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Chair

Mr. Harold Albrecht

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● (1530)

[*English*]

The Chair (Mr. Harold Albrecht (Kitchener—Conestoga, CPC)): I would like to call meeting number 27 of the Standing Committee on Environment and Sustainable Development to order.

Today all of our witnesses are appearing by video. Let me first thank all of our IT people very much for the work they do to make all of this possible. I'd also like to thank our clerk for living out the values of our environment committee by using video conferencing as opposed to a lot of travel. I think this is a great precedent we're setting.

That being said, we'll move to our witnesses. We have appearing from Renewable Energy Management, Mr. Lewis Staats and Doug Starr from Burlington, Ontario. As well by video we have, from the Ontario Waste Management Association, Mr. Peter Hargreave. From the Emterra Group we have Emmie Leung, chief executive officer and founder.

I think three of them are at the same location, which adds to our ability to cut costs and be efficient.

We will start with Renewable Energy Management. I'm not sure if Lewis Staats or Doug Starr is the spokesperson.

It's Mr. Staats.

We'll give each of the witnesses a 10-minute opening statement. Then we'll come back to the members for their questions after all three have made their presentations.

Mr. Staats, go ahead, please, for 10 minutes.

Mr. Lewis Staats (President, Renewable Energy Management): Good afternoon.

My name is Lewis Staats. I'm the president of Renewable Energy Management. I'd like to thank you for having me speak to the hearing today.

I'll give you an overview of the company.

At Renewable Energy Management, we are project development company. We control the Canadian and U.S.A. licence for Entech Renewable Energy Solutions, which is a low-temperature gasification process.

Entech-REM is a joint venture between our two companies, REM and Entech. Entech-REM is the legal entity that is pursuing a proposed project right now in Port Hope, Ontario, and will also be the entity that would pursue other energy-from-waste projects in our licensed areas of Canada and the United States.

As a project development company, REM does partner and will be partnering with organizations and companies that have industry experience in energy from waste, like an EPC organization, to engineer, procure, and construct the facility we're proposing for the Port Hope-Wesleyville area.

We'll also be working very closely with equipment vendors with best available technologies for the front end, a material recovery facility where the waste will come into our facility. Also, we're working with them and with equipment vendors and areas for the boiler, steam turbine, and air quality control systems, which are all key components of the energy-from-waste facility that we're proposing to build in Port Hope. REM is answering the call for the Government of Ontario's need for thermal and gasification technologies to address Ontario's ever-increasing waste and environmental issues.

I'd also like to mention that I'm also the president of Grand River Green Power. Grand River Green Power is a 100% aboriginal-owned company, based on the Six Nations of the Grand River in southern Ontario. Grand River Green Power was established in 2005 with a focus on investing in green energy companies, our initial focus being in the wind and solar area.

Grand River Green Power conducted detailed wind studies on lands that we control in the Six Nations first nation community, but the wind regimes proved to be marginal at best, so we expanded our scope after that. We actually took a bit of a detour and did some other investments, but in 2012 we came back and decided within our management team to refocus Grand River Green Power and expand our area of investment opportunities to include other green energy verticals, with a desire to invest in Ontario, Canada, which resulted in our introduction to Renewable Energy Management.

Grand River Green Power did extensive due diligence on Renewable Energy Management and the Entech technology, which included a trip down to Port Hope to get a first-hand introduction and first-hand information about a project that was already in the works when we were looking at REM for a potential investment. In the fall of 2012, Grand River Green Power made the decision to invest. With the investment, we became the second-largest shareholder in Renewable Energy Management. I became the day-to-day present of REM in March of 2013, and I've been leading our efforts ever since then.

I will tell you a little bit about Entech. Entech's head office is in Perth, Western Australia. Entech has 20-plus years in the energy-from-waste space, and they specialize in the low-temperature gasification process. Much like REM, Entech is a company that designs, engineers, and commissions facilities based on their low-temperature gasification process, also in conjunction with local EPCs and other vendors in the areas wherever their facilities are being built.

Entech's system is modular in design. This design allows each facility to effectively process waste based on the volume and energy content of the waste streams that are available. There's no "scale up" risk with additional modules in a facility like the one we are proposing. Entech has years of experience in processing numerous waste streams utilizing their low-temperature gasification process.

In terms of the Port Hope project itself, we actually sent a contingent of people, a delegation from Port Hope, along with our staff, to visit two operating Entech facilities in Poland as we continued to move through the process of getting the energy-from-waste facility started in Port Hope.

The final thing I'd like to talk about in the presentation is our workings with the Ministry of the Environment here in Ontario. Our proposed project meets the MOE's requirements for their environmental screening process for waste management projects, according to Ontario regulation 101/07. Conestoga-Rovers and Associates were appointed by Renewable Energy Management as our environmental consultants to carry out numerous studies and the work required to meet the strict requirements that are put in place by the MOE.

● (1535)

REM has done a substantial amount of consultation over the past four years as the proposed project in Port Hope has evolved. The consultation has been with key stakeholders in the area, including the Municipality of Port Hope, Northumberland County, aboriginal groups in the area, academic institutions, the local business community, and the general public, with three open houses held over that period of time.

Entech-REM submitted our environmental screening report to the Ministry of the Environment in Ontario in late September 2013. Subsequent to the environmental screening report being submitted, REM, in conjunction with Conestoga-Rovers & Associates, is at this point in time conducting a human health and ecological risk assessment report to further support the environmental screening report and assure compliance with the MOE's regulatory requirements. This final detailed report is in the works right now, and will be completed later this year.

With that report finalized, the Entech-REM project will move into the second and final stage of the MOE approval process here in Ontario, which is an environmental compliance approval. That's the final stage of the MOE approval process, which focuses on the actual design and operation of the facility we're proposing to build in Port Hope.

It's only after we get through our final approval from the Ministry of the Environment on the steps I've just outlined above that we would be looking to begin construction of the proposed energy-from-waste facility on Wesleyville Road in Port Hope, Ontario.

Thank you.

The Chair: We'll now move to Mr. Peter Hargreave from Mississauga, and the Ontario Waste Management Association.

Mr. Hargreave.

Mr. Peter Hargreave (Director, Policy, Ontario Waste Management Association): Thank you very much. Thank you for the opportunity to provide a submission today.

As background, the Ontario Waste Management Association is a not-for-profit industry trade association. We represent over 300 private and public sector members who manage roughly 85% of the waste in Ontario.

Our members have diverse interests and capital investments in areas such as waste and recycling collection, landfills, transfer stations, material recycling facilities, energy from waste facilities, organics processing, and hazardous waste from both recycling and disposal perspectives.

Today's topic is quite expansive and would likely fill several days of discussion, so I have chosen to focus specifically on three areas in which the federal government should be taking a more active role. These are doing data collection, providing environmental standards, and ensuring competition and extended producer-responsibility programs.

I should emphasize that we are speaking in an Ontario context. The situation in each province is slightly different, but there are obviously a lot of consistencies.

Let me begin by providing some context about current problems and opportunities associated with waste management. The waste management sector is in the process of a monumental change. Previously materials managed were regarded as suitable only for disposal. This is certainly no longer the case. Waste collected is valued as a source of raw materials and energy that can be rerouted back into the economy after proper processing and collection. Recycled materials are actually commodities: aluminum, steel, paper, and so on.

Organizations are spending millions to pursue these commodities, but innovation and technological advancement can achieve only so much. Whereas there has been some success in harnessing the value of Ontario's waste, particularly residential waste, the overall recycling rate or diversion rate has remained relatively stagnant at under 25% for the last two decades. As a result the vast majority of our waste remains destined for disposal, and around three million tonnes of industrial commercial waste is exported to U.S. disposal facilities. That represents around one-third of Ontario's annual disposal needs. It represents an enormous loss of resources and economic opportunities.

It is not just the material or energy value from the waste that is lost but also the business opportunities associated with integrating recovered resources into new products and packaging that can be sold again. Diversion activities are hindered largely as a result of the wide differential between the cost of disposal and the cost of diversion. Issues related to convenience and capacity are also contributing factors.

As the waste management sector is largely dictated by regulation, it will take strategic government involvement to harness the value of waste as a resource. This involves utilizing economic tools and opening competitive markets coupled with environmental standards and oversight.

A Conference Board of Canada report released last week confirms what we have long known, that there is a significant net economic opportunity associated with waste diversion. A conservative estimate by the Conference Board of Canada suggests that if Ontario's waste diversion rate were increased to 60%, that increase would support close to 13,000 net new jobs in the province and provide a boost of about $1.5 billion to the GDP.

