

# ANNUAL REPORT 2009



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# LETTER TO THE MINISTER

March 31, 2010  
Honourable Rick Miles  
Minister of Environment  
P.O. Box 6000  
Fredericton, NB E3B 5H1

Dear Minister:

On behalf of the Board of Directors of Recycle New Brunswick, I am pleased to submit our Annual Report for the period starting on January 1, 2009 ending on December 31, 2009.

Sincerely,



Murray Driscoll – Chair, Recycle NB  
Attach.

## CHAIR'S MESSAGE

Since its creation in 2008, Recycle NB has been consistently focused on a key area for development; partnerships. It's a word you're going to hear from our organization with increasing frequency as we facilitate innovative efforts to effectively reduce, reuse and recycle solid waste in New Brunswick. Our partnerships include a multitude of sources from groups and organizations to industry and government to communities, municipalities and the general public. Just as one leaf alone won't sustain the growth of a tree, it's no secret that the path towards zero waste requires us to all do our part each and every day.

To assist us with this task, this year we were pleased to welcome Mr. Patrick McCarthy to serve as the organization's Chief Executive Officer. Our search for a CEO ended as Mr. McCarthy was hired this past spring and brings with him the vision, skill set, and experience needed to accomplish Recycle NB's ambitious goals and objectives. With more than 25 years of experience in forest management and environmental education, he maintains a keen understanding for the sorts of environmental issues our province faces and those we'll likely encounter in the future. Along with our dedicated staff, the Board is confident he will provide the day-to-day leadership required to successfully continue Recycle NB's growth as a leader of environmental stewardship programs.

The first year's results show the Paint Stewardship Program (PSP) has surpassed all expectations both for the quantity of waste paint collected and recycled under the program as well as showing just how eagerly the public has embraced this new program. Managed under the new Extended Producer Responsibility (EPR) model, the PSP has continued to make the program more accessible to New Brunswickers and they have responded by making 2009 an enormous success for paint recycling throughout the province.

The Tire Stewardship Program (TSP), now in its 13<sup>th</sup> year, is processing scrap tires into an unprecedented number of products available for export to markets across the globe. The growth in general, but particularly the composite roofing shingles continues to be simply outstanding. It clearly demonstrates the kind of value-added recycling our programs have long been known for. The TSP has also been working in 2009 with various stakeholders to assist the emergence of a new voluntary program for larger Off the Road (OTR) tires.

The public's expectations regularly change about what should be recycled and how. As New Brunswick's central resource for recycling, so must we. Such an overwhelmingly positive public response to our current programs only serves to drive home the message that our province is ready for additional recycling programs such as oil and electronic waste. What New Brunswick has demonstrated is that there are tangible benefits to promoting innovative solutions to these existing and emerging challenges.

Education lies at the nucleus of Recycle NB's mission and as environmental stewards we all understand the role of public awareness when changing behaviour. As part of our strategic initiative, we have developed a communications plan around the concept of engaging people. Whether it be "at Home", "at Work" or "at School" Recycle NB is more determined than ever to ensure the recycling information New Brunswickers want and need will be available at their fingertips.

The focus of Recycle NB's programs has always been to work towards attaining the best overall environmental outcomes. We can all be very proud of 2009's achievements, but we are not content to simply celebrate past victories. Real progress requires change through the development of partnerships, expanding education and innovative solutions to our toughest environmental challenges. We hold dear the great trust the residents of our province have bestowed upon us. I can confidently say that our organization will work to incessantly deliver on our promise to continually protect and enhance New Brunswick's environment.



Murray Driscoll – Chair, Recycle NB





## BOARD OF DIRECTORS

### Recycle NB Board Members



**Murray Driscoll, Chair**  
Quispamsis, NB

Mr. Driscoll is a retired educator and serves as Mayor of Quispamsis



**Paul Losier, Vice-Chair**  
Beresford, NB

Mr. Losier is a municipal councillor for the Town of Beresford and Chair of the Nepisiguit-Chaleur Solid Waste Commission.



**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.



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

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



**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 throughout the Maritimes.



**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.



**Rod Borden**  
Saint John, NB

Mr. Borden is a retired educator and an active volunteer in the Saint John community.

**Mary Ann Coleman**  
Waterford, NB

Ms. Coleman is the Executive Director of the New Brunswick Environmental Network.



