16 Operating Costs

Parameter	Amount
Space per Machine (m2)	50
Rent per m2 per Year (\$)	83
Additional Space per Counting Center (m2) (office space)	2,000
Time Required for Daily Maintenance (hrs)	2.0
Maintenance Cost per Thousand Containers (\$)	0.70

Power Consumption per Machine per Hour	14
Number of Staff per Counting Centre per Machine (support, operations, etc.)	1.5
Other supplies - server, network etc, per centre, \$ per year	3,080

Machine logistics are shown in A.3. Table 17.

A.3. Table 17 Machine Logistics

Parameter	Amount
Beverage Containers per Minute per Machine	90
Number of Operating Days per Year	350

A.3.7 Local Depot Costs

Labor cost details are shown in A.3. Table 18.

A.3. Table 18 Labor

Parameter	Number
Supervision/Loading Staff FTE per Depot	3.0
Management Staff per Depot	1.0
Business Overheads %	15%
Profit	10%
Forklift Purchase Cost (\$)	65,000

Time for unloading activities are shown in A.3. Table 19.

A.3. Table 19 Activities

Parameter	Time (Minutes)
Time to Unload RVM Material per Bin	1.0
Time to Unload Bags per Bag	2.0
Time to Unload Palettes per Palette	4.0

Space per depot is shown in A.3. Table 20.

A.3. Table 20 Space

Parameter	Amount
Space per Depot (m2)	1,256

A.3.8 Material Revenues

Material revenues per tonne of DRS material is shown in A.3. Table 21.

A.3. Table 21 Material Revenues

Products	Material Revenue (per tonne of material) (CAD \$)
Glass	10.00
Plastic	216.00
Cans (Al.)	1,278.00
Beverage Cartons	10.00

A.3.9 Conditioning

Conditioning costs per tonne is shown in A.3. Table 22.

A.3. Table 22 Conditioning

Parameter	Cost (CAD \$)
Conditioning Cost per Tonne	450.00

A.3.10 Collection Costs

Vehicle cost details are shown in A.3. Table 23.

A.3. Table 23 Vehicle Costs

Parameter	Cost (CAD \$)
Semi-Truck Purchase Cost	168,000

Fuel Cost, CAD \$ per litre	1.30
Profit Margin	10%
Contingency %	10%

A.4.0 Future System 1 – Assumptions and Cost Breakdown

A.4.1 Introduction

Future System 1 includes six different container return possibilities:

- In-Store RVM Return
- Kiosk Return
- Bag Drop Return
- Depot RVM Return
- Depot Bulk Return for Consumers
- Bulk return for restaurants, hotels, schools etc. to return their containers to depots.

This section of the appendix will illustrate the assumptions and methodology used to model the DRS costs of each of the return types in Future System 1.

A.4.2 DRS Return System Network

A.4.2.1 Return Points

The return points mentioned in section A.4.1 are further described in A.4. Table 1.

A.4. Table 1 Return Infrastructure Under FS1

Redemption Method	Description	Number of Locations	Rationale
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Redemption Method	Description	Number of Locations	Rationale
Retail Stores (in Store RVM)	A retailer above a certain size which sells a deposit-initiated beverage may also install an RVM for the consumer to return their deposit	3,121	Enough retail locations installed with RVMs to ensure that the DRS meets geographical/convenience coverage for consumers
Kiosk	A self-standing structure, similar to a large shipping container, which contains an RVM for consumers to return their containers	307	Finding where a six digit postcode containers two or more retailers, who may then opt out of in-store return and install a kiosk instead.
Bag Drop	Shipping containers adapted to include hatches for consumers to deposit bags of containers, located in parking lots of large retailers or on patches of unused land	307	Finding where a six digit postcode containers two or more retailers, who may then opt out of in-store return and install a bag drop instead.
Depot	Depot facilities with RVMS which consumers can use to return containers	25	Any system depot will have an RVM installed.
	Depot facilities will also accept large bulk returns manually by consumers		Any system depot will have bulk return for consumers.
	The hotel, restaurant, entertainment, café and school sector will have their containers hauled to depots for return		Any system depot will accept HoReCa containers.

A.4.3 Retailer Cost and Handling Fee

The cost of collecting and sorting containers at retail outlets is borne by the retailers themselves and is reimbursed through handling fees.