While jurisdictions throughout the world are moving forward with strategies to take advantage of waste diversion as an economic driver, we are being left behind. Over a year ago we released a report entitled “Rethink Waste”, which provided recommendations to better harness the economic benefits of resource management in Ontario. Several of these recommendations apply to the federal government.

Let me start with the need for sound data. Statistics Canada is currently the only source of broad-level information on the movement of waste materials in Ontario and across the country. I've referenced some of their numbers in my presentation so far. While it provides a reasonable high-level picture, it does miss large portions of data, and it lacks detail that would allow businesses and policy-makers to make more informed decisions. This is an area in which the federal government should be working with provincial governments and with the waste management sector to make improvements.

We've also consistently advocated the importance of environmental standards for the waste management sector. Currently companies that play by the rules in terms of quality and due diligence are often adversely impacted by companies paying scant regard to how their processes affect the environment and human health.

● (1540)

Without a common set of environmental standards, it is difficult, if not impossible, for recyclers and other diverters who have invested in sound technology and processes to compete in the marketplace, since non-conforming processors are able to sell their materials at a lower cost for higher margins. These standards are needed to help foster competition and innovation in the waste diversion sector by promoting a level playing field amongst processing facilities.

Evidence for this has been seen in the aftermath of China's Green Fence policy, which strictly enforces regulations on importing contaminated scrap materials into the county. While the policy has put some recyclers out of business, at least temporarily, it has opened up opportunities for those companies that invested in sorting equipment and labour as well as other features to deliver high-quality material.

In addition, an accountability framework is also necessary to enhance the transparency of material flows from the point of collection through to final disposition. There certainly have been a lot of concerns around the export of materials like waste electronics, plastics, and other waste materials.

With a vacuum in political leadership, the OWMA has moved forward with funding a process under the Canadian Standards Association to develop a broad-based recycling guideline. Our hope is that the guideline will be used by purchasers of services, including governments, or adopted by the government as a requirement to operate.

Finally, I want to touch on extended producer responsibility and competitive markets. EPR is an economic policy approach in which producers of products and packaging bear responsibility for ensuring proper end-of-life management of those materials. It is a policy concept that's been endorsed by the federal government and by the CCME.

The application of EPR has grown tremendously over the last five years and is expected to continue to grow across the province. In most jurisdictions, under this approach, stewards of designated materials combine into a single collective stewardship agency. These monopolies allow businesses to run collective programs, set recycling fees, and externalize these fees directly on to the consumer. In many ways, eco-fees are private taxation, in essence.

In Ontario, the Minister of Environment and all the political parties have referred to these agencies as a form of cartel. Take waste electronics as one example. The Electronic Products Recycling Association operates programs in B.C., Saskatchewan, Manitoba, Quebec, Nova Scotia, and P.E.I., and indirectly in Ontario. In these provinces, this entity is allowed to directly charge consumers over $115 million in fees annually, completely unhindered by government oversight or accountability.

Taking into account other materials including tires and beverage containers and new programs coming into effect, the impact on the consumer grows exponentially. The consumer has no choice but to pay these fees. It is amazing that the Competition Bureau has not addressed what is essentially fee-setting under the auspices of environmental protection.

In Europe, competition bureaus have started to take action. Germany and Austria have both recently taken steps forward towards market liberalization and the elimination of producer monopolies, which distort both consumer and recycling industry markets.

The German Federal Cartel Office indicates that, after addressing these monopolies, costs to consumers dropped by more than 50%.

The Competition Bureau in Canada should be taking action in this area. These issues have been brought to its attention, but as of yet there has been no substantive action. We have the opportunity to avoid the competition pitfalls experienced in Europe in this area, but the bureau really needs to engage this issue.

Thank you very much.

● (1545)

The Chair: Thank you very much, Mr. Hargreave.

And thanks to both of our witnesses so far, for being well under their allotted 10 minutes.

We'll move finally to Emmie Leung, chief executive officer and founder of the Emterra Group.

Go ahead, Ms. Leung.

Mrs. Emmie K.H. Leung (Chief Executive Officer and Founder, Emterra Group): Thank you.

My name is Emmie Leung. I am the CEO and founder of Emterra Group.

I would like to give you a little of my history. I was born in China and raised in Hong Kong, and I got my degree at the University of Manitoba. I came to Canada in 1972 alone without family, and I truly enjoy to being in Canada, particularly Manitoba. They certainly live up to their name there of “friendly Manitoba”. I'm grateful to have this opportunity and say thank you to Canadians. I became a Canadian citizen many years ago and I'm very happy and very proud to be a Canadian.

I will go back to how I started the business. In 1976 when I graduated I could not find a job. Just like any young graduate with a lot of aspirations. I ended up saying to myself that if nobody wanted to hire me I might as well become my own boss, so I created the business. But at the time of creating a business, of course being a poor student I asked myself if I should sell lemonade or create a hot dog stand. I realized when I was looking for a job that there were a lot of available commodities in the streets and back alleys: old cardboard and newspapers. I came from a country where they would take them as resources. Immediately a light came on. I said I was going to start a business in recycling. At that time the word “recycling” was not there. They called me the junk lady.

So I went to Vancouver to start the business in 1976. I started the company and started picking up newspaper. It was a one-man-band, so I know the business really well. Now our company is a $100 million business annually, and we employ approximately 1,000 people. So I am very proud to be here to tell you the success story.

Our business is 100% the result of diverting waste and creating value. So let me give you an introduction to our business and how this business can help Canada as well as the economy. Later on I will give you some prime examples of what I have achieved and the data and then the recommendations.

Our company looks at things differently. What do we care about? We care about your discards—something you have no more room for. So we transform these discards into saleable commodities, and green energy too.

We have 17 operations in Canada: eight in B.C., seven in Ontario, one in Manitoba, and one in Saskatchewan. We have processed half-a-million tonnes of recyclables and we service close to 10% of Canadians every day. We have four operations. First is Emterra Environmental...[*Inaudible—Editor*]...as an integrated company, collecting recyclables and solid waste as well as processing the waste into commodities and marketing it.

The next division of our company is Canadian Liquids Processors Limited, which is a unique company. It turns liquid waste into ethanol. Another company we have is Emterra Tire Recycling, which turns old tires and scrap tires into rubber seals and fibre. And, you will laugh, because I have a landfill. Whatever we cannot recycle I am pleased to put it in the landfill.

As I mentioned, every one of our companies is integrated. We go to the customer to pick up the recyclables and turn them into finished products and then we sell them. Our goal is to work with our partner to reach their waste diversion and waste reduction in the most effective and efficient way.

● (1550)

Throughout these 38 years we have had lots of milestones, of course. As I mentioned, in 1976 I started the company. In 1982 I started the first operation in B.C. In 1995 I expanded into Ontario to start the company, and in 2003 we expanded into Manitoba, and last year we expanded into Saskatchewan.

In 2003 we started the largest cold climate, extreme climate, wind fleet. We have 58 CNG trucks every day on the road to collect waste as well as recycle in the city of Winnipeg. We just placed an order for another 20 some-odd CNG trucks and placed an order for another CNG station.

By the end of this year we will have three CNG stations installed and working. Fast forward to this year and we created a company called Green by Nature EPR, which services Multi-Material BC. The company's been selected to process all the recyclables in the whole of British Columbia.

As I mentioned, the company is very integrated and we see the value chain. Right at the bottom is waste and it goes all the way to creating a product that commands $2,000 in revenue, which is aluminum cans, and for some of the plastic we command $600 or $700 a tonne. Of course, I hear lots of people talk about mixed plastic being a hassle or a problem. I'm going to tell you that this is not correct. There are lots of myths out there, and we understand there are 58 containers in [*Inaudible—Editor*] that create lots of problem, and I'm going to introduce some innovation and share with you.

We just mentioned a little bit about Emterra Tire. In all my companies, including the liquid processing company, 100% of the waste is being recycled. There are no emissions. There's no pollution. So you have an industry of that nature. I believe every one of your decision-makers has opened their arms to welcome us, and I hope so. I count on that.

With respect to the liquid waste processing company, we take in anything you put in your mouth, or more, to the liquid waste primary, including stale products or over-production product recall, which is a confidential destruction business. After the destruction lots of people just put it back into the landfill, but we don't. We recycle all; the liquid goes through a fermentation process and into ethanol. We bale up all the packaging, just like the bottles and the cardboard, and then sell it as a commodity. Again, in this business 98% of our incoming product is being recycled.