**Roland Guitard**  
Pointe-Verte, NB

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



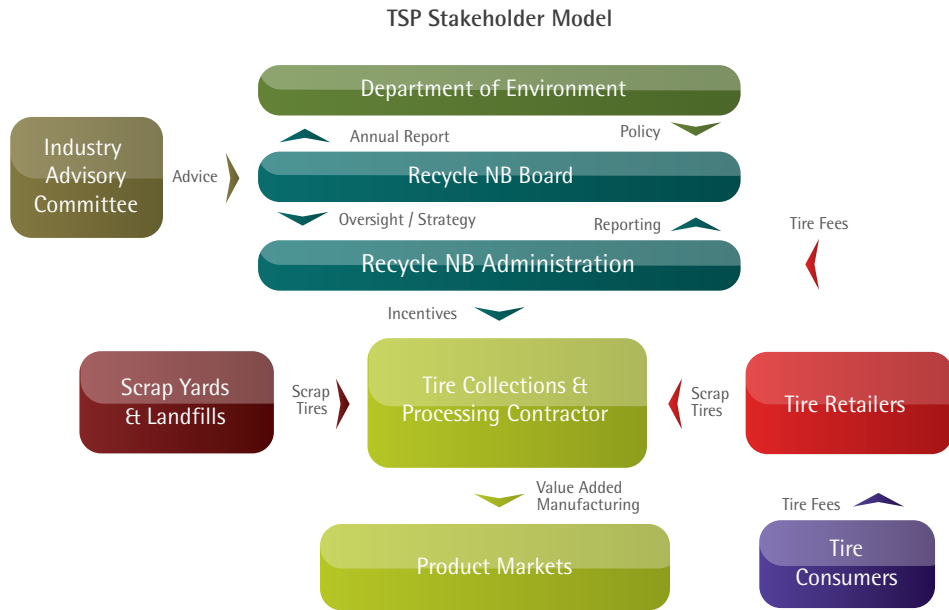
**George Haines**  
Fredericton, NB

Mr. Haines is a retired Deputy Minister with the Department of the Environment and Local Government.

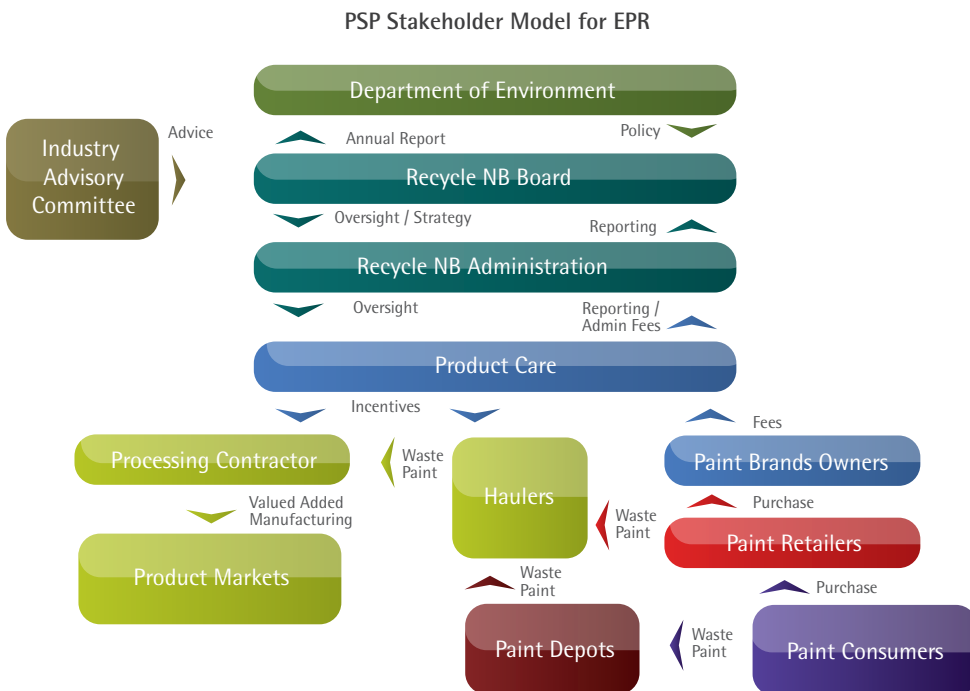
The Board of Recycle NB would like to thank Mr. Yves Gagnon and Mr. Robert Gamble for their dedicated service to the Board during 2009. They both gave generously of their time. The Board appreciates their thoughtful counsel during their tenure as Board members and wishes them the best in their future endeavours.

# RECYCLE NB STAKEHOLDER MODELS

## Tire Stewardship Program (TSP)



## Paint Stewardship Program (PSP)



# 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.”*

Recycle NB is mandated by the Government of New Brunswick to manage waste reduction programs for all designated materials and to provide environmental stewardship for New Brunswick. The Board continues its positive track record as it prepares for the management of new materials. The organization’s wealth of experience and its network of key stakeholders remain vital assets to developing any new recycling programs.

In these challenging economic times and through ever greater environmental concerns, Recycle NB continues to show leadership for designated materials management while playing an important role in the Government of New Brunswick’s Climate Change Action Plan and our developing green economy.

