
MEMORANDUM

WMPSC-C 14-2022

Subject: Q1 Recycling Centre and Market Update

Date: June 20, 2022

To: Waste Management Planning Steering Committee

From: Jennifer Wilson, Supervisor, Waste Management Services

The purpose of this memorandum is to provide members of the Waste Management Planning Steering Committee with an update on market trends and commodity pricing for Blue and Grey Box material processed at Niagara Region's Recycling Centre (MRF) from January to March 2022.

Key Facts

- Market pricing for fibre stream and container stream commodities continued to remain strong entering the first quarter of 2022. As of the end of Q1 2022, it is estimated based on current market conditions, that there will be a gross budget surplus in revenue for the Recycling Centre in 2022 of approximately \$2.24 million (\$1.16 million for fibre stream and \$1.08 million for the container stream). The gross budget surplus in revenue is the difference between budgeted revenue and projected actuals.
- Between January 1, 2022 and March 31, 2022, there was a 6% decrease in marketed recyclables when compared to budget due to the changes in incoming materials.
- The ongoing COVID-19 pandemic, war in Ukraine, high gas prices, increasing use of recycled content in products and low stock have continued to drive pricing for recyclable materials to unprecedented highs.
- It is anticipated that most market pricing will remain at, or above, budgeted revenue per metric tonne for the remainder of 2022.

Fibre Revenue

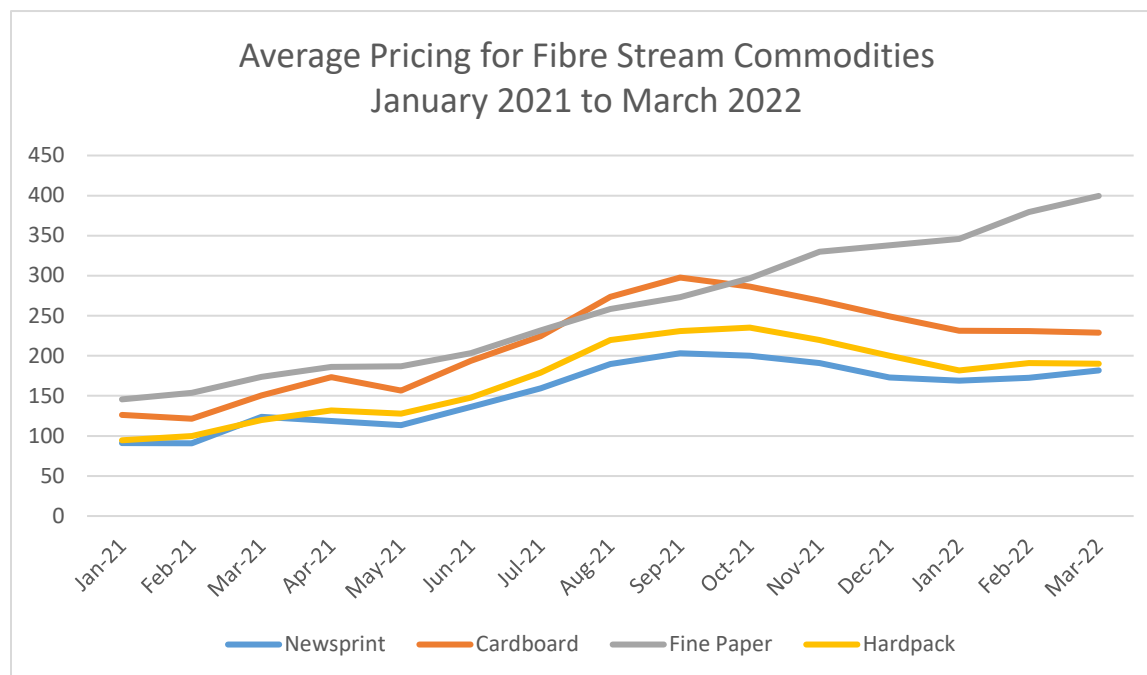
The fibre stream is comprised of the following marketed commodities: newsprint, corrugated cardboard (from commercial sources), fine paper and hardpack (a blend of boxboard and small cardboard). Table 1 provides a comparison of the budgeted revenue per MT versus actual revenue per MT for fibre stream commodities.

Table 1: Comparison of budgeted versus actual revenue for fibre stream at Niagara Region's Recycling Centre (January to March 2022).

