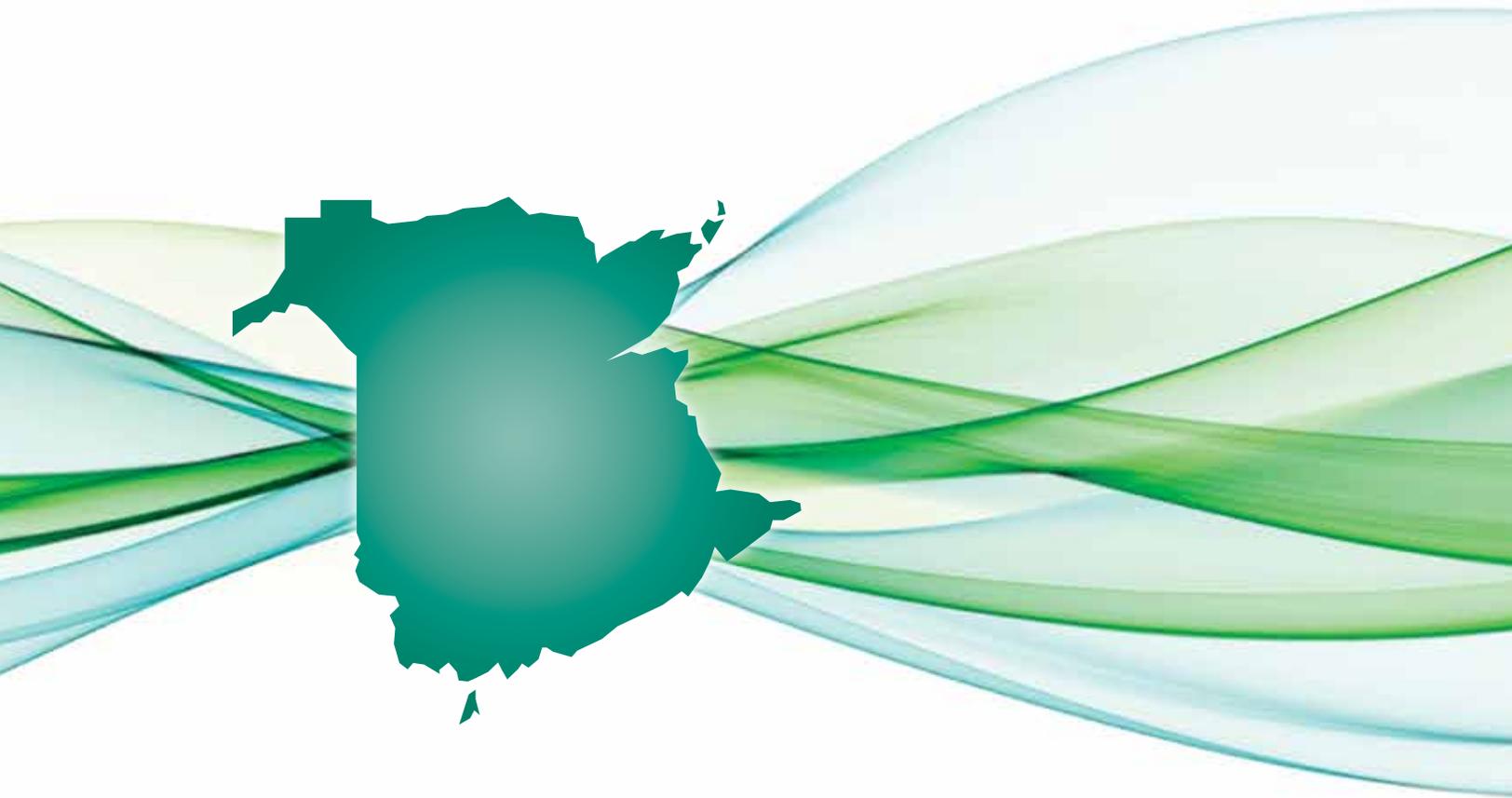


# 2011 | ANNUAL REPORT



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# TRANSMITTAL LETTER

The Honourable Bruce Fitch  
Minister of Environment and Local Government  
Marysville Place  
P. O. Box 6000  
Fredericton, NB E3B 5H1

Dear Minister:

On behalf of the Board and staff of Recycle NB, I am pleased to present to you our annual report for the calendar year 2011. This report is presented in accordance with Section 11 of the *Designated Materials Regulation* (New Brunswick Regulation 2008-54) enacted under the *Clean Environment Act*.

I would also like to take this opportunity to offer a special note of thanks and appreciation to the Hon. Margaret-Ann Blaney, the Minister of Environment during 2011 and the staff of the department for all the assistance we received during the year.

As Chair of the Board, my signature below is indicative of the overall accountability of the Board for the content of the 2011 Annual Report and the accuracy of the results reported herein.

Respectfully submitted,



Murray Driscoll – Chair Recycle NB

## RECYCLE NB - AN OVERVIEW

The Government of New Brunswick established Recycle NB under the *Designated Materials Regulation* (2008-54) of the *Clean Environment Act* on May 1, 2008. A Board of Directors, consisting of not less than 5 and not more than 12 members appointed by the Minister of the Environment, manages the affairs of the corporate body.

The regulation enables the government to designate materials that can become the responsibility of Recycle NB. Recycle NB then becomes responsible for establishing and administering a management program for each designated material. The program may include such functions as storage, collection, transportation, recycling, processing, disposal and other handling of a designated material.

Recycle NB is responsible for two designated materials: paint and tires. Paint became the responsibility of Recycle NB on May 1 2008 on the adoption of the *Designated Materials Regulation*. The same regulation transferred the rights and obligations of the New Brunswick Tire Stewardship Board to the new entity, Recycle NB. The Tire Stewardship Board had assumed the responsibility for tires as early as 1996 with the adoption of New Brunswick Regulation 96-82 under the Act, which made it possible for the Board to establish and administer a scrap tire management program.

# KEY ACCOMPLISHMENTS

Since the inception of the New Brunswick tire-recycling program in 1996, the equivalent of more than 15 million scrap tires have been recycled into new value-added products through the Tire Stewardship Program.

- Through the strong support of New Brunswickers, the recovery rate of scrap tires over the last 10 years of the program continues to be exceptional compared to other jurisdictions. This has enabled Tire Recycling Atlantic Canada Corporation (TRACC) located in Minto to become a world class leader in rubber recycling market development. This made in New Brunswick solution provides stability to the program as well as green sector manufacturing jobs.
- TRACC's facility remanufactures the scrap tires into many different products such as roofing shingles, landscape mulch, rubberized playground surfaces, livestock mats and many other moulded rubber goods.
- The Minister of Environment approved a new scrap tire management plan developed by Recycle NB on October 24, 2011.
- As reported in the 2010 annual report, the Tire Stewardship Program received top rankings in a survey by the Rubber Association of Canada in six Canadian cities:
  - Awareness of provincial scrap tire collection and recycling system
  - Satisfaction with the manner in which scrap tires are managed
  - Satisfied with what happens to tires when they are scrapped
- As the first Extended Producer Responsibility program in New Brunswick, the Paint Stewardship Program (PSP) has been very well received by consumers. In addition, the program strives to improve paint recycling accessibility by expanding the network of drop-off depots across the province.
- The management plan of the Paint Stewardship Program called for a minimum reuse rate of 70 percent. During the first three years of the program, the paint recyclability/reuse rate exceeded 87%.
- The paint recycler has commended New Brunswickers on the excellent quality of paint collected and low level of non program materials (mainly household hazardous waste) being received from New Brunswick. The result of which ensures the program costs for the PSP continue to be low.
- Recycle NB has continued its partnership with Habitat for Humanity to promote the use of green building materials such as recycled paint and roofing shingles.
- Recycle NB established its Moving Beyond Waste (MBW) education campaign during 2010 to improve the quality of service and consumer awareness in order to increase program recycling rates. The campaign was found to be very beneficial and it was repeated in 2011 with equal success. In 2010 the emphasis of the campaign was focused on improving the paint program while in 2011 efforts were concentrated on improvements to the tire program.
- In the year under review, the Board adopted a new operational by-law for Recycle NB and developed Charters for the Executive Committee as well as the Finance and Audit Committee.

# ACRONYMS AND GLOSSARY

The following list of acronyms and the glossary are designed to facilitate the understanding of the annual report of Recycle NB

## ACRONYMS

**ATDA** – Atlantic Tire Dealers Association

**CATRA** – Canadian Association of Tire Recycling Agencies

**CCME** – Canadian Council of Ministers of the Environment

**EPR** – Extended Producer Responsibility

**FSC** – Forest Stewardship Council

**GAAP** – Generally Accepted Accounting Principles

**HHW** - Household Hazardous Waste

**IAC** – Industry Advisory Committee

**KPI** – Key Performance Indicator

**LEED** - Leadership in Energy & Environmental Design

**MBW** – Moving Beyond Waste (Recycle NB Education Campaign)

**NBADA** – New Brunswick Auto Dealers Association

**NBSWA** - New Brunswick Solid Waste Association

**OTR** – Off-the-Road (tires)

**PSP** – Paint Stewardship Program

**PTE** – Passenger Tire Equivalent (1PTE =10kg)

**TRACC** – Tire Recycling Atlantic Canada Corporation

**TSP** – Tire Stewardship Program

**VOC** - Volatile Organic Compounds

## GLOSSARY

**Designated Materials** are waste streams identified by the New Brunswick government under the provisions of the *Clean Environment Act*. The management of a waste stream is entrusted to a Stewardship Board by the government. A board may be responsible for one or more Designated Materials. The Stewardship Board for both tires and paint in New Brunswick is Recycle NB.