## ► 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 clearly and effectively communicate the rationale and functionality of its new programs to the public while ensuring awareness for the importance of environmental sustainability. Our province and its citizens both understand the importance of and deserve a progressive and dedicated organization that is committed to environmental stewardship.

## ► Mission and Goals

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

At Recycle NB, we believe that the success of an organization requires clearly established objectives as well as the development and implementation of comprehensive planning. Early in Recycle NB’s mandate, the Board established its formative mission, but as the next generation of programs emerge, our mission will continue to evolve.

In response to our mission, the Board has established the following goals and objectives:

### **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 and that recycling presents a viable option to disposal.

### **2. To be financially sustainable.**

In this challenging economic period, the organization must earn public confidence through financial sustainability.

### **3. To add value.**

With the help of advancing technology and emerging markets for recycled products, Recycle NB strives to add value to all waste materials and develop long-term stability in the process.

### **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 Structure

Appointed by the Minister of Environment, Recycle NB's Directors for 2009 were specifically chosen to represent all regions and official languages throughout the province of New Brunswick. This approach permits each Director of the 10 member Board to provide a unique skill set and perspective to address some of our most challenging environmental issues. It also ensures that the best interests of New Brunswickers and our environment continue to remain in the forefront.

The Board is responsible for determining the organization's strategy and policies, setting objectives for management, approving budgets and recycling fees as well as discharging its fiduciary obligations to the brand owners and other stakeholder groups. It also provides oversight of Recycle NB's operations through regular Board meetings, an annual strategic planning session and regular sub-committee meetings.

The 2009 year has also seen the development of two key Board committees: Executive & HR committee as well as the Finance & Audit Committee. The creation of these committees is a key element of improving Recycle NB's process efficiency as the organization continues to grow and new recycling programs are added.

### ► Executive & HR Committee

The Executive & Human Resources Committee was created to address subjects relating to general policy and HR development. The 4 member committee is comprised of Board members from whom a chairperson is selected. The committee is involved in the CEO performance and evaluation, providing recommendations on health and safety issues and advising the Board on compensation and benefit matters. In addition, the committee may review and recommend general organizational policies for Board approval.

#### Members

- Paul Losier
- Murray Driscoll
- Rod Borden, Chair
- Grant Mitton

### ► Finance & Audit Committee

Recycle NB's Finance & Audit Committee was created to perform reviews and make recommendations to the Board on the organization's financial fundamentals. The 4 member committee is comprised of Board members from whom a chairperson is selected. The committee responsibilities include reviewing the annual budget and quarterly financial results for Board approval, reviewing internal and external audit results and providing oversight for the financial reporting and disclosure process. The committee also addresses risk management and provides recommendations on investments and investment policy for the organization.

#### Members

- Rod Borden, Chair
- Murray Driscoll
- Grant Mitton
- George Haines



## ► **Accountability**

Recycle NB's commitment to accountability is assured through a continual review of the Board's policies and practices. A fundamental portion of this effort is performed through key reporting mechanisms such as the Board's annual report and 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 our finance and audit committee.

The Board continues to search for ways to improve its accountability through the use of strategic sessions with various stakeholder groups. The results and recommendations of such sessions are then incorporated in Recycle NB's internal governance practices.

## ► **Transparency**

Through this annual report, its advisory committees and a wide variety of tools at its disposal, Recycle NB continues to provide a comprehensive public explanation of its operations. This transparency exceeds expectations under the regulation and is designed to provide as much information as possible to New Brunswickers at all times.

Recycle NB strongly believes and adheres to the Designated Materials Regulation, a principle prohibiting the cross subsidization of material management from different waste stream. Recycle NB understands the importance of diligently ensuring that New Brunswick's consumers only pay for what waste streams are created and managed.

## ► **Industry Advisory Committees**

The opportunity to participate in the management of recycling programs is offered to industry stakeholders through Recycle NB's tire and paint Industry Advisory Committees (IACs). This system of governance allows stakeholders to use their expertise to provide advice to the Board 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 it provides oversight. These committees offer to the Board a unique opportunity to communicate bilaterally with the respective industries and its stakeholders. The meetings provide a venue where comments, concerns and suggestions can be discussed 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 Recycle NB's Board.

### ► **Paint IAC Members**

- **Recycle NB** - Paul Losier, *Chair*
- **Brand Owners – Home Hardware**, Tim Dietrich
- **Paint Agent – Product Care Association**, Mark Kurschner
- **Solid Waste Commissions – NBSWA**, Peter Fenety
- **Paint Retailers – Retail Council of Canada**, Rachel Kagan
- **Processor – Société Laurentide**, Pierre Landry
- **Transportation Provider – Hebert's Recycling Inc.**, Kevin Sargent

### ► **Tire IAC Members**

- **Recycle NB** - Rod Borden, *Chair*
- **Tire Retailers – ATDA**, Frank Connor
- **Auto Retailers – NBADA**, Jane Young
- **Solid Waste Commissions – NBSWA**, Don Shea
- **Transportation Provider & Processor – TRACC**, Stephen Richardson



# EXTENDED PRODUCER RESPONSIBILITY (EPR) EVOLUTION

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 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.



