

Journal

ENCORP
ATLANTIC INC

20/20
1992-2012 2013-2032

20 years of successful
beverage container
recycling in N.B.
20 ans de gestion
des récipients
à boisson au N.-B.

SINCE 1992, ENCORP ATLANTIC HAS RECYCLED OVER
3 BILLION CONTAINERS IN NEW BRUNSWICK

SUMMER

▶ QUALITY CONTROL -0,032 %

Over the past year, the count adjustment method with redemption centers has resulted in overall continued accuracy. For the full 12 month period, reported accuracy was -0.032%, which is real close to perfect. Total cost of QC for the period (2012-2013) was \$83,000, while \$50,000 was recovered by adjustments. We currently have 8 centres that are in the accelerated mode.

▶ GLASS BAGS

Distribution of all glass bags to redemption centres in New Brunswick is now complete. The new semi-rigid bags were deemed necessary for safety reasons. Nevertheless, we are seeking a long-term solution to managing post-consumer glass in conjunction with other stakeholders.

BEVERAGE CONTAINER PROGRAM REVIEW PROCESS

The current review of the Beverage Containers Act by the Province of New Brunswick offers a perfect opportunity to renew the long-standing partnership in the management of post-consumer beverage containers. Driven by a need to demonstrate innovative leadership, we possess the collective knowledge to make the New Brunswick model a true leader in beverage container management programs in North America.

After 20 years, Encorp Atlantic is committed to maintaining a leadership role in the management of post-consumer beverage containers in New Brunswick. Industry has demonstrated that it can best manage this program by having stewardship control.

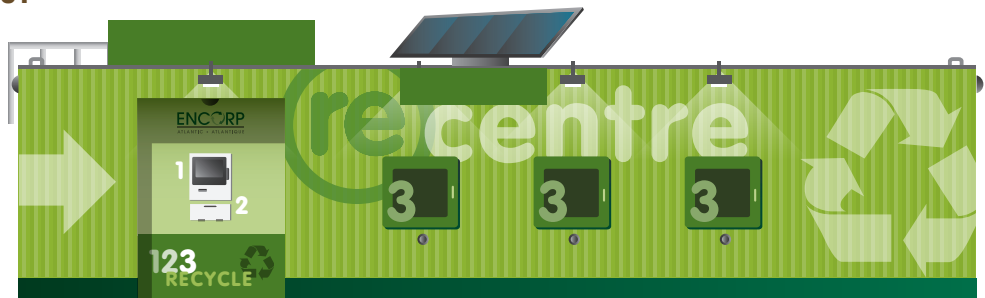
Our recommendations are based on a 20+ year review of all data and information available on the New Brunswick program. The fundamental principles used in this review are:

- Program sustainability;
- Optimization of the recovery rate;
- Consumer safety and convenience;
- Improvements to the business model of the collection network.

(Continued on page 2)

▶ PLANNING STAGE – PILOT-PROJECT

With the launch date scheduled for this Fall, progress on the pilot-project (>3M/containers/year) is progressing on schedule. Site selection and design of modular units are nearly completed while the software and consumer interface components are in the pre-development stage. Final design and construction is scheduled for August-September. Launch date is tentatively set for late October. More information will be provided to redemption centres in the next issue of the Journal.



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BEVERAGE CONTAINER PROGRAM REVIEW PROCESS

(Continued from page 1)

With the current review of the New Brunswick Beverage Containers Act, we have an opportunity to create a convenient, efficient and forward-thinking Beverage Containers Program of which we can all be proud. All will agree that a smarter footprint for beverage container collection in this province is needed.

Our review included on-the-ground assessment with visits to all redemption centers in the province. During site visits to redemption centers across New Brunswick, a common thread emerged: labor is a significant challenge to most centre owners in our province. From a planning perspective, we feel that by evolving the current approach to a multi-stream approach, we could provide an opportunity to retrain the current workforce and provide a new structured operating model that would be volume-driven and standardized for the benefit of all stakeholders. This reengineering could be done over a three to five year period and create new business opportunities for redemption centre owners.

We must make use of available technology to drive accuracy and efficiency to the process of managing the more than 400 million post-consumer beverage containers per year in New Brunswick.

The future: redefine the traditional beverage container redemption centre in New Brunswick and transform its core business model to a multi-material approach.

The challenge offered by this review is how to provide a sustainable model with a holistic view of stakeholder needs without any cross-subsidization while embracing available technologies for the benefit of consumers and redemption centre owners alike.



RECOMMENDATIONS

- Conduct series of pilot projects using available technologies (>1M, >3M, >6M containers/yr).
- Create better cooperation with all distributor agents.
- Harmonize collection and processing services.
- Provide all consumers with a transaction receipt.
- Standardize business hours.
- Reduce sorts, removal of caps, and duplication.
- Propose a new payment formula to redemption centers.

The New Brunswick BCP is at a turning point with a need for innovation in efficiency of collection, processing, public safety and convenience in order to meet the needs of the ever-so-busy consumer and ever-increasing program costs.

Encorp has been able to deliver consistent financial returns to New Brunswick's Environmental Trust Fund, divert valuable materials from the waste stream while being the lowest-cost-per-unit-managed beverage container program (*Canadian Recycling Affiliates*) in Canada. Nevertheless, modernizing the program remains a priority of Encorp Atlantic, its shareholders and distributors.

MARKETS

Overall material markets as of July 31st remain sluggish with commodity prices for PET and aluminum lower than forecast. Nevertheless, markets are still over the recession levels and slightly better.

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

	Aluminum	PET	Exchange
July 2011	\$ 0.85	\$ 0.289	\$ 0.94
July 2012	\$ 0.66	\$ 0.175	\$ 0.99
As of July 31 st , 2013	\$ 0.64	\$ 0.17	\$ 1.02

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

	Aluminum	PET
Low ▲	\$ 0.63 July 2013	\$ 0.17 July 2013
High ▼	\$ 0.94 May 2011	\$ 0.37 April 2011

* These figures are based on monthly averages

YEAR TO YEAR-REFUNDED UNITS:

	Aluminum	Glass	PET	Other	Total
Aug 11- July 2012	65,895,268	2,317,356	75,027,826	16,050,658	159,291,108
Aug 12- July 2013	65,360,477	2,094,747	74,608,064	15,124,196	157,187,484
Yr. to Yr. Qty	-534,791	-222,609	-419,762	-926,462	-2,103,624
Yr. to Yr. %	-0.81%	-9.61%	-0.56%	-5.77%	-1.32%