**Extended Producer Responsibility (EPR)** is a strategy designed to promote the integration of environmental costs associated with goods throughout their life cycles into the market price of the products. EPR encourages manufacturers to design environmentally-friendly products by holding producers liable for the costs of managing their products at end of life. This approach persuades manufacturers to internalize the cost of recycling within the product price. The rationale of EPR is that producers (usually brand owners) have the greatest control over product design and marketing and therefore have the greatest ability and responsibility to reduce toxicity and waste.

**Household Hazardous Waste (HHW)** is the term for common household chemicals and substances for which the owner no longer has a use. These substances exhibit many of the same dangerous characteristics as fully-regulated hazardous wastes due to their potential for reactivity, ignitability, corrosivity, toxicity, and persistence. Paints, pesticides, propane tanks, batteries, syringes, used motor oil and many cleaning products are just some examples of household hazardous wastes, that are used daily by residents. These items contain toxic ingredients and should be used and disposed of responsibly.

**Moving Beyond Waste** (the Recycle NB Education Campaign) is an approach in managing hazardous and solid waste that has a clear and simple goal: reducing wastes and toxic by-products whenever possible while using the remaining materials as a resource, thus contributing to economic, social, and environmental health.

**OTR (Off-the-Road)** tires are generally used by the agriculture, forestry, construction and mining sectors. These tires are difficult to manage due to their size, weight and durability.

**PTE (Passenger Tire Equivalent)** is an industry accepted method for allowing comparison between tires which are sold and tires which are collected under the program. By transforming tire counts into weights, the program can efficiently track KPI statistics over time.

**Product Stewardship** is a concept whereby environmental protection centers around the product itself, and everyone involved in the lifespan of the product is called upon to take responsibility to reduce its environmental impact. For manufacturers, this includes planning for and, if necessary, paying for the recycling or disposal of the product at the end of its useful life. This may be achieved, in part, by redesigning products to use fewer harmful substances, to be more durable, reuseable and recyclable, and to make products from recycled materials. For retailers and consumers, this means taking an active role in ensuring the proper disposal or recycling of an end-of-life product

**Volatile Organic Compounds (VOCs)** refer to organic chemical compounds which are emitted as gases from certain solids or liquids. VOCs include a variety of chemicals, some of which may have short or long-term effects on the the environment and human health.

# MESSAGE FROM THE CHAIR OF THE BOARD



A review of the activities of Recycle NB included in this annual report will show a successful and satisfying year for the organization.

The Minister of Environment approved a new scrap tire management plan developed by Recycle NB on October 24, 2011. The Tire Management Plan is now available for download from Recycle NB's website.

During 2011 the Board adopted a new set of operational by-laws for Recycle NB. In addition, charters were developed for the Executive Committee and the Finance and Audit Committee. The terms of reference of both charters are included in the Board governance section of this report.

Effective January 1, 2011, Recycle NB adopted Canadian public sector accounting standards applicable for a government organization. The notes to the financial statements in this report describe the key adjustments that resulted from the adoption of these accounting standards.

The performance of the Tire Stewardship Program and the Paint Stewardship Program continued at a very high level. The results remain consistent with those obtained in 2010. The success of both programs is highly dependent on the active involvement of our stakeholders, the continuing participation of our partners and the unwaivering support of New Brunswickers across the province.

The 2011 Recycle NB education campaign (Moving Beyond Waste) continues to be a cooperative venture undertaken with the Environmental Trust Fund (ETF) of the Department of Environment and Encorp Atlantic. The results from the campaign should help us drive efficiencies and improve services through our recycling programs.

Recycle NB and its industry stakeholders continued to partner with Habitat for Humanity housing projects in the regions of Moncton, Saint John and Fredericton.

Recycle NB welcomes the commitment of the government to increase recycling in New Brunswick. We are pleased to hear that potential areas for new Extended Producer Responsibility programs may include oil/glycol, electronics, batteries, mercury-containing devices and pharmaceuticals. In all instances, a comprehensive stakeholder-driven stewardship management plan should be developed for each new material to be managed.

Recycle NB remains ready to assume additional responsibilities in this regard based on its track record with our current stewardship programs. We look forward to facilitating any future provincial stewardship initiatives.

I would like to express my appreciation to the staff of Recycle NB for their dedication and hard work throughout the year. I also would be remiss if I did not commend the Directors for their diligent and active participation during their service on Recycle NB's Board.

The Board and staff of Recycle NB remain committed to attaining the best environmental results possible on behalf of all New Brunswickers. We appreciate the continued leadership and the support of the Minister and Department staff and we shall spare no effort in working to ensure that sustainable development remains Recycle NB's guiding principle.

A handwritten signature in black ink, appearing to read 'Murray Driscoll'. The signature is fluid and cursive, written over a light green wavy background.

Murray Driscoll – Chair Recycle NB

# CORE VALUES

## • Role

*To ensure that materials designated by the Minister of the Environment are managed in a manner that assures a clean and healthy environment.*

The Government of New Brunswick has mandated Recycle NB to manage waste reduction programs for designated materials under the provisions of the *Clean Environment Act* and to provide environmental stewardship for these materials. Recycle NB currently administers two programs under its mandate: the Tire Stewardship Program and the Paint Stewardship Program. The experience acquired by Recycle NB and its network of key stakeholders in managing these two programs constitutes an excellent starting point for adding additional designated materials to those already managed by the agency.

## • Vision

*All waste materials in New Brunswick are managed in a sustainable and environmentally responsible way.*

Recycle NB and its stakeholders are continuing their work toward the common goal of a waste-free New Brunswick. To accomplish this objective, Recycle NB must transmit in a clear and effective manner the rationale and functionality of its programs to the public while ensuring public awareness of the importance of environmental sustainability. The importance of having an organization such as Recycle NB dedicated to sound environmental stewardship cannot be overstated.

## • Mission and Goals

*To manage waste reduction programs for designated materials and provide environmental stewardship for New Brunswick.*

Recycle NB is convinced that the success of an organization requires clearly established objectives as well as the development and implementation of comprehensive planning. It is for this reason that the Board considered as a priority in the early days of the mandate of Recycle NB, the development of the mission of the organization. When Recycle NB is assigned additional programs, the mission statement may be amended as required.

The Board has established the following goals and objectives for Recycle NB:

### 1. To increase public education and awareness.

Recycle NB will focus on educating New Brunswickers about the environment by promoting an understanding of waste as a valuable resource, while emphasizing that recycling presents a viable option to disposal.

### 2. To be financially sustainable.

Recycle NB is dedicated to earning public confidence through financial sustainability despite challenging economic times.

### 3. To add value.

Recycle NB strives to add value to all waste materials and develop long-term stability in the process through technological innovation and emerging markets for recycled products.

### 4. To facilitate waste minimization.

Recycle NB will ensure that its programs provide an ever-present and accessible recycling solution for all designated material programs and will continue to work towards the overall goal of a waste-free New Brunswick.

### 5. To remain transparent and accountable.

Recycle NB is committed to maintaining accountability and transparency in its processes and will continue to seek ways to improve its performance in these areas.

# BOARD GOVERNANCE

## Board Membership and Structure

The members of the Board of Directors of Recycle NB are appointed by the Minister of Environment in accordance with Section 4 of the *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the *Clean Environment Act*. The Directors are representative of all regions of the province and of both official linguistic communities. The varied backgrounds and experiences of the Directors enable them to bring their individual perspective in addressing environmental issues confronting New Brunswick.



## MEMBERS OF THE BOARD AND TERMS OF OFFICE

### Board Membership



**Murray Driscoll, Chair**  
**Quispamsis, NB**  
 Mr. Driscoll is a retired educator and serves as Mayor of Quispamsis  
*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Nancy Daamen**  
**Hardwood Ridge, NB**  
 Ms Daamen is active in providing healthcare to seniors as well as community service development.  
*(Term of office: September 21<sup>st</sup>, 2011 – September 20<sup>th</sup>, 2014)*



**Paul Losier, Vice-Chair**  
**Beresford, NB**  
 Mr. Losier is Deputy-Mayor of the Town of Beresford and Chair of the Nepisiguit-Chaleur Solid Waste Commission.  
*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Borden P. DeLong**  
**Brown's Flat, NB**  
 Mr. DeLong is Owner / Proprietor of Bor-Mar-Gar Printing and active in various community services.  
*(Term of office: September 21<sup>st</sup>, 2011 – September 20<sup>th</sup>, 2014)*



**Thérèse Bourgeois**  
**Grand Falls, NB**  
 Ms. Bourgeois has experience in both the hospitality and tourism sectors and is also Vice President of the Kahoutek Cross-Country Ski Club.  
*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Paul Després**  
**Shediac, NB**  
 Mr. Després is a retired regional sales executive from the residential and commercial building products sector.  
*(Term of office: June 8<sup>th</sup>, 2010 – June 7<sup>th</sup>, 2013)*

The powers of the Board are as laid out in Section 5 of the *Designated Materials Regulation*. In general terms, the Board is responsible for determining the strategy and policies of the organization, setting objectives for management, approving budgets as well as discharging its fiduciary obligations in areas where it has been assigned stewardship responsibility by the provincial government. The Board exercises its oversight role of the operations of Recycle NB through regular Board and sub-committee meetings. The Board has established two sub-committees: The Executive Committee and the Finance and Audit Committee. Stakeholders are also actively involved in the operation of Recycle NB through Industry Advisory Committees established by the Board..