Space Costs

Space is required for all retailers who take back containers through an RVM. This is an added cost for retailers under the DRS, therefore retailers should be reimbursed for these costs by the central system. The costs are shown in A.4. Table 2.

A.4. Table 2 RVM Space Costs

	RVMs	Floorspace Required per Retailer (m2)	Total Floorspace	Total Floorspace Costs (CAD \$M)
RVM Space	4,685	7.8	36,545	5.29

RVM Infrastructure Costs

Each retailer will have to purchase and operate an RVM for consumers to take back their containers. The cost of purchasing RVMs has been annualized in this study, and combined with the operation and maintenance costs to produce a total annual RVM cost for retailers as shown in A.4. Table 3.

A.4. Table 3 RVM Infrastructure Costs

	Annualized Per Machine (\$)	Total (CAD \$M)
Capital & Operational Costs	9,051	42.4
Total Backroom Costs		0.2
Renovation Costs per RVM per Year	1,454	6.8
Total	10,506	42.4

RVM Labour Costs

In addition to infrastructure, operation and space costs for RVMs, retailers must also pay for the time required to manage and clean the RVMs within their store. These labour costs include:

- Time spent to empty the RVM bin
- Time spent to clean the RVM
- Time spent to process receipts
- Time spent by retailers to set out the return RVM containers for collection by haulers.

A.4. Table 4 below shows the total annual hours required for each of these processes.

A.4. Table 4 Labour Time Spent

	Total Hours
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Total Time to Empty Bins	156,074
Cleaning RVMS	244,395
Processing Receipts	46,208
Setting Out Containers	84,024
Total Labour Hours	530,700

Total retailer handling costs are shown in A.4. Table 5.

A.4. Table 5 Total Retailer Handling Costs

	Total Cost (\$M)
RVM & Infrastructure	49.5
RVM Space	5.3
RVM Labor	6.5
Container Costs	5.2
Setting Out Container Costs	1.23
Total Costs	67.7
Cost per Container Collected (handling fee)	3.05

A.4.4 Kiosk Costs

In some cases, kiosks will be constructed to take back containers in a shared location by multiple retailers, rather than having each of the retailers have their own in-store RVMs.

Space Costs

Kiosks require space for two RVMs, storage space for the containers, and space for the consumer to deposit their containers. The total floorspace needed is shown in A.4. Table 6 below, along with the total cost to lease the space.

A.4. Table 6 Kiosk Space Costs

	Number of Kiosks	Total Floorspace Needed (m2)	Total Floorspace Costs (\$M)
RVM Space	307	18,420	4.00

Infrastructure Cost

The kiosks require an infrastructure cost not only for the RVMs they are supplied with, but also for the kiosk structure itself. A.4. Table 7 below shows the total infrastructure costs necessary for the construction of the kiosk network on an annual basis.

A.4. Table 7 Infrastructure Costs

	Total Annual Cost (\$M)
Infrastructure & Operational Costs	17.9
Total Storage Space Costs	0.1
Total Renovation Costs	0.9
Total	18.9

Labour Costs

Similar to retail RVMs, the management of kiosks include cleaning, emptying bins and processing receipts as well, as shown in A.4. Table 8.

A.4. Table 8 Labour Hours

	Total Hours
Total Time to Empty Bins	31,818
Cleaning RVMs	32,030
Processing Receipts	10,764
Total Labour Hours	74,613

A.4.5 Bag Drop Costs

The approach taken to model the costs of the bag drop network is different from the retailers and kiosks, because bag drops are a fundamentally different operation which requires minimal labour and maintenance costs. The costs for bag drop are composed of three main areas:

- Infrastructure Costs
- Space Costs
- Labour costs for cleaning and emptying

Infrastructure Costs

Bag drops require the installation of a shipping container type of containment for customers to deposit their bags in, as well as outfitting with technology and electronics. A.4. Table 9 below shows the annualized cost of this infrastructure per bag drop, and the total amount needed for the network.

A.4. Table 9 Infrastructure Costs

	Total Bag Drops	Annualized Infrastructure Cost per Bag Drop	Total Annual Infrastructure Costs (CAD \$M)
Infrastructure	307	8,642	2.7

Space Costs

The shipping container is 20 feet by 8 feet wide, with additional room for customers to stand, queue, and deposit their bags, and for the staff to unload bags from the container to be put on a collection vehicle. The leasing costs of having the bag drop are calculated accordingly for the square meterage the bag drop requires. Space costs are shown in A.4. Table 10.