As I just mentioned a little while ago, the ethanol is being incorporated into the diesel, creating biodiesel, and right now we are creating a new product called windshield washer fluid from the liquid waste. That is wonderful. It's a cradle to grave product.

● (1555)

The Chair: Ms. Leung, if I could just interrupt you for one minute. You have one minute left and I want to encourage you to move most quickly to the most important part of your presentation.

Thank you.

Mrs. Emmie K.H. Leung: Okay. Thank you.

Innovation is very important in our business because things change every day. In the old days, we hand-sorted. Now we mechanical-sort and optical-sort. That means efficiency. I would like to share with you information on our costs for the region of Halton. It's only 78¢ a tonne for the blue box costs. That's for the integrated ones, not the other ones, because they did not employ the most innovative system to do so.

I'd like to give you our recommendations. As you say, that's the most important part. We spend lots of money on innovation, and I'd like to make our recommendations to you.

Our company employs a thousand people. I've read the same thing that Peter has, in reference to the Conference Board, where they talk about 4.88 full-time equivalents if we recycle one thousand tonnes of recyclables. Right now we understand that we only recycle 11% of our six million tonnes of our garbage in Ontario. If commercial businesses followed the residential sector and diverted 38% of their waste, they would be able to increase job creation by 12,000 people. If we extended that nationwide, you can imagine how big that opportunity would be. Of course, with jobs we have a multiplier effect in terms of economic development.

The next thing I'd like to encourage you to do, and recommend that you provide, is R and D. I'm not here to ask you for money. The important thing is that I'd like you to create an agency to give one-stop shopping so that we don't have to go through a stack of paper to find out where we get help.

The next recommendation I'd like to make—

The Chair: Ms. Leung, I need to interrupt. We're well beyond your 10 minutes.

Hopefully you can incorporate some of your recommendations into your responses to committee members' questions. If not, you've given us a great slide deck in English. Unfortunately, because it wasn't in both languages, we weren't able to distribute it to all committee members, but it is being translated. Your recommendations are clearly articulated there, so don't be afraid that we will not get to them. Although we don't have time today to let you continue with your presentation, if you could work your recommendations into your responses, that would be great.

So thank you very much for your presentation. It was very interesting.

Our first questioner will be Mr. Woodworth, for seven minutes.

Mr. Stephen Woodworth (Kitchener Centre, CPC): Thank you very much, Mr. Chair.

My thanks to all of the witnesses. It's really great to hear evidence of this nature, because often we have a story of doom and gloom spread by many in our government system about environmental efforts. Each one of you has a real story of hope and optimism going down the road, and I thank you for that.

In particular, Ms. Leung, I'm sorry that you're not here in Ottawa; I would liked to have met you and shaken your hand in person. You've clearly been a prototypical success story. I congratulate you on the business you have built.

I'd like to begin by asking each of you if you've had any assistance from or involvement with a federal agency known as Sustainable Development Technology Canada and, if so, what your involvement with that company was.

Maybe I'll start with you, Ms. Leung, because you were talking about research and development. Have you had any engagement with Sustainable Development Technology Canada?

● (1600)

Mrs. Emmie K.H. Leung: I have to apologize, but no, I have not.

Mr. Stephen Woodworth: All right. I'm not saying that you have to, but I know they're interested in issues of this nature, particularly green energy.

Mr. Staats, have you had any involvement with Sustainable Development Technology Canada?

Mr. Lewis Staats: I don't believe we have, or not in my tenure with the company.

Mr. Stephen Woodworth: Okay.

Mr. Hargreave, I would ask you the same question.

The Chair: I believe he has disappeared temporarily.

Mr. Stephen Woodworth: Oh. Sorry about that; I'll move on to something else.

Mr. Staats, I'd like to ask you about the economic model that your operation will pursue. Obviously you've made a pretty healthy capital investment. I don't know whether any other level of government has also invested in the capital development of your operation, and I would like to hear about that.

I'd like to hear also about what the economic model will be going forward. How will ongoing costs be recovered?

Mr. Lewis Staats: Thank you very much.

Basically, Renewable Energy Management is a completely private sector company with private sector investment. To date we have requested no government funding nor has any been put into the company.

The economic model of our proposed facility—again, on the premise that we get all of our approvals—would have a capital investment of $150 million to build and commission the facility, creating 250 construction jobs over a two-and-a-half year period. Then it would sustain 34 or 35 full-time jobs once it's commissioned and in operation.

Our business model would see us processing 165,000 tonnes of waste. We would negotiate a tipping fee for that waste to be brought to our facility. The other end of it is that we will be negotiating for a power purchase agreement with the Ministry of Energy here in Ontario to take the 15 megawatts to 18 megawatts of power we will produce from the 165,000 tonnes of municipal solid waste and IC&I waste we will process through our facility.

Mr. Stephen Woodworth: On that last point, Mr. Staats, will you be receiving a competitive market fee for the energy you produce, or will you be requiring some form of government preference in that fee?

Mr. Lewis Staats: Again, at this point in time our understanding of the process is that we're going to be negotiating with the Ontario Power Authority for the amount that we would be paid per kilowatt for our energy that we produce from processing the waste. The expectation is that we'll fall within the acceptable levels the government would have in negotiating other power purchase agreements for companies that are in our stream. As I said, there have been a few that have been coming on stream, including one just west of us in the York-Durham region, and we would expect that we'd be negotiating a similar deal to theirs, with our facility.

Mr. Stephen Woodworth: That's very good.

I'd like to stay with you just for another minute, Mr. Staats, although on a slightly different subject.

I'm not really familiar with gasification. I don't know what by-products are left over when you gasify. Are there, for example, GHG emissions? Is there water that has been in any way contaminated? Can you sort of describe the chemistry, if you will, of gasification and what adverse impact, if any, it would have on the environment?

● (1605)

Mr. Lewis Staats: I'm going to have Mr. Doug Starr answer that question.

Mr. Doug Starr (Executive Vice-President, Renewable Energy Management): The low-temperature gasification process.... First of all, all the waste, sir, will be under contract and there will be specific types of organic waste brought to the facility.

As the waste goes through the thermal degradation or the primary gasification chamber, basically what we're doing is culling out all the carbon base that's in the waste and we're producing what's called a synthetic gas, or syngas. As a result of the process, we are right now decomposing or degrading the waste down to about 2% remaining as an inert, non-toxic ash.

As a result of putting through 100 pounds, we're left with 2% of that product as an inert, non-toxic ash. What we are creating is a synthetic gas. It will then be combusted, just as we combust a natural gas. For this particular facility proposed project, we'd be taking that gas and turning it into a high-pressure, high-temperature steam through a steam turbine to produce the electricity that we'll be purposing.

All of the impurities or compounds are going to be oxidized in the syngas burner and consequently at the back end, as Lewis alluded to in the presentation, we'll have an air quality control system that's designed to pull impurities out of the process.

The Chair: Okay, thank you, Mr. Starr and Mr. Staats.

Mr. Woodworth, do you want to take 15 seconds to ask your question of Mr. Hargreave, regarding Sustainable Development Technology Canada?

Mr. Stephen Woodworth: Yes, thank you.

Mr. Hargreave, I was just inquiring from each of the witnesses whether they had any dealings or assistance in the research and development or other areas from Sustainable Development Technology Canada, and I would ask the same—

Mr. Peter Hargreave: We have not, to my knowledge.

The Chair: Thank you.

We'll move now to Ms. Leslie for seven minutes, please.

Ms. Megan Leslie (Halifax, NDP): Thank you, Mr. Chair.

Thank you, witnesses, for your testimony.

I have a few questions.

I would like to start with Mr. Hargreave regarding the Ontario Waste Management Association. My questions aren't really of a federal nature. I'm just curious, because you're an association, and I admire the policy advice and the advocacy that you do around waste management. I appreciate that your association is there to push back a little bit on those who oppose more environmental plans for waste management. I think that's great work. I'm just curious about how your association functions. You have a whole bunch of members, so how can you take a unilateral action as part of the association? Do you need each one of your members to buy in? Are there any problems with different companies saying, yes, they support this or that? I know it's not a federal question, but I'm just curious about how your association actually works with all these member organizations.

