

2013 Annual Report



MOVING  
**BEYOND**  
WASTE

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More than 1,129,000  
tires collected

Over 1,100 tire  
recycling locations

236,749 litres of  
paint collected

59 paint recycling  
locations

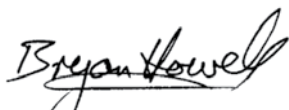


## TRANSMITTAL LETTER

The Honourable Danny Soucy  
Minister of Environment and Local Government  
Legislative Assembly of New Brunswick  
Fredericton, New Brunswick

Dear Minister:

On behalf of the Board and staff, I am pleased to present to you the annual report of Recycle NB for the calendar year 2013. The report is presented in accordance with Section 11 of the Designated Materials Regulation (New Brunswick Regulation 2008-54 enacted under the *Clean Environment Act*.)



**Bryan Howell**  
Chair  
Recycle NB



### RECYCLE NB BOARD OF DIRECTORS

**Front Row:** Aline McLaughlin, Nancy Daamen, Margaret Mayes

**Back Row:** Gildard Chiasson, Maxime Lejeune, Bryan Howell, Borden P. DeLong

## RECYCLE NB AT A GLANCE

### VISION

All waste materials in New Brunswick are managed in a sustainable and environmentally responsible way. Recycle NB is MOVING BEYOND WASTE.

### MISSION

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

### 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 a unique, province-wide organization driven by a vision for a healthier and more sustainable environment that will benefit you and your children for years to come. Our vision is all about a long-term plan to make our province waste free. We want to protect New Brunswick's rich resources from materials that endanger the water you drink, the earth you till, the air you breathe. We want to make sure your children and grandchildren have the resources they will need far into the future. That's why we work to divert an increasing number of materials from landfills. Gradually, we will eliminate the need for large landfills. We want to ensure materials, particularly those priority materials most harmful to all of us, are recycled into new products.*

*We will encourage all manufacturers who want to market in our province to make it easier for you by taking responsibility for the life of their products and adapting packaging and practices that leave you with much less waste to manage.*

*We will help you understand the benefits of recycling for you, your children, and generations to come. Our hope is that, because you understand those benefits, you will share our vision and do your part to make it a reality.*

*"We will encourage all manufacturers who want to market in our province to make it easier for you by taking responsibility for the life of their products and adapting packaging and practices that leave you with much less waste to manage."*



## MESSAGE FROM THE CHAIR



In today's throwaway world, we must all reduce, reuse and recycle. Recycling reduces the need for landfills, safeguards our valuable resources, saves the taxpayer money and creates jobs in our communities. It is the least we can do to protect the environment for generations to come.

Recycle NB plays a unique role in the management of waste materials in New Brunswick. It is a self-supporting environmental agency responding to government legislation, responsible

for results-focused "designated" material recycling as a means to ensuring over the long-term a waste-free province for the benefit of all New Brunswickers. Our vision is to move beyond waste!

As the Chair of Recycle NB, I hope all New Brunswickers will make recycling a part of their daily routine. Their efforts make our paint and tire recycling programs very successful and, if they all pitch in, we will have the same success with many more materials.

This year we took our next step toward a waste-free New Brunswick with the development of a new oil and glycol program for the province. Just one litre of oil can contaminate one million litres of drinking water. Government recognized the serious lasting effects that oil and glycol products can have on our environment and has entrusted their end-of-life waste management to Recycle NB.

Our program model emphasizes the importance of industry as a partner. Under our extended producer responsibility policy, industry assumes responsibility for the life cycle of their products and works with us to develop the most effective waste management program for New Brunswickers.

As a Board, we will build on the success of the past. We will continue to work with industry to protect our environment by turning waste products into new, useful ones.

This year, Recycle NB welcomed three new Board members and said goodbye to many of the sitting members as the term of office expired for eight of them.

Recycle NB acknowledges the valuable contributions these members made to the organization and thanks them for their time, expertise, experience and advice. Their efforts helped to ensure good stewardship for designated materials. The new seven-member Board is determined to carry on their legacy.

**Bryan Howell**  
Chair, Recycle NB

*"Recycle NB plays a unique role in the management of waste materials in New Brunswick ..."*



## BOARD GOVERNANCE

### Board Membership and Structure

The Minister of Environment and Local Government appoints the members of the Board of Directors of Recycle NB 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 to addressing environmental issues confronting New Brunswick.