A.4. Table 10 Space Costs

	Total Bag Drops	Total Space Needed per Bag Drop	Total Space Needed	Total Space Costs (CAD \$M)
Space	307	25	7,530	1.6

Labor Costs

Labor costs for bag drops include unloading all the bags from the shipping container structure, often once per day, as well as general cleaning and maintaining of the bag drop container as well. The total hours required for the bag drop are shown in A.4. Table 11, with the total cost of labour as well.

A.4. Table 11 Bag Drop Labour Costs

	Total Hours	Total Costs (CAD \$M)
Bag Drop Labour	112,055	1.6

A.4.6 Depot Costs

A significant portion of the return infrastructure in Future System 1 is the depot network. The depot network receives all HoReCa material, as well as has options for bulk return and some RVM returns. The depots also function as counting centers for containers which are not collected through an RVM. Therefore, the depots are large facilities with space for storing RVM material, housing container counting machines, and room for consumers to drop off their bulk returns.

Under FS1, there are a total of 25 depots in the network, which are further broken down as follows:

- 2 are main conditioners which are located in Montreal and Québec, in addition to counting and reception
- 3 are regional conditioners in addition to counting and reception
- 22 others are reception and counting only, with no conditioning function

Depot Reception Costs

The depots are able to accept containers for redemption in three ways:

- Through an RVM at the depot
- Through bulk manual return at the depot
- Through HoReCa return

Depots also handle the transfer of containers which have been returned via bag drop at bag drop locations, and RVM material from retailers.

The costs for the RVM reception are similar to those at a retailer, while the bulk manual return, bag drop, and HoReCa have costs mostly in transferring uncompacted material to a counting machine.

The hours necessary and cost of receiving each of these types of materials is shown in A.4. Table 12. Because RVM material is compacted and already been counted, the transfer costs associated with this material is much lower than the uncompacted material.

A.4. Table 12 Transfer/Takeback of Material

	Total Hours	Cost (\$M)
RVM Compacted Material	12,258	0.2
Manual Material (HoReCa and Bulk Return)	345,477	5.5
Total	357,736	5.7

Space Costs

As with the other collection systems, space must be leased out for the depot facilities. The space must be big enough for a few counting machines, as well as for reception of containers. There also must be space for RVMs and RVM bin storage, although this is calculated separately and is shown in A.4. Table 13 below.

A.4. Table 13 Space Costs

	Total Space (m2)	Cost (\$M)
Space for Counting, Storage	31,400	2.6
RVM Space	195	0.02
Total	31,595	2.6

Counting Costs

Each of the depots in the FS1 scenario have the capability to count uncompacted containers. This means the depots must be outfitted with counting machines and staffed with maintenance workers and operators. Annual operating and investment costs are shown in A.4. Table 14.

A.4. Table 14 Counting Costs

	Large Depot	Regional Depot	Small Depot	Total
Annual Operating Costs (\$M)	3.3	1.1	12.0	16.4
Annualized Investment Costs (\$M)	0.6	0.1	1.5	2.3
Total (\$M)	3.9	1.3	13.5	18.7

A.4.7 Transportation and Collection Costs

Containers collected through retailers, kiosks and bag drops all must be collected by a hauler, which comes at a cost to the DRS system. Under FS1, the following parameters are determined by the model to cost the collection process. The collections per vehicle and total pickups are determined from the storage space of a retailer, kiosk, or bag drop, and their respective throughputs.

A.4. Table 15 Transportation and Collection Details

Parameter	Value
Storage Volume per Store (m3)	5
Total Pickups Required from Retailers	395,383
Pickups per Vehicle per Day	9
Average Round Length (km)	113

Volume per Pickup (m3)	7
Vehicle Days Required	43,721
Average time per Pickup (mins)	30

The parameters mentioned in A.4. Table 15 result in the average number of pickups per week from each of the collection methods, shown in A.4. Table 16 below.

A.4. Table 16 Average Pickups per Week

Return Point	Average Number of Pickups per Week
Retailers	0.7
Kiosks	1.6
Bag Drops	1.6

A.4.8 Central Administration Costs

Central administration costs are necessary for the management and marketing/communications of the deposit system. Costs include the set-up of offices and capital investment of IT infrastructure, as well as the costs of staff to manage the system. A.4. Table 17 below shows this breakdown of total annual costs.

