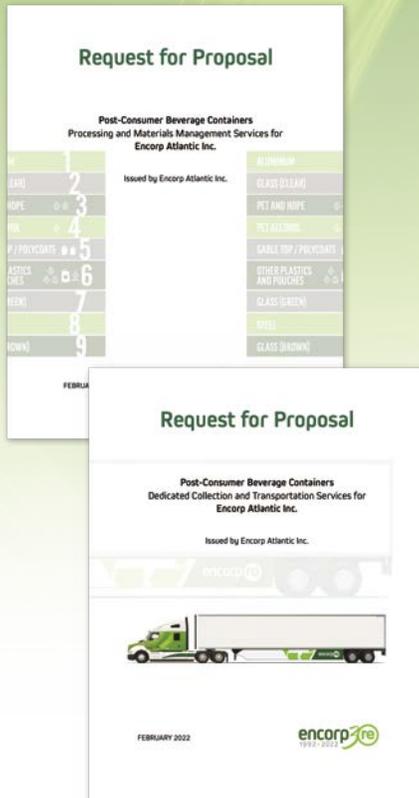


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## WINTER 2022

### REQUESTS FOR PROPOSAL (RFP)



Request for Proposal (RFP) for collection and transportation, and material processing are now completed. Our current service provider contracts are scheduled to expire in October 2022. Management will recommend aligning the new contract period with Encorp's fiscal year (April 1<sup>st</sup>, 2023) and the proposed migration date to the Extended Producer Responsibility (EPR) model as announced by ECC (January 6 ECC correspondence).

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## THE PATH FORWARD

It's no secret that the Beverage Container Program (BCP) in New Brunswick is in serious need of modernization. The BCP is quickly becoming unsustainable in its current trajectory.

Used beverage container (UBC) recovery rates in New Brunswick are among the lowest for beverage container deposit programs in Canada and are declining. This is largely due to:

- Consumer fatigue with the current system in place which has not kept up with the times;
- Lack of convenience and access to collection points;
- Confusion related to accepted containers and different deposit and refund fees; and
- Current refund available to consumers (5 cents) no longer a strong enough motivation to visit a redemption centre when curb side pick-up options are offered for recyclables by Regional Service Commissions.

Therefore, to bring the BCP in line with other jurisdictions in Canada and around the world, we are proposing New Brunswick adopt an Extended Producer Responsibility (EPR) model. EPR is a policy approach in which a producer's responsibility, physical and/or financial, for a product is extended to the post-consumer stage of a product's life cycle. EPR shifts responsibility upstream in the product life cycle to the producer.

With that in mind, these are what we recommend as changes to the BCP in line with EPR principles:

- Encorp will seek continuous improvement in UBC recovery rates: 75% in 5 years and 80% or higher within 10 years after transitioning the program to EPR with regular updates displayed via our Performance Indicator.
- Encorp anticipates that changes will be required in the Beverage Containers Act and General Regulation to allow for the implementation of an industry managed Container Recycling Fee (CRF). Each material stream will become self-funding based on costs and revenues of that material.
- Encorp will seek to increase the refund amount consumers get back on the deposit paid for beverage containers. The new deposit-refund structure will be a 10 cents fully refundable deposit.
- Industry will take on responsibilities related to redemption centre licensing and compliance standards.
- Encorp will lead public outreach and education campaigns to increase consumer participation in recycling. Encorp has branding and marketing concepts ready to be rolled out alongside technology tools to modernize the network of UBC collection points and attract new customers to the UBC return/redemption experience.



## ▶ ENCORP AT 30

To celebrate the 30<sup>th</sup> anniversary of the New Brunswick Beverage Containers Program, Encorp will be holding social events across the province for all redemption centre owners and staff in 2022.



Locations, dates and times to be announced.

On such occasions, one must reflect on the success of the past, but most importantly, on what the future holds for our industry. Encorp demonstrated its commitment to the sustainability of the New Brunswick Beverage Container Program and the long-term viability of the redemption centre business over the course of the last 30 years.

Going forward, cooperation amongst stakeholders is critical to the long-term viability of the redemption centre network in this province. We look forward to sharing with you the road ahead and to hear your ideas.

## ▶ POS DEPLOYMENT

The deployment phase of the point-of-sale technology (POS) to all 69 redemption centres in NB has begun. The culmination of this initiative started in 2017 with the Final Report on Pilot Projects conducted by Encorp Atlantic. Again, this initiative will lead to modernisation efforts that will translate to added access and convenience for consumers. The POS was purpose-built for redemption centres by Encorp staff and was tested in four locations since April 2021.



## THE PATH FORWARD (CONTINUED)

We propose to migrate Encorp Atlantic Inc. to a Producer Responsibility Organization (PRO), similar to British Columbia, complete with a published annual report and financial statements.

A key component in increasing UBC recovery rates is to get consumers who do not currently bother to redeem their UBCs to start doing so. Improving UBC collection points for consumer access and convenience is one part of the solution. Enticing consumers to redeem their UBCs by increasing the deposit refund amount is another. Our plan proposes a 10 cents refundable deposit and a flexible CRF, which we are confident will increase consumer participation in the BCP. The CRF will ensure each material stream becomes self-funded based on costs and revenues of that material type and allow for the 10 cents deposit portion to be fully refunded to consumers. The introduction of a CRF will also ensure the program is financially stable in the long-term and be used to fund investments needed to achieve high target UBC recovery rates.

By cooperating with all distributors, we hope to achieve reduced sorts, optimize collection and transportation routes, a single administration, provide a data management system (POS) to all RCs, pursue communication and outreach efforts, and take on responsibilities related to redemption centre licensing and compliance standards.

We've also adopted a marketing strategy to improve UBC return rates in New Brunswick by encouraging everyone to "Be A Recycling Hero!" and educate on the importance of UBC recycling in order to keep the province and its beautiful outdoor spaces litter free. Additionally, we will be targeting schools to implement recycling programs and partner with local RCs as a means to raise money for school activities and programs.

We are confident the changes proposed will improve the consumer experience of returning and redeeming all New Brunswick deposit-bearing beverage containers and dramatically increase the UBC recovery rate in our province. This is a win-win for everyone!

## ▶ POS - ALLOWANCE

The EnSys-Connex Point-of-Sale system (POS) is the foundation of Encorp Atlantic's new payment system for redemption centres (RC). Essentially, the POS will connect with scanners used daily by drivers during collection at centres across New Brunswick.

The goals are to help increase the transparency of beverage container redemption transactions for customers, increase staff's counting accuracy and efficiency, improve inventory management abilities and shipping process, and provide RCs with reporting tools for your business. In addition, EnSys-Connex will be the backbone of the future province-wide Re-Express program, giving qualifying RCs who wish to offer a drop & go service to their customers the ability to process and credit bags received from drop & go users.

In preparation for the arrival of this system, Encorp will offer a one-time allowance to all RCs. This will provide owners with the ability to prepare for the arrival of the POS and the sorting tables provided by Encorp. Funds can be used for, but not limited to, site preparation, internet installation, additional training for staff members or closing for a day to allow for installation.

The deployment period for the POS will begin in early February 2022 and will take up to 18 months to complete. However, owners can access funding of \$2,500 immediately. This POS allowance will only be available until March 31st, 2022 for RCs who have committed to the installation of the POS and have entered into a service agreement with Encorp.

This investment is made possible with the business development strategy for RCs proposed by Encorp.