## The level of attendance of Directors at Board meetings was 96%

Board of Directors (6 meetings)		Board of Directors (6 meetings)	
Murray Driscoll <i>Chair</i>	6	Paul Losier <i>Vice-Chair</i>	6
Rod Borden	4 of 5	Thérèse Bourgeois	6
Roland Guitard	6	George Haines	4 of 4
Bryan Howell	6	Colombe Leblanc-King	6
George Mitton	4 of 6	Grace Losier	6
Phillip Jensen	6	Paul Després	6
Nancy Daamen	1 of 1	Borden P. DeLong	1 of 1

## The Board of Directors met 6 times during the year.

Meetings were held on the following dates:

- February 4 – Fredericton
- May 6 – Fredericton
- June 17 – Tracadie-Sheila  
(Regular Board meeting and Annual General Meeting)
- September 7 – Fredericton
- December 2 – Fredericton



**Roland Guitard**  
Pointe-Verte, NB

Mr. Guitard is a retired insurance executive and former Deputy Mayor of Pointe-Verte.

*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Colombe Leblanc-King**  
Saint-André, NB

Ms. Leblanc-King is a retired educator and continues to be active in community service and development planning.

*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Bryan Howell**  
Shediac Cape, NB

Mr. Howell retired as General Manager of Encorp Atlantic and continues to be active in the development of recycling programs

*(Term of office: June 19<sup>th</sup>, 2009 – June 18<sup>th</sup>, 2012)*



**Grace Losier**  
Grand Bay-Westfield, NB

Ms. Losier is Mayor of Grand Bay-Westfield and is active in both business and community development in the region.

*(Term of office: June 15<sup>th</sup>, 2010 – June 14<sup>th</sup>, 2013)*



**Phillip Jensen**  
Fredericton, NB

Mr. Jensen is a retired executive from the trucking industry and former Chair of the Fredericton Solid Waste Commission.

*(Term of office: April 12<sup>th</sup>, 2010 – April 11<sup>th</sup>, 2013)*



**Grant Mitton**  
Moncton, NB

Mr. Mitton is a retired Occupational Health and Safety advisor for the Federal Department of Labour in the Atlantic Region and an avid outdoorsman.

*(Term of office: June 19<sup>th</sup>, 2009 – June 18<sup>th</sup>, 2012)*

## Executive Committee

The Recycle NB Board approved the Charter for the Executive Committee early in 2011. The Committee is comprised of four Board members (Board Chair, Board Vice-Chair and two other Board members appointed by Board resolution and the Chief Executive Officer (*ex-officio*).

The terms of reference of the Committee are:

- To deal with issues that emerge between regular Board meetings.
- To provide broad strategic direction and advice to the Board.
- To provide advice to the Board Chair and/or Chief Executive Officer.
- To set performance evaluation criteria for the Chief Executive Officer.
- To assess the performance of the Chief Executive Officer.
- To recommend to the Board compensation & benefits levels for staff.
- To coordinate and oversee the evaluation of the Board performance.
- To ensure proper orientation of new Board members.

### Members

- Murray Driscoll, Chair
- Colombe LeBlanc-King
- Paul Losier
- Grant Mitton

## Finance and Audit Committee

The Recycle NB Board approved the Charter for the Finance and Audit Committee early in 2011. The Committee is comprised of four Board members appointed by Board resolution and the Chief Financial Officer (*ex-officio*).

The terms of reference for the finance function of the Committee are:

- Be the “eyes” of the Board in meeting its fiduciary responsibilities.
- Provide broadly based advice to management on the annual budget.
- Review the quarterly financial statements.
- Review the effectiveness of the company’s internal control systems.
- Monitor compliance with appropriate laws and regulations.
- Recommend investment policy guidelines, whenever required.
- Review the completeness and accuracy of public financial reports.
- Consider any financial issues reasonably within the Board’s jurisdiction.

The terms of reference for the audit function of the Committee are:

- Review and determine the structure and scope of the internal audit function.
- Review the external auditor’s audit scope and approach.
- Review the performance of the external auditor and recommend appointment or discharge.
- Consider any audit issues reasonably within the Committee’s jurisdiction.

### Members

- Phillip Jensen, Chair
- Murray Driscoll
- Grace Losier
- Grant Mitton



## Accountability

The commitment of Recycle NB to accountability is assured through a continual review of the policies and practices of the Board. A fundamental portion of this exercise is performed through key reporting mechanisms such as the approval by the Board of the annual report and the Designated Materials management plans. In addition, an independent auditing firm performs an audit of the financial statements. This audit process ensures that the organization is following generally accepted accounting principles (GAAP) and all findings are presented to the Finance and Audit Committee prior to consideration by the full Board. The Board continues to search for ways to improve its accountability through ongoing dialogue with its industry advisory committees. The results and recommendations emerging from these discussions are then considered for adoption in internal governance practices.

## Transparency

Recycle NB continues to provide comprehensive public explanation of its activities by means of its annual report, the active involvement of its industry advisory committees and a wide variety of communication tools at its disposal. This transparency exceeds the requirements of the *Designated Materials Regulation* and is designed to provide as much information as possible to New Brunswickers at all times. The engagement of New Brunswickers is essential in order to make it possible for Recycle NB to fulfill its mission and to meet its goals.

Recycle NB strongly believes and adheres to the *Designated Materials Regulation*, a principle prohibiting the cross subsidization of material management from one waste stream to another. Recycle NB understands the importance of ensuring that New Brunswick consumers only pay the actual costs of the waste streams that are created and managed.

## Industry Advisory Committees

Industry stakeholders are encouraged to participate in the management of recycling programs through the tire and paint Industry Advisory Committees (IACs) chaired by a Board member of Recycle NB. This system of governance allows the Board of Recycle NB the opportunity to benefit from the expertise and advice of stakeholders on various program issues and initiatives in the most efficient and equitable manner possible. Members of the IAC committees meet on a regular basis to assist the Board on programs for which Recycle NB has a mandate to provide oversight. These committees offer the Board a unique

opportunity to communicate bilaterally and directly with the respective industries and their stakeholders. The meetings provide a venue where comments, concerns and suggestions can be discussed openly and innovative solutions can be developed for any current or potential challenges. This cooperative partnership with stakeholders ensures that a variety of perspectives can be regularly heard, evaluated and utilized by the Board and staff of Recycle NB.

## Tire Stewardship Program

### Industry Advisory Committee Members

- Recycle NB, Paul Després, *Chair*
- Recycle NB, Jamie Seamans, *TSP Manager*
- Tire Dealers, ATDA, Frank Connor, *Executive Director*
- Auto Dealers, NBADA, Jane Young, *Executive Director*
- Solid Waste Commissions, Ian Comeau, Restigouche Solid Waste Commission, *Executive Director*
- Transportation Provider / Processor TRACC, Stephen Richardson, *Plant Manager*

## Paint Stewardship Program

### Industry Advisory Committee Members

- Recycle NB, Paul Losier, *Chair*
- Recycle NB, Pat McCarthy, *PSP Manager*
- Brand Owners, Tim Dietrich, Home Hardware, *Manager Dealer Operations*
- Paint Agent, Product Care Association\*  
Mark Kurschner, *President*
- Solid Waste Commissions, Bill Slater, *Executive Director*  
Westmorland-Albert Solid Waste Corporation.
- Paint Retailers, Jim Cormier, *Director, Atlantic Canada*  
Retail Council of Canada,
- Processor, Mario Clermont, *General. Manager, Recycling*  
Division, Société Laurentide
- Transportation Provider  
Kevin Sargent, *President Hebert's Recycling Inc\*\**,

\* Mannie Cheung assigned as alternate

\*\* Kevin Landry assigned as alternate

# EXTENDED PRODUCER RESPONSIBILITY (EPR)

EPR as a philosophy is certainly not a new concept by any means. It has been utilized and embraced by many governments around the world for more than a decade. The Canadian Council of Ministers of the Environment (CCME) has adopted EPR as a policy approach. According to the concept of EPR, a producer is responsible for a product through its full life-cycle beyond the consumer stage. Thus the producer assumes financial responsibility for the waste management of its own products.

