

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, MARCH 25, 2020**

SUBJECT Recycling Markets Update

ISSUE SUMMARY

To provide the committee with an update on recyclable materials market conditions.

BACKGROUND

At regular intervals in 2018 and 2019, the Environmental Services Committee and Parks & Environment Committee received information reports regarding the status of recycling markets, as a result of a decision made by China to severely restrict the importation of recyclable materials beginning January 1, 2018.

Just over two years have now passed since the closure of Chinese markets, and the recycling industry continues to adjust to the reality of limited or no markets for many types of recyclable materials. In general terms, the global supply of many types of recyclable materials typically exceeds the demand and so prices for these commodities remain weak and tolerance for low quality and/or contaminated materials is very low.

Despite these challenging markets conditions, all of the materials collected by the Capital Regional District's (CRD) residential blue box curbside recycling program continue to be recycled. This is due to the fact that Recycle BC, which contracts the CRD to provide the collection service and owns all blue box recyclables collected, continues to be able to market the materials collected through this province-wide program.

Recycle BC contracts with one company – its post-collection service provider (PCSP) – to process and market all of the recyclable materials it collects province-wide. Recycle BC works actively through its PCSP to find and maintain robust markets for the materials it collects, with a specific emphasis on utilizing domestic and other North American end-markets wherever possible. Recycle BC is in the process of changing to a new PCSP, GFL Environmental Incorporated (GFL), which owns Canada Fibers Limited, which has significant domestic end-markets for the recyclables it manages. Recycle BC's success in marketing this region's blue box materials is helped by the fact that we use a three-stream collection system that helps to minimize contamination and maintain a high quality of recyclables.

With Recycle BC changing PCSP, it is expected there will be changes to where and how residential recyclables will be managed throughout the entire province, including the capital region. The scheduled date to change PCSP is May 19, 2020, but as yet no details have been released. Collected materials are currently brought to Cascades Recovery; it receives and processes these materials as part of the Green By Nature consortium, which has the contract until May 19. This may change, unless Cascades is contracted by GFL to continue to do the work. Should GFL elect to instead receive and process the recyclables at a different location, there may be implications for the CRD's blue box collection contract, depending on how far away this location is from the existing processing facility.

Outside of the residential curbside blue box program, the challenges with many commercial and multi-family recycling programs persist due to the high contamination and low quality of the materials typically collected. Many programs have been adjusted to eliminate the collection of materials, such as glass containers, which have a negative value, very limited markets and contaminate other recyclable material streams.

The new CRD Solid Waste Management Plan being prepared includes strategies to increase recycling in the multi-family and business sectors that are serviced by private service providers. The Solid Waste Management Plan also calls for increased extended producer responsibility programs that should also help support non-residential recycling. Staff are scheduled to meet with local recycling and waste collection industry representatives in April 2020 and will be discussing ways to help support their recycling programs, including the strategies identified in the new Solid Waste Management Plan.

CONCLUSION

On January 1, 2018, the government of China placed severe restrictions on the importation of recyclable materials and the closure of China as an end-market has had a profoundly negative impact on global recycling programs, including locally. Despite this change, the recyclable materials collected through the CRD's residential blue box recycling program continue to be recycled. By contrast, many commercial and multi-family recycling programs have experienced marketing challenges due to the high contamination and low quality of the materials typically collected. Staff are scheduled to meet with local recycling and waste collection industry representatives in April 2020 to discuss ways to help support their recycling programs.

RECOMMENDATION

The Environmental Services Committee recommends to the Capital Regional District Board:

That this report be received for information.

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