## ► Application of EPR

The foundation of EPR policy is 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 to New Brunswickers.

When developing EPR legislation, the government of New Brunswick looks to regularly ensure that industry remains involved in the process. Each piece of carefully considered legislation sets a standard for future programs both in New Brunswick and abroad. Local government authorities and the general taxpayer are finally unburdened from the legal, physical and socio-economic impacts waste management once imposed.

## ► Benefits of EPR

There are numerous reasons why EPR programs are beneficial for New Brunswick, among them:

- EPR shifts end-of-life costs to the producers and/or others in the product chain rather than having costs borne by municipalities and general 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

As many provinces are now actively looking for ways to explore and promote EPR programs, Recycle NB will be looking to translate our 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 alone 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-labeling; 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 in all industries.

# PUBLIC EDUCATION AND AWARENESS

In this day and age, most of us are aware that reducing, reusing and recycling are important, but we may simply have questions about how or where to take end-of-life products for recycling or proper disposal. Recycle NB looks to bridge this gap by becoming a clearinghouse for recycling information. We'll accomplish this by compiling the often confusing myriad of information available and providing residents and businesses a one stop shop for answers to their most challenging recycling questions. We believe accurate and reliable recycling information can be and should be available to everyone.

For some, achieving a fundamental philosophical shift in the way waste is viewed takes both time and persistence. The heart of the issue lies in many cases with today's fast paced life filled with responsibilities and important commitments. In many cases we have seen that through recycling education at a young age, students are now challenging their parents to follow suit. This is certainly proof that giving people the necessary tools to make life changes does make a difference, but we need more.

In light of this, Recycle NB has begun preparations for a major education and awareness campaign to be launched in the summer of 2010. The "Moving Beyond Waste" (MBW) campaign will be looking to take New Brunswick's pulse on recycling issues and to determine the level of information for current programs. These "Environmental Ambassadors" will be situated in various regions of the province to provide a beneficial 2-way communications link to all New Brunswick communities. In addition to acting as a resource in their local communities, the representatives will be interacting with schools as well as surveying beverage and paint program participants. We anticipate that the results of the survey will encourage improvements to customer experiences at depots and redemption centers while also improving the programs' material recovery rates. To get the latest updates on the MBW Campaign or to find out about new programs, residents can simply visit our website at [www.recyclenb.com](http://www.recyclenb.com) for more information.

One person at a time, we are seeing New Brunswickers embracing reducing, reusing, recycling and composting throughout their daily lives. Going green isn't just a new cliché anymore, it's a way of life and thanks to our combined efforts, we are all working for a better tomorrow.

# COMMUNITY RECYCLING PROJECTS

There is no better way to see the sort of impacts Recycle NB is having in our communities than to look at the collaborative work on introducing recycled materials into new building construction projects. In order to accomplish this, this year saw a new partnership develop between Recycle NB and Habitat for Humanity, a non-profit organization. Habitat's main focus has always been to build affordable housing and promote homeownership as a means to breaking the cycle of poverty.

The primary goal of this partnership is 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 with spectacular success.

There are many challenges to overcome when delivering such a complex program and helping those most in need. Recycle NB and our industry stakeholders are very pleased

to be able to contribute to such a worthy cause. The shingles, manufactured entirely at TRACC's facility in Minto, NB 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 of 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 paint from Boomerang ensures the new homeowners have a few less things to worry about going forward. Habitat has continued to express a strong interest in using "Moderne Slate" shingles, "Boomerang" paint on future building projects which are on schedule to triple according to current estimates.

This is just one more way Recycle NB is continuing to ensure that the true value of "waste" resources is recognized in our province.

# PAINT STEWARDSHIP PROGRAM (PSP)

## ► PSP Highlights

The year 2009 has been a busy one for Recycle NB's PSP. Having operated for more than 8 months, New Brunswick's PSP is now deemed to be nothing short of a raving success. For weeks the anticipation of a province-wide paint program drew interest from both residents and the commercial sectors. With Phase 1 completed on January 1, 2009, industry commenced taking responsibility for the costs of recycling unwanted paint. As part of the Phase 1 rollout, Product Care, the corporation acting as an Agent for 39 paint brand owners, now has agreements in place with solid waste commissions across the Province of New Brunswick to continue receiving the leftover paint already being collected.