## Application of EPR

The foundation of EPR policy is therefore a shift of responsibility from governments and municipalities to the producers of the goods being consumed. EPR programs are best understood as changing the traditional balance of responsibilities among the manufacturers and importers of consumer goods, consumers and governments with regard to waste management. All EPR programs are characterized by the continued involvement of producers and importers with commercial goods at the post-consumer stage. This form of product stewardship encourages system efficiencies which can have real benefits for New Brunswickers. When developing EPR regulations, the government of New Brunswick needs to ensure on a consistent basis that industry stakeholders remain involved in the process. Each section of a regulation for a particular product needs to be carefully considered since it will likely set a standard for any future initiatives. In the final analysis, local government authorities and taxpayers are relieved from the legal, physical and socio-economic impacts of waste management that were previously imposed upon them.

## Benefits of EPR

Some of the reasons why EPR programs are beneficial for New Brunswick include the following:

- EPR shifts end-of-life costs to the producers and/or others in the product chain rather than having the costs borne by municipalities and taxpayers.
- Producers with expensive end-of-life management costs have both the incentive and opportunity to redesign their products to minimize these costs.
- EPR creates incentives for producers to remove harmful substances from products and develop greener future designs.
- EPR promotes innovation in recycling technology thereby potentially reducing consumer product costs
- EPR creates a solid framework for continual program development without the need for additional government legislation.
- EPR helps in reducing the carbon footprint through increased use of recycled materials.
- EPR programs are putting New Brunswick on the path toward zero waste.

## EPR Outlook

Many provinces are actively looking for ways to explore and promote EPR programs. Recycle NB will be looking to translate its successes into new opportunities. In the fall of 2009, the CCME approved in principle a Canada-wide Action Plan for EPR and a task group was established to provide guidance on the development and implementation of EPR and product stewardship programs. The approach was to use a phased system of EPR program adoption for identified priority products and materials. In a complex and competitive national and global business market, signals to producers from a relatively small market like Canada may not be strong enough on their own to influence new environmentally conscious product design and supply chain management. The environmental objectives of EPR may therefore need to be supported and reinforced by other measures, such as: eco-labelling; restrictions on harmful substances; recycled content standards and regulations; green procurement policies; environmental performance/voluntary agreements and a variety of other potential standards, bans, guidelines and educational tools. Recycle NB continues to look forward to a future where clean manufacturing, pollution prevention and zero waste are commonplace objectives in all industries.

# PUBLIC EDUCATION AND AWARENESS

Gradually, a growing segment of the population is becoming aware of the importance of reducing, reusing and recycling. However, some may have questions about how or where to take end-of-life products for recycling or proper disposal. Recycle NB looks to bridge this knowledge gap by becoming a clearinghouse for recycling information. Recycle NB tackles this task by compiling the available information and providing residents and businesses a one stop shop for answers to recycling questions. Achieving a fundamental philosophical shift in the way waste is viewed takes both time and persistence. Giving people the necessary information to make life changes is a prerequisite, but a more concerted approach is required. For this reason, Recycle NB undertook an initial major education and awareness campaign in the summer of 2010. The 2010 “Moving Beyond Waste” campaign was extremely successful and a decision was made to repeat it in the summer of 2011.

The objectives of the 2011 “Moving Beyond Waste” (MBW) campaign were to:

- Increase consumer usage of the tire and beverage container programs
- Improve consumer experience at tire drop-off centers and redemption centers
- Improve the quality and condition of returned materials
- Promote the 3R's (Reduce, Reuse, Recycle)

The campaign was a cooperative venture undertaken with the Environmental Trust Fund (ETF) of the Department of Environment, the Solid Waste Commissions and Encorp Atlantic. Encorp Atlantic provides post-consumer beverage container management services to organizations that distribute deposit-bearing beverage containers in New Brunswick.

Four “Environmental Ambassadors” were hired for the summer campaign. They were situated in various regions of the province to provide a beneficial 2-way communications link to schools and local communities. A goal of the Ambassadors was to strengthen relationships with local experts in the recycling field such as Solid Waste Commissions. The Ambassadors made 74 presentations to schools throughout the province and an additional 21 presentations at such places as tradeshow and fairs. In addition to acting as a community resource, the representatives carried out surveys with tire and beverage program participants. The primary focus of the 2011 campaign was to encourage improvements to customer education at tire retailers while also improving material recovery rates of the program.

The campaign included beneficial survey data from site visits and interviewing staff at 860 of 1056 (81%) of tire retailers and 76 of 78 (97%) beverage depots. The results of the campaign were improved communications, more information and education of the general public, enhanced training of depot and retailer staff and TSP operational improvements.



# COMMUNITY RECYCLING PROJECTS

A new partnership developed in 2009 between Recycle NB and Habitat for Humanity, a non-profit organization. The main focus of Habitat for Humanity has always been to build affordable housing and promote homeownership as a means of breaking the cycle of poverty. The primary goal of the partnership was to provide safe housing for low income families while at the same time providing a new lease on life for recycled products made from waste paint and tires. Habitat for Humanity in the Moncton and Saint John regions both used composite roofing shingles and recycled paint with their affiliate housing construction projects during 2009. The experience was so successful that the initiative was repeated in 2010 with projects in Moncton, Saint John and Fredericton. Communities in those regions benefited from the partnership with Recycle NB and its industry stakeholders during 2011. There are many challenges to overcome when delivering such a complex program and helping those most in need. Recycle NB and its industry stakeholders are very pleased to be able to contribute to such a worthy cause. The shingles, manufactured entirely at the TRACC facility in Minto are shipped to each building site just prior to construction. Each bundle of roofing materials and every can of paint will eventually be put to use by a multitude of dedicated community volunteers working to complete the project. The response and public support for the initiative has been overwhelmingly positive and many have been pleasantly surprised with the high quality and attractive appearance of the composite roofing shingles and recycled paint. A 50 year transferrable shingle warranty from TRACC and durable low VOC “Boomerang” paint from Société Laurentide ensure the new homeowners have fewer worries going forward. Habitat for Humanity has continued to express a strong interest in using “Moderne Slate” shingles and “Boomerang” paint on future building projects. This is just one more way Recycle NB is continuing to ensure that the true value of “waste” resources is recognized in New Brunswick.



# VALUE-ADDED RECYCLING

Recycle NB has always been highly interested in seeking to obtain the full value of recycled resources such as scrap tires or leftover paint. The TSP has become renowned both nationally and internationally for its highly successful track record in this regard. Countries from around the world often contact Recycle NB in an effort to adapt this success to their own situation. So how is it that a tire-recycling program from a relatively small Canadian province is able to attract such wide-spread interest? The reason is very simple; it all boils down to value-added recycling.

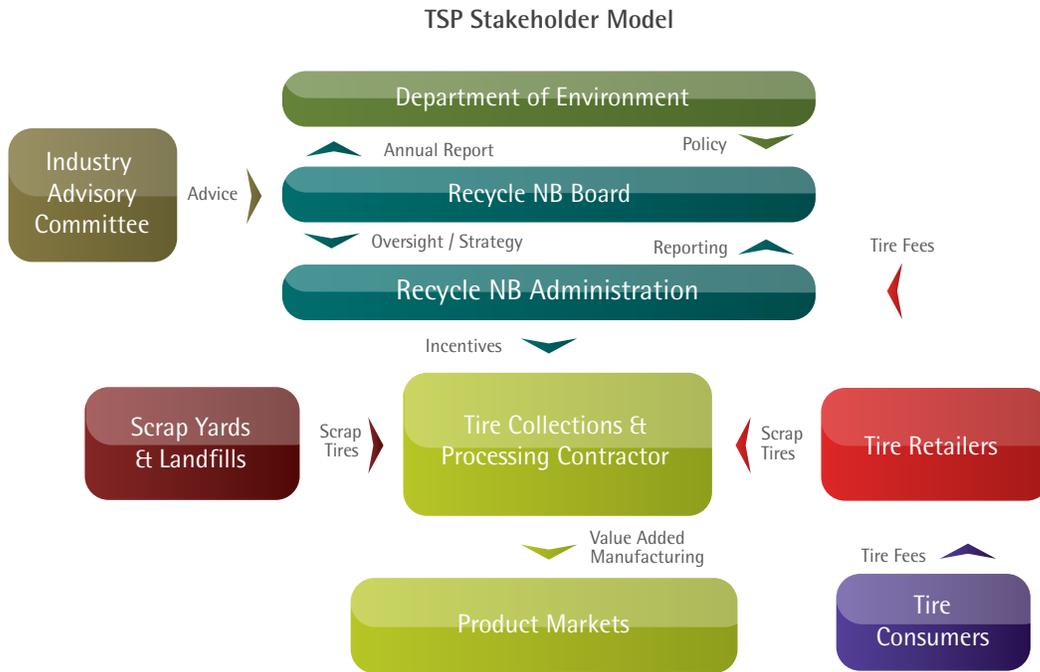
Typically a manufacturer of goods requires raw materials in order to make them. Those raw materials are then transformed into finished goods which presumably have a market demand and can be sold to industrial, commercial or residential consumers. Value-added recycling simply reverses the process. Through innovation and collaboration new creative solutions are found which transform end-of-life consumer materials into new products. This means moving beyond the paint and tires filling up landfills and recognizing the true value of New Brunswick's waste resources. This also highlights exactly why market development is such a crucial pillar to the long-term success of Recycle NB programs.