The powers of the Board are as laid out in Section 5 of the *Designated Materials Regulation*. 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 the provincial government has assigned it stewardship responsibility. 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 involved in the operation of Recycle NB through Industry Advisory Committees established by the Board.

### Members of the Board and Terms of Office as of December 31, 2013

During 2013, the terms of office expired for Murray Driscoll, Chair; Paul Losier, Vice-Chair; Thérèse Bourgeois; Paul Després; Roland Guitard; Phillip Jensen, Colombe Leblanc-King; Grace Losier.



**Bryan Howell, Chair**  
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.

*Term of office: June 18, 2009 - June 17, 2015*



**Margaret Mayes**  
Salisbury, NB

Ms. Mayes is a small business owner/operator and active community volunteer.

Ms. Mayes served on the District 2 Education Council.

*Term of office: July 13, 2012 - July 12, 2015*



**Gildard Chiasson, Vice-Chair**  
Bertrand, NB

Mr. Chiasson is a retired businessman. A former mayor of Bertrand from 1998 to 2008, he is presently president of Bertrand's Golden Age Club.

*Term of office: June 15, 2013 - June 14, 2016*



**Aline McLaughlin**  
Enterprise, NB

Ms. McLaughlin is a retired teacher and was Director of the Early Intervention Program. She has been involved with several non-profit organizations for many years.

*Term of office: June 15, 2013 - June 14, 2016*



**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, 2011 - September 20, 2014*



**Maxime Lejeune**  
Pointe-Verte, NB

Mr. Lejeune, a former public servant, was regional director of Community and Correctional Services, Department of Public Safety. He served several terms as Mayor of Pointe-Verte.

*Term of office: June 15, 2013 - June 14, 2016*



**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, 2011 - September 20, 2014*

## Board Meetings

The Board of directors met 7 times during 2013. Meetings were held on the following dates:

Date	Place
January 17	Fredericton
March 22	Fredericton
May 16	Miramichi (Regular & Annual General Meeting)
June 21	Fredericton
September 27	Fredericton
November 6	Fredericton
December 6	Fredericton

## Board Attendance

The level of attendance of directors at Board meetings was 96.4%

Present Directors	Meetings (8)	Director	Meetings (8)
Bryan Howell	8/8	Margaret Mayes	6/8
Gildard Chiasson	4/4	Aline McLaughlin	4/4
Nancy Daamen	6/8	Maxime Lejeune	3/4
Borden DeLong	8/8		
Past Directors (to June 2013)			
Murray Driscoll	4/4	Paul Despés	4/4
Phillip Jensen	2/2	Roland Guitard	4/4
Colombe Leblanc-King	4/4	Grace Losier	4/4
Thérèse Bourgeois	4/4	Paul Losier	3/4

## 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). The Board appoints the committee by resolution. The chief executive officer is an ex-officio member of the committee.

### Members

- Bryan Howell
- Gildard Chaisson
- Maxime Lejeune
- Aline McLaughlin

### 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 and benefits levels for staff.
- To coordinate and oversee the evaluation of the Board performance.
- To ensure proper orientation of new Board members.

## 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 is 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

- Bryan Howell
- Aline McLaughlin
- Nancy Daamen
- Borden P. Delong

## 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**, Margaret Mayes, Chair
- **Recycle NB**, Jamie Seamans, *Tire Stewardship Program Manager*
- **Tire Dealers**, Atlantic Tire Dealers Association, Frank Connor, *Executive Director*
- **Auto Dealers**, New Brunswick Automobile Dealers Association, Jane Young, *Executive Director*
- **Solid Waste Commissions**, Restigouche Solid Waste Commission, Ian Comeau, *Executive Director*
- **Transportation Provider / Processor**  
Tire Recycling Atlantic Canada Corporation, Stephen Richardson, *Plant Manager*