A.4. Table 17 Annual Admin Costs

	Cost (\$M)
Annual Investment Costs	0.2
On-going costs (marketing, admin etc.)	1.1
Staff Costs	0.6
Total	1.9

A.5.0 Future System 2 – Assumptions and Cost Breakdown

A.5.1.1 Introduction

Future System 2 includes 5 different container return possibilities:

- In-Store RVM Return
- Bag Drop Return
- Depot RVM Return
- Depot Bulk Return for Consumers
- Bulk return for restaurants, hotels, schools etc. to return their containers to depots.

This section of the appendix will illustrate the assumptions and methodology used to model the DRS costs of each of the return types in Future System 2.

A.5.2 DRS Return System Network

A.5.2.1 Return Points

Detail on each redemption method is provided in A.5. Table 1.

A.5. Table 1 Return Points

Redemption Method	Description	Number of Locations	Rationale
Retail Stores (in Store RVM)	A retailer above a certain size which sells a deposit-initiated beverage may also install an RVM for the consumer to return their deposit	2,812	Enough retail locations installed with RVMs to handle enough expected volume to justify installation of an RVM

Bag Drop	Shipping containers adapted to include hatches for consumers to deposit bags of containers, located in parking lots of large retailers or on patches of unused land	614	Finding where a six digit postcode containers two or more retailers, who may then opt out of in-store return and install a bag drop instead.
Depot	Depot facilities with RVMS which consumers can use to return containers	50	Any system depot will have an RVM installed.
	Depot facilities will also accept large bulk returns manually by consumers		Any system depot will have bulk return for consumers.
	The hotel, restaurant, entertainment, café and school sector will have their containers hauled to depots for return		Any system depot will accept HoReCa containers.

A.5.3 Retailer Cost and Handling Fee

The cost of collecting and sorting containers at retail outlets is borne by the retailers themselves and is reimbursed through handling fees.

Space Costs

Space is required for all retailers who take back containers through an RVM. This is an added cost for retailers under the DRS, therefore retailers should be reimbursed for these costs by the central system. Space costs are listed in A.5. Table 2.

A.5. Table 2 Space Costs

	RVMs	Floorspace Required per Retailer (m2)	Total Floorspace	Total Floorspace Costs (\$M)
RVM Space	2,812	7.8	21,933	4.77

RVM Infrastructure Costs

Each retailer will have to purchase and operate an RVM for consumers to take back their containers. The cost of purchasing RVMs has been annualized in this study, and combined with the operation and maintenance costs to produce a total annual RVM cost for retailers. Infrastructure costs are listed in A.5. Table 3.

A.5. Table 3 Infrastructure Costs

	Annualized Per Machine (\$)	Total (\$M)
Capital & Operational Costs	9,051	38.2
Total Backroom Costs		0.2
Renovation Costs per RVM per Year	1,454	6.1
Total	10,506	44.5

RVM Labour Costs

In addition to infrastructure, operation and space costs for RVMs, retailers must also pay for the time required to manage and clean the RVMs within their store. These labor costs include:

- Time spent to empty the RVM bin
- Time spent to clean the RVM
- Time spent to process receipts
- Time spent by retailers to set out the return RVM containers for collection by haulers.

A.5. Table 4 below shows the total annual hours required for each of these processes.

A.5. Table 4 Annual Labour Hours

Task	Total Hours
Total Time to Empty Bins	160,932
Cleaning RVMS	219,904
Processing Receipts	50,802
Setting Out Containers	92,136
Total Labour Hours	523,773

A.5.4 Bag Drop Costs

The approach taken to model the costs of the bag drop network is different from the retailers and kiosks, because bag drops are a fundamentally different operation which requires minimal labour and maintenance costs. The costs for bag drop are composed of three main areas:

- Infrastructure Costs
- Space Costs
- Labour costs for cleaning and emptying

Infrastructure Costs

Bag drops require the installation of a shipping container type of containment for customers to deposit their bags in, as well as outfitting with technology and electronics. A.5. Table 4 below shows the annualized cost of this infrastructure per bag drop, and the total amount needed for the network.