Mr. Peter Hargreave: Certainly, as I said at the beginning, we have organizations that are from the private sector, and we represent roughly 70 municipalities as well. So there are certainly differences in perspectives depending on where those members are coming from. We have folks on our board who own landfills and folks who are primarily in the recycling business.

Generally everything goes to the board. There's very rarely, I would say, dissent in the board. The board has the ability to make the final decision. We have committees that are set up and that bring advice to that board. I would say, too, there's been a large amount of agreement. All of the decisions we've brought forward about supporting different types of policy tools—like disposal bans, disposal levies, extended producer responsibility—have all moved forward with unanimous consent.

Ms. Megan Leslie: That's great. It seems as though you've had good success.

Mr. Peter Hargreave: I think the industry as a whole understands that it needs to change, and it wants to change, and it's about getting those right conditions in place to make sure things can move forward in a sustainable manner.

Ms. Megan Leslie: Thanks for that.

My next question is for everyone. It's a broader policy question for us here at the federal level.

Maybe, Mr. Hargreave, you could start. What are some of the risks we need to know about when it comes to the management of waste with regard to, for example, combustion or gasification or dangerous material? What are some of the risks that we, as federal policy-makers, need to know about? Where is the opportunity there for us? Is it in the Canadian Environmental Protection Act and the regulation of toxins? How can we be helpful there?

● (1610)

Mr. Peter Hargreave: When you're managing any type of waste, whether it's dealing with recyclable materials or disposing of hazardous materials, there's obviously risk associated with it. There are always risks involved with that waste. That's why we always talk about the need for rigorous environmental standards. Usually those standards are provincial in nature. They have the jurisdiction to put those standards in place, but certainly there is a role for the federal government. We are looking at potentially the federal EPA or other types of areas like that. I know that Environment Canada has certainly been looking at extended producer-responsibility types of models from a federal perspective, but there are certainly ways for the federal government to deal with it that way. Obviously, you have a large role when it comes to import-export rules and management of hazardous materials and the flow of those materials.

Ms. Megan Leslie: That's great.

Would any of the other witnesses like to contribute to that?

Mrs. Emmie K.H. Leung: I'd like to.

In terms of ways, I believe you have a whole host of regulations to deal with what you call toxic hazardous materials already. What I feel you do not have much of is regulations for general waste, our "benign waste" that needs to be disposed of. We feel that if all of this general waste is put into the landfills or it is burned though incineration, then we are burning our resources. We need to change our mindset to look at waste not as waste but as a resource. I believe that there is not much waste.

Ms. Megan Leslie: That's great.

Mr. Lewis Staats: My comment on that is that in the facility we're proposing at this time we are accepting non-hazardous waste, so our waste stream into our facility would be municipal solid waste and IC&I. Our process very much adheres to the strict Ontario Ministry of Environment regulations. I see the government's role, both federally and provincially, as providing those regulations for the general public.

Ms. Megan Leslie: How much time do I have left?

The Chair: You have about a minute and a half.

Ms. Megan Leslie: I'll stick with Mr. Starr and Mr. Staats.

I have a technical question about your business.

I'm from Nova Scotia. The majority of our electricity is produced by coal-fired power plants, and we are almost at a maximum in terms of bringing traditional renewables like wind or solar online, because we don't have a good load-follower. When the wind has collapsed, you can't just flick on the power in a coal plant. You can open up a dam, so hydro is a natural load-follower to something intermittent like wind.

Is this use of biomass a suitable companion for wind and solar the way I'm describing it? I don't understand your technology well enough to know.

Mr. Doug Starr: I'll take a minute to answer that.

Our system, our process, is based on where you designate it as baseload, so we are going to be providing 24-hour power, 24/7. The waste comes in, and obviously during business hours we'll have... [*Inaudible—Editor*]...waste, but we are going to continue to produce power 24 hours a day, 7 days a week.

It's just one little sort of tweak to set.... It's not specific for biomass. It would be specific to municipal solid waste or household waste. It's probably easier to call it household waste and, as Lewis mentioned a minute ago, IC&I waste, which is basically the waste we generate at our business. So with the non-hazardous... [*Inaudible—Editor*]...we'll be processing that waste and providing power 24/7.

● (1615)

Ms. Megan Leslie: Thanks. If I have more time later, I'll ask more questions.

The Chair: Thank you.

We'll move to Mr. Sopuck, please, for seven minutes.

Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC): Ms. Leung, I was very interested in your Manitoba roots in particular, and the fact that you started by recycling old newspapers, cardboard, and so on. You're probably familiar with the Pine Falls Paper Mill just outside of Winnipeg. I used to work there and was part of operating the de-inking plant there.

Just to follow up on the issue of old newsprint, old magazines, cardboard, and so on, given that paper use in our society has gone down significantly, what do you see as the future for a market for old newsprint, old magazines, and so on? Where do you market this material?

Mrs. Emmie K.H. Leung: You really hit it home. As a matter of fact, we shipped to Pine Falls in the old days, until they closed their doors. As you mentioned, the readership or the use of a newspaper continues to go down thanks to the computer and all these emails. The important thing is that this trend continues to go up, in the sense that the consumption of newspapers will go down. That is why there has been a tremendous consolidation in the last 10 years to now. Most of the paper mills are closed. Only the efficient paper mills have stayed.

One good thing is that in the undeveloped world, they still do not have what you call the Internet and whatnot. They still read some papers. At the same time, the packaging and the exports have continued to go.... So the newsprint market, as a general statement, is going downhill because of the consumption, but they are in the third world countries, and a lot of paper mills also have converted the newsprint mills into boxboard mills. They are making paperboard for packaging material.

What you say is correct.

Mr. Robert Sopuck: That's helpful.

Mr. Hargreave, you made the point there's a wide differential between the cost of disposal versus the cost of diversion, and I think that tells me that there's still a cost advantage to landfilling. It may be artificial, but there is a reason that materials go into landfills. What incentives or policies does government need to put into place to deal with this cost differential?

Mr. Peter Hargreave: There are lots of different types of approaches to dealing with the issue of that price differential. It may very well depend on the type of material you're talking about.

Let me give you an example: 99% of the vehicles in Ontario are recycled. The problem with vehicles is there's no environmental standard around how they're recycled, so often scrapyards will crush cars without draining the hazardous liquids in those vehicles. You need an environmental standard to deal with that issue. For other materials there's a price issue, and with certain materials there's a larger price differential than with other materials.

You need to look at things, and that's why we've certainly been expanding our policy papers to deal with things: how would you put in place a disposal ban, disposal levies, or extended producer responsibility programs? Again, for every material the tool might be somewhat different. Again, we need to understand. That's why data is so important to understand before you jump in with a tool.

Mr. Robert Sopuck: Mr. Hargreave, some materials are extremely difficult to recycle and are of extremely low value. How do you deal with them? Do we recycle at any cost?

Mr. Peter Hargreave: That's a government decision. We've certainly been trying to put forward research to look at the economic opportunity with recycling those materials. Again, I think as you look at each material, and how far you want to recycle it, the government needs to weigh that, based on that economic case, to ask at what point does it not make sense to recycle this material? How far do we want to go into the system?

If you look at the Conference Board report, if you look at reports that have been done throughout the U.S. and in Ontario and across the country, I think all of those reports tell you that we're clearly not recycling and diverting materials that we should be diverting, and that would be good for the overall economy. That's from a position of net employment opportunity and net GDP impact.

● (1620)

Mr. Robert Sopuck: Mr. Starr, I think you said your community operates an energy plant. Have you thought of using wood as a fuel source? Going back to my question to Ms. Leung regarding the decline in the production of newsprint because people aren't reading newspapers, they're on the Internet, there's a lot of surplus wood out there that's not being harvested anymore. Is there a potential for the use of wood for energy production in your facility and others?

Mr. Doug Starr: Yes.

Mr. Robert Sopuck: So perhaps some of these forestry communities whose economies have been hurt, some of their harvesting activities could continue to produce energy.

Mr. Doug Starr: Our business model is to understand the waste issues in a particular jurisdiction, and then adapt our solution for the waste. Is it a specific waste stream? Are there barriers to waste issues?

Yes, the technology has the capability of processing anything that's carbon-based that we can turn into energy.

Mr. Robert Sopuck: Ms. Leung, you talked about a role for the federal government in R and D for your industry. Can you elaborate on the kind of research and development that you would like to see governments sponsor?