### Paint Stewardship Program Industry Advisory Committee Members

- **Recycle NB**, Margaret Mayes, *Chair*
- **Recycle NB**, Pat McCarthy, *Paint Stewardship Program Manager*
- **Brand Owners**, Tim Dietrich, Home Hardware, *Manager Dealer Operations*
- **Paint Agent**, Product Care Association,\* Mark Kurschner, *President*
- **Solid Waste Commissions**, Nepisiguit-Chaleur Solid Waste Commission Raymond Bryar, *General Manager*
- **Paint Retailers**, *Atlantic Canada*, Retail Council of Canada, Jim Cormier, *Director*
- **Processor**, *Recycling Division*, Société Laurentide, Mario Clermont, *General Manager*
- **Transportation Provider**, Hebert's Recycling Inc,  
\*\* Kevin Sargent, *President*

\* Mannie Cheung assigned as alternate

\*\* Kevin Landry assigned as alternate



## YEAR IN REVIEW

Recycle NB continued to focus on its mandate of ensuring that materials designated by the Minister of the Environment and Local Government are managed in a manner that assures a clean and healthy environment.

### Oil and Glycol Program Developed

During 2013, Recycle NB's priority was the implementation of a new oil and glycol recycling program for the province. Based on its reputation and success in implementing the Quebec program, industry selected **La Société de gestion des huiles usagées (SOGHU)** to develop the program on its behalf.

Every business that markets lubricating oils and/or oil filters under a trademark it owns or uses must either put in place a system for recovery and recycling of used oil and glycol, their containers, and used oil filters or join an organization that will put in place such systems for its members. SOGHU created SOGHUOMA as the New Brunswick non-profit organization to meet this requirement of New Brunswick's Designated Materials regulation respecting the end-of-life waste management of used oil and glycol, their containers and used oil filters.

The Minister of the Environment and Local Government joined SOGHUOMA and Recycle NB for a program announcement in October. The Board of Recycle NB approved the Program Management Plan in November with a target date of January 2014 for roll out of the program.

### Tire Program Highlight

The tire program's use of value added markets expanded further during the year with new manufacturing facilities at TRACC. As a result, the company expects to increase significantly employment at the Minto based plant. The improvement in injection moulding manufacturing is driven primarily by the continued demand for high quality synthetic slate shingles made from recycled materials.

### Paint Program Highlight

This year, we want to acknowledge the efforts of Product Care to identify the appropriate recycling facilities for product containers as well as its focus on ensuring that the containers are directed to these recycling facilities. The following table shows the amount of metal and plastic containers that were recycled in 2013.

### Metal and plastic containers collected and recycled in 2013

Container type	Collected and recycled (tonnes)
Metal	54.35
Plastic pails (HDPE 2)	2.83
Plastic paint cans (polypropylene)	4.86

The recycling of these containers demonstrates the continued effectiveness of the program and a positive trend of progress toward meeting program goals.

### Community Recycling Project



Recycle NB was pleased to continue its partnership with Habitat for Humanity. During the year, it donated roofing shingles and paint for a project in Fredericton. The focus of Habitat for Humanity is to build safe, affordable housing and promote homeownership as a means of breaking the cycle of poverty. The primary goal of our partnership is to build affordable housing for low-income families and to provide a new lease on life for recycled products made from waste paint and tires.

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. This is just one more way Recycle NB ensures that the true value of "waste" resources is recognized in New Brunswick.

Public support for the projects is overwhelmingly positive. The high quality and attractive appearance of the composite roofing shingles and recycled paint continue to be a positive surprise.

### Tire Clinic Campaign Recognized

Again, this year, Recycle NB collaborated with Canadian Tire and the Rubber Association of Canada to conduct tire pressure clinics across the province during Waste Reduction Week.



Our objective was to remind New Brunswickers that maintaining proper tire pressure on their vehicles contributes to waste reduction and vehicle safety. It is a small act with a big impact. The Rubber Association of Canada estimates that Canadians waste about 643 million litres of fuel each year due to improperly inflated tires. The result is that one million tonnes of carbon dioxide - a harmful greenhouse gas - are released into the atmosphere.

The campaign received a MarCom 2013 Gold Award in the Communications/Public Relations/Special Event category. There were over 6,500 entries from throughout the United States, Canada and several other countries in the 2013 competition, which is judged by the international Association of Marketing and Communications Professionals.