The success of the program is highly dependent on the engagement and actions of individual New Brunswickers. The public response and support for the program through daily actions of sorting recyclables has a direct impact on the bottom line of the programs. As the general level of program awareness increases, Recycle NB has seen a noticeable shift in the level of interest surrounding the proper preparation and sorting of recyclable materials. As awareness increases, residents also understand there is now a growing correlation between the prices of goods they buy each week and their recycling efforts. The growing number of EPR programs across Canada will only serve to strengthen this connection. Value-added recycling is a system whereby nature and commerce fruitfully co-exist. The EPR approach to program design regularly calls for the transformation of industry through ecologically intelligent design. When done right, there's a synergy created which encourages those industries to become more sustainable while remaining prosperous. To see tangible results, one needs to look no further than the extensive list of products made by TRACC, all made, at least partially, from scrap tires. Similarly, Société Laurentide has continually pushed the envelope for pioneering innovative recycled paint products.

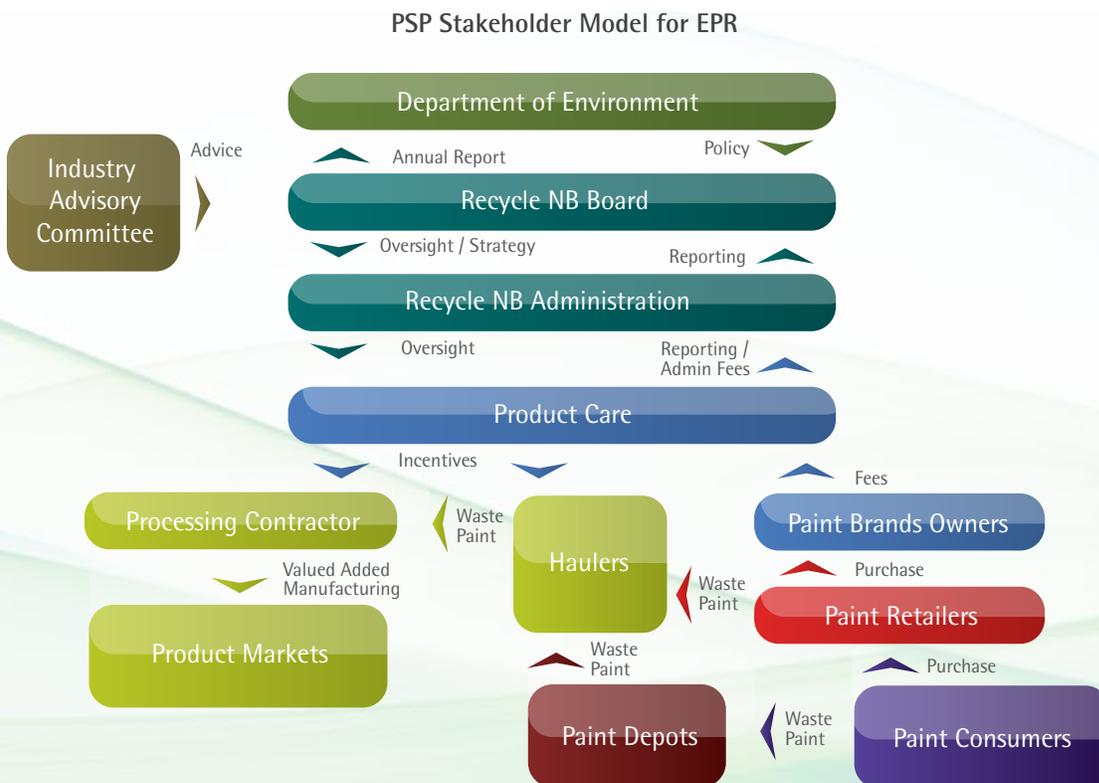
An approach which has worked for New Brunswick programs is the concept of developing markets to "pull" for recycled products. In the last century, many recycling efforts often ended with the development of subpar products. However, modern day recycled products are finally gaining recognition as legitimate alternatives to products made from virgin materials. Several forces, including the new sustainable development and green building movement, have made inroads toward strengthening the demand for resource-friendly products. Markets can also be encouraged through government policy-making such as green procurement strategies which is another key area Recycle NB is looking for future development. Today's consumer often weighs many factors before buying products. Environmental considerations tend to play an increasing role in product selection processes. From safer rubberized playground surfaces in schoolyards and parks, to low-maintenance landscape mulch designed to use water more efficiently, to low VOC recycled paint, the conscientious consumer today is naturally gravitating more towards recycled goods. It's certainly an attractive additional benefit to be able to turn in an end-of-life product for recycling knowing that, in so doing, one enhances environmental sustainability for future generations. It's clear from the encouraging results that New Brunswickers support the value-added approach to recycling. This response not only shows that residents are looking to take ownership of their waste issues, but that value-added recycling is clearly benefiting New Brunswickers.

# RECYCLE NB STAKEHOLDER MODELS

## Tire Stewardship Program (TSP)



## Paint Stewardship Program (PSP)



# TIRE STEWARDSHIP PROGRAM (TSP)



## TSP Highlights

The *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the Clean Environment Act came into effect on May 1, 2008. The Regulation created Recycle NB and simultaneously transferred the rights and obligations of the existing New Brunswick Tire Stewardship Board to the new corporate body.

Since the inception of the New Brunswick tire-recycling program in 1996, the equivalent of more than 15 million scrap tires have been recycled into new value-added products through the TSP. A vital component of the continued success of the program has been the ability of the Tire Recycling Atlantic Canada Corporation (TRACC) to find and develop new key markets for recycled products, thus requiring additional quantities of rubber in order to satisfy increasing customer demand. As more rubber is used for markets each year, there may even come a time when rubber from scrap tires in New Brunswick will not be sufficient to meet the requirements of TRACC for recycling material.

The expansion of the Moderne Slate® roofing shingles market by TRACC provides a good example. An agreement signed with a major home product distributor continues to give TRACC unprecedented access to one of the most fully integrated supply networks in North America. This development alone could significantly increase orders for the TRACC shingle products. A direct result of this will be a need to increase both manufacturing capacity and the manpower required to run the newly installed equipment. The major challenge may well be to find the additional materials to be recycled. TSP is working for New Brunswickers both to reduce waste and to generate meaningful long-term environmental and economic benefits right here in the province.

## EPR and Off-the-road (OTR) tires

Off-the-road tires are those that one expects to find on places such as farm tractors, front end loaders and giant mining dump trucks. OTR tires are built tough to handle some of the harshest working conditions any piece of equipment might ever see. These tires can be incredibly large, making them very difficult to handle and transport due to their potentially massive outer diameters and enormous weight. This same toughness in the field also presents some serious challenges when it comes to OTR tire recycling. When stockpiled, OTR tires, just like their smaller highway tire counterparts, can also pose an environmental threat for a variety of reasons.

As part of a proactive initiative by the Atlantic Tire Dealers Association (ATDA) on behalf of New Brunswick's OTR tire dealers, an OTR tire program came into effect January 1, 2010. This voluntary EPR program continues to use a varied scale of tire recycling fees charged to customers depending on the combined size and weight of the OTR tire purchased. Dealers are using the funds to supplement the costs of recycling at the TRACC Minto plant where the scrap OTR tires are transformed into highly sought after value-added products such as Super-Shred Mulch. Recycle NB continues to collaborate with the ATDA towards the development of a comprehensive EPR tire program.

## TSP Achievements

The New Brunswick Department of Environment has given Recycle NB the mandate to organize a product management program for scrap tires. Through the Tire Stewardship Program, Recycle NB provides a system through which all tire retailers in New Brunswick can fulfill their obligation to comply with the *Designated Materials Regulation*. The regulation applies to anyone selling new tires within the province.

## Tire Sales in 2011

There are more than 700 registered tire retailers in New Brunswick. Each retailer is responsible for collecting tire recycling fees at the point-of-sale for each new tire sold. These fees must then be remitted to Recycle NB, which in turn funds the scrap tire collection, transportation and recycling operations.

The program from a fiscal perspective has always been entirely self-supporting, receiving no financial support from the Government of New Brunswick.

**Tires Sold (PTE):**  
1,088,000 (1,125,000 in 2010)

# TIRE STEWARDSHIP PROGRAM (TSP) (continued)

## Tire Collections in 2011

Every scrap tire collected by any tire retailer location throughout the Province of New Brunswick must be collected and sent to the TRACC recycling plant located in Minto for later transformation into value-added products. Recycle NB continues to carefully monitor the collection rates to ensure a level playing field for all tire retailers across the province.

### Tires collected (PTE):

1,074,000 (1,149,000 in 2010)

### Tire recovery rate:

98.7% (102.1% in 2010)



## Tire Processing in 2011

Under the tipping fee-based system developed between TRACC and the Province of New Brunswick the processing costs for the tires are paid once the collected scrap tires enter into the TRACC inventory. The advantages of this system include a reduction in administrative costs and the elimination of the need to maintain frequent inventory audits. The agreement is also seen as a positive first step towards establishing an EPR for the TSP.



