

Green Gets the Gold

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One large conglomerate is poised to reach the top of the podium in consolidating the waste and recycling industries in North America. There's a lot at stake. Yet few people can even name this enterprise.

by Rosemary Frei, MSc

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Can you name the conglomerate that has equipment and trucks on many streets and construction sites in Ontario and elsewhere in North America – but that few people give a second thought to?

Not sure?

Here are three clues.

1. For more than a decade the enterprise has quietly acquired scores of other companies, and scooped up hundreds of lucrative contracts from cities and towns across the continent.
2. Along the way it's significantly increased the privatization and vertical integration of sectors including the hauling and processing of garbage and recycling, and infrastructure development. It now has the bronze position among the top players in the North American waste-management industry.
3. Canada and the U.S. are dotted with (as an educated guesstimate) about 10,000 of this group of firms' vehicles and machinery. They're all painted lime green.

Here's the reveal ...

The company is [Green for Life \(GFL\)](#). Its main headquarters is tucked away in Vaughan, Ontario, just north of Toronto.

The enterprise includes GFL Environmental, as well as other sister companies and subsidiaries such as GFL Environmental USA, GFL Environmental Holdings, GFL Real Property and a litany of numbered companies.

The company is poised to capitalize on the imminent adoption in many provinces and states across North America of a new approach to recycling called extended producer responsibility (EPR). This could be its ticket to absolute domination of waste and recycling.

In this article I give the broad brushstrokes of GFL's trajectory towards the very top of the podium in the waste and recycling sectors.

(I called GFL headquarters in mid-July asking for an interview with a company executive. [Colleen Ryan](#) emailed me. She's a vice president at government- and corporate-relations firm Sussex Strategy Group, and head of its Communications Practice Group. Ryan asked what the intended focus and outlet for my article are, and who I'd already interviewed. Ryan wrote, 'That info will help me confirm exactly who at GFL may be the right person to speak with.' I emailed her back with my website's URL and the names of the people I'd interviewed. Ryan hasn't responded.)

Why Does it Matter What's Happening in the Garbage and Recycling Business?

GFL is the third- or fourth-largest company in the North American waste and recycling sectors.

For example it had already scooped up Canada Fibers, which handled 60% of Ontario's blue-box recycling, in [2019](#). And now it's maneuvering to become an even more powerful player in the

time of significant flux as [a new recycling system](#), EPR, gets phased in in Ontario.

Hundreds of millions of dollars a year are involved.

EPR has been used for several years in Europe, but it's only just starting to proliferate in North America. For example, in [July and August 2021](#) Maine and Oregon, respectively, adopted EPR. Many other jurisdictions from Manitoba to Washington state are following suit.

And in fact as I was finishing this article I discovered **it's part of the United Nations' push to centralize, control, track and monitor as much as possible**. It was one of the main focuses of the UN Science Policy Business Forum in [February 2021](#).

Under EPR, companies that manufacture, import and/or sell packaged products (collectively known as 'producers' [or 'brand owners']) are wholly responsible for paying haulers like GFL to collect, recover and/or recycle the packaging. This is a big change from municipalities and producers sharing the cost, as has long been the case in places like [Ontario](#).

The theory is that producers will react by reducing the amount of packaging on their products, and/or using more recyclable or recycled content in their packaging. And it also is associated with higher levels of recycling. But it's all extremely complex and **full of loopholes**. (More on aspects of this in the 'EPR' section below.)

The information I've found indicates the **Ontario minister in charge of this portfolio has the unilateral power to accept, reject, create, change, replace or nullify any of the specific rules for EPR implementation** while they're being finalized in early 2022 (see Part III of the Ontario [legislation](#)). It's a good bet that producers, haulers and others are lining up to speak to the minister – [David Piccini](#), a first-term MPP who was shuffled into this position in [June 2021](#).

The one certainty is that GFL's market share will continue to rise. It then very likely will charge producers more. Those higher costs could well trickle down to consumers/taxpayers. And this cycle will continue.

How did GFL get so big and Brawny?