Once the 3-year paint management plan was accepted, Product Care set about a swift implementation for Phase 2 of New Brunswick's newest EPR program. Using a comprehensive public awareness media campaign, the second stage of the program was unveiled on April 1, 2009. 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 numbers of people making use of the new program skyrocketed. Feedback from residents and businesses alike was incredibly encouraging. Many respondents were even requesting the creation of new EPR programs for other materials and products not currently covered. Recycle NB has listened to the public's voice and we will be exploring these potential future opportunities in the weeks and months to come.

While the public's embrace of the new PSP has been overwhelming, momentum for the fledgling program is still building. The Moving Beyond Waste (MBW) campaign during the summer of 2010 will see a continued focus on program education and awareness initiatives designed to show how New Brunswickers and our environment directly benefit from our recycling activities. It is clear residents have given their support to help keep paint out of landfills, incinerators and our environment. Fortunately the ranks of those choosing to recycle their old paint are growing, which is where it all begins.

## ► Eco-Logo Certification

Today's notion of building green is more than just using recycled product in the construction process, they must be certified too. This certification assists consumers in identifying the safest, most environmentally preferable products.

There are several internationally recognized marks of environmental quality but in North America, there are only 2 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). Both marks are what the industry considers environmental leadership labels.

Boomerang products are made from 99 per cent recycled paint which combined with the fact that it has a very low level of Volatile Organic Compounds (VOCs) has allowed it to become Eco-Logo certified in the early part of 2009. Everything about the product is environmentally friendly; this includes the container which is made from recyclable plastic even a label printed on FSC-certified paper. It's no surprise Boomerang continues to garner well deserved interest and attention through its progressive regular certification processes.

## ► PSP Achievements

Having been endorsed by the Board's stakeholder-based Paint Industry Advisory Committee in June of 2008, Product Care was selected by Recycle NB as the paint agent for current brand owners registered under the program. Product Care currently manages the program's operations according to a 3-year Board approved management plan. This paint stewardship plan provides industry stakeholders the framework necessary to operate a recycling system that is both accountable and transparent to all stakeholders.

Recycle NB receives no outside funding from the government. Therefore, based on the paint program's EPR model, any associated expenses for oversight, communications, auditing, general administration or any other expense related to the PSP are reimbursed solely on a cost recovery basis.





### ► Paint Sales (April 1, 2009 – December 31, 2009)

It's startling to know that nearly 12,000 litres of paint are sold each and every day in New Brunswick. Most of the paint will be used for its intended purpose, but generally a portion of each litre will require disposal by the consumer. In order to fund the PSP's recycling activities, a paint recycling fee is included in the price of each container of paint bought at any of the more than 500 paint retailers in the province. Brand owners then remit these fees to Product Care, who is tasked with managing the ongoing operations according to the approved business plan.

**Containers sold:** 1.57 million  
**Paint sold:** 4.31 million litres



### ► Paint Collections (April 1, 2009 – December 31, 2009)

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. Throughout the year, paint consumers were able to find it more convenient and accessible than ever to recycle their leftover paint through this expanding network of paint drop-off locations across New Brunswick. The number of depots by year end had increased to as high as 57 which improves accessibility and encourages all New Brunswickers to become involved in protecting our environment by recycling their waste paint.



**Containers collected:** 108,022 units  
**Paint container recovery rate:** 6.9%

**Paint collected:** 132,329 litres  
**Paint recovery rate:** 3.1%  
**Paint recyclability/reuse rate:** 87.5%\*

**Non-program material:** 5.0%

\* 86.8% of paint went to be recycled into Boomerang paint while just 0.7% was reused through the paint exchange portion of the PSP.

Although it has not even been a full year operating, the results from the PSP Key Performance Indicators (KPIs) show that the program is efficient. The amount of paint collected was nearly 50% higher than expected for a first year program, irrefutable proof that combined communications efforts throughout the year were 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 one of the lowest non-program material rates of any paint recycling program in Canada.

### ► Recycled Paint Markets

Organic produce, hybrid vehicles and clothing made from recycled materials are just some of the changes that are showing up in our consumption patterns. Whether as individuals or collectively, we are continually seeking more ways to avoid waste and consume in a responsible manner. Along these same lines the conscientious consumer these days is naturally turning towards recycled paint 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 the policy requirement, the organization typically must 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, recycled paint's value added aspect plays a growing role in the developing "green economy". We at Recycle NB are excited by 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. Going forward Recycle NB will also be actively looking to promote the emerging need for each of the ICI segments to adopt an appropriate green procurement policy; our future depends on it.





