

## SUMMER

### LITTER SURVEY

A province-wide litter survey is being commissioned by Recycle NB in partnership with Encorp Atlantic to look at the issue of roadside litter throughout the province and determine the baseline quantity of waste being discarded near roadways. The survey will look at the types of materials and the brands that are most discarded. Once the initial survey is complete, additional surveys may be performed in the future to develop new recycling programs or to benchmark existing program performance. The survey is made possible through funding provided by the New Brunswick Environmental Trust Fund (ETF) and Encorp Atlantic.

### PROVINCE OF NEW BRUNSWICK - BUDGET

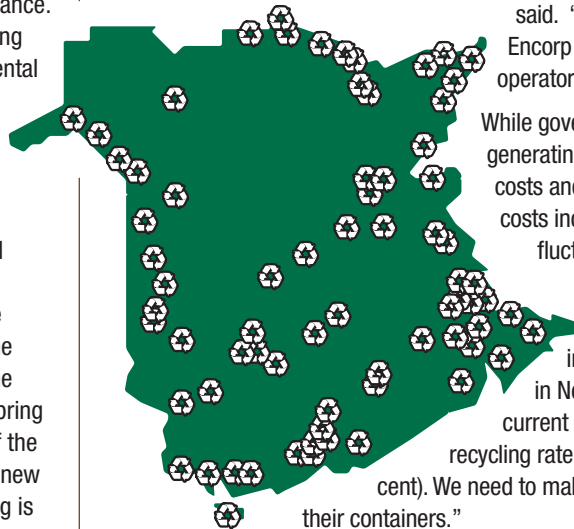
In early March, the government announced the amalgamation of the departments of Environment and Local Government. These structural changes were deemed part of the "Renewal of Government Strategy". And the March 27 Budget and main estimates did bring about significant changes to the funding of the Environmental Trust Fund (ETF). Under the new budget, an additional \$3.2 M to ETF funding is listed. This would entail changes to the Beverage Containers Program. From Encorp's assessment, it appears that the government would rather have industry and consumers pay more than find efficiencies in the current program. Department officials did request the industry's advice on how to increase yearly funding to the ETF. It is obvious that government has absolutely no notion on how the Beverage Container Program actually works. From a business perspective, all further program efficiencies will have to come from innovations at the redemption center level.

## EDITORIAL

With mounting legislated operational costs and no control over international market conditions for recycled materials, Encorp Atlantic is calling for a public forum to be held on the future of beverage container recycling in New Brunswick.

"After 20 years, it is time that a strategy for the renewal of the New Brunswick Beverage Containers Program be discussed with all stakeholders," said Pierre Landry, general manager of Encorp, founded in 1992 as the industry's response to the New Brunswick government's Beverage Containers Act which saw the establishment of a non-alcoholic beverage container deposit/redemption program in the province. The goal of the program was to reduce litter and encourage industry to adopt corporate social responsibility and stewardship toward the waste created by the sale and lifecycle management of the containers.

Industry is calling for a public forum on the future of recycling in New Brunswick. "We are now at the crossroads of our highly successful industry-managed beverage container program," Mr. Landry said. "The next few years will be challenging ones for Encorp Atlantic and the more than 70 redemption centre operators and distributors in New Brunswick."



While government considers this program income-generating, industry is faced with mounting operational costs and absolutely no control over most of these. These costs include legislated handling fees, material markets fluctuations, fuel costs, minimum wage and the exchange rate.

"Industry sees a definite need for capital investment in the container recycling infrastructure in New Brunswick," Mr. Landry said. "For example, current data indicate that urban centers have a higher recycling rate (78 per cent) than rural communities (62 per cent). We need to make it easier for all New Brunswickers to recycle their containers."

A recent survey of 800 New Brunswickers commissioned by Encorp Atlantic also showed that respondents were not entirely pleased with the overall appearance and cleanliness of redemption centers. "We can do a better job at making recycling more enticing," Mr. Landry said. "People want to help the environment."

Encorp Atlantic's made-in-New Brunswick approach has withstood many hurdles and has evolved into an excellent example of an industry-sponsored stewardship program working in partnership with government. However, the aging program is facing many challenges, including consumer convenience that is lacking.

Every year, Encorp Atlantic manages more than 160 million post-consumer non-alcoholic beverage containers in New Brunswick. Since 1992, more than 2.7 billion deposit-bearing non-alcoholic beverage containers have been kept out of provincial landfills, and more than \$93 million has been provided to the Government of New Brunswick's Environmental Trust Fund (ETF).