Patrick Dovigi [pronounced doh-vee-gee; emphasis on the 'vee'] is GFL's founder and CEO. He is a [quintessential, hard-working entrepreneur](#). In media interviews he amicably describes GFL's ambitious business plans. For example in this [May 2021](#) CNBC clip he says there's a "huge opportunity ... to continue to consolidate the [waste-management] market both in Canada and the US." And he's been a billionaire since at least [2018](#).

Dovigi created GFL in [2007](#) by merging three Ontario waste haulers.

Also in [2007](#), Canaccord Genuity Corp. invested in GFL. Then in 2010, Atlanta, Georgia-based Roark Capital Group put [\\$105 million](#) into the company. (More about Roark below).

In [2011](#) GFL made headlines by underbidding larger companies to win a 10-year contract, for most of the [western half of Toronto](#), to collect garbage, recycling, organic material, yard waste and bulky items from places such as houses, low-rise apartments and some businesses. ([Miller Waste](#) got the contract for another part of the west end.)

And note that in October 2020, City of Toronto's council voted to [extend GFL's contract](#) to 2023 – **reportedly at a higher cost and [without inviting other bids](#)**.

That supports my hypothesis that if/when GFL gains even more dominance over recycling in Ontario it very likely will increase what it charges for collecting and recovering/recycling, possibly significantly.

According to my tally, using publicly accessible databases,

GFL has acquired approximately 150 companies in the U.S. and Canada since 2011. They're in fields such as hauling of solid waste, liquid waste, recycling and organics, landfills, recycling facilities and soil decontamination, and infrastructure-development services including demolition, [excavation and foundations](#).

As just one example, in 2018 GFL [bought](#) the large American, family-owned, solid-waste and recycling company [Waste Industries](#) for \$2.83 billion US (\$3.67 billion Canadian). And as another, on [August 17, 2021](#), GFL completed an approximately \$928-million acquisition of [Terrapure Environmental](#). Terrapure's services range from soil decontamination to recycling of batteries and oil.

Also, in the second quarter of 2021 alone (April through June), GFL completed [nine other acquisitions](#) including [Upstate Waste Management](#) in South Carolina. And in July 2021 the company [reportedly](#) acquired (at least) another five firms.

GFL also has an unusually high rate of amalgamating its own subsidiaries and sister firms, according to a provincial-government Corporate Profile Report I purchased and uploaded to my website [here](#) (see page 2 of that uploaded report).

It helps that one of its board members is the powerful and well-connected **Dino Chiesa** (see page 3 of the [report](#)). As I described in a [previous article](#), Chiesa has held the positions of: assistant deputy minister of housing under Ontario premier Mike Harris; head of the Canada Mortgage Housing Corporation; member of the board of the huge Canadian real estate investment trust (REIT) company [Morguard](#); chair of the board of seniors-home chain Sienna Living; and (until [June 2020](#)) chair of the board of [CreateTO](#), the agency that oversees the City of Toronto's [\\$27-billion](#) real estate portfolio.

[Jeffrey Keenan](#) is another very notable [GFL ally](#). He's been a long-serving board member of GFL Environmental, as well as of

Green for Life Waste and Recycling Solutions Corp. and Waste Pro Inc.

Keenan joined an investment company called [Roark Capital](#) in 2006. He was president until 2015, when he became a Senior Advisor at Roark. As noted above, Roark invested \$105 million in GFL in 2007, the year GFL was founded and just one year after Keenan joined Roark. Roark also invested [\\$100 million](#) in Waste Pro in 2009.

And between 1996 and 2002 Keenan massively grew the waste company [IESI](#) – via among other things IESI making more than 160 acquisitions. For example, IESI merged with another company called BFC. Then IESI-BFC [merged with](#) Waste Services. In [2011](#) the company changed its name to Progressive Waste Solutions. And in [Jan. 2016](#) Progressive Waste Solutions merged with Waste Connections. The two were formerly the fourth- and third-largest waste haulers North America, respectively.

“I love the garbage business,” Keenan was quoted as saying in a [2014 profile](#) of him on the University of Chicago law school’s website. “It has steady growth, it’s highly predictable, and it’s not exposed to technological obsolescence.”

Clearly most of the biggest waste-industry companies in North America have strong interconnections via Keenan and doubtlessly other key individuals.