## Tire Stewardship Program (TSP)

### ► TSP Highlights

Since the inception of New Brunswick's tire-recycling program in 1996, the equivalent of more than 12 million scrap tires have been recycled into new value-added products through the TSP. A vital component of the program's continued success has been Tire Recycling Atlantic Canada Corp's (TRACC's) ability to find and develop key recycled product markets which require an expanding quantity of rubber in order to satisfy demand for the products. As more rubber is used for markets each year, there may even come a time when rubber from scrap tires is actually in high demand.

Take, for example, the latest expansion of their remarkable Moderne Slate roofing shingles. A new agreement signed with a major home product distributor has given TRACC unprecedented access to one of the most fully integrated supply networks in North America. This new development alone could increase orders for their shingle products by as much as 400% or more. A direct result of this will be a need to increase not only manufacturing capacity but also the manpower required to run the newly installed equipment. It's clear that the TSP is working for New Brunswickers to not only reduce waste, but also to generate meaningful long-term environmental and economic benefits right here at home.

### ► EPR and Off the Road (OTR) tires

We've all seen them on farm tractors, front end loaders and giant mining dump trucks. Off-the-road 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, a new OTR tire program is set to come into effect January 1, 2010. This voluntary EPR program would see a varied scale of tire recycling fees charged to customers depending on the combined size and weight of the OTR tire purchased. Dealers would then use the funds to supplement the costs of recycling at TRACC's Minto plant where the scrap OTR tires are transformed into highly sought after value added products such as SuperShred Mulch. Seen as a giant step forward for EPR tire programs in the province, Recycle NB continues to collaborate with the ATDA on this latest new development.

## ► TSP Achievements

The New Brunswick Department of Environment has given Recycle NB the mandate to offer 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 any businesses that sell new tires within the province.

## ► Tire Sales in 2009

Each of the TSP's more than 700 registered tire retailers are 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 in a process which then 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:** 1,071,000 (1,084,000 in 2008)

## ► Tire Collections in 2009

Based on a return to retailer system, each and every scrap tire generated at any tire retailer location throughout the Province of New Brunswick must be collected and sent to TRACC's recycling plant 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:** 1,109,000 (1,115,000 in 2008)

**Tire recovery rate:** 103.5% (102.9% in 2008)

## ► Tire Processing in 2009

EPR policy continues to drive development through a new tipping fee based system developed between TRACC and the Province of New Brunswick. The tipping fee-based system means that unlike prior years, the processing for the tires is paid once the collected scrap tires enter into TRACC's inventory. This new system carries many advantages including a reduction in administration costs and minimizing the need to maintain frequent inventory audits. The newly signed agreement is also seen as a positive first step towards 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 suitably 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 our management plan to improve program delivery.
- Analyzing trends and patterns.
- Benchmarking with similar programs.

A total of 16 tire retailer audits were performed during 2009 representing a broad cross section of retail operations in New Brunswick.

Through its membership of the Canadian Association of Tire Recycling Agencies (CATRA), this year Recycle NB has been able to focus our efforts and resources more effectively by collaborating with other provinces on the delivery of tire retailer audits. By working as a group with other recycling organizations, Recycle NB has been able to do more with less as well as minimizing the interruption to business activities while continuing to maintain a level playing field for all retailers under the TSP.







## Value Added Recycling

Recycle NB from the start has remained a keen promoter of uncovering the true value of recycled resources which includes scrap tires and 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 regularly contact the program in an effort to apply this success to their own situation. So how is it that a relatively small maritime province's tire recycling program is able to create such a stir? The reason is very simple; it all boils down to value-added recycling.

Typically a manufacturer of goods requires process inputs to make them. Those raw materials undergo a transformation into finished goods which presumably have a market demand and can be sold to industrial, commercial or residential consumers. Value added recycling is exactly the opposite. The consumers provide the manufacturing inputs and only through innovation and collaboration are these creative solutions found. This means that we have moved beyond the paint and tires filling up our landfills and we are now recognizing the true value of New Brunswick's waste resources. This also highlights exactly why market development is such a crucial pillar to Recycle NB programs' long-term success.

New Brunswickers are a fundamental part of the programs' success. The public response and support of the program through their daily actions of sorting recyclables has a direct impact on the programs' bottom line. As the general level of program awareness increases, Recycle NB has seen a noticeable shift in 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 be both prosperous and sustainable. To see tangible results, we need to look no further than TRACC's line of more than 80 products all made at least in part from scrap tires. Similarly, Laurentide has continually pushed the envelope for pioneering innovative recycled paint products in New Brunswick.

One approach which has done very well for New Brunswick's programs is the concept of developing markets to "pull" for recycled products. In the last century, many recycling efforts often ended with the construction of an inferior product. Dogged by a somewhat mottled history, 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; another key area Recycle NB is looking to for future development.