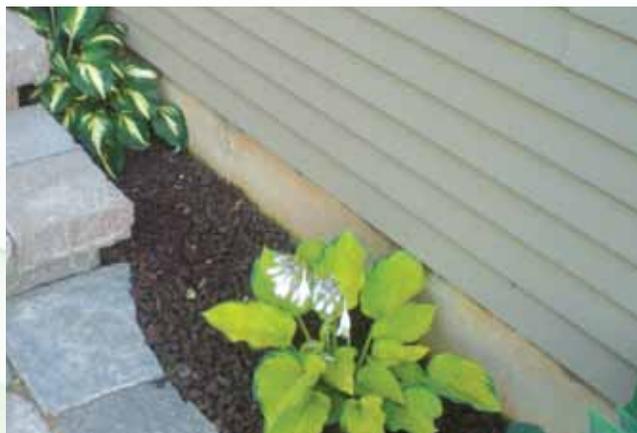
## Quality Assurance

Recycle NB is committed to ensuring that the quality of services provided by the program is at a level which meets the needs of New Brunswickers.

Recycle NB uses the following processes to implement quality assurance for the TSP:

- Analyzing feedback and taking action to improve programs.
- Analyzing the management plan to improve program delivery.
- Analyzing trends and patterns.
- Benchmarking with similar programs in other jurisdictions.

Also, Recycle NB has continued to focus its efforts and resources more effectively by collaborating with other provinces on the delivery of tire retailer audits through its membership in the Canadian Association of Tire Recycling Agencies (CATRA).



## Knowledge and satisfaction levels of the TSP by New Brunswickers

The Rubber Association of Canada (RAC) carried out a study in 2009 on a number of issues including opinions on tire recycling. The results of the survey were presented to a meeting of CATRA in April 2010. The survey was carried out in the cities of Vancouver, Calgary, Winnipeg, Toronto, Sherbrooke and Fredericton. Altogether, 1,811 individuals were surveyed. This is the only survey which included tire recycling questions, so no prior baseline data exists. In addition, it is not possible to determine whether the situation has changed from 2009 to 2011 in the absence of a more recent survey.

The Fredericton responses compared to the national responses were as follows:

- **Aware of provincial scrap tire collection and recycling system** Fredericton 81.2% aware (national average 58.0%)
- **Satisfaction with the manner in which scrap tires are managed** Fredericton very satisfied 87% (national average 52%)
- **Satisfied with what happens to tires when they are scrapped** (Scrap tires are being recycled responsibly) Fredericton 73% (national average 51%)

It is noteworthy that Fredericton had the highest rating of the six communities surveyed for each of the three questions. A reason for the high rating in Fredericton may be the relative proximity of the recycling facility in Minto. One of the key aspects of the 2011 Moving Beyond Waste campaign was for continuing to improve New Brunswickers' awareness of the TSP in all regions of the province.

Recycle NB developed a draft Management Plan for the Tire Stewardship Program which was then submitted to the Tire IAC for comment prior to being reviewed by the Board of Recycle NB. The Tire Program Management Plan was subsequently approved by the Minister of Environment on October 24, 2011. The approved Tire Management Plan is available online at [www.recyclenb.com](http://www.recyclenb.com)



# PAINT STEWARDSHIP PROGRAM (PSP)

## Historical Perspective

The *Designated Materials Regulation* (New Brunswick Regulation (2008-54) under the Clean Environment Act came into effect on May 1, 2008. The Regulation created Recycle NB and simultaneously made the corporate body responsible for launching and administering the new Paint Stewardship Program, the first program in the province to be administered as an Extended Producer Responsibility.

After having been endorsed by the stakeholder-based Paint Industry Advisory Committee of the Board in June of 2008, Product Care was selected by Recycle NB as the paint agent for current brand owners registered under the program. The New Brunswick Paint Recycling Program Plan was developed by Product Care Association on behalf of the paint industry in response to the New Brunswick Designated Materials Regulation. The program plan has been approved by Recycle NB for a three-year period commencing April 1, 2009 and a new plan will be submitted for consideration by the Board in the coming year.

The first phase of the implementation of the Paint Stewardship Program consisted of shifting the financial responsibility from the New Brunswick Solid Waste Commissions to the paint brand owners by the end of 2008. The second phase of the PSP was the establishment of a network of collection depots throughout the province. The network of collection depots was in place by April 2009. As of that date, paint consumers, including homeowners and businesses, could drop off, without charge, leftover household paint at paint collection depots located throughout New Brunswick. The 2011 annual report represents the second full-year operation of the program.

The second phase of the implementation included a comprehensive public awareness media campaign organized through the combined efforts of Product Care and Recycle NB. The most noticeable change for homeowners looking to clean out garages, sheds and basements was the significant increase in the number of locations leftover paint could be dropped off for recycling. Through this sharp increase in accessibility, the number of people making use of the new program skyrocketed. Feedback from residents and businesses alike was most encouraging.



The 2011 report from Product Care provides confirmation that the program continues to enjoy wide-spread support. It is evident that residents recognize the value of recycling rather than sending their leftover paint and containers to landfills and incinerators or polluting the environment.

## Eco-Logo Certification

Building green is more than just using recycled products in the construction process. The recycled products must also be certified. This certification assists consumers in identifying the safest, most environmentally preferable products. There are several internationally recognized marks of environmental quality, however in North America, there are only two major certifications: Eco-Logo and Green Seal (commonly associated with Leadership in Energy & Environmental Design [LEED] certification for new and retrofit, residential and commercial construction projects). Industry considers both marks as environmental leadership labels.

Recycled paint products such as Boomerang and Rona Eco paint are made from unused portions of recovered domestic paints and stains. In order to guarantee the quality of these products, about 1% of new material is added to the remains, providing adequate and consistent lustre levels, viscosity and drying time.

Boomerang and Rona Eco products also have a very low level of Volatile Organic Compounds (VOCs), thus making it possible to become Eco-Logo certified. Everything about the product is environmentally friendly; including the container which is made from recyclable plastic and a label printed on FSC-certified paper. It's no surprise these products continue to garner well-deserved interest and attention through their progressive regular certification processes.



## PSP Achievements

The paint stewardship plan provides industry stakeholders the framework necessary to operate a recycling system that is both accountable and transparent to all stakeholders.

Based on the EPR model, any expenses incurred by the PSP for oversight, communications, auditing, general administration or any other expense related to the program are reimbursed fully on a cost-recovery basis by Product Care. Recycle NB receives no direct funding from the government for the PSP.

The paint sales and paint collections data for the calendar year 2011 are provided by Product Care Association as required under the *Designated Materials Regulation of the Clean Environment Act*.

## Paint Sales

Most of the paint purchased will be used for its intended purpose, but at times a portion of the acquired paint may require disposal by the consumer. In order to fund the recycling activities of the PSP, the price of each container includes a provision for recycling the paint bought at any of the more than 500 paint retailers in the province. As of December 31, 2011 the PSP had 48 brand owners registered, an increase of 5 during the year. The brand owners remit the funds collected for recycling to Product Care based on their product sales volumes. Product Care is then tasked with managing the ongoing operations according to the approved business plan.

Program members reported the sale of 1,888,405 units of program products for an estimated liquid volume of 5,129,399 litres, representing an average of more than 14,000 litres per day. The corresponding sales in the 2010 reporting period were 2.03 million containers and 5.73 million litres. Inclement weather in 2011 probably contributed to lower paint sales in New Brunswick than in 2010.

# PAINT STEWARDSHIP PROGRAM (PSP) (continued)

## Paint Collections

The PSP allows consumers including homeowners and businesses to bring their leftover paint as well as many types of stains, varnishes and aerosols to any of the many collection points across the province. At the launch of the paint recycling program on April 1, 2009, there were initially 46 paint drop-off depots available to accept paint under the program. By December 31, 2011 the number of depots stood at 56. The number of drop-off depots shows that the program continues to provide accessibility for paint recycling throughout the province. It also makes it easy for all New Brunswickers to become involved in protecting the environment by recycling their unused paint.



The collection sites include retailers, Solid Waste Commissions (including events) and Redemption Centres (bottle return depots). The program supplies collection sites with standard reusable collection bins and other containers such as drums. The filled bins are then collected from the collection sites by a hauler contracted to the program, and empty bins are dropped off. The filled bins are then consolidated at the hauler's warehouse into full loads which are then shipped to processors for recycling.

256,963 litres of paint were collected during the year. The volume of leftover paint processed during the year and the method of disposal were as follows:

Method	Volume (litres)	Percentage
Reuse	1,244	0.5%
Recycle	212,346	87.2%
Landfill	20,500	8.4%
Energy Recovery	9,550	3.9%
Incineration	-	0.0%
<b>Total</b>	<b>243,640</b>	<b>100%</b>

## Percentage of Leftover Paint by Disposal Method

Paint recyclability / reuse rate stood relatively unchanged at 87.7% in 2011 compared to 87.8% in 2010. In 2011 87.2% of paint went to be recycled into new paint while just 0.5% was reused through the paint exchange portion of the PSP.

