

**Comments of the
New York State Chapter
of the
National Waste
and
Recycling Association**

for the

**NY State Joint Senate and Assembly
Oversight Hearing
on
Recycling**

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INTRODUCTION

The New York State Chapter of NWRA (hereafter the chapter) represents an industry that is dedicated to the environmentally protective, sustainable and economically efficient management of recoverable and recyclable materials, discards and wastes. www.wasterecycling.org

We have a vision of a society that reduces waste, recycles more and recovers value from discards to the maximum extent practicable and properly disposes the wastes that remain. We approach our job as reality-checkers who must negotiate, adapt to, and address the day-to-day and evolving conditions associated with collecting and handling recyclables, recoverable materials, discards and wastes. We are in a unique position to offer well informed perspectives on the realities of how these materials are managed today, and how they can be better managed tomorrow.

Our in-state NY waste, recycling and organics companies have stepped-up and helped move the needle positively regarding recycling and many of the issues before the state regarding all things waste and recycling. We have built -- and continually improve -- and operate modern, state-of-the-art recycling centers, organics management facilities and waste transfer and disposal sites all over the state. Our industry is responsible for 55,253 jobs (both direct and in-direct) of taxpaying NY citizens. We have a \$ 2.6 billion dollar annual payroll. Our industry produces \$ 10.4 billion dollars of revenue annually. Last, on average, our payroll compensation per employee in NY state is \$ 54,982.00.

Before delving into the specifics about recycling, we want to take this opportunity to convey a glimpse into what is going on in our industry today for your benefit. We want you to know that it is hard – very hard -- to be in the NY waste, organics and recycling industry these days. There are so many issues facing us, on so many different levels, that when combined, they make the running of our state operations difficult and on a razor's edge. We have a labor shortage and wage inflation. We have evolving and ever present safety challenges and issues for our workforce. We have increasing costs and inflation on trucks and parts. We have been working with historic, long term declines in overall recyclable commodity values. Despite these challenges we want you to know that we continue to invest in recycling in NY and remain proactive in addressing all of the other issues that confront our role in the state's overall solid waste management system.

We are grateful for this opportunity to provide these comments to you today regarding recycling and related issues in the state today.

Let's work constructively to make recycling work better in New York

Municipal and commercial recycling in New York is one of the state's best-ever environmental programs. It protects the environment; slows climate change; and gets people to recycle every day -- thus raising overall environmental awareness. All three of these things are slam dunk winners for the state and all who live and work in NY.

Recycling though is in a tough spot right now and has been now over the last three plus years. Unfortunately, our best view of the future tells us recycling will be facing strong headwinds for at least several more years to come, but relief is coming. Markets are responding.

The main problem facing recycling now was brought upon us when China advanced tough new trade and environmental policies that tanked markets for recyclable materials. These are very items we set-out as recyclables at the curb and at the back door of business. Our industry collects, processes and delivers these recyclables to domestic and international industries that use them as feedstocks to complete the recycling loop.

China's 25 plus years of consumption of the vast quantities of recyclables we create from NY (and from other states in the nation) led to sustained, strong markets -- which in turn created consistent demand and handsome values for these actively traded and consumed commodities -- domestically and worldwide. When China took its hard pivot away from consuming these commodities -- markets were roiled; demand fell off; and the glut of recyclables coming onto the market daily -- caused by China's change in trading behavior -- only further depressed -- and continues to depress -- recyclable commodity pricing today.

This brings me to why we have been calling for all of us to work together to shore up NY's recycling system. It is important to know that over time the value of the recyclable commodities -- created in large part by China's strong appetite for them -- essentially came to subsidize the cost of delivering municipal and business recycling services over the years.

So effectively our NY communities and businesses, like so many other communities and businesses around the country, have been hit with the proverbial "one-two" punch. Punch one is that NY, along with the rest of the country, has lost the robust markets that historically consumed and used the recyclable commodities we generate. Punch two is the loss of recyclable commodity revenues that local governments and recyclers all over the country -- and the world for that matter -- have used to underwrite the financing of large parts of their operations.

In time we know marketplace demand for recyclable commodities will rebound. The issue before all us at this stage is what to do between now and then to best weather this downturn. There are many possible solutions to address our current situation. So, it is only appropriate that we, along with others today, speak up now and ask that we all work together to start to implement both short and long term actions to address these recycling issues.

There is a strong case to make since the system is working today -- due to its current design and resiliency-- that the system and its economics will normalize in time. Communities either provide these services or buy them for our industry. We all are working these issues out on a day-by-day,

week-by-week basis so to speak. The degree of pain being experienced by those responsible to make recycling work is not uniform. Some programs and businesses around the state are in much better shape than others; some have taken decisive local action already to right their ship so to speak to weather the current market cycle as best as possible; while others are still scrambling and reeling and working to make things get better and to go as best as possible. It is not an easy process as we know municipal budgets are tight and business conditions for NY companies are not the best. We believe first and foremost -- in due deference to all current system stakeholders and the system that has brought recycling this far -- that we endeavor first to continue within the framework of NY's current recycling system and give it time to further adjust, respond and get things back to normal. We are confident that things can and will work out in the current system -- and that we will weather this storm and be okay in time. During this same time, recyclables are still being collected and the closing of the recycling loop is happening every day.

One significant outgrowth of the loss of recyclable revenues these days, is the heightened discussion in NY about finding new ways to further help finance local recycling systems and programs. Above we already noted there are many tools and systems available that make recycling work in NY today; and has made it work over the years. One of these new, emerging discussions involves the possible use of an extended producer responsibility (EPR) law for many of the traditional items that are currently managed in our recycling programs. We believe these discussions are worthwhile and should continue as to improve our knowledge base around EPR concepts and programs for these materials and items in NY. These discussions though will need time to take place; and will need input from a diverse universe of stakeholders since there are so many moving parts to making recycling programs work.

Our chapter's association position is evolving in this EPR space too, much akin to how it is evolving around NY and in your legislative body. Since we are at the early stages of these discussions, we will continue our work on these EPR issues, internally and with other stakeholders. We will have as active a presence as possible as these statewide discussions continue.

Thanks for your attention and action on our requests and suggestions. Specific short and long term suggested actions follow.

Short Term Action Suggestions:

- Reduce Recycling Contamination for Recycling System Efficiency
- Reduce "Wishcycling" for Recycling System Efficiency
- Provide Technical Assistance To Recycle Better
- Promote Understanding of Recycling Centers/MRFs/IPFs and Their Limitations
- Promote Statewide Recyclable Items Uniformity
- Increase Recycling Enforcement

Long Term Action Suggestions:

Markets and Market Development – Minimum Content Legislation -- Close Recycling Loop
New Systems for Economically Sustainable Recycling Collection and Processing Are Advancing
And NY Needs To Adopt These Changes And Financing Models As Well

Competitively bid trucking; pay for commodity processing; and float recyclable commodity value share and work out local-government hauler revenue split (historically/generally a positive number). This new model is taking hold and working well around the country with our local government and business customers. It protects all stakeholders and keeps recycling sustainable in good and bad times

Adopt Sustainable Materials Management Protocols – Move Recycling From Tonnage To Environmental Results Basis

NYs bottle bill should be repealed. The value of the commodities will be help to local NY recycling programs. The bottle should only stay in place to cover all glass bottles – including wine and spirits – along with an increased deposit to encourage maximum glass recovery.

Continue discussions around extended producer responsibility (EPR) for traditional recyclables

Expand NYs Formal DEC Recycling Stakeholder Group