Mrs. Emmie K.H. Leung: In response to the related question you asked Peter a minute ago regarding whether we should recycle at any cost, I have two answers. The first one is that by using technology, the cost to recycle would be less than the net cost of disposal. That's my stand. Just using Halton Region as an example, their blue box cost is $78. If you take your garbage to the disposal site, it is more than $78.

The next one is the technology. Everybody talks about how it just costs too much money to sort the parts, because there's a plastic problem. But if you use the technology we employ today, the optical sorting, you can sort every type of plastic, from one to seven. It's worth lots of money. So this answers the first question about the tangible part.

The second one is the intangible part. Now we are disposing of our waste not by capturing the real cost, just like polluting the air and polluting the water. If you take that into consideration, I think lots of things can be justified. As Peter says, we need data, we need research and development on how to do things better and more efficiently and more effectively.

The Chair: We're going to have to stop there.

Thank you, Mr. Sopuck.

Thank you, Ms. Leung.

We'll move to Mr. McKay, please, for seven minutes.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Mr. Chair.

Thanks to each one of you.

I'm just trying to get my head around the notion of cutting down a tree and taking it to a waste disposal facility in order to generate energy. It doesn't seem to be a very sensible idea.

I want to direct a couple of questions to Mr. Hargreave first. You and I are looking at television screens here. If we were buying these at Best Buy, Future Shop, or whatever, we would paying some sort of end-of-life fee.

You made some interesting comments about this being a monopoly or an oligopoly. Can you expand on that notion? I had no idea that when I buy a television there is, in effect, an indirect form of taxation. I send off the money. I have no idea where it goes. And I have no idea how that helps with the disposal of the waste from buying a television.

Mr. Peter Hargreave: It's probably a little bit of a stretch, but I'll provide the example of seat belts.

Seat belts are a requirement in vehicles. We require companies to have seat belts in vehicles. Vehicle companies innovate. They figure out the best way to put those seat belts in the car, and they figure out the cheapest way to do it. That's how they approach it.

With recycling, companies form a large agency, a monopsony, and that agency, then, figures out the price. It sets the price for recycling in a jurisdiction. That price gets passed directly on to you, as a consumer, through the retailer. You have no choice as to how much you're paying. There are no competitive tensions within the system to innovate or to find ways to do things more efficiently or more effectively. You are stuck with the price.

What I'm saying is that doesn't make sense based on the economic and market system we have. It's an issue that has come up in other jurisdictions in Europe. Europe has taken notice of that and has started to take actions. Germany is one example. When they took action to break up those monopsonies, the result was a 50% decrease in cost and better environmental standards.

● (1625)

Hon. John McKay: I find that quite interesting. So I don't have any real control over the price. The fee is whatever the fee is.

But going to, apparently, the purpose of the fee, how do I know that the fee is actually used for the purpose I just paid for?

Mr. Peter Hargreave: There is some government oversight, but essentially, those bodies work completely unhindered by any government control.

Hon. John McKay: So they could be spending it on slick advertising or they could be doing something else with it. How do I actually know?

Mr. Peter Hargreave: They still have to have audited statements that come out.

But sure, there surely are lots of ways for them to hide money and move it around. I think that has always been the concern.

The concern, bluntly, from the waste management industry, is that we've gone from a system in which we have hundreds of purchasers to a system in which we have one purchaser that controls the fate of the industry. So they make a decision that could potentially put businesses out of business. That has been the real concern. That's why we've certainly been pushing the Competition Bureau and other provincial governments for a long time.

Hon. John McKay: Is this a provincial government problem? Is it generally a consumer problem as opposed to a competition problem?

Mr. Peter Hargreave: In Ontario it's a problem, to some degree, with how the legislation was written back in 2002. But it should very well be a federal issue.

As I said in my remarks, when you're looking at one organization charging $115 million annually on electronics purchases across the country, surely that's a pocketbook issue that the Competition Bureau should be looking into.

Hon. John McKay: And 115 million bucks sounds like a lot of money to me.

The second issue had to do with your comment that there had to be consistent standards for conforming processes and that there was a vacuum in political leadership. Again, I didn't quite understand. I take it there are some bad actors in every industry, and there's no regulatory framework to get them to comply. Can you give me a specific example of that so I can understand it?

Mr. Peter Hargreave: Again, I think I talked about scrap yards a little bit earlier. Scrap yards are probably a good example. Ontario is in the process right now of providing an environmental standard for how vehicles need to be dismantled and recycled. There is no standard right now, so there are players out there that aren't draining the materials or the fluids from those vehicles or are throwing mercury switches out, and you end up with brownfield lands that saddle the federal or provincial government with cost. So that's one example.

Certainly you can look at other types of facilities and ask if materials are being properly recycled or if the majority of that material is just flowing into countries where it's not being properly managed. Electronics is a great example with the Basel Convention, but there are other materials, and there is big concern around where those materials are going.

So you need to have some common environmental standard and then oversight happening within these areas.

Hon. John McKay: My final question is for Ms. Leung.

Your business model depends upon an adequate supply of material. I hear Mr. Hargreave saying we're at 25% diversion rate and we could be at 60%. Both of you agree that if you look at it differently it is actually a huge amount of value that we're just flushing down the toilet. So the question I have for you is this. Can you access sufficient amounts of material on a regular basis at a cost level that can keep you going 100% on a daily basis?

● (1630)

Mrs. Emmie K.H. Leung: Today, yes. As I mentioned a minute ago, in the last 24 months we have invested $58 million in our business, and in the next 24 months we will probably do the same. There's a tremendous amount of waste, but the education process and getting everyone in business to want to do the right thing is a very slow process. So if we can have what you call legislation, material bans, then that will make a really big difference. We can move as fast as you want us to.

The Chair: Thank you very much, Mr. McKay.

Mr. Choquette, you have five minutes, please.

[*Translation*]

Mr. François Choquette (Drummond, NDP): Thank you, Mr. Chair.

I want to thank the witnesses for their contributions today.

I'd like to ask you about some very relevant issues, such as the extended producer responsibility as regards the polluter pay principle.

But first I am going to propose a motion. I believe most of the committee members have received a copy of it. If possible, we could hold the discussion and vote during the last 15 minutes of the meeting, in public, of course. The motion reads as follows:

> That the Committee meet before the summer recess to consider the public's and the scientific community's growing concerns about the immediate threat posed by seismic prospecting and exploration work currently being done in the marine environment of species listed in the *Species at Risk Act* and other vulnerable species in the Gros-Cacouna region of the St. Lawrence River; that representatives of the Department of the Environment be invited to this meeting to answer questions on this matter and to establish what activities would have been subject to a federal environmental assessment under the *Canadian Environmental Assessment Act* if this act had not been repealed; and that the Committee report its findings and recommendations to the House.

[*English*]

The Chair: We have a motion before us.

Go ahead, Mr. Woodworth.

Mr. Stephen Woodworth: Point of order, Mr. Chair, if it is a point of order.

I propose that, as is our usual practice when we are dealing with the determination of committee business, we suspend the public meeting and go in camera.

The Chair: Mr. Woodworth, I just need a motion, not a point of order.

Mr. Stephen Woodworth: I will make that motion, please. Thank you.

The Chair: So we have a motion to move into camera.

[*Translation*]

Mr. François Choquette: I'd prefer a recorded vote, please.

[*English*]

The Chair: Go ahead, Ms. Leslie.

Ms. Megan Leslie: Can there be a point of order on the motion? It's non-dilatory; I'm not going to debate it.

The Chair: Okay.

Ms. Megan Leslie: I just wanted to point out that Mr. Choquette said it would be fine to do this at the end of the meeting, if people are agreeable to that, rather than suspend mid-meeting.

Mr. Stephen Woodworth: In that case, I would accept that.

The Chair: So we will move into camera five minutes before the end of the meeting.

[*Translation*]

Mr. François Choquette: We aren't required to go in camera. We can certainly do it in public. When I was on other committees, we did everything in public.

[*English*]

The Chair: Mr. Choquette—

As chair of this committee, I want to remind you that we had agreed to the parameter of the study that we're doing. At least I give you credit for consistency; you've done this each time. But we have had an agreement at this committee that we deal with committee business in camera. I just wanted to remind you of that.

[*Translation*]

Mr. François Choquette: That's fine. I'll carry on with my questions.

How much time do I have left, Mr. Chair?

[*English*]

The Chair: You have three minutes and thirty seconds.

[*Translation*]

Mr. François Choquette: Very good. Thank you.

I'd like to discuss the polluter-pay principle. Everyone supports it, but not necessarily when it comes to the implementation.