GFL also has among the most deep-pocketed backers in Canada and beyond. They include [Ontario Teachers Pension Plan](#) (OTPP) – the pension fund for primary- and second-school teachers across the province of Ontario – and UK-based private-equity firm [BC Partners Securities LLC](#). In 2018 the two organizations invested in GFL in a deal worth [\\$5.16 billion CAD](#). This gave OTPP and BC Partners the [largest blocks of the company’s shares](#).

And GFL regularly accesses other huge pools of capital. For

example it raised another approximately \$15.5 billion US in private equity between June 2013 and June 2021. (I calculated this figure from information on the [Financial Post Advisor database](#), and from GFL Environmental's [June 9, 2021](#), and [August 11, 2021](#) news releases.) The company also is looking at additional ways to reduce its debt further, such as by entering the surging [green bond market](#).

On March 2, 2020, GFL went public. It did so via several-times-delayed initial public offerings (IPOs) on the Toronto and New York stock exchanges. News reports of the size of the haul ranged from [\\$1.4 billion US](#) to [close to \\$2.2 billion US](#).

There was a hiccup in the trajectory, though. On August 18, 2020, investment firm Spruce Point Capital Management [issued a report](#) accusing GFL of, [among other things](#), misrepresenting to shareholders the size of GFL's debt load. Spruce Point called on shareholders to divest from GFL. The price dropped significantly overnight.

In an [August 25, 2020, news release](#) Dovigi and Chiesa defended GFL. Dovigi stated in the release that Spruce Point is a "ridiculous headline-seeking short seller" and that its report was "egregious, discriminatory and unfounded." For his part, Chiesa stated that "GFL's financial disclosures are accurate in all material respects, appropriate, and comply with all regulatory requirements."

GFL Environmental's [stock price](#) has gone up about 70% since then.

EPR: Recycling's 'New Normal'?

This brings us to today. As mentioned above, Ontario producers, city governments and the province are jockeying for optimal positions in advance of rules for EPR going into effect across the province between [July 2023](#) and December 2025. In 2026 requirements will come into effect (albeit without any current teeth/penalties for non-compliance) for

the minimum percentage of various materials required to be [recovered \(which is recycling 'lite'\)](#). These range from 80% of paper to 25% of flexible plastic.

There's a great deal of money, complexity, flux and uncertainty at play.

And [approximately 90% of the province's waste](#) — in the form of such things as food and yard waste, and industrial, commercial and institutional waste — remains to be shifted to EPR in future years.

Furthermore, what happens in Ontario — GFL's home base — could well spread via a domino effect into other jurisdictions.

Note also that producers may pass their portion of the cost of EPR on to consumers by raising the prices of their products — including food. But objective information is scarce. Producers and their proxies in academia are [asserting that prices will go up](#) — but after taking a close look at this I believe that's perhaps a ploy to get people pissed off at EPR and pressure governments to delay it or reduce its scope. And for their part, [EPR proponents don't usually address](#) whether there will be negative knock-on effects on consumers.

The same goes for figuring out whether in fact municipalities will save money.

In any case, the media's attention is focused on Covid, plus sexy items like 'Building back better.' Also, most people have been on vacation, and are further distracted by figuring out when and where they'll get their second or third Covid shots, and what arrangements to make for returning to offices and schools. (Very few are glued to the [GFL news-release webpage](#) like I've been lately.)

That's the perfect setting for some major, sudden and unanticipated **shocks** to take place.

And, indeed, GFL has pounced.

On [July 6, 2021](#), the firm announced it had formed the Resource Recovery Alliance (RRA).

The RRA is a 'producer responsibility organization' or PRO. PROs are entities that, among other functions, will negotiate on behalf of producers with haulers like GFL over the size, scope and cost of contracts to collect and recover/recycle the producers' packaging. (See the paragraph in square brackets at the end of this section on the overall EPR framework.) GFL's [news release](#) about this said the RRA "will be vertically integrated within GFL's service offerings."

This was an earthquake. It's shaken people up.

"'If the same entity negotiating with those haulers is owned by the hauler, there is a conflict of interest, I think, from our perspective,'" Michael Graydon, CEO of Food, Health & Consumer Products of Canada is quoted by reporter Jeff Gray as saying in a [July 27, 2021](#), *Globe and Mail* article. (It's the only article I've found on the massive changes happening as Ontario moves toward EPR.)

Graydon's organization is a member of [Circular Materials Ontario](#) (CMO), another PRO. It was formed on July 6, 2021.

The *Globe* article said [Emterra](#), a smaller family-owned, waste-industry company, also has formed a PRO. There will also likely be several others.

On July 28 I called and spoke on background for a few minutes to the person doing media relations for the CMO, [Shane Buckingham](#). (He formed his own communications company in July 2021. Before that he was a Principal at the Conservative-aligned [Earnscliffe](#) Strategy Group.) Buckingham said he'd ask one of the spokespeople to call to give me a quote. I haven't heard further from either Buckingham or anyone at the CMO. (More on CMO and the *Globe* article in the section below.)

And in the [same July 6 news release](#), GFL delivered an even bigger bombshell. The RRA is purchasing the **Canadian Stewardship Services Alliance (CSSA)**. The CSSA is an industry- and country-wide recycling-services-support and data-collecting group.

It's virtually unheard of that organizations like the CSSA can be purchased. And of course data is invaluable. The price that GFL paid for CSSA has not been publicly disclosed.

So that was like an asteroid strike.

Yet the government hasn't raised an eyebrow, as far as I know.

And the CSSA is [telling](#) the companies and organizations under its umbrella that the data they share with the CSSA "will not be accessible to GFL."

In a subsequent **slide presentation** to members of the recycling industry in Ontario, GFL promoted its approach.

"Today, GFL [in Canada] is national in scope with significant assets placed to meet the demands of Canada's major population centres and the challenges of servicing smaller communities," one of the slides proclaims. "As Canadian provinces and American states shift to EPR for residential blue-box recycling, **a GFL-led PRO in Ontario is laying the groundwork for a future footprint which could expand across the country and the U.S. providing harmonized services for producers.**" [bolding added by me]

[Here are a few of the [main points](#) in the [EPR framework](#) in Ontario: producers and PROs have to register their intent to participate in the new recycling system by Nov. 1, 2021. Producers must sign up with a PRO to participate in the system and can choose any PRO. Registered PROs can submit proposed rules for the system between Jan. 1 and July 1, 2022 [I'm not

sure whether the July 1 date is correct – the Regulation doesn't seem clear on that point]. The rules must then be agreed to by PROs that collectively represent at least two-thirds [by aggregate weight] of the packaging material. The resulting rules will be used to create an 'allocation table.' That table will indicate what entities will collect which particular materials and from what places. The Resource Production & Recovery Authority [RPRA] – a non-profit organization that is [at arms length from, but under the direction of](#), the Ontario government – is the [central clearing-house body](#) for how the details of that shift will shape up and for recycling data under the new system.]

Can PROs like the CMO keep GFL in check?

Maybe. (Although I don't think small producers and haulers stand much of a chance of faring well through this process.)

[Circular Materials Ontario](#) (CMO) could have the heft to counterbalance GFL. CMO's founding members are: Food, Health & Consumer Products of Canada; the Canadian Beverage Association; the Retail Council of Canada; Costco Wholesale Canada; Empire Company; Kraft-Heinz Canada; Keurig Dr Pepper Canada; Lassonde Industries; Loblaw Companies; Maple Leaf Foods; McDonald's Restaurants of Canada; Metro; Minute Maid Company Canada; Nestlé Canada; PepsiCo Canada; Procter & Gamble; [Restaurant Brands International](#) (comprising Burger King, Tim Hortons and Popeyes) and Clorox Company of Canada.

Gray wrote in the *Globe* article that Dovigi told him GFL 'doesn't intend to dominate the new recycling system. He [Dovigi] said his PRO [RRA] would be advised by a board of producer representatives and that any tendering would be competitive.'

It remains to be seen who the victors will be in this battle.
It's happening while hidden in plain sight.

What's certain is that GFL will continue to make the most of
this period of unprecedented flux.

Follow the money, the green, the gold.

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