Today's consumer often weighs many factors before buying products. Environmental factors tend to play an increasing role in our product selection processes. From safer rubber-covered surfaces for children playgrounds in our communities to low-maintenance landscape mulch designed to use water more efficiently at home to low VOC recycled paint, the conscientious consumer today is naturally gravitating towards recycled goods. It's certainly an attractive additional benefit to be able to turn in an end-of-life product for recycling knowing you are also doing your part to ensure environmental sustainability for future generations.

It's clear from the results that New Brunswickers support the value-added approach to recycling resource management. The response not only shows that residents are looking to take ownership of their waste issues, but that value-added recycling is working for New Brunswick.

## Outlook

With 2009's successes now behind us, we look to next year with eager anticipation for what lies ahead. EPR has proven itself to be an efficient means to keep us all focused on a future where waste reduction is a central component of our everyday life at home, at school, at work and in every community across New Brunswick.

At the same time, as difficult as it may be, we all must learn to make the real changes necessary for our New Brunswick communities to move beyond the idea that waste can be discarded. Making such significant changes is a slow process, but the great news is that we need look no further than the TSP and PSP to see real progress! We also maintain our promise to continue to represent the best interests of all New Brunswickers and our environment as we investigate new EPR opportunities.

We at Recycle NB are challenging everyone to get involved and make the beneficial changes needed to ensure we pass on a positive legacy to future generations. The residents of our province deserve an organization committed to evolving and expanding the variety of waste products recycled; even those that in the past we might have never been thought possible. Our aspiration is a future where zero waste will one day be achieved through a persistent symphony of actions, one person at a time.





# Auditor's Report



KPMG LLP  
Chartered Accountants

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To the Board of Directors of Recycle New Brunswick

We have audited the statement of financial position of Recycle New Brunswick (the "Company") as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Company 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 amounts recorded in the records of the Company 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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fee and levy revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations, changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

Fredericton, Canada

March 10, 2010

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent firms affiliated with KPMG International, a Swiss entity. KPMG Canada provides services to KPMG LLP.

# Statement of Financial Position

December 31, 2009, with comparative figures for 2008


Assets	2009	2008
Cash	\$342,319	\$560,173
Accounts receivable (note 2)	1,084,838	946,721
Prepaid expenses	3,247	3,247
	1,430,404	1,510,141
Investments (note 3)	515,675	508,265
Capital assets (note 4)	42,710	11,824
	\$1,988,789	\$2,030,230

## Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	\$382,140	\$216,855
Accrued processing fees	-	397,534
	382,140	614,389
Net assets:		
Invested in capital assets	42,710	11,824
Unrestricted	1,563,939	1,404,017
	1,606,649	1,415,841
Contingencies (note 7)		
	\$1,988,789	\$2,030,230

See accompanying notes to financial statements.

On behalf of the Board:

  
Murray Driscoll, Director

  
Rod Borden, Director

## ▶ Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

Revenue:	2009	2008
Paint program (schedule 1)	\$115,075	\$48,203
Tire program (schedule 2)	4,098,146	4,218,710
	4,213,221	4,266,913
<b>Expenses:</b>		
Paint program (schedule 1)	115,075	48,203
Tire program (schedule 2)	3,915,873	3,736,434
	4,030,948	3,784,637
	182,273	482,276
<b>Other:</b>		
Investment income	8,535	44,575
Excess of revenue over expenses	\$190,808	\$526,851

See accompanying notes to financial statements.

## ▶ Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	Invested in capital assets	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	\$11,824	\$1,404,017	\$1,415,841	\$888,990
Excess (deficiency) of revenue over expenses	(9,703)	200,511	190,808	526,851
Net change in investment in capital assets	40,589	(40,589)	-	-
Balance, end of year	\$42,710	\$1,563,939	\$1,606,649	\$1,415,841

*See accompanying notes to financial statements.*



# ▶ Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

Cash provided by (used in):	2009	2008
<b>Operations:</b>		
Excess of revenue over expenses	\$190,808	\$526,851
Items not involving cash:		
Amortization of capital assets	9,703	8,875
Amortization of bond premium	-	5,279
Unrealized (loss) on investments	13,562	(15,205)
	214,073	525,800
Change in non-cash operating working capital:		
Increase in accounts receivable	(138,117)	(391,661)
Increase (decrease) in accounts payable and accrued liabilities	165,285	(84,772)
Decrease in accrued processing fees	(397,534)	(2,230)
	(156,293)	47,137
<b>Investments:</b>		
Proceeds on sale of investments	208,299	271,310
Purchase of investments	(229,271)	-
Repayment from Tire Recycling Atlantic Canada Corporation	-	111,861
Capital assets acquired	(40,589)	(10,386)
	(61,561)	372,785
<b>Increase (decrease) in cash position</b>	<b>(217,854)</b>	<b>419,922</b>
<b>Cash, beginning of year</b>	<b>560,173</b>	<b>140,251</b>
<b>Cash, end of year</b>	<b>\$342,319</b>	<b>\$560,173</b>

See accompanying notes to financial statements.

