

Summary

2025 Producers Financial Participation Adopted Fees and Updated Policies

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2025 Producers Financial Participation: The Beginning of a New Chapter

As part of the modernization of the curbside recycling system, a new regulation has been published by the Quebec government in 2022. In accordance with the "*Regulation respecting a system of selective collection of certain residual materials*", producers of obligated materials must develop, implement and financially support the curbside recycling system in Quebec, based on an extended producer responsibility (EPR) approach.

This EPR approach transfers the full responsibility of the system to producers, who must ensure that materials are managed throughout the value chain, right up to their recovery, in collaboration with other producers within a single curbside recycling system.

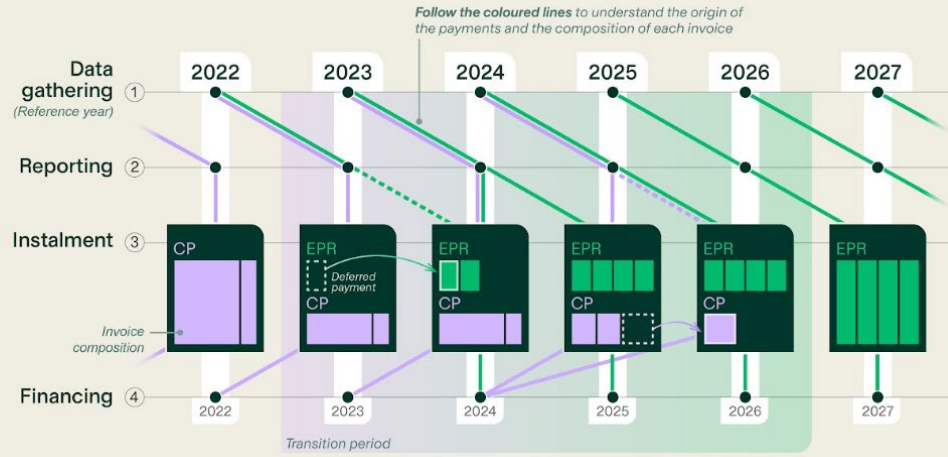
The regulation also stipulates that producers must pay the amounts required to finance the curbside recycling system, and provide documents and information requested by ÉEQ to assume its full responsibilities and obligations. ÉEQ has introduced the Producers Financial Participation (PFP), which will be used to cover all operation and management costs of the curbside recycling system. The compensation plan, in effect for nearly 20 years, was a retroactive process designed to compensate municipalities for the costs of the previous year, whereas under EPR, the system is financed directly by ÉEQ, in real time. The 2025 Schedule of Contributions therefore covers the net eligible costs for the calendar year 2024 as reported by municipal organizations that have not yet transferred to the new system, while the PFP 2025 will cover costs for the calendar year 2025.

Following the submission of their 2023 and 2024 reports, producers received special PFP invoices, which were used to cover part of the 2024 costs of the new system (for the few municipalities that have transited early to the new system), as well as to set up a reserve fund, as specified by the new regulation.

Éco Entreprises Québec prepares the transition from a **retroactive compensation plan** to **real-time cost financing**

NEW
**Extended
Producer
Responsibility**

FORMER
**Compensation
Plan**



Changes in Billing Terms

Unlike contributions paid under the Compensation Plan, the annual PFP will be divided into 4 installments of 25% payable on the following dates:

- January 31st, 2025.
- April 30th, 2025.
- July 31st, 2025.
- October 31st, 2025.

Annual PFP invoices are based on the quantities of materials reported by producers earlier during the year and are used to finance the following year's curbside recycling.

PFP 2025 invoices should be sent to producers by the end of November, so that companies can budget accordingly.

Development of the 2025 PFP Fee Schedule

The 2025 PFP fee schedule is based on the current formula used under the compensation plan. For 2025, ÉEQ estimates that the PFP will be \$402.0 millions.

