

Travis Rob

From: Doug Brown
Sent: Tuesday, September 15, 2020 7:20 AM
To: Travis Rob
Subject: Fwd: [External] RE: Town of Fort Frances - Processing Cost - Increase

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From: Paulina Leung <paulina.leung@emterra.ca>
Sent: Tuesday, September 15, 2020 12:05:00 AM
To: dbrown@fort-frances.com <dbrown@fort-frances.com>
Cc: Chris Yanisiw <chris.yanisiw@emterra.ca>; Andres Cuellar <Andres.Cuellar@emterra.ca>
Subject: [External] RE: Town of Fort Frances - Processing Cost - Increase

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Hi Doug,

It was good to catch up with you after many years. Time flies by. Congratulations on your promotion to the role of CAO!

Emterra has always valued working with Fort Frances for all these years. We take pride in providing services in your community when other companies find it "hard".

In recognition of our long term partnership and our desire to continue to provide these services to the end of the Blue Box transition on December 31, 2025, I would like to reduce the proposed processing fee to \$128.00 per tonne. I can assure you this is the lowest price we have offered to any of our existing and new customers for single stream processing services. This price is for a contract extension to December 31, 2025 and is subject to the normal annual price increases provided for in our contract.

The world of recycling has changed **significantly** since we signed our contract over 5 years ago. In this span of time, China, the largest buyer of the world's recyclables has shut its borders under a campaign called "National Sword". This announcement was made in 2017 and took effect in 2018 and it included a ban the import of 32 scrap categories. China's goals are to reduce scrap imports, stomp out illegal smuggling and illegal imports of scrap, improve domestic resource recovery capabilities, and improve the natural environment of their country. After decades as the "garbage dump" for developed nations in North America and Europe, it decided it was finally shutting its doors to foreign trash (and recyclables). Chinese import policies have reshaped materials recovery around the planet. As a result, nearly overnight, half of the demand for the world's recyclables evaporated. With supply far outpacing demand, the price for recycled materials crashed and pricing has not rebounded since. Exacerbating this is the current global recession caused by COVID-19. With economies contracting and consumer spending negatively affected by health and personal financial insecurities, demand for recycled materials is not expected to return to even pre-COVID levels for several years. Since plastics are made from petro chemicals and with oil prices at all time lows, the price for recycled resins like PET and Polypropylene have crashed. There are municipalities across Canada that are stockpiling plastics because they cannot find buyers for their baled materials.

The following two articles provide a very good overview of the China National Sword campaign and its impact on the recycling industry.

1. <https://www.wastedive.com/news/china-announces-formal-ban-32-scrap-categories/521735/>
2. <https://resource-recycling.com/recycling/2018/02/13/green-fence-red-alert-china-timeline/>

Lastly, the CIF's monthly price sheets tells a sobering tale. As you can see, in 2017 (i.e. right before the China National Sword was implemented) the basket price for commodities in Ontario was \$154 a tonne. Now, as of August 2020 (the latest CIF Price Sheet available), the basket price of commodities is \$78. The value of recyclables is half of what it was. <https://thecif.ca/wp-content/uploads/2020/09/August-2020-Price-Sheet.pdf>

YEARLY AVERAGES (CDN\$/Metric Tonne)																				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Newspaper (ONP #8 / SRP #56) ¹	99	114	101	89	118	121	72	90	126	76	71	69	72	103	111	62	44	47		
Mixed Paper #54 / ONP#6 ²													43	73	73	2	(18)	(13)		
Corrugated (OCC)	89	114	95	80	131	111	68	149	173	133	131	131	127	152	221	128	84	122		
Hardpack (OBB/OCC)	62	75	68	50	89	76	42	74	95	61	53	51	66	91	121	57	19	31		
Boxboard (OBB)	43	62	53	41	70	62	26	61	84	62	46	48	50	50	na	na	na	na		
Polycoat Containers	64	67	66	59	84	75	39	105	127	96	65	79	114	114	64	63	40	27		
PET (mixed)	278	432	507	314	368	352	187	391	652	431	372	377	295	265	383	431	377	241		
HDPE (mixed)	364	428	683	565	524	573	320	464	562	552	497	659	617	533	497	483	444	234		
Plastic Tubs & Lids	12	51	104	128	146	204	22	54	247	265	na	na	na	na	na	na	na	na		
Mixed Plastics ³									48	32	38	46	58	61	32	47	74	81		
Film Plastic	8	55	148	137	51	35	3	13	25	23	14	29	47	40	24	15	3	(16)		
Aluminum Cans	1619	1772	1763	2169	2065	1904	1215	1591	1790	1516	1523	1783	1548	1576	1772	1733	1354	1256		
Steel Cans	76	191	116	141	168	245	89	263	335	277	257	299	179	200	262	322	253	204		
Glass (mixed)	(19)	(12)	(31)	(31)	(31)	(24)	(18)	(15)	(11)	(18)	(22)	(22)	(30)	(37)	(42)	(41)	(38)	(34)		
Composite Index	114	131	124	111	145	150	80	124	169	118	107	117	105	129	154	118	90	78		
Fibre Composite Index ⁴													77	109	132	75	49	47		
Container Composite Index ⁵													188	184	217	239	205	159		

Doug, I hope this information is helpful to you and your Council. Please let us know if you need anything at all. We eagerly await your response.

Paulina

Paulina Leung | VP, Corporate Strategy & Business Development

Make it a Safe Day



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-----Original Message-----

From: Doug Brown

Sent: Wednesday, September 9, 2020 3:15 PM

To: paulina.leung@emterra.ca; Chris Yanisiw <chris.yanisiw@emterra.ca>

Cc: Travis Rob <trob@fortfrances.ca>; Craig Miller <cmiller@fortfrances.ca>

Subject: Re:Town of Fort Frances - Processing Cost - Increase

Hi Paulina, please find attached quote from Chris for the next three months. I am Ok with the price increase for haulage from \$1675.63 per trip to \$ 1725.90. However approximately 100% increase in processing from \$ 71.09 to \$ 130.00 per MT is a substantial increase. Remember back 5 years ago the Town broke away from cascade and went with Emterra. I would like to talk to you in regards to establishing agreement until the (2023 to 2025) full responsibility system hits Northwestern Ontario. I guess through the transition period. Also I fully realize that recyclable commodity prices have dropped substantially over the past 5 years. Please confirm your availability this week. Thanks

Douglas DC Brown P Eng

CAO

Town of Fort Frances

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