Commodity Type	2022 Budget (Avg. \$/MT)	2022 Actuals January to March 2022 (Avg. \$/MT)	2022 Variance (Budget vs. Actual)
Newsprint (ONP)	\$110	\$175	+59.1%
Cardboard	\$172	\$230	+33.8%
Fine Paper	\$220	\$373	+69.4%
Hardpack (OBB/OCC)	\$152	\$187	+23.4%

Pricing for the fibre stream commodities remained strong throughout Q1 2022. In Q1, marketed tonnages for hardpack declined by approximately -15% in comparison to the budget, whereas marketed tonnages for newsprint increased by approximately +15% and for cardboard by approximately +38%. Despite the decline in hardpack tonnages, revenue was favourable due to strong commodity prices. Based on commodity pricing in Q1 2022, it is estimated that there will be a gross budget surplus in fibre revenue of approximately \$1.16 million by the end of 2022. Figure 1 illustrates the average price per metric tonne for fibre stream commodities between January 2021 to March 2022.

Figure 1 - Average pricing for fibre commodities between January 2021 to March 2022.



Container Revenue

The container stream is comprised of the following marketed commodities: steel, aluminum, Polyethylene Terephthalate (PET) plastics (e.g. water bottles, salad dressing bottles), High-Density Polyethylene (HDPE) plastic (e.g. laundry detergent bottles, shampoo and conditioner bottles), polycoat (e.g. milk or juice cartons), plastic film (e.g. grocery bags), and hi-grade mixed plastics (e.g. containers and lids) and bulky rigids (e.g. plastic furniture). Table 2 provides a comparison of the budgeted revenue per MT versus actual revenue per MT for container stream commodities.

Table 2: Comparison of budgeted versus actual revenue for container stream at Niagara Region's Recycling Centre (January to March 2022).

Commodity Type	2022 Budget (Avg. \$/MT)	2022 Actuals January to March 2022 (Avg. \$/MT)	2022 Variance (Budget vs. Actual)
Containers	\$385	\$602	+56.4%

Container stream revenue for most commodities has remained strong throughout Q1 2022. In Q1, with the exception of High Density Polyethylene (HDPE) plastics, marketed

tonnages for remaining container stream commodities declined by approximately -9% in comparison to the budget. Despite the decline in tonnages, revenue for the container stream was favourable due to strong commodity prices. Based on commodity pricing in Q1 2022, it is estimated that there will be a gross budget surplus in container revenue of approximately \$1.08 million by the end of 2022. For ease of illustration, the average price per metric tonne for container stream commodities between January 2021 to March 2022 is separately illustrated in Figures 2 and 3 below.

Figure 2 - Average price per metric tonne (\$/MT) for steel, aluminum, and HDPE between January 2021 and March 2022.