## CHALLENGES AND OPPORTUNITIES

### EXTENDED PRODUCER RESPONSIBILITY (EPR)

Extended Producer Responsibility (EPR) is not a new concept. It has been used and embraced by many governments around the world for more than a decade. According to the concept, a producer is responsible for a product through its full lifecycle. Therefore, the producer assumes financial and physical responsibility for the waste management of its products.

### Extended Producer Responsibility (EPR) Outlook

The Canadian Council of Ministers of the Environment (CCME) has adopted Extended Producer Responsibility (EPR) as a policy approach. As a result, many provinces are actively looking for ways to explore and promote Extended Producer Responsibility (EPR).

Recycle NB implemented an Extended Producer Responsibility Program for paint in 2009. It will introduce a similar program for oil and glycol in 2014.

The approach is to phase in Extended Producer Responsibility (EPR) programs for priority products and materials. However, in a complex and competitive national and global business market, signals to producers from a small market like Canada may not be strong enough to influence new environmentally conscious product designs and supply chain management.

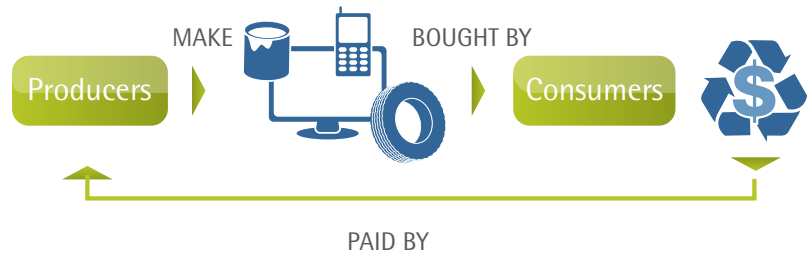
The environmental objectives of Extended Producer Responsibility (EPR) may need to be supported and reinforced by other measures, such as: eco-labelling; restrictions on harmful substances; recycled content standards and regulations; green procurement policies; environmental performance/voluntary agreements and a variety of other potential standards, bans, guidelines and educational tools. Recycle NB continues to focus on, and to look forward to, a future where clean manufacturing, pollution prevention and zero waste are commonplace objectives in all industries.

### HOW EXTENDED PRODUCER RESPONSIBILITY WORKS

Typical waste management system  
tax payers bear the costs



Extended producer responsibility shifts cost of waste management from tax payers to producers



### Application of Extended Producer Responsibility (EPR)

The foundation of Extended Producer Responsibility (EPR) policy is a shift of responsibility from governments and municipalities to the producers of the goods. The programs change the traditional balance of responsibilities for waste management among manufacturers and importers of consumer goods, consumers, and governments. All Extended Producer Responsibility (EPR) programs involve producers and importers of manufactured goods in the end-of-life waste management of their products. This form of product stewardship encourages system efficiencies that can have real benefits for New Brunswickers. When developing Extended Producer Responsibility (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 careful consideration, as it will likely set a standard for future initiatives. In the end, Extended Producer Responsibility (EPR) relieves local government authorities and taxpayers from the legal, physical and socio-economic impacts of waste management.

### Benefits of Extended Producer Responsibility (EPR)

Extended Producer Responsibility Programs (EPR)

- Shift end-of-life costs from municipalities and taxpayers to the producers and/or others in the product chain.
- Provide producers with expensive end-of-life management costs an incentive and opportunity to redesign their products to minimize these costs.
- Create incentives for producers to remove harmful substances from products and develop greener future designs.
- Promote innovation in recycling technology thereby potentially reducing consumer product costs.
- Create a solid framework for continual program development without the need for additional government legislation.
- Help in reducing the carbon footprint through increased use of recycled materials.
- Put New Brunswick on the path toward zero waste.



## ELECTRONIC WASTE (E-WASTE)

Electronic waste is any electronic equipment that is useless or near the end of its life. It includes items such as televisions, radios and stereos, faxes, photocopiers, computers and monitors, printers, circuit boards and microwave ovens.

Every year the world dumps 50 million tonnes of electronic waste into landfills. Much of this electronic waste contains harmful materials. Lead, mercury and cadmium are just a few examples of those materials. They pollute the environment and are a health risk. Electronic waste also contains valuable metals such as gold and copper that could be recycled.

New Brunswickers are concerned about the lack of opportunities to recycle their electronic waste and many citizens urge Recycle NB to implement a waste reduction program for electronic waste.

