

Economic crisis puts Toronto in recycling crunch

Toronto might be forced to stockpile material from blue bins if financial squeeze puts recycling plants out of business, official warns

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Nov. 28, 2008

Toronto could end up stockpiling tonnes of unwanted plastic, paper or glass collected in the city's blue bins, waste officials warn, if the economic crisis forces recycling plants that buy the material to close.

Geoff Rathbone, the city's general manager of solid waste, said his department is drawing up contingency plans as a lack of demand for the products made from recyclables and the stunning drop in oil, pulp and metals prices puts some of the recycling plants the city deals with "under significant stress."

Sinking prices will likely also eat into the annual \$28-million the city makes from selling recyclables and scrap metal: Its price for once-lucrative aluminum cans is down nearly 50 per cent from September to \$1,100 a tonne.

But Mr. Rathbone said the real concern is that if the crisis continues for much longer, plants could shut down and leave Toronto with a growing inventory of recyclables that it is forced to rent expensive warehouse space to store.

"We have to keep it moving because the sheer volume of the material we move," Mr. Rathbone said. "We certainly have surge capacity in our transfer stations and we have a little bit of storage space. ... But we do not want to store material."

The squeeze is already under way, with just a month to go before blue bins are jammed with Christmas wrapping paper. While many mills and plants normally take a Christmas break, Mr. Rathbone said some are shutting down this year for as long as several weeks, including the Abitibi-Consolidated Inc. plant in Thorold, Ont., where Toronto and other municipalities send newsprint.

"We certainly have significantly more inventory than we would typically have, but we're still moving," Mr. Rathbone said of the recyclables now piling up at the city's two recycling sorting stations.

At the Dufferin Material Recovery Facility, two-storey piles of what look like giant Rice Krispie squares made of squished margarine tubs sat stacked this week alongside other bales of recyclables. City officials fear these bales could continue to pile up in the already cramped facility and have to be stored elsewhere.

So far, Toronto has been spared the recycling plant closings that have forced some cities on the West Coast to stockpile or seek other outlets, Mr. Rathbone said, noting that Ontario's recycling industry is very well established.

But after benefiting from high prices for some recyclables, the city is now clearly set to take a revenue hit as prices for recyclable plastic, cardboard and newsprint sink. For most plastics, Toronto is locked into six-to-12-month contracts, so it won't feel the effects of lower prices for a few months, although the plastics plants could see losses. But the price

the city gets for its paper products floats with what the industry calls the "Buffalo" or regional market price, down significantly in recent months.

Mr. Rathbone wouldn't speculate about how much less of the more than \$20-million in revenue the city will realize from its recycling program, but said it would likely be much higher than just a 10- or 15-per-cent drop next year. (The entire solid waste budget for next year is expected to be about \$320-million.) "We're only eight weeks into this," Mr. Rathbone said of the recycling slump. "It's very much like the bigger [economic] picture. We just don't know if we're at the bottom, if we're getting close to the bottom, if we've already come out of the bottom. We just don't know."

The latest headache comes as the waste department deals with a number of other problems, including its fight with industry over plastic bags, packaging and coffee cups and complaints over its new larger recycling bins and its pay-as-you-throw garbage bins.

The new measures are meant to help reach Mayor David Miller's target of diverting 70 per cent of waste from landfill, up from the current 43 per cent.

Where it goes, what it becomes

Once your recyclables are sorted at a city facility, they are sold to processing plants in Ontario, Quebec and as far away as Korea. Some prices are locked into contracts; others fluctuate with market conditions. The city pays \$12 a tonne to have its glass processed, but sells the rest of its recyclables. Here's a sample:

What: Old newspapers

Where: Various mills in Ontario and Quebec, including Abitibi-Consolidated in Thorold, Ont.

Price: \$103 a tonne; city also gets a \$21.50 a tonne premium

What it becomes: Newsprint, cardboard

What: Plastic detergent bottles and milk jugs

Where: Entropex, Sarnia, Ont.

Price: \$740 a tonne

What it becomes: Drainage pipes, auto parts

What: Drink boxes, milk cartons

Where: Broker Continental Paper in Mississauga sells to paper mill in Korea

Price: \$75 a tonne

What it becomes: Office paper, tissue

Source: City of Toronto