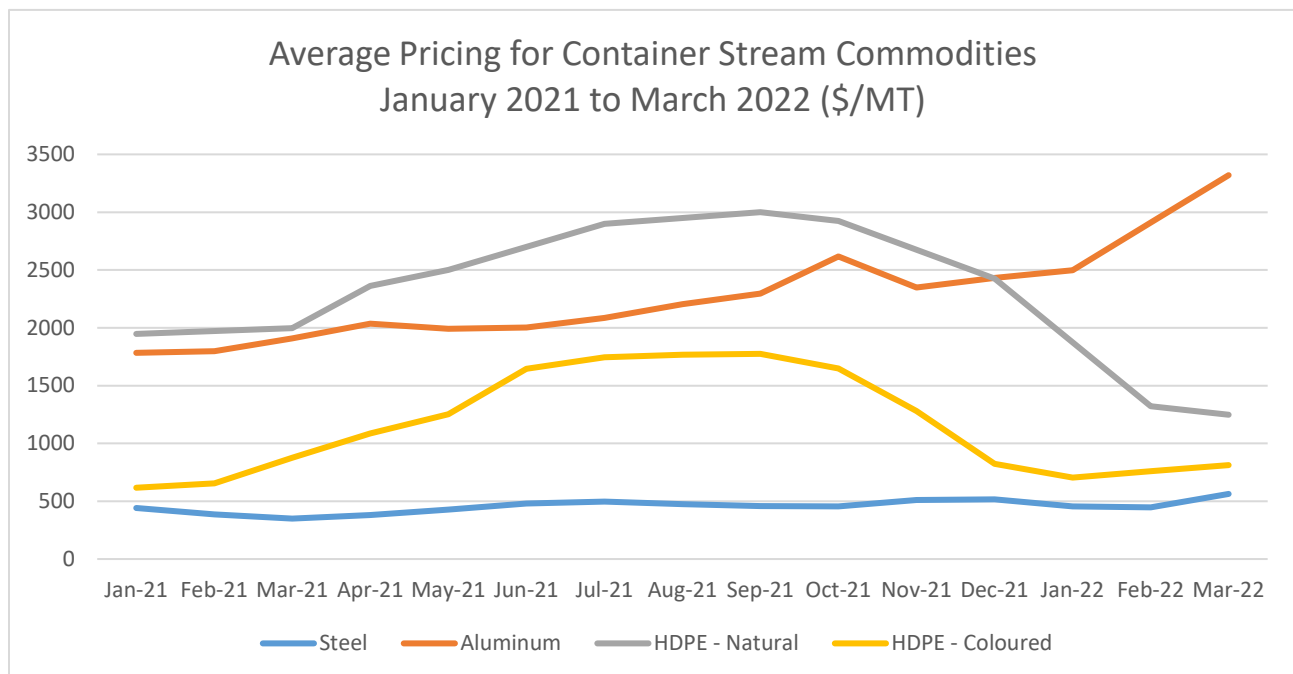
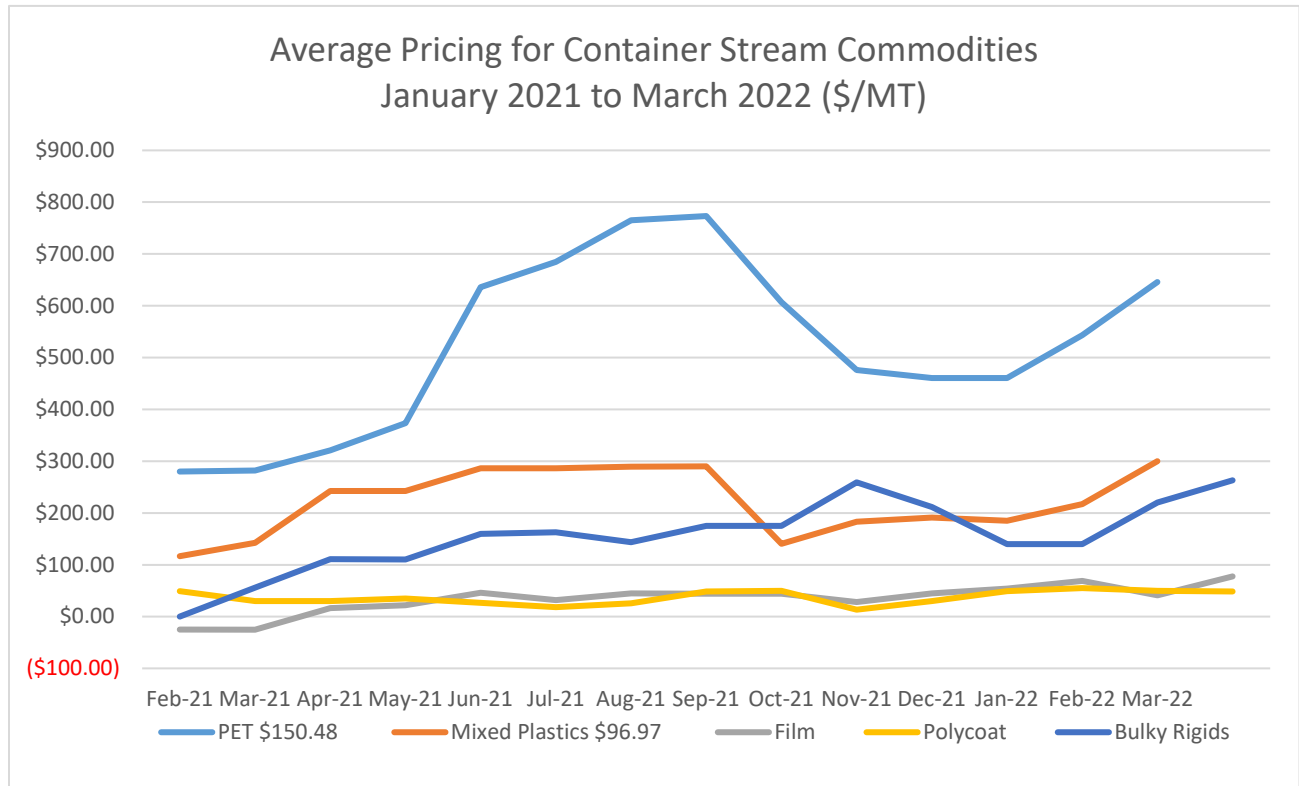


Figure 3 - Average price per metric tonne (\$/MT) for PET, mixed plastics, film and HDPE between January 2021 and March 2022.



Next Steps

Staff will provide a further update to members of the WMPSC in Q3 2022 on the market conditions for Q2 2022.

Respectfully submitted and signed by

Jennifer Wilson, Supervisor Waste Management