Although the program is relatively new, the results from the PSP Key Performance Indicators (KPIs) show that the program is running efficiently. The amount of paint collected is much higher than expected for a new program, irrefutable proof that combined communications efforts are having an impact. The Victoriaville, Quebec-based paint recycler, Laurentide has also remarked on the excellent quality (and thus recyclability) of paint being received by program participants. Non-program materials, which typically consist of Household Hazardous Waste (HHW) products, can add significant operational costs which are then passed on to consumers of paint. Drop-off depots and program participants can again take pride in maintaining one of the lowest rates of non-program material for any paint recycling program in Canada.

## Recycled Paint Markets

New Brunswickers are continually seeking more ways to avoid waste and consume in a responsible manner. As an example many conscientious consumers are seeking recycled paints for their decorating needs.

The market for recycled paint is developing at a very rapid pace particularly in the area of green procurement for businesses. Environmentally responsible or “green” procurement is often defined as the selection of products and services that minimize environmental impacts. With an eye towards preventing waste and pollution, a business should consider environmental impacts, along with price, performance, and other traditional factors, when making purchasing decisions. As part of its purchasing policy, an organization ideally should carry out an assessment of the environmental consequences a product may pose at each stage of its lifecycle. This means considering the costs of securing raw materials, and manufacturing, transporting, storing, handling, using and disposing of the product.

In addition to providing exceptional value and the obvious benefits to the environment, the value-added aspect of the recycled paint plays a growing role in the developing “green economy”. Recycle NB has confidence in the future prospects of recycled paint and will continue to encourage consumers to decorate in environmentally friendly ways. Most of the waste going to landfills is actually generated by the institutional, commercial and industrial (ICI) sectors. Recycle NB will be looking to promote the need for the ICI segments to adopt an appropriate green procurement policy.



# INDEPENDENT AUDITORS' REPORT



KPMG LLP  
Chartered Accountants

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77 Westmorland Street, Suite 700  
Fredericton New Brunswick E3B 6Z3 Canada  
T: (506) 452-8000  
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Website: www.kpmg.ca

## To the Board of Directors of Recycle New Brunswick

We have audited the accompanying financial statements of Recycle New Brunswick, which comprise the statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2011 and 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinions.

### **Basis for Qualified Opinion**

The entity derives a portion of its revenue from the collection of tire recycling fees pursuant to the provisions of the Clean Environment Act, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fee and levy revenues was limited to the amount recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities and unrestricted net assets.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Recycle New Brunswick as at December 31, 2011, December 31, 2010 and January 1, 2010, and its results of operations and cash flows for the years ended December 31, 2011 and 2010 in accordance with Public Sector Accounting Standards.

*KPMG s.r.l./S.E.N.C.R.L.*

Chartered Accountants

June 15, 2012

Fredericton, Canada

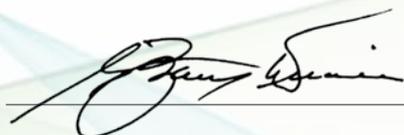
# STATEMENT OF FINANCIAL POSITION

Years ended December 31, 2011 and 2010

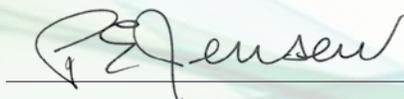
	December 31 2011	December 31 2010	January 1 2010
<b>ASSETS</b>			
Cash	\$ 389,306	\$ 687,327	\$ 342,319
Accounts receivable (note 3)	859,097	708,072	1,091,560
EPR Receivable (note 8)	24,330	-	-
Prepaid expenses	3,247	3,247	3,247
	1,275,980	1,398,646	1,437,126
Capital assets (note 6)	103,844	38,074	42,710
Investments (note 4)	525,330	519,518	515,675
	\$ 1,905,154	\$ 1,956,238	\$ 1,995,511
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 436,514	\$ 448,105	\$ 382,140
EPR Credit (note 8)	-	39,276	6,722
Employee Future Benefits (note 5)	26,799	18,630	12,303
	463,313	506,011	401,165
Net assets			
Invested in capital assets	103,844	38,074	42,710
Unrestricted	1,337,997	1,412,153	1,551,636
	1,441,841	1,450,227	1,594,346
Contractual obligations (note 9)			
Contingencies (note 10)			
	\$ 1,905,154	\$ 1,956,238	\$ 1,995,511

See accompanying notes to financial statements.

On behalf of the Board:



Murray Driscoll, *Director*



Phillip Jensen, *Director*

# STATEMENT OF OPERATIONS

Years ended December 31, 2011 and 2010

	2011	2010
<b>REVENUES:</b>		
Paint program (schedule 1)	\$ 127,884	\$ 180,968
Tire program (schedule 2)	4,442,767	4,472,633
	.....	.....
	4,570,651	4,653,601
<b>EXPENSES:</b>		
Paint program (schedule 1)	127,884	180,968
Tire program (schedule 2)	4,465,127	4,623,815
	.....	.....
	4,593,011	4,804,783
.....		
Loss before the undernoted	(22,360)	(151,182)
<b>OTHER:</b>		
Investment income	13,974	7,063
.....		
Deficiency of revenues over expenses	\$ (8,386)	\$ (144,119)

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN NET ASSETS

Years ended December 31, 2011 and 2010

	<b>Invested in capital assets</b>	<b>Unrestricted</b>	<b>Accumulated remeasurement gains</b>	<b>Total</b>
Balance, beginning of year (note 2)	\$ 38,074	\$ 1,412,153	\$ -	\$ 1,450,227
Excess (deficiency) of revenues over expenses	(27,608)	19,222	-	(8,386)
Net change in investment in capital assets	93,378	(93,378)	-	-
Balance, end of year	\$ 103,844	\$ 1,337,997	\$ -	\$ 1,441,841

<b>2010</b>	<b>Invested in capital assets</b>	<b>Unrestricted</b>	<b>Accumulated remeasurement gains</b>	<b>Total</b>
Balance, beginning of year (note 2)	\$ 42,710	\$ 1,551,636	\$ -	\$ 1,594,346
Excess (deficiency) of revenues over expenses	(17,030)	(127,089)	-	(144,119)
Net change in investment in capital assets	12,394	(12,394)	-	-
Balance, end of year	\$ 38,074	\$ 1,412,153	\$ -	\$ 1,450,227

See accompanying notes to financial statements.

# STATEMENT OF CASH FLOWS

Years ended December 31, 2011 and 2010

	2011	2010
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATIONS:</b>		
Deficiency of revenues over expenses	\$ (8,386)	\$ (144,119)
Items not involving cash:		
Amortization of capital assets	27,608	17,030
Employee Future Benefit Expense	8,169	6,328
Unrealized loss on investments	-	3,383
	27,391	(117,378)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(151,025)	376,766
Increase in EPR Receivable	(24,330)	-
Increase (decrease) in accounts payable and accrued liabilities	(11,591)	65,964
Increase (decrease) in EPR Credit	(39,276)	39,276
	(198,831)	364,628
Investments:		
Proceeds on sales of investments	-	130,000
Increase in investments	(5,812)	(137,226)
	(5,812)	(7,226)
Capital activities:		
Capital assets acquired	(93,378)	(12,394)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(298,021)</b>	<b>345,008</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>687,327</b>	<b>342,319</b>
<b>CASH, END OF YEAR</b>	<b>\$ 389,306</b>	<b>\$ 687,327</b>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

Recycle New Brunswick (the Company) is an agent of the crown, incorporated under the Clean Environment Act. The principal business activities are overseeing the collection and recycling of used tires and architectural paint on behalf of the Minister of Environment for the Province of New Brunswick.

## 1. SIGNIFICANT ACCOUNTING POLICIES:

### General:

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The Company has elected to apply the Section 4200 series for government not-for-profit organizations.

### (a) Fees and levies:

Fees and levies for scrap tires are recognized by the Company when cash is received or receivable from the tire retailers. The Company uses a closing date of January 31 of the following year to recognize fee transfers from tire retailers related to the current year as a receivable.

### (b) Paint program:

The paint program is an Extended Producer Responsibility (EPR) program, and is operated on a cost recovery basis. Each paint producer is assessed a fee which will be used to cover the educational and administrative costs of the program.

### (c) Capital assets:

Capital assets are recorded at cost. Amortization is recorded using the straight-line method at the following annual rates:

Asset	Rate
Building - Leasehold Improvements	5 years
Furniture and fixtures	5 years
Computer equipment	3 years

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### (d) Use of estimates:

The preparation of the financial statements in conformity with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Areas of significant estimate include capital assets, employee future benefits and accounts receivable. Actual results could differ from those estimates.

### (e) Financial assets and liabilities:

Cash and investments are classified in the fair value category.

The unrealized gains or losses arising from changes in the fair value of these financial assets are recognized through the statements of remeasurement gains and losses at each period end.

Fair value is determined by reference to their quoted bid price. Sales and purchases of investments are recorded on the trade date, transactions costs are expenses.

### (f) Sick Pay:

Employees of the Company are entitled to sick pay benefits which accumulate to a maximum of 240 days, but do not vest. In accordance with Public sector accounting standards for post-employment benefits and compensated absences, the Company recognizes the liability in the period in which the employee renders the service.