	2024 SoC Consultations Fall 2023	2025 SoC	2025 PFP
Compensation Year/ Year of operations	2023	2024	2025
Net Costs	\$236.0M	\$301.5M	\$366.3M
Fees and funds mangements	\$18.7M	\$32.5M	\$35.7M
Total amount to be funded	\$254.7M	\$334.0M	\$402.0M
<i>Variation</i>		<i>31.1%</i>	<i>20.4%</i>

The implementation of the EPR represents a major change in the financing of the curbside recycling system. Now that the system will be entirely financed by producers, several factors explain the increase in costs

New Costs to Meet New Responsibilities

Firstly, the continuing growth of collection and sorting costs is a structural trend, exacerbated by external factors such as inflation and increasing demands on the quality of sorted materials. Furthermore, new costs are expected to be incurred to meet the system's expanded responsibilities:

- The marketing of recycled materials, a responsibility that is now incumbent to ÉEQ, requiring new resources and investments.
- The investments required by the regulation to meet legal obligations, such as building up a reserve fund, achieving recovery and reclamation rates, and continuously improving the system's environmental performance.
- ÉEQ's responsibility for information, awareness and education, which will be essential to inform the public about best practices in residual materials management.

Impact of Beverage Containers Deposit Expansion

Another relevant factor is the significant reduction in the tonnage of materials subject to a fee. As of March 1st, 2025, the deposit on ready-to-drink beverage containers will be extended, resulting in the withdrawal of these newly refunded materials, which will considerably reduce the volume of materials handled by the curbside recycling system. Costs are therefore spread over a smaller quantity of materials, which has an upward impact on rates for all other materials. ÉEQ estimates this loss at over 16% of the reported quantities for the 2024 SoC. The materials most affected are clear glass, colored glass, gable-top containers, aseptic containers and PET plastic.

Anticipated Rate Increase

Combining an increase in costs and a marked decrease in tonnage from 601 kt to 503 kt, the average rate increase is estimated at 42.5% for containers, packaging and printed matter and 55,8% for newspapers

Billed Quantities and Average Rates

The 2025 PFP will be invoiced based on the quantities of materials put on the market in calendar year 2023 and reported by producers under the 2024 SoC, excluding the quantities of materials that will be newly returnable as of March 1st, 2025. Beverage containers that are newly under deposit will be billed at a rate equivalent to 2 months' presence in the curbside recycling system, i.e. for the months of January and February only.

	2024 SoC Consultations Fall 2023	2025 SoC	2025 PFP
Compensation Year	2023	2024	2025
Total amount to be financed	\$254.7M	\$334.0M	\$402.0M
Deduction - Newspapers	(\$4.6M)	(\$4.3M)	(\$8.5M)
Anticipated reports from low-volume producers	(\$2.4M)	(\$3.0M)	(\$3.3M)
ÉEQ total share	\$247.7M	\$326.8M +31.9%	\$390.2M +19.4%

Estimated reported quantities ÉEQ	606.5 kt	600.7 kt -1.0%	503.3 kt* -16.2%
ÉEQ average fee	\$408.39/t	\$543.99/t + 33.2%	\$775.31/t +42.5%
Estimated reported quantities Newspapers	17.7 kt	13.8 kt	17.7 kt**
Newspapers average fee	\$280.57/t	\$310.44/t +10.6%	\$483.71/t +55.8%

* Quantities of containers, packaging, and printed matters declared for the 2024 SoC, minus containers that will be subject to a deposit as of March 1, 2025

** Quantities of newspapers declared to RecycleMédias for the 2024 SoC.

Revised Forecasts

While this represents a substantial increase over the 2025 Schedule of Contributions which compensates the nets costs of municipalities for 2024, the total amount to be funded for the 2025 PFP is less than what was initially shared with ÉEQ members during last spring's Annual General Meeting (AGM). At that time, a total cost of \$487 million for the 2025 PFP had been estimated. In the months following the AGM, further work was carried out by ÉEQ to refine the assumptions and include actual costs from newly signed contracts with service providers. Thanks to the use of increasingly up-to-date data, it was possible to reduce the amount to be financed by 17% compared with the initial forecasts.