# ▶ Notes to Financial Statements

Year ended December 31, 2009

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:

**(a) General:**

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

**(b) Investments:**

Investments have been designated as held for trading and are carried at fair value.

**(c) 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.

**(d) Paint:**

The paint program is an Extended Producer Responsibility (EPR) program, and as 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.

**(e) Capital assets:**

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

Asset	Basis	Rate
Office equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	3 years

**(f) Use of estimates:**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of accounts receivable, capital assets, accounts payable and accrued 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. Actual results could differ from those estimates.

## ► Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Accounts receivable:	2009	2008
Trade	\$935,377	\$625,983
Tire Recycling Atlantic Canada Corporation (TRACC)	-	204,000
Sales taxes	156,183	68,535
Paint program	(6,722)	48,203
	\$ 1,084,838	\$946,721

3. Investments:		2009 Fair Market Value	2009 Cost	2008 Fair Market Value	2008 Cost
<u>Bonds, Coupons, Treasury Bill and Mutual Funds</u>					
5.25% Province of New Brunswick	June 2, 2009	-	-	\$12,199	\$12,428
6.375% Province of New Brunswick	June 15, 2010	133,432	142,149	138,914	142,149
4.25% Government of Canada	September 1, 2009	-	-	204,610	206,800
Altamira High Interest Cashperformer		100,105	100,000	-	-
Manulife Bank Investment Savings Account		100,117	100,000	-	-
Renaissance High Interest Savings Account (5000)		100,130	100,000	-	-
RBC Investment Savings Account Series A (2001)		77,727	77,649	-	-
Amortization of premium		-	-	-	(5,279)
Cash held in brokers' account		4,164	4,164	152,542	152,542
		\$515,675	\$523,962	\$508,265	\$508,640

4. Capital assets:		Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Office equipment		\$25,780	\$25,780	\$-	175
Furniture and fixtures		50,179	32,960	17,219	10,637
Computer equipment		84,477	58,986	25,491	1,012
		\$160,436	\$117,726	\$42,710	\$11,824

### 5. Fair value of financial assets and financial liabilities:

The fair value of the Company's cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts.

The fair value of investments at December 31, 2009 is \$515,675 (2008 - \$508,265) based on published listings of market values.

## ▶ Notes to Financial Statements (continued)

Year ended December 31, 2009

### 6. Allocation of expenses:

All expenses which can be directly attributed to one of Recycle NB's designated materials programs have been allocated accordingly. Any general expenses relating to human resources, finance, communications, office and facilities expenditures have been allocated 80%/20% (2008 - 89%/11%) to the tire and paint programs, respectively.

	2009	2008
Salaries and employee benefits	\$288,960	\$174,954
Board	66,690	51,871
Professional services	53,669	82,080
Communication and translation	47,808	66,402
Office	21,940	31,007
Telephone	12,263	10,777
Rent	10,800	10,800
Travel	10,546	3,736
Insurance	6,283	5,449
Amortization of capital assets	9,703	8,875
Repairs and maintenance	3,171	1,125
Interest and bank charges	1,055	1,095
Training and subscriptions	702	1,368
	<hr/> \$533,590	<hr/> \$449,539

### 7 Contingencies:

During 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.



## ► Schedule of Paint Program

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Revenue	\$115,075	\$48,203
Expenses:		
Salaries and employee benefits	57,799	10,212
Board	14,819	11,954
Professional services	10,734	6,758
Communication and translation	10,602	4,376
Travel	6,604	907
Office	4,487	6,603
Telephone	3,687	2,411
Rent	2,160	3,240
Amortization of capital assets	1,941	-
Insurance	1,257	1,635
Repairs and maintenance	634	-
Bank charges and interest	211	
Training and subscriptions	140	107
	115,075	48,203
	\$ -	\$ -

## ► Schedule of Tire Program

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Revenue	\$4,098,146	\$4,218,710
Expenses:		
Scrap tire processing costs	3,457,566	3,335,481
Salaries and employee benefits	231,161	164,742
Professional services	63,213	62,910
Board	53,477	39,917
Communication and translation	38,246	50,425
Office	20,053	26,746
Repairs and maintenance	10,926	-
Telephone	9,810	8,367
Rent	8,640	7,560
Travel	8,587	2,829
Amortization of capital assets	7,762	8,875
Insurance	5,026	3,814
Interest and bank charges	844	1,095
Training and subscriptions	562	1,261
Security services	-	22,412
	3,915,873	3,736,434
	\$182,273	\$ 482,276



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