

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE  
MEETING OF WEDNESDAY, OCTOBER 3, 2018**

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**SUBJECT**     Industry Consultation on Recycling Market Changes

**ISSUE**

To obtain Capital Regional District (CRD) Board direction with regard to managing unmarketable recyclable materials at Hartland landfill.

**BACKGROUND**

At its June 6, 2018 meeting, the Environmental Services Committee received for information a report regarding the state of global recycling markets as a result of a decision by China to severely restrict the importation of recyclable materials beginning January 1, 2018. While the recycling industry has been adjusting to this change, some recycling programs are continuing to struggle to adjust to the new global market conditions. This includes recyclables collected from many commercial and multi-family sources, which are typically more contaminated than blue box materials. As a result, unmarketable materials from these recycling programs have increased significantly and locally these residuals are often brought to Hartland landfill for disposal.

Under CRD Bylaw No. 3881, staff can classify recyclables as suitable for disposal, or unmarketable as defined under the bylaw, due to contamination. This definition is non-prescriptive and enables staff to enforce the bylaw with discretion as market conditions evolve.

Feedback from the industry stakeholders indicates that market conditions are beginning to improve but that the situation has not yet recovered. There was consensus that the loss of Chinese markets has shifted the global recycling industry and that the cost of recycling is now higher and will remain so due to the increased cost of collecting and processing recyclables in ways that ensure lower levels of contamination. Stakeholders also indicated that their higher costs are compounded by lower revenues for recyclable materials, meaning that there is now a net cost to recycle many commodities that previously had some value. Stakeholders expressed an appreciation of the CRD's flexible approach to date in response to the current market conditions and asked for a continuation of this approach and ongoing consultation with them as their industry adjusts to these new global market conditions.

Unmarketable recyclable materials tend to fall into three general categories:

- Unacceptable Levels of Contamination: these materials can often be made marketable with additional processing at a materials sorting facility. However, new contamination thresholds are so low that processors are currently not able to cost effectively meet market requirements.
- No Available Processing Capacity: materials are collected, but haulers do not have access to appropriate processing capacity to sort materials and to meet the new market standards.
- Prohibitive Costs: the cost of transportation and processing, offset by any potential commodity revenues, result in a total net cost in excess of the Hartland tipping fee.

## **ALTERNATIVES**

That the Environmental Services Committee recommend to the Capital Regional District Board:

### *Alternative 1*

That CRD Bylaw No. 3881 be maintained in its current form with staff continuing to consult with industry stakeholders regarding recycling markets and using the discretionary powers of the bylaw accordingly with regard to the disposal of unmarketable recyclable materials

### *Alternative 2*

That CRD Bylaw No. 3881 be amended to require haulers disposing of unmarketable recyclable materials to both sign a statement confirming that their recyclable materials are unmarketable in advance of bringing them to the landfill and to schedule an appointment to deliver them to the landfill

### *Alternative 3*

That CRD Bylaw No. 3881 be fully enforced with respect to the disposal of unmarketable materials at Hartland landfill.

## **SOCIAL IMPLICATIONS**

Alternative 1 preserves the ability of CRD staff to determine whether loads of unmarketable recyclables should be accepted for disposal on a case-by-case basis and allows for enforcement practices to be adjusted as conditions within the recycling industry change.

Alternative 2 would force haulers to declare their recyclables as being unmarketable; it would take away the control and discretion CRD staff have with regard to enforcement of the bylaw and place it with the hauler.

Alternative 3 would ensure that no recyclable materials are disposed at Hartland landfill regardless of whether there is an end market for them. This would force haulers to either stop collecting these materials for recycling until markets can be found or to find other places to dispose of these unmarketable materials.

## **ENVIRONMENTAL IMPLICATIONS**

Alternative 1 will ensure that only truly unmarketable recyclables are accepted for disposal at Hartland landfill and would ensure that they are not disposed of in an inappropriate manner such as illegal dumping.

Alternative 2 would give control to haulers to decide as they see fit whether to dispose of a wide array of recyclable materials by simply signing a statement declaring them unmarketable.

Strictly enforcing CRD Bylaw No. 3881, as is posed under Alternative 3, may result in the export

of recyclable materials for disposal at landfills out of region. It is highly likely that other solid waste in large quantities would also be exported along with those recyclable materials for disposal out of region.

### **ECONOMIC IMPLICATIONS**

Alternative 1 provides the industry stakeholders with the support they need as they continue to adjust to the higher costs and lower revenues of recycling markets that now largely exclude China.

Alternative 2 would provide similar support to the industry but is vulnerable to potential abuse.

Alternative 3 would see haulers incurring the costs of being ticketed for disposing of unmarketable recyclables while they are already bearing the financial burdens of increased recyclables processing costs and lower revenues for recycled materials.

### **CONCLUSION**

Under CRD Bylaw No. 3881, staff have the ability to exercise discretionary enforcement powers with respect to the disposal of unmarketable recyclable materials. Through ongoing consultation with industry stakeholders, staff can ensure that the CRD is able to respond to changing recycling market conditions and use that discretion to ensure that recyclables are disposed of only as absolutely necessary.

### **RECOMMENDATION**

That the Environmental Services Committee recommend to the Capital Regional District Board:

That CRD Bylaw No. 3881 be maintained in its current form with staff continuing to consult with industry stakeholders regarding recycling markets and using the discretionary powers of the bylaw accordingly with regard to the disposal of unmarketable recyclable materials.

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