2025 PFP Fee Schedule

Material	2025 PFP rate \$/t	Variation (vs 2025 SoC) %
Printed matter	574.68	36.5
Newsprint inserts and circulars	486.75	39.2
Catalogues and publications		
Magazines		
Telephone books	693.96	35.9
Paper for general use		
Other printed matter		
Containers and packaging	810.35	44.9
Paper, cardboard and other fibers	649.08	36.9
Corrugated cardboard		
Kraft paper shopping bags	517.81	37.2
Kraft paper packaging		
Boxboard and other paper packaging	685.14	39.7
Alternative fibers		
Gable-top containers	814.24	42.4

Material	2025 PFP rate \$/t	Variation (vs 2025 SoC) %
#Paper laminants	1 074.41	35.1
Aseptic containers	949.20	39.0
Wood and cork Reusable natural fiber bags	1 376.97	32.1
Plastics	1 232.41	41.8
PET bottles and containers	860.80	40.8
HDPE bottles and containers < 5 L	449.94	29.4
Plastic laminants	1 609.69	33.3
Plastic HDPE/LDPE films HDPE, LDPE shopping bags	1 676.27	32.8
Expanded polystyrene – food packaging Expanded polystyrene – cushioning packaging Non expanded polystyrene Polyvinyl chloride (PVC) PLA and other degradable plastics Reusable synthetic fiber bags	2 839.98	26.4
Polypropylene (PP)	817.83	32.5
Other plastics, polymers and polyurethane	1 054.73	33.5
Aluminum	267.08	3.1
Food and beverages aluminum containers Other aluminum containers and packaging Aluminum aerosol containers	267.08	3.1
Steel	405.51	23.4
Steel aerosol containers Other steel containers	405.51	23.4
Glass	603.87	44.4
Clear glass	602.42	44.3
Colored glass	603.29	44.3
Ceramic and porcelain	1 268.50	33.4
Containers, packaging and printed matter average rate	775.31	42.5
Newspapers average rate	483.71	55.8

Notes:

- The weighted averages may be higher or lower than the highest or lowest fees respectively, due to the different denominator (quantities) between the two years.
- The malus applicable to PVC and PLA materials and other degradable plastics is extra.

2025 PFP Flat Fees

Eligibility criteria	2025 PFP
> 1 t and < 2,5 t	\$1,920
> 2,5 t and < 5 t	\$3,870
> 5 t and < 10 t	\$7,730
> 10 t and < 15 t	\$11,620

Rates for Beverage Containers following the Expansion of the Deposit-Refund System

As previously mentioned, the rate for beverage containers (ready-to-drink) that will become refundable on March 1st, 2025, will be equal to the equivalent material rate for non-refundable containers multiplied by 1/6 (representing 2 months out of 12, i.e. January and February).

For example:

- Non-deposit clear glass fee: \$602.42/t.
- Beverage containers clear glass fee: $602.42 \times 1/6 = \$100.40/t$.

PFP and Small Producer Policy Update

The PFP policy and the policy for small producers have been updated to reflect the new rates and lump sums.

It should be noted that legal notices are in progress to clarify the scope of certain sections of the regulation that could have an impact on the redaction of articles of these policies, particularly regarding:

- E-commerce.
- Neutral containers and packaging.
- Materials destined for industries, companies and institutions.

Depending on the recommendations arising from these legal opinions, ÉEQ may clarify the wording of certain articles, and producers will be kept informed where appropriate.

Measure to Manage Substantial Changes

ÉEQ's Board of Directors approved the intention to add a measure to current policies to manage substantial differences between the quantities marketed during the reference year, which is used to calculate the PFP, and the year that is funded by it.

For example, the 2025 PFP is calculated on the quantities of materials marketed in 2023, which were reported in 2024. This is the mechanism that allows curbside recycling to be funded in real time.

A substantial change is defined as a significant difference (of at least 5% of the reported volume) in quantities of a product between the reference year and the financed year, following one of the following three situations:

- Withdrawal of a product line from the market
- The sale of a product line to another producer
- The marketing or acquisition of a new product line

However, this measure would not be applicable in the following situations:

- Change of name or brand ("rebranding")
- Closure of a business or bankruptcy. An article of the general conditions already provides for measures for the cessation of a producer's activities.
- Substantial difference occurring during the reporting year (i.e. the year between the reference year and the financed year).

It should be noted that application procedures will also be defined, in particular:

- A form must be completed separately following the submission of the report
- A transfer confirmation will be required when selling a product line to another producer so that the new owner can assume full responsibility from the day of the transaction.
- Deadlines for submitting such request will be put in place
- File management fees will apply, as already provided for in the policy on requests for changes that go beyond the first adjustment.
- The entry into force would be retroactive to the 2023 reference year

A webinar will be held for producers during the first quarter of 2025 to present the details of this measure that will have been adopted by ÉEQ's board of directors next January.