A.5. Table 5 Infrastructure Costs

	Total Bag Drops	Annualized Infrastructure Cost per Bag Drop	Total Annual Infrastructure Costs (CAD \$M)
Infrastructure	614	8,642	5.3

Space Costs

The shipping container is 20 feet by 8 feet wide, with additional room for customers to stand, queue, and deposit their bags, and for the staff to unload bags from the container to be put on a collection vehicle. The leasing costs of having the bag drop are calculated accordingly for the square meterage the bag drop requires. Space costs are listed in A.5. Table 6.

A.5. Table 6 Space Costs

	Total Bag Drops	Total Space Needed per Bag Drop	Total Space Needed	Total Space Costs (CAD \$M)
Value	614	25	15,059	3.3

Labour costs are listed in A.5. Table 7 below.

A.5. Table 7 Bag Drop Labour Costs

	Total Hours	Total Costs (\$M)
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Bag Drop Labour	224,110	3.27
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Depot Reception Costs

The depots are able to accept containers for redemption in three ways:

- Through an RVM at the depot
- Through bulk manual return at the depot
- Through HORECA return

Depots also handle the transfer of containers which have been returned via bag drop at bag drop locations, and RVM material from retailers.

The costs for the RVM reception are similar to those at a retailer, while the bulk manual return, bag drop, and HORECA have costs mostly in transferring uncompacted material to a counting machine.

The hours necessary and cost of receiving each of these types of materials is shown in A.5 Table 8. Because RVM material is compacted and already been counted, the transfer costs associated with this material is much lower than the uncompacted material.

A.5 Table 8 Takeback and Transfer Hours under FS2

	Total Hours	Cost (\$ CAD) million
RVM Compacted Material	10,911	0.2
Manual Material (Horeca and Bulk Return)	411,032	6.5

The total amount of depot space required under FS2 is shown in A.5 Table 9 below.

A.5 Table 9 Depot Space under FS2

	Total Space (m2)	Cost (\$ CAD) million
RVM Space	62,800	5.2
Other Space (counting, floor space etc.)	391	0.0
Total	63,191	5.2

Counting Costs

Each of the depots in the FS2 scenario have the capability to count uncompacted containers. This means the depots must be outfitted with counting machines and staffed with maintenance workers and operators. Annual operating and investment costs are shown in A.5. Table 10 below.

A.5. Table 10 Counting Costs

	Large Depot	Regional Depot	Small Depot	Total (CAD \$M)
Annual Operating Costs	4.0	1.1	14.0	19.1
Annualized Investment Costs	0.8	0.2	1.8	2.8
Total	4.8	1.3	15.8	21.9

The transportation and collection details for FS2 are shown in A.5 Table 11 below.

A.5 Table 11 Collection Details under FS2

Parameter	Value
Storage Volume per Store (m3)	5
Total Pickups Required from Retailers	436,210
Pickups per Vehicle per Day	9
Average Round Length (km)	118
Volume per Pickup (m3)	7
Vehicle Days Required	49,675
Average time per Pickup	30

The total pickups per day for each collection type are shown in Table 22 below

A.4. Table 22 Pickups per Week under FS2

	Number of Pickups per Week
Retailers	1.0
Kiosks	1.9
Bag Drops	1.1

Central Administration Costs

The Central Administration Costs are the same under FS2 as FS1.

ⁱ Ministère de l'Environnement et de la Lutte contre les changements climatiques. "Modernization of the Québec deposit return and curbside collection systems and Draft Bill 65." Presentation to Indigenous Communities, January 25-26, 2021. Accessed 25 February 2021 from <https://www.environnement.gouv.qc.ca/matieres/consigne-collecte/sceance-info-consigne-collecte-25012021-en.pdf>

² Ministère de l'Environnement et de la Lutte contre les changements climatiques. "Modernization of the Québec deposit return and curbside collection systems and Draft Bill 65." Presentation to Indigenous Communities, January 25-26, 2021. Accessed 25 February 2021 from <https://www.environnement.gouv.qc.ca/matieres/consigne-collecte/sceance-info-consigne-collecte-25012021-en.pdf>

³ Authier, P. January 30, 2020. "Wine bottles included in expanded Québec deposit-return system." *Montreal Gazette*. <https://montrealgazette.com/news/Québec/soon-Québecers-will-pay-a-deposit-on-wine-and-water-bottles>