We believe New Brunswickers are ready to support another Extended Producer Responsibility (EPR) program similar to the paint program. The great success of Recycle NB's paint recycling program confirms that the public truly understands how EPR programs work. With the cooperation of industry, e-waste recycling will move beyond waste in New Brunswick.

## PACKAGING AND PRINTED PAPER

In 2005, the Canadian Council of Ministers of the Environment (CCME) established an Extended Producer Responsibility (EPR) Task Group and gave it a mandate to provide guidance on the development and implementation of Extended Producer Responsibility (EPR) programs in Canada.

Packaging makes up a significant portion of the waste stream in Canada and the task group identified it as a first priority for an Extended Producer Responsibility (EPR) program. In fact, the 2009 Canada-wide Action Plan for Extended Producer Responsibility (EPR) commits all jurisdictions to work towards the establishment of operational EPR programs for packaging (among other things) within six years, and sets out general principles and guidance for provincial/territorial regulators and program developers in regulating, developing, designing and implementing consistent EPR programs across Canada.

Manitoba, Ontario, and Quebec operate packaging and printed paper stewardship programs. British Columbia will start its program in 2014.

As the designated materials oversight agency for New Brunswick, Recycle NB will work with the provincial and municipal governments, the other Atlantic Provinces, industry, and stakeholders to assess the best approach to the waste management of packaging and printed paper.

## PUBLIC EDUCATION AND AWARENESS

Recycle NB manages recycling programs for materials designated by the Minister of the Environment. The success of these programs depends on New Brunswickers. They must believe that recycling is important to their lives and make it part of their daily routine.

We cannot appeal to the entire population in the same way. We must identify our target audiences for each program and build our communications and marketing plans to reach them. We must know how they make their decisions and answer their key questions.

An integrated marketing and communications plan is customer driven. Based on research, it ensures that we send the right message to the right people at the right time. It aligns people and budgets with the best distribution channels to reach our audiences.

Changing behavior is challenging but social marketing offers the best chance for success. We will continue to work with our partners and industry to encourage all New Brunswickers to make recycling part of their daily routine.

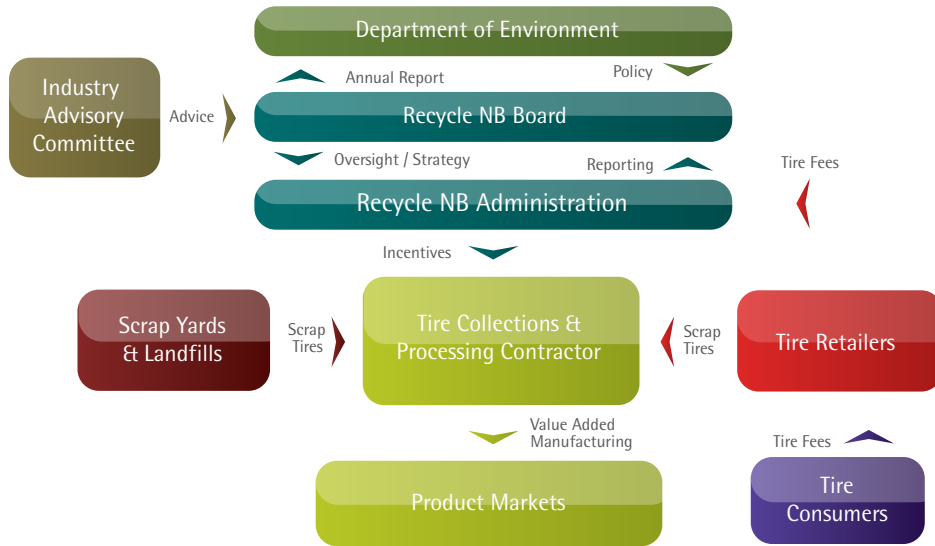
The focus this year has been on developing a communications and marketing plan to ensure that brand owners, retailers and the people of New Brunswick, especially the do-it-yourself community, are aware of the new oil and glycol program and how to take advantage of it.

