

August 5, 2014

House of Commons Standing Committee on Finance

Re: Pre-Budget Consultation, 2015 Federal Budget

Executive Summary

Rothsay, a division of Darling Ingredients Canada Inc. (“Rothsay”), is Canada’s largest renderer and first commercial-scale biodiesel producer. By recycling animal and food by-products Rothsay promotes environmental sustainability and provides responsible value-added solutions for farming, food processors, retailers, and fuel consumers.

Rothsay’s budget recommendations centre on bolstering Canada’s bioeconomy and providing support for environmentally and economically sustainable activities such as harnessing residual food materials, and creating valuable agricultural and fuel products.

Key Recommendations

- *Support for development of alternatives to landfill through the re-use and recycling of residual food and food by-product materials*

Rothsay recovers meat by-products and used cooking oil presently, but millions of tonnes per year of valuable food, and food by-product materials (e.g., carbohydrate, fat, oil and water-containing liquids and solids from food processing and retailing) are landfilled every year, creating GHG emissions and other environmental problems. Financial support such as loans and grants are required to build the infrastructure to process these materials.

Further, monetization of the environmental benefits diverting these materials from landfill is essential. Mechanisms used successfully around the globe include bans on organic materials in landfills, and phased-in landfill surcharges.

- *Continued support for biofuels such as biodiesel by gradually increasing their mandated levels*
A limited federal mandate for 2% for bio-based diesel content exists today. This, however, should be increased gradually to 5% and beyond. Rothsay is a voting member of the CGSB distillate fuel technical committee (responsible for setting diesel fuel standards in Canada) and is well aware of

the technical implications of increasing biodiesel blend rates. Rothsay believes that increasing the mandate well above 2% is entirely feasible for most parts of Canada. Existing and upcoming provincial mandates already recognize this opportunity.

These recommendations provide support for Canadian agriculture, the entire food supply chain, and create proven environmental benefits for all Canadians. Rothsay welcomes the opportunity to discuss these recommendations further and provide supporting information.

Rothsay has roots in the Canadian rendering industry extending over 50 years. Today, Rothsay operates in Canada with over 500 employees, providing essential services for the efficient and environmentally responsible collection, processing and recycling of edible and inedible animal by-products, and used cooking oil. These materials are transformed into fats, protein meals, and biofuel (biodiesel) for the agriculture, transportation and heating sectors. The value created from these materials—that would otherwise be landfilled—is transferred back to the food value chain, including farmers, processors, and retailers.

Biodiesel production is one of the means Rothsay adds value to residual food and food by-products. Specifically, the fat extracted from animal by-products and used cooking oil is further processed into an environmentally friendly diesel substitute that can be used in any diesel engine or as a heating fuel. Rothsay is a pioneer in biodiesel production and operates Canada's first commercial-scale biodiesel plant. The plant has been in continual operation since 2005 and currently produces well over 50 million litres per year of fuel.

The environmental benefits of capturing value from organic materials and producing biodiesel cannot be understated:

- Landfills emit 20Mt of CO₂e annually in Canada (source: <https://www.ec.gc.ca/gdd-mw/default.asp?lang=En&n=6F92E701-1>), equivalent to around a third of Canadian private vehicle emissions (source: <https://www.ec.gc.ca/gdd-mw/default.asp?lang=En&n=6F92E701-1>). Emissions are due to the decomposition of organic material. By diverting organic material from landfill, these emissions can not only be avoided, a valuable resource such as animal feed or biofuel can be created also.
- Rendering of animal by-products reduces CO₂ emissions by 70% versus decomposition in landfill, in addition to substantial benefits from methane emissions mitigation. (source: Gooding, Charles H. (2011). Data for the Carbon Footprinting of Rendering Operations. *Journal of Industrial Ecology*)
- Rothsay's biodiesel—entirely made from inedible animal fat and used cooking oil—achieves an over 98% GHG emission reduction compared to petroleum diesel.

- Canada would need to produce 15% more soybean to replace the protein from rendered products. (source: National Renderers Association)
- Canada would need to produce 10% more corn to replace the energy from rendered products. (source: National Renderers Association)

Much opportunity remains in Canada to increase the recovery of residual food and food by-product materials and realize their full value. Rothsay believes that its recommendations are essential to this end.

Sincerely,



Ryan Reid
Senior Vice President
Rothsay, a Division of Darling Ingredients Canada Inc.