Ms. Leung, you said it would be important to look more closely at the costs associated with air and water pollution.

As part of this study, I am wondering where the federal government could help you and how it could meet your needs.

I think really applying the polluter-pay principle would be one way to put a price on air and water pollution.

Could you share your thoughts on that?

● (1635)

[*English*]

Mrs. Emmie K.H. Leung: Could you please repeat that? I was missing the translation.

[*Translation*]

Mr. François Choquette: This is for Ms. Leung, but may apply to everyone.

We talked about the importance of the polluter-pay principle. Everyone supports it, but not necessarily how it should be implemented.

As I see it, this principle is really the way to go as far as the federal government's role in municipal waste management is concerned. Otherwise, I can't really see how else it could play an important role.

Ms. Leung, you talked about air and water pollution. You said we should be giving these problems greater consideration and perhaps even be attaching a price to greenhouse gas emissions.

Mr. Woodworth also said it was important to take greenhouse gases into consideration. Last week, witnesses told us that a price should be attached to carbon and that it would contribute to sustainable development.

I'll let you answer that.

[*English*]

The Chair: Just let the witness answer—

Thank you.

Ms. Leung.

Mrs. Emmie K.H. Leung: Certainly I agree with the polluter pay principle. This is first and foremost. Those who do harm or don't do the right thing should pay the consequences.

EPR enshrines that principle because right now some jurisdictions pay 50% of the cost of handling the end-of-life product. Some pay 100%, so I truly endorse what you call polluter pay, but on how to quantify it in dollars and cents, I need to delegate these responsibilities to the learned people who can quantify it and do the numbers. This is my endorsement.

The Chair: Thank you, Ms. Leung.

We'll move now to Mr. Toet for five minutes, please.

Mr. Lawrence Toet (Elmwood—Transcona, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses today. It has been very helpful.

Ms. Leung, thank you for the shout-out to friendly Manitoba. It's very much appreciated.

Being from Winnipeg, I am somewhat curious. I know Emterra runs the program there. You mentioned the blue box recycling program costing $78 and that the other waste, which I understand Emterra also takes care of in Winnipeg, is more expensive.

Can you give me some idea of the difference we're paying between the blue bin and the regular bin?

Mrs. Emmie K.H. Leung: Right now you will transition from the blue box to the recap program in your city. I do not have a dedicated, exact number. The City of Winnipeg gets close to between $80 to $100 a tonne from us for the recyclables in the curbside program. We help them to process and sell the recyclables and give them back to them that amount. So I would imagine that would pay for the actual physical collection and processing. I understood that the city has some kind of utility charge, but that would include the educational program, the administrative program, and I don't know how that comes about.

Mr. Lawrence Toet: Do I have it correct, though, Ms. Leung? Do you actually take care of the waste disposal in Winnipeg also?

Mrs. Emmie K.H. Leung: Yes, we also do the collection of garbage waste as well as yard waste for compost.

Mr. Lawrence Toet: What I'm trying to get at is that you said there was a differentiation in the pricing and costing. Is it more costly to the city for the waste that you're picking up, or is it more costly for the recycling bin, the cart bins?

● (1640)

Mrs. Emmie K.H. Leung: In terms of just collection, recyclables cost a bit more to collect because they're lightweight. With garbage, you have a lot more and just for collection it is cheaper. But when you integrate the whole cost structure—the cost of disposal, the cost to look after the landfill for 30 years, and all of that together—I believe recycling is cheaper. Again, it depends whether you're going to incorporate today's costs and immediate costs or you take into consideration the external costs. Once you take into consideration external costs, recycling is definitely cheaper.

Mr. Lawrence Toet: Thank you.

Mr. Hargreave, I had a question for you. In your opening remarks, you talked about the need for sound data. I was just wondering if you could share with us what detail or what data you would require that is currently not available to you.

Mr. Peter Hargreave: Just really quickly, I'll follow up on Emmie's point. Just so people are aware, in Ontario right now, to ship waste, the tipping fee in Michigan is sub-$10. That just gives you an idea of some of the differential fees for waste versus recycling.

With regard to StatsCan, their data right now looks only at waste that's flowing through waste management companies, so it doesn't take into account waste that flows from a generator potentially directly to a processor. There's a gap in data there, so we don't completely know what's happening to those materials that flow. The data is not very detailed either, so again when you are trying to understand organic waste, that obviously encompasses a lot of different types of organic materials, some that facilities like anaerobic digesters would be much more interested in than a strictly compost facility would be.

So it's about getting in more of the granular information there, and then about trying to get to some of the data that is not being captured right now. A lot of it is being missed, for example, in the case of companies that are sending materials directly to a paper processing mill, let's say. There are materials that go directly from a food processor to be animal feed. Right now none of that data is being captured in the StatsCan data.

Mr. Lawrence Toet: Okay. That's great.

Mr. Peter Hargreave: They are certainly well aware of this, but there just haven't been the resources or the intention to deal with those issues.

The Chair: Thank you, Mr. Toet.

We'll move now to Monsieur Morin.

Mr. Marc-André Morin (Laurentides—Labelle, NDP): I'll share my time with Ms. Leslie.

Mr. Hargreave, you talked about cultural shifts.

This thing is....

I've lost my thought. I'm sorry.

The Chair: Ms. Leslie.

Ms. Megan Leslie: Thanks.

I'm going to ask a question to all four witnesses. I think it was Mr. Hargreave who talked about other jurisdictions taking action and us being left behind. I'd love to know where we should be looking. Which jurisdictions should we be turning to? What are some good examples you can share with us of how things are working in other jurisdictions for promotion of technology or for support for these kinds of initiatives? I'd actually love for all the witnesses to answer that.

Mr. Peter Hargreave: Maybe I'll start off. Certainly if you look across Europe, you will see that there are obviously other motivators happening there. But if you look at a number of different jurisdictions in Europe—the United Kingdom, Germany, Austria, the Netherlands—you will see that there are lots of things being done in those jurisdictions to better capture the value of waste. They've actually put together strategies around increasing the amount of materials that are diverted. They are using different tools, like many of the things we have talked about today—disposal bans, disposal levies, extended producer responsibility programs—in order to capture more of the resources within the waste.

There are lots of different jurisdictions but again they are very, very different. This is always the thing. We can take lots of advice from those jurisdictions, but we have a bit of a different situation. Primarily for waste, our biggest issue, at least from an Ontario context, is that we've got a large open border with the U.S. and the materials that can flow easily to the U.S. are really what dictate what happens in Ontario.

● (1645)

Ms. Megan Leslie: Okay. If I have time, I'll come back to that.

Ms. Leung, would you like to answer that question about other jurisdictions that you know about?

Mrs. Emmie K.H. Leung: Yes. What I would like to do is piggy-back onto what Peter said. Definitely Europe is far in advance, but mind you, we are the ones that did the curbside program first. They came here to learn from us. But just because they have the economic means.... Why do I say they have the economic means we don't have, or we don't use? It is because their disposal fee is £200 per tonne. We echo what Peter says. If our disposal fee in Canada is between $10 and $50, nobody is going to recycle. It is cheaper just to put it in the dump. So what I need to put forward is this: as a regulator, the government can do lots of good to make sure that the disposal takes into consideration the external costs, like our water, the air, and the leachate. If you don't, it means that people will find a cheaper place, a hole in the ground, and you cannot have recycling happen.

Ms. Megan Leslie: Super. Thanks.

Mr. Doug Starr: I guess just to support what's been said already, I think what we have learned and what we have seen through Entech in some of the other jurisdictions around the world is a far more integrated and collaborative approach to waste, and I'm not too sure that we have that obviously in North America, or Canada specifically. I think the companies involved in the waste management strategy all bring a certain solution to the table. So it's a more integrated approach. It's not a sort of one-stop or silver-bullet approach. So I think there are some opportunities in the Canadian marketplace to start looking at more integrated, multi-pronged approaches.

The Chair: Your time is up, Ms. Leslie.

We are moving now to Mr. Trottier.

Welcome, Mr. Trottier. It's good to have you with us at our committee today.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you for having me, Mr. Chair.

Thank you to our guests for being here today.

I want to ask some questions to Mr. Staats and Mr. Starr about energy from waste. By the way, I am a member of Parliament from Toronto, so I know the context you are talking about, mainly Ontario.