# STRATEGIC DIRECTIONS

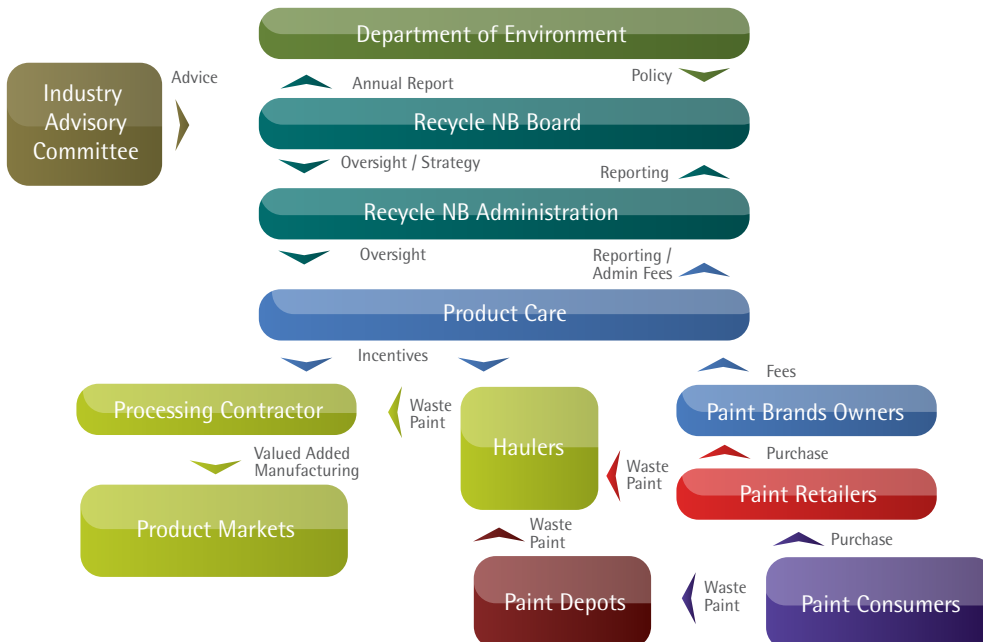
## TO FACILITATE WASTE MINIMIZATION

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.

TSP Stakeholder Model



PSP Stakeholder Model for EPR



## TIRE STEWARDSHIP PROGRAM (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 16 million scrap tires have been recycled into new value-added products through the program.

A vital component of the continued success of the program is 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 to satisfy increasing customer demand. As TRACC uses more rubber for markets each year, there may come a time when rubber from scrap tires in New Brunswick will not be sufficient to meet its needs.

The expansion of the Moderne Slate roofing shingles market by TRACC provides a good example. TRACC produces millions of shingles per year. 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 human resources required to run the newly installed equipment. The major challenge may well be to find the additional materials to be recycled. The Tire Stewardship Program is working for New Brunswickers both to reduce waste and to generate meaningful long-term environmental and economic benefits right here in the province.

This year, the tire program's use of value added markets expanded further with new manufacturing facilities at TRACC. As a result, the company expects to increase significantly employment at the Minto plant. The improvement in injection moulding manufacturing is driven primarily by the continued demand for high quality synthetic slate shingles made from recycled materials.

### Extended Producer Responsibility (EPR) and Off-The-Road (OTR) Tires

Off-the-road tires are those found on vehicles 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 in diameter and heavy, making them very difficult to handle and transport. This same toughness also presents some serious challenges when it comes to off-the-road tire recycling. When stockpiled, OTR tires, just like smaller highway tires, can pose an environmental threat for a variety of reasons including fire and West Nile Virus.

As a proactive initiative, the Atlantic Tire Dealers Association (ATDA), on behalf of New Brunswick's OTR tire dealers, started an OTR tire recycling program on January 1, 2010. This voluntary Extended Producer Responsibility (EPR) program charges customers a varied scale of tire recycling fee depending on the combined size and weight of the OTR tire they purchase. Dealers use the funds to supplement the costs of recycling at the Tire Recycling Atlantic Canada Corporation's Minto plant. TRACC transforms the scrap OTR tires into highly sought after value-added products such as SuperShred Mulch. Recycle NB continues to collaborate with the Atlantic Tire Dealers Association on the development of a comprehensive Extended Producer Responsibility (EPR) tire program.

### Achievements

The New Brunswick Department of Environment gave 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 comply with the *Designated Materials Regulation*. The regulation applies to anyone selling new tires within the province.