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 2. ADOPTION OF NEW ACCOUNTING STANDARD:

Effective January 1, 2011, the Company adopted Canadian public sector accounting standards applicable for a government not-for-profit organization (GNPO) and elected to apply the section 4200 series. These amended standards were retrospectively adopted and therefore the 2011 comparative figures have been restated. In addition, effective January 1, 2011, the Company early adopted Sections PS3450 financial instruments, and related amendments to other standards on a prospective basis without restatement of 2010 comparative figures. Key adjustments resulting from the adoption of these accounting standards are as follows:

- (a) Sick pay benefits that accumulate but do not vest are considered obligations. Future utilization of these benefits is considered when measuring the liability recognized by the Company. The 2010 financial statements have been adjusted to reflect the liability at January 1, 2010, record the expense incurred during 2010 and the estimated liability at the year ended December 31, 2011.
- (b) Under public sector accounting standards applicable to government not-for-profit organizations the net assets of the Company included its investments in capital assets, accumulated remeasurement losses and unrestricted net assets. The adjustment had no impact on the Company's net assets.

The impact of these restatements on the 2010 figures are as follows:

	December 31 2010	January 1 2010
Unrestricted Net Assets, as previously reported	\$ 1,430,783	\$ 1,563,939
Less: adjustments to employee future benefit liability	18,630	12,303
Unrestricted Net Assets, as currently reported	\$ 1,412,153	\$ 1,551,636

	December 31 2010
Deficiency of revenues over expenses, as previously reported	\$ 137,791
Add: adjustments to employee future benefit liability	6,328
Deficiency, as currently reported	\$ 144,119

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 3. ACCOUNTS RECEIVABLE:

	December 31 2011	December 31 2010	January 1 2010
Trade	\$ 691,671	\$ 597,472	\$ 935,377
Sales taxes	167,426	110,600	156,183
	<b>\$ 859,097</b>	<b>\$ 708,072</b>	<b>\$ 1,091,560</b>

## 4. INVESTMENTS:

December 31, 2011	Fair market value	Cost
<u>Bonds, Treasury Bills and Mutual Funds</u>		
Altamira High Interest Cashperformer	\$ 101,957	\$ 101,957
Manulife Bank Investment Savings Account	102,218	102,218
Renaissance High Interest Savings Account (5000)	118,938	118,938
RBC Investment Savings Account Series A (2001)	101,301	101,301
TD Premium Money Market Fund I Series	100,916	100,916
	<b>\$ 525,330</b>	<b>\$ 525,330</b>

December 31, 2010	Fair market value	Cost
<u>Bonds, Treasury Bills and Mutual Funds</u>		
Altamira High Interest Cashperformer	\$ 100,854	\$ 100,854
Manulife Bank Investment Savings Account	100,970	100,970
Renaissance High Interest Savings Account (5000)	117,520	117,520
RBC Investment Savings Account Series A (2001)	100,092	100,092
TD Premium Money Market Fund I Series	100,055	100,055
Cash held in broker's account	27	27
	<b>\$ 519,518</b>	<b>\$ 519,518</b>

January 1, 2010	Fair market value	Cost
<u>Bonds, Treasury Bills and Mutual Funds</u>		
6.375% Province of New Brunswick - June 15, 2010	\$ 133,432	\$ 133,432
Altamira High Interest Cashperformer	100,105	100,105
Manulife Bank Investment Savings Account	100,117	100,117
Renaissance High Interest Savings Account (5000)	100,130	100,130
RBC Investment Savings Account Series A (2001)	77,727	77,727
TD Premium Money Market Fund I Series	-	-
Cash held in broker's account	4,164	4,164
	<b>\$ 515,675</b>	<b>\$ 515,675</b>

With the exception of the money market funds which are level 2, all investments are considered level 1 as their value can be based on quoted prices in active markets.

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 5. EMPLOYEE FUTURE BENEFITS:

The Company employees receive sick leave that accumulates. Unused hours can be carried forward for future paid leave. An estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

The liability, at December 31, 2011, December 31, 2010 and January 1, 2010 is as follows:

	December 31 2011	December 31 2010	January 1 2010
Accrued sick pay obligation at January 1	\$ 18,630	\$ 12,303	\$ 12,303
Current service cost	8,169	6,327	-
Accrued sick pay obligation at December 31	\$ 26,799	\$ 18,630	\$ 12,303

## 6. IMMOBILISATIONS

December 31, 2011	Cost	Accumulated amortization	Net book value
Building - Leasehold Improvements	\$ 70,935	\$ 7,094	\$ 63,841
Furniture and fixtures	70,568	44,327	26,241
Computer equipment	98,925	85,163	13,762
	\$ 240,428	\$ 136,584	\$ 103,844

Accumulated December 31, 2010	Cost	Net amortization	book value
Furniture and fixtures	\$ 51,827	\$ 37,753	\$ 14,074
Office equipment	25,780	25,780	-
Computer equipment	95,223	71,223	24,000
	\$ 172,830	\$ 134,756	\$ 38,074

January 1, 2010	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 50,179	\$ 32,960	\$ 17,219
Office equipment	25,780	25,780	-
Computer equipment	84,477	58,986	25,491
	\$ 160,436	\$ 117,726	\$ 42,710

Amortization expense for the year is \$27,608 (2010 - \$17,030).

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 7. ALLOCATION OF EXPENSES:

All expenses which can be directly attributed to one of the Company's designated materials programs have been allocated accordingly. General expenses totalling \$645,685 relating to human resources, finance, communications, office and facilities expenditures have been allocated 80%/20% (2010 - 80%/20%) or \$516,548 and \$129,137 to the tire and paint programs, respectively.

## 8. EPR CREDIT:

Under the terms of the Extended Producer's Responsibility (EPR) agreement, costs incurred by the Company while administering the EPR program will be charged to the producers annually. Any excess of monies received from the producer over costs incurred have been recorded as a liability at year end, as the excess amount will be credited toward future producer payments in the next fiscal year. Any excess costs over monies received have been recorded as a receivable at year end.

## 9. CONTRACTUAL OBLIGATIONS:

During fiscal 2010, the Company entered into a premises lease with annual payments of \$30,728 for a term of 5 years.

## 10. CONTINGENCIES:

During fiscal 2009, the Province of New Brunswick signed a contract with Tire Recycling Atlantic Canada Corporation (TRACC), where payments are made based on a weight-based tipping fee model. Payments are made monthly for \$330 per ton for scrap tires received at their processing facility. Annually, beginning March 31, 2010 a comparison between the weight of scrap tires calculated using weigh scale confirmation slips versus collection receipt slips is completed. If the difference is less than 4.5%, no adjustments to TRACC payments are made. If the difference exceeds 4.5% an additional payment is made or refund received from TRACC. The Company administers remuneration for this contract on behalf of the Province of New Brunswick and will pay or receive any adjustments accordingly.

# NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

## 11. FINANCIAL RISK MANAGEMENT:

The Company has exposure to the following risk from its use of financial instruments: credit risk, market risk and liquidity risk. The Board of Directors has identified its major risks and concerns, and has approved investment policy guidelines. Managements monitors the risk and adherence to the policy guidelines them.

### (a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of cash, EPR receivable, and investments. The Company manages its credit risk surrounding its cash and investments by investing in well established financial institutions and governments. Management has assessed credit risk as low with respect to accounts receivable given the demonstrated collection after year end.

The maximum exposure to credit risk of the Company at December 31, 2011 is the carrying value of these assets.

### (b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings in the financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

### (c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

# SCHEDULE 1 - PAINT PROGRAM

Years ended December 31, 2011 and 2010

	2011	2010
Revenue	\$ 127,884	\$ 111,880
Environmental Trust Fund	-	69,088
	127,884	180,968
Expenses:		
Salaries and employee benefits	72,366	100,998
Board	13,641	14,366
Communication and translation	8,621	16,595
Office	7,504	7,080
Rent	6,965	2,160
Amortization of capital assets	5,522	3,406
Professional services	4,391	9,664
Telephone	3,236	5,662
Travel	2,814	18,569
Insurance	1,709	1,375
Repairs and maintenance	622	500
Bank charges and interest	346	289
Training and subscriptions	147	304
	127,884	180,968
	\$ -	\$ -

# SCHEDULE 2 - TIRE PROGRAM

Years ended December 31, 2011 and 2010

	2011	2010
Revenue	\$ 4,399,367	\$ 4,472,633
Environmental Trust Fund	43,400	-
	4,442,767	4,472,633
Expenses:		
Scrap tire processing costs	3,895,769	4,171,002
Salaries and employee benefits	319,449	273,035
Board	51,681	48,425
Office	49,042	21,055
Communication and translation	30,871	27,476
Rent	27,859	8,640
Travel	24,924	11,951
Amortization of capital assets	22,086	13,624
Professional services	19,714	29,946
Telephone	12,232	9,524
Insurance	6,930	5,062
Repairs and maintenance	2,489	2,001
Interest and bank charges	1,383	1,157
Training and subscriptions	698	917
	4,465,127	4,623,815
	\$ (22,360)	\$ (151,182)





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