One of the challenges of the mix of energy sources we've got in Ontario is that our supply is always trying to meet the demand. So we have nuclear, which is pretty good for baseload. There's ramp-up and ramp-down of demand during the day and by day of week and so on. I know that one of the nice things about hydro is that you can actually ramp up and ramp down to meet the demand, and similarly, with natural gas you can do that reasonably easily. Coal is not so good for ramping up and ramping down.

How does energy from waste compare to, say, natural gas or other sources of power generation when it comes to being able to ramp up very quickly to meet the increase in power demand?

Mr. Lewis Staats: I think Doug alluded to this in a previous answer. Our proposed facility is looking at providing a continuous 15 megawatts to 18 megawatts to the baseload in terms of what we're doing. So our facility is going to be a constant 24-7 production of power.

I say that in the context that REM and Entech-REM are looking at providing an innovative solution to the waste issues that are facing southern Ontario, etc. The by-product is the green power, the 15 megawatts to 18 megawatts of power that we will produce from waste that would have been put in landfill if not for a business like ours.

● (1650)

Mr. Bernard Trottier: Okay.

I think you touched on this in your presentation, but compared with just disposing the types of waste that you're dealing with versus converting them to usable energy, what kinds of emissions come out of the energy-from-waste projects that you're involved in? I'm talking about carbon dioxide emissions, but also, I suppose, perhaps you could comment on other toxic substances that might come from the waste stream.

Mr. Doug Starr: Basically what comes out of our stack is carbon dioxide, water vapours; really no different from what you're doing when you're combusting natural gas. We'll have a process where the majority of any compounds in the waste or in the syngas will be dealt with through oxidation and combustion when it's in the syngas burner. If there is anything that has to be dealt with, then obviously, with the Ministry of the Environment's air quality control standards, we'll have the best available technologies on the back end.

So with regard to meeting or significantly exceeding the requirements that are in place, that will not be a problem with this process.

Mr. Bernard Trottier: To follow on from that, though, what inhibits more EFW projects from going on in Ontario? Is it local resistance, or concerns about air quality? Is it the economics, or is it the lack of a supply for feedstock? What's the biggest inhibitor?

Mr. Doug Starr: That's a good question.

I would say that local resistance is really such a small percentage when you look at these particular projects. Really, at the end of the day, as Lewis alluded to in the presentation, just look at the investment that is required by a private company like ours to get through the approval process. We launched a project in late 2009, and this was all investment money to get us through another 6 to 12 months before the project was approved.

So it's coming up with the financial resources to get through the approval process system.

Mr. Bernard Trottier: Obviously for Toronto, which is a pretty big municipality, to ship waste to Michigan is pretty expensive. There's a lot of energy consumed in shipping it to distant places for disposal. There seems to be some real economic payback in looking at more local EFW types of projects for a big city like Toronto.

Mr. Doug Starr: Absolutely. I think Peter would have a very good handle on that. There are a number of EFW initiatives in Ontario right now, or at least municipalities looking at this. So yes, you're correct.

Mr. Bernard Trottier: Before I wrap this up—I have only a little bit of time left—I'm just trying to understand the federal role in all of this. We get involved in research and in the dissemination of best practices. How can the federal government play a bigger role in expanding or looking at improving EFW?

The Chair: Was that for Peter or was that a rhetorical question?

Mr. Bernard Trottier: It was more for Mr. Starr and Mr. Staats, who are very engaged in EFW, but if Peter has some comments, I'd like to hear them also.

The Chair: Go ahead, Peter, and then Mr. Starr.

Mr. Peter Hargreave: There's probably some assistance with research....

I'd probably need to think about this a little bit more. Typically this is largely a provincial issue. I'd need to think through what additionally the federal government could provide.

I don't know, Doug, if you have something you want to add.

Mr. Doug Starr: Yes.

If I were giving feedback on behalf of Lewis and I in terms of our particular business and project, it would be continuity between the federal government and the provincial governments so that the left hand and the right hand were kind of working in concert. There are different responsibilities, but as Peter alluded, I think anything to do with technology, anything to do with support, anything to do with moving this very new sector along and having it acknowledged at the federal level would be probably very helpful when we got down to the provincial level.

Mr. Bernard Trottier: Thank you, Chair.

The Chair: Thank you, Mr. Trottier.

We'll move now to Monsieur Morin....

Yes, Monsieur Choquette?

[*Translation*]

Mr. François Choquette: Mr. Chair, point of order.

There seems to be a problem with the interpretation and sound quality.

● (1655)

[*English*]

The Chair: Okay.

Mr. Starr, Mr. Staats, and Ms. Leung, when you're responding to a question, try to get the mike closer to the person who's speaking. That would be helpful. Thank you.

Monsieur Morin.

Mr. Marc-André Morin: Mr. Hargreave, what I heard was: should we recycle at any cost?

Should we try to make an estimation of the value of the material we are recycling, let's say, comparing the recycling of aluminum to making new aluminum when we know how much electricity it consumes? Should we do that with every type of material we recycle?

The Chair: Mr. Hargreave.

Mr. Peter Hargreave: I think aluminum is probably not a good one to have this discussion on, because the majority of the time you're going to say that aluminum has a high commodity value and you're going to want to go after that material. Generally, right now in the marketplace, you don't need a lot of additional pieces to go after that aluminum. There is already an economic incentive to go after that material.

When you start looking at some other types of plastics, for instance, the economic case starts to fall apart a little bit. But I think you need to look at it. I would expect that government would look at it and ask, what are the consequences from an economic and an environmental perspective from this material simply going to disposal?

I think you'd look at both of those factors and decide if you should be going after that material.

I think for the majority of materials you're going to say that yes, absolutely, it makes sense to go after them. But there is always going to be the question to ask: to what end?

As you start getting higher and higher percentages, it's going to be much more difficult to capture those materials. Those materials could be contaminated with other waste. So at some point you will say that the cost is too much and there is potentially a need to look at other options for that material.

Mr. Marc-André Morin: Thank you.

To a certain extent what I'm going to say might hurt my government colleagues' ears. But should the government control the type of material that is being used in industry, such as all the overpackaging with wonderful materials, including plastics that are metal-coated? Quite often they can be very useful in manufacturing goods, but sometimes they are just non-recyclable waste being produced.

Should there be rules?

Mr. Peter Hargreave: My answer to that question would be that I don't think state-controlled economies ever work out very well. My suggestion to you would be that what the government needs to do is set outcomes. They need to say that if you put this product in the marketplace, it needs to be recycled.

There are a lot of bright minds in the waste diversion industry who could find ways to capture those materials, or capture the energy from those materials. What I would suggest to you is that the sector is innovating continually and if there is the incentive for them to do it, they'll make sure they do it.

That's certainly happened. Earlier Emmie referred to the advancement in optical sorters that is happening. Doug certainly talked about the energy from waste facilities and some of the advancement that's happened in that sector. It's come a long way over a very short period of time. We're not dealing with the same sort of.... To use the example of SWARU,in Hamilton, you have highly sophisticated types of energy from waste facilities that can produce results. You have huge advancements in how to divert material and how to find new ways to use that material in new products.

For that fact, even on the landfill side, there have been huge advancements in ensuring that we're properly collecting leachate and that we're capturing gas. There have been huge advancements in the waste management industry.

What government needs to do is set the outcomes, that is, what do you want to see happen, and then let the sector innovate, and make sure there is some oversight over that sector that refers back to the environmental standard and then oversee that standard.

● (1700)

The Chair: You have 10 seconds. If you have a short question, I'll let you go.

Mr. Marc-André Morin: Thank you very much.

The Chair: Thank you.

We'll move back to Mr. Woodworth.

Mr. Stephen Woodworth: Thank you very much, Mr. Chair.

I'll double-check something with you, Ms. Leung, if I may. My impression in listening to you is that your economic model is very much a sustaining and profitable model. You obviously must have contracts with municipalities, but I don't get the sense you are in any way operating on the basis of any government subsidy, or as some like to call it, government “investment”.

Am I right in that assessment?

Mrs. Emmie K.H. Leung: Yes, you're right. Our company is 100% privately owned, family owned.

I always believed in innovation and developing the right technology to make it the most efficient and cost-effective way of doing the business. I believe the way we have been doing it has enabled us to sustain our company's growth.

I would like to add to what Peter said a minute ago. Governments need to set the framework for the business, including the performance outcomes.

Given that you have a national standard of, say, 70% waste diversion, private industry will still find a way to do it. They'll change their packaging from multi layers or all these products you call difficult to recycle. If you set the framework, set the outcomes, and give them, say, three to five years, they will innovate.