### Tire Sales in 2013

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. Retailers remit the fees to Recycle NB, which in turn funds the scrap tire collection, transportation and recycling operations.

The program is designed to be self-supporting, receiving its funding from new tire sales in New Brunswick.

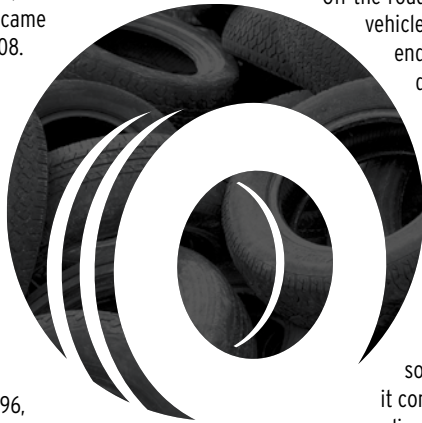
**Tires Sold (Passenger Tire Equivalent):**  
**1,099,000 (1,062,000 in 2012)**

### Tire Collections in 2013

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

**Tires collected (Passenger Tire Equivalent):**  
**1,026,000 (1,063,000 in 2012)**

**Tire recovery rate: 93.4% (100.1% in 2012)**







### Tire Processing in 2013

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 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. In addition, the agreement

is a positive first step towards establishing an Extended Producer Responsibility (EPR) program for the Tire Stewardship Program.

Year	2010	2011	2012	2013
Tires Sold *	1,125,000	1,088,000	1,062,000	1,099,000
Tires Collected *	1,149,000	1,074,000	1,063,000	1,026,000
Recovery Rate	102.1%	98.7%	100.1%	93.4%

*\*Refers to passenger tire equivalents (PTEs) where 1 PTE is equal to approximately 10 Kg's.*

### 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.

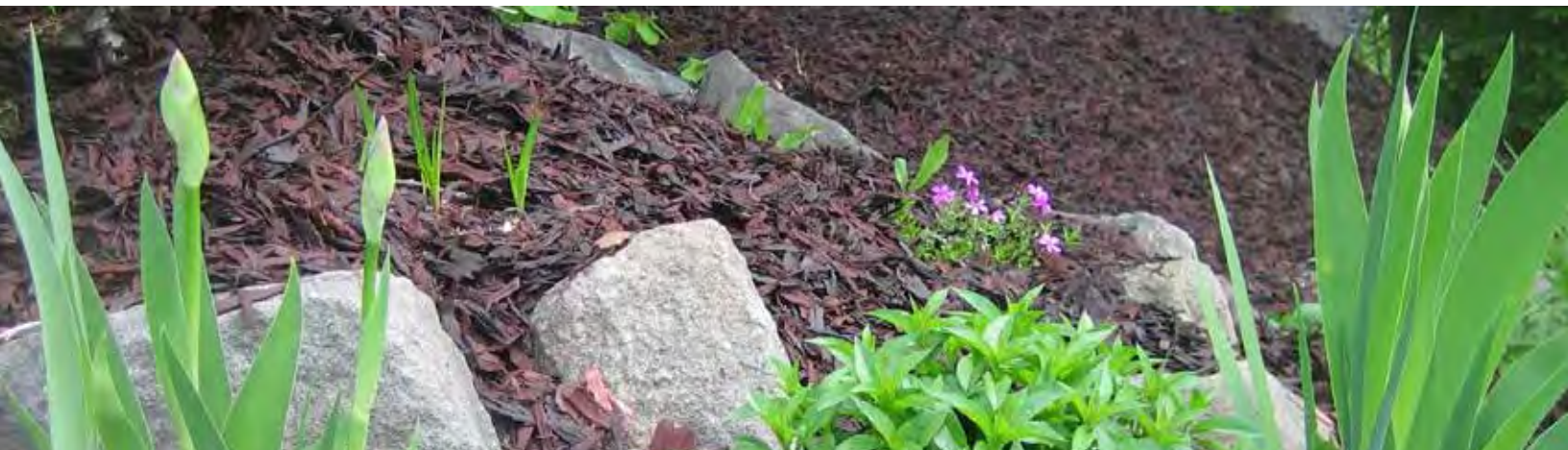
Recycle NB uses the following processes to implement quality assurance for the TSP:

- 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.