⁴ Authier, P. January 30, 2020. "Wine bottles included in expanded Québec deposit-return system." *Montreal Gazette*. <https://montrealgazette.com/news/Québec/soon-Québecers-will-pay-a-deposit-on-wine-and-water-bottles>

⁵ Retail Council of Canada. February 4, 2020. "Expansion of the deposit system for members operating in Québec." <https://www.retailcouncil.org/province/Québec/important-notice-for-members-operating-in-Québec-expansion-of-the-deposit-system-in-Québec/>

^{vi} Houston Conseils, September 21, 2020. "Deposit Modernization – Mandate to develop deposit system scenarios. Phase 1 final report".

^{vii} Recyc-Québec "Québec Retailer Recovery data by materials ((actual system) 2013 provided by Recyc-Québec January 2021

^{viii} Reloop, April 2021. "What We Waste" <https://www.reloopplatform.org/what-we-waste/>

^{ix} CM Consulting, November 2020 "Who Pays What? An Analysis of Beverage Container Collection and Costs in Canada"

^x Recyc-Québec, January 2021 "Québec Retailer Recovery data by materials ((actual system) 2013"

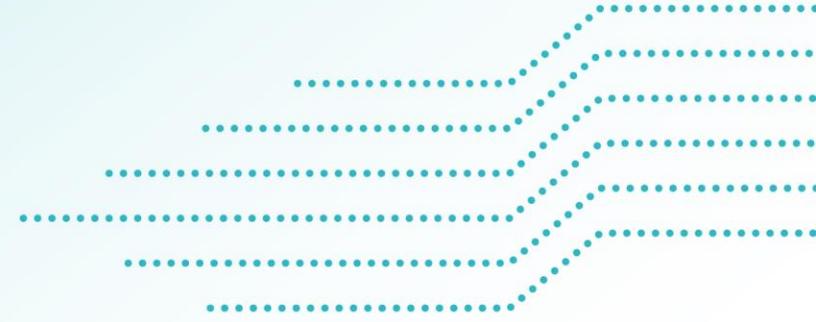
^{xi} 2013 BGE anonymised retailer return volume data

^{xii} CM Consulting, "Who Pays What? An Analysis of Beverage Container Collection and Costs in Canada" November 2020

^{xiii} Canadian Beverage Container Recycling Association, "Beverage Container Recovery in Ontario: Achieving Greater Performance and Sustainability - Draft CBCRA Industry Stewardship Plan for Submission to Waste Diversion Ontario", Waste Diversion Ontario, www.wdo.ca/files/9713/7935/8851/CBCRA_Beverage_Container_Draft_ISP.pdf, September 5, 2013.

^{xiv} Container Recycling Institute. n.d. "Theoretical maximum recycling rate in Michigan from curbside recycling programs only (Jan 15)". www.nrcm.org/wp-content/uploads/2015/12/CRInstudy_bottlebill.pdf

^{xv} CREATE, "Étude comparative des systèmes de récupération des contenants de boisson au Québec" July 2015 <https://www.recyc-Québec.gouv.qc.ca/sites/default/files/documents/etude-comparative-syst-recup-create.pdf>



Regulation to amend the Regulation respecting the recovery and reclamation of products by enterprises

Ministry of the Environment and the Fight
against climate change

June 23, 2022



Presentation plan

- New designated products;
- Amendments to the common core;
- Adjustments made following the public consultation;
- Next steps and timeline.



New designated products



Designated products

New product categories :

- Pressurized fuel containers : refillable containers (sold in northern regions only) and non-refillable containers;
- Agricultural products : plastics, pesticides, seeds coated with pesticides, their bags and containers and other agricultural bags and containers;
- Pharmaceutical products : drugs, natural health products and cutting or sharp objects, distributed in community pharmacies or veterinary clinics.

New products to existing categories :

- Household appliances and air conditioners : refrigerating and freezing appliances designed and intended for other purposes than the conservation or storage of food or beverages (e.g. laboratory appliances);
- Batteries : sealed lead-acid batteries weighing 5 kg or less.



Implementation of new programs

Products	Deadline
Small lead-acid batteries	January 1, 2023
Laboratory refrigerating appliances	June 30, 2023
Most agricultural plastics, pesticides, seeds coated with pesticides and agricultural bags and containers	June 30, 2023
Pressurized fuel containers	June 30, 2024
Pharmaceutical products	June 30, 2024
Other agricultural plastics	June 30, 2025

Minimal recovery rates

Products	Year	Minimal recovery rates
Small lead-acid batteries	Starting 2025	25 % (max. 65 %)
Most agricultural plastics and agricultural bags and containers	Starting 2025	45 or 50 % depending on product type (max. 75 or 80 %)
Laboratory refrigerating appliances	Starting 2026	35 % (max. 80 %)
Pressurized fuel containers	Starting 2027	Non refillable : 25 % (max. 75 %)
		Refillable : 75 % (max. 80 %)
Other agricultural plastics	Starting 2027	25 % (max. 75 %)
Pharmaceutical products, pesticides and seeds coated with pesticides	No minimal recovery rates	



Amendments to the common core



Amendments to the common core

Amendments	Expected results
Include producers from outside Quebec (e.g. online sales)	<ul style="list-style-type: none">• Ensure fairness among enterprises• Reduce costs for current designated producers
Frame most of the requirements for producer responsibility organizations (PRO) in the regulation	<ul style="list-style-type: none">• Ensure fair and equitable application of the minimum requirements of the regulation to all programs (individual, common and PRO)
Prohibit parallel recovery and reclamation networks	<ul style="list-style-type: none">• Contribute to the achievement of recovery targets• Ensure responsible end of life management of products, not just of components of value
Review minimal recovery goals	<ul style="list-style-type: none">• Allow for a more gradual progression of programs• Take into account the impact of the pandemic
Introduce incentives for eco-design and the local circular economy	<ul style="list-style-type: none">• Promote local reuse and recycling• Encourage eco-design and Quebec's green economy
Turn penalties into mandatory reinvestments	<ul style="list-style-type: none">• Allow these funds to be used to improve program performance• Remove the double financial pressure on enterprises
Make the publication of program results mandatory	<ul style="list-style-type: none">• Improve transparency of results and public confidence
Review the requirements in the northern regions	<ul style="list-style-type: none">• Adapting services to the needs of northern communities
Provide administrative relief	<ul style="list-style-type: none">• Reduce the administrative burden on enterprises for low value-added requirements



Adjustments made following the public consultation



Ajustments made

- Adjust the information to be disclosed when publishing program results to ensure the protection of the personal and confidential information of the designated producers and their service providers;
- Review the new eco-fee visibility requirements to clarify what is expected of enterprises and avoid the multiplication of communication methods that could create confusion among consumers;
- Limit the proposed changes to the minimum qualifications for service provider auditors to allow for maximum program flexibility;
- Considering the low risk associated with this activity and from an administrative relief perspective, maintain only the verification of drop-off centres in the northern regions given their particularities;
- Limit the application of the proposed eco-design and local circular economy incentives only when a minimum recovery rate is not achieved in order to avoid creating a race to the bottom of prescribed recovery rates;



Ajustments made

- Encourage more local reuse and recycling by modulating certain parameters that allow for a reduction of a minimum recovery rate and by increasing the reward;
- Increase the access period of drop-off centres in northern regions;
- Remove electric vehicle batteries from the newly designated products under extended producer responsibility;
- Maintain only the designation of chemical fertilizer and soil amendment containers and bags, not the content itself, considering the limited environmental gain and the absence of issues related to the storage of these products;
- For the sub-category of instruments, devices and other objects used for medical purposes to administer a designated drug or natural health product, clarify that only those items that pose a health and safety risk are covered, i.e. sharps.



Next steps and timeline



Next steps and timeline

- **June 30, 2022** : Entry into force of most of the amendments;
- **September 30, 2022** : Entry into force of the prohibition to recover and reclaim designated products other than through official programs;
- **December 30, 2022** : Entry into force of the following amendments :
 - Include producers from outside Quebec and enterprises operating transactional websites as designated producers (online sales);
 - New requirements concerning drop-off centres in northern regions;
 - New eco-fee visibility requirements;
 - Set out in the regulation most of the minimum requirements for PRO rather than in an agreement;
- **January 1, 2023** : Start of recovery goals for existing programs;
- **January 1, 2023 to June 30, 2025** : Implementation of new recovery and reclamation programs.



Thank you for your time

For additional questions regarding the regulation :
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