Mr. Stephen Woodworth: That's very good. Thank you very much.

Mr. Starr, I was a bit intrigued by the comment that you have been at it since the 2009 launch, and essentially you're working your way through the approval process. I'm only imagining there would be, of course, local municipal land use approvals to obtain, but also certain environmental conditions would need to be satisfied in any discharge into waterways or air.

I wonder if you could describe for us what measures are being put in place to deal with what regulations, and have you come up against federal regulations in your approval permitting process yet?

Mr. Doug Starr: That's a good question. No, we haven't. Our focus has been to work with and comply with the Province of Ontario.

In 2007 the Ministry of the Environment launched the environmental screening process for waste management projects. It's regulation 101-07. So we met the requirements to begin that approval process, that regulatory process. We've been working through the environmental screening process.

Along with that, as Lewis alluded to a while ago in his introduction, we are also working through what's called a human health and ecological risk assessment. That's a further detailed study assessment on human impacts and the ecological impact of the proposed project. That will then be bundled for the Ministry of the Environment.

Once we get through that major piece of the approval process, the remaining phase, or the second phase we'll call it, is the environmental compliance approval. It used to be called the certificate of approval. Now it's the environmental compliance approval.

So we're working 100% with the Ministry of the Environment within the Province of Ontario.

Mr. Stephen Woodworth: May I assume it would be your view that at the end of this process your facility will have the highest possible standards of environmental protection for the ecosystems and for the communities around where it will operate?

● (1705)

Mr. Doug Starr: Absolutely. That's why all the work is being done right now.

Mr. Stephen Woodworth: You're not inviting us to add on a federal approval process to what you've already endured are you?

Mr. Doug Starr: No. I think we're fine with what we're dealing with right now. Thank you.

Mr. Stephen Woodworth: I wanted to make that point tongue-in-cheek because in many areas we have people in your situation who for years have had to endure duplicate approval processes against both provincial and federal standards. It seems to me the process you describe is working very well and will lead to solid environmental outcomes.

I wanted to ask Mr. Hargreave about the issues....

The Chair: I'm sorry, Mr. Woodworth. You're going to have to wait until another time. I was not watching the clock.

Mr. Stephen Woodworth: Thank you, Mr. Chair, for your laxity.

Voices: Oh, oh!

The Chair: We will move to Mr. Toet, please, for five minutes.

Maybe he can pick up on your point.

Mr. Lawrence Toet: Thank you, Chair.

Ms. Leung, in your opening remarks, you wanted to tell us about your big secret on mixed plastics. You said they were not a problem. I think you ran out of time. I wanted to give you the opportunity to explain the big secret and the innovation on mixed plastics now.

Mrs. Emmie K.H. Leung: First of all, plastic is very difficult to sort, just because every time you sort, you need to use hand motions. Imagine this for the water bottle you have in front of you. You need to have 27 pieces to make a pound. To get a pound and then sell plastic as a tonne, say, at $400 a tonne, you need millions of what we call “time motions”. In the past, we just could not do it. Now they have optical sorters. They can automatically scan each type of plastic by polymer. This speeds it up: plastic number one, plastic number two, plastic number three, blah, blah, blah, all the way. You have seven grades of plastic sorted out, every one worth something. The lowest is worth about $200 a tonne and the highest about $700 a tonne. That has a positive economic value.

That's why I say that in the past people talked about the problem of plastics. Because of technological advancements, that's history. That will happen to other products too. That's why one of my recommendations is that our government needs to spend time, money, and energy in research and development and innovation. All these technologies are from Europe.

Mr. Lawrence Toet: That would also address some of the concerns about the packaging industry and their overuse of packaging to some degree. You're saying that becomes a bit less of an issue with your ability to sort that in an optical way now.

Mrs. Emmie K.H. Leung: Yes.

Mr. Lawrence Toet: That's great.

Mr. Hargreave, I want to go back to a statement you made in your opening remarks. You said that innovation and technological advancement can accomplish only so much, yet you talked quite a bit about the economic opportunity of waste diversion.

Why are we losing that economic opportunity? What are the challenges being faced? Typically, industry will look at economic opportunities. Entrepreneurs will look at economic opportunities, as Ms. Leung did with her business, Emterra, and fill those opportunities. If there's an opportunity for economic growth and profitability, they're going to move into that. What is the challenge that is stopping those economic opportunities from being realized?

Mr. Peter Hargreave: I would say that right now you have a failure of our system, which allows resources that we don't need anymore to flow to disposal options. As I said before, you're looking at rates in Michigan and New York that are below $10 a tonne, we understand. When you add in the processing costs that go into sorting materials so that they can be rerouted back into the economy, you can't make the economic case. So I say it's a systems failure because clearly there's value in those resources that we're sending to disposal, but the economy is not taking that into account.

The dynamics need to be changed there. That's about how we put the right economic tool in place so that we're capturing those resources and re-injecting them back into the economy. The problem right now is that the disposal rate is so low that it's tipping everything that way. That has been the case for obviously some time. Over the last two to three decades, at least in Ontario, our disposal rate has remained consistent at 75% of our waste going to disposal.

● (1710)

Mr. Lawrence Toet: Yet there obviously are segments where recycling is also very cost-effective for the business generating the waste. I was in the printing industry for many years. You talked about the aluminum being the substrate, the base, for our printing plates. That's something we've been recycling for years and actually at a very profitable level. All paper waste is recycled. Also, back in the film days, we were actually extracting the silver out of the films and breaking them down to have a good cost recovery on them.

I guess that's my question. It's still coming back to the economic model. If the economic model is there such that it's profitable.... Sure, it would have been easier and cheaper for somebody to possibly take those plates or that paper and actually put them in a dump, but there are opportunities there. What is stopping people from engaging in those opportunities? There have to be other barriers, other than “it's just cheaper to do it that way”. Because if you look at the model, there is a profitability that is possible.

The Chair: Mr. Toet, we're well over the time limit on that one. I think we'll have to ask for a written response to your question.

We'll move to Mr. McKay, please.

Hon. John McKay: Let me help out, Mr. Toet, because that's exactly where I wanted to go.

I also made note of the fact that it was $10 a tonne to dump in Michigan, and—holy smokes—that's pretty cheap. I see those huge trucks going down Highway 401 each and every day, and it seems to me an incredible waste, from a whole bunch of standpoints.

If the market is failing on the environmental goals of cutting down on waste disposal and if there is a market failure here, how would you set a regulatory framework to, in Ms. Leung's words, tell the market to "smarten up"? Do you say, "You can't dump it for anything less than $20?" Is it $30? What is the signal that would tell the market there is money to be made here?

Mr. Peter Hargreave: Lots of different jurisdictions have used different tools, and many have used multiple tools. In Ontario and in Canada we're using extended producer responsibility, which requires manufacturers to ensure that their products are recycled at end of life, so you're injecting money from those companies into the system to ensure that those materials are properly captured and properly processed.

Other ways you can go—

Hon. John McKay: As a consumer, I've been paying for that, haven't I? You were saying in effect that it's an undisclosed tax on me, the consumer, to go to a—

Mr. Peter Hargreave: Again, when it comes to diversion of materials, for most materials you're going to be paying more for the recycling or diversion of those materials than for disposal right now. Absolutely, you are going to be paying more, but, again, when you look at it from an economic perspective and you look at the impact on jobs and GDP, there is a net negative impact of sending all of those resources to waste, so you can look at it from the point of view of a consumer or the person who is paying, but—

Hon. John McKay: I agree with the analysis, but I don't get what the appropriate policy tool is to give the market a swift kick in the butt.

Mr. Peter Hargreave: I don't think there is one. There are multiple types of tools you can use. First, a disposal levy would be one of those tools, adding a price at disposal sites or consolidation points. Second, there are also the extended producer responsibility programs into which you inject money and require that those materials be properly recycled. Third, you simply ban materials from going to landfill. Certainly Nova Scotia has done that for organics, and that's one way to try to ensure that you capture the value out of those materials.

Hon. John McKay: Thank you.

● (1715)

The Chair: We have finished the second round, and rather than beginning a third round, and considering the fact that we do need to have a short in camera meeting, we're going to end our meeting at this point.

My thanks again to each of the witnesses for being with us by video. Your input has been valuable to our committee.

With that, we'll allow you to disband, and we'll move into our in camera session.

[*Proceedings continue in camera*]