Recycle NB continues 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).

During the year, Recycle NB performed 24 tire dealer audits and no significant finding resulted from those audits.

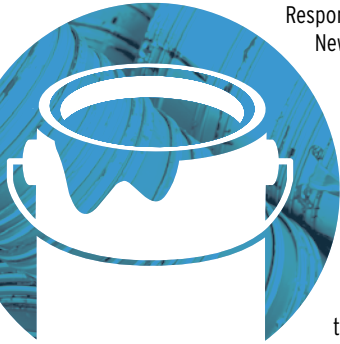
Recycle NB developed a draft Management Plan for the Tire Stewardship Program that it submitted to the Tire Industry Advisory Committee for comment prior to review by the Board of Recycle NB. The Minister of the Environment and Local Government approved the Tire Program Management Plan on October 24, 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 made it responsible for the Paint Stewardship Program, the first Extended Producer Responsibility (EPR) program in New Brunswick.



With the approval of the stakeholder-based Paint Industry Advisory Committee of the Board in June of 2008, Recycle NB accepted Product Care Association as the paint agent for brand owners registered under the program. Product Care Association developed the New Brunswick Paint Recycling Program Plan on behalf of the paint industry in response to the New Brunswick Designated Materials Regulation. Recycle NB approved the first program plan April 1, 2009 for a three-year period.

The Paint Management Plan was renewed in August, 2012 and is online at [www.recyclenb.com](http://www.recyclenb.com).

### Eco-Logo Certification

Building green is more than just using recycled products in the construction process; it is about using certified recycled products. Certification helps consumers identify 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. Industry considers both labels to be marks of environmental leadership.

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

Boomerang and Rona Eco products have a very low level of Volatile Organic Compounds (VOCs), thus making it possible for them to become Eco-Logo certified. Everything about the products

is environmentally friendly. The containers are made from recyclable plastic and the labels are printed on Forest Stewardship Council certified paper. It is no surprise these products continue to garner well-deserved interest and attention through their progressive regular certification processes.



### 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 Extended Producer Responsibility (EPR) model, any expenses incurred by the Paint Stewardship Program for oversight, communications, auditing, general administration or any other cost related to the program are reimbursed fully on a cost-recovery basis by Product Care. Recycle NB receives no funding from the government for the Paint Stewardship Program.

### Paint Sales and Collections

*Product Care Association* as required under the Designated Materials Regulation of the *Clean Environment Act* provides paint sales and paint collections data for the calendar year 2013.

### Paint Sales

Most paint purchased is used for its intended purpose; there are times when a consumer must dispose of a portion of leftover product. To fund the recycling activities of the Paint Stewardship Program, the price of each container of paint bought at any of the more than 500 paint retailers in the province. As of December 31, 2013, there were 76 brand owners registered with the Paint Stewardship Program. This is an increase of seven during the year. The brand owners remit the funds collected for recycling to Product Care based on their product sales volumes. Product

Care manages the ongoing operations according to the approved business plan.

Program members reported the sale of 2,222,231 units of program products for an estimated liquid volume of 5,491,670 litres of program product. That amounts to the sale of an average of more than 15,000 litres of paint per day. The corresponding sales in the 2012 reporting period were 2,023,822 containers and 5,212,841 million litres.



Year	Paint Sold (units)	Estimated Liquid Volume
2013	2,222,231	5,491,670
2012	2,023,822	5,212,841
2011	1,888,405	5,129,399
2010	2,028,487	5,725,316





## Paint Collections

The Paint Stewardship Program allows homeowners and businesses to bring their leftover paint and many types of stains, varnishes and aerosols to the many collection points across the province. At the launch of the paint recycling program on April 1, 2009, there were 46 paint drop-off depots available to accept paint under the program. As of December 31, 2013 there were 59 drop-off depots. The number of drop-off depots shows that the program

continues to provide accessibility for paint recycling throughout the province. It 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 standard reusable collection bins and other containers such as

drums. A hauler contracted to the program collects the filled bins from the collection sites and replaces them with empty bins. The hauler consolidates the filled bins at the warehouse and ships full loads to processors for recycling.

**236,749 litres of paint were collected during the year.** The volume of leftover paint processed during the year and the method of disposal is as follows:

## Percentage of