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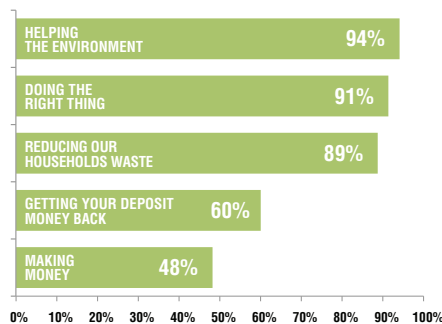
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## PUBLIC SURVEY ON RECYCLING IN NB

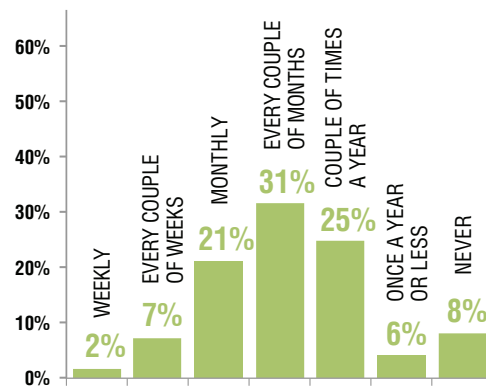
Despite our best efforts at achieving maximum recycling rates, recent data indicate that more targeted communication efforts are needed in order to achieve optimal results. According to a recent survey (MQO Research - March 2012) commissioned by Encorp Atlantic, New Brunswick residents do not primarily recycle their beverage containers for monetary reasons, but rather for moral reasons. Survey results also indicate that the public requires more convenience for returning their post-consumer containers.

## How important are the following in encouraging you to return your beverage containers to the bottle depot for a refund?

% Indicating 8 or higher



## How often does your household return empty beverage containers to a bottle depot?



## QUALITY CONTROL

Over the past year, the count adjustment method with redemption centers has resulted in overall continued accuracy. For the full 12 month period (April 2011 - March 2012), reported accuracy was **-0.01%**, which is near perfect. Total cost of QC for the period was \$74,000, while \$36,000 was recovered by adjustments. The return rate as of June 30<sup>th</sup> was 71%.

## MARKETS

Overall markets over the past year are reeling from the global economic uncertainty with price fluctuations for PET and aluminum. Nevertheless, markets are still over the recession levels and better, particularly on the PET.

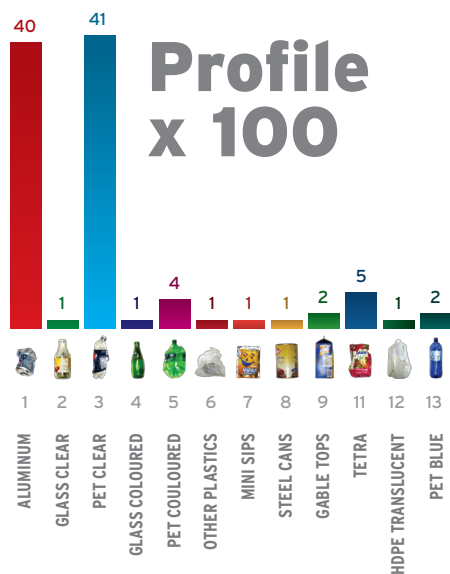
As of January 2012, all Canadian recycling affiliates have agreed to a 2-year renewable contract for the sale of aluminum with Coca-Cola Recycling. From all estimates, the transaction could represent a market improvement of **4.5%** over the previous contract with Evermore Recycling.

## CONTAINER PROFILE %

As an attempt to make life easier for redemption centers in New Brunswick, Encorp is currently studying the possibility of reducing individual sorts from the current 13 to a possible 5 or 6. The timeline for this proposal is April 2014. This should give sufficient time to assess the impact of these proposed changes. This will likely increase the costs of sorting these containers at the processing centre but would reduce labor and speed up the process at the RC level.

## MATERIAL PRICING

Market material pricing compared to this time last year: aluminum 15% below; PET 20% below. Overall, sales of non-alcoholic beverages were marginally higher by **0.06%** over the past year (April 1 – March 31, 2012), while containers redeemed were slightly higher by **0.12%** for the same period.



## OVERVIEW OF MARKET PRICES US \$/LB FOR BALED MATERIAL:

	Aluminum	PET	Exchange
March 31, 2008	\$ 1.03	\$ 0.195	\$ 1.002
March 31, 2009	\$ 0.44	\$ 0.09	\$ 1.225
March 31, 2010	\$ 0.72	\$ 0.23	\$ 1.007
March 31, 2011	\$ 0.88	\$ 0.37	\$ 0.952
As of March 31, 2012	\$ 0.75	\$ 0.29	\$ 0.9684

## MARKET SNAP-SHOT / 3 YEAR PERIOD IN US\$/LB

	Aluminum	PET
High ▲	\$ 0.88 March 2011	\$ 0.37 March 2011
Low ▼	\$ 0.44 April 2009	\$ 0.04 December 2008

\* These figures are based on monthly averages

## YEAR TO YEAR-REFUNDED UNITS:

	Aluminum	Glass	PET	Other	Total
April 1 – March 31 2011	63,215,955	2,946,752	73,526,508	17,776,050	157,465,265
April 1 – March 31 2012	64,367,200	2,429,570	74,309,466	16,543,613	157,649,849
Yr. to Yr. Qty	1,151,245	(517,182)	782,958	(1,232,437)	184,584
Yr. to Yr. %	1.82%	(17.55%)	1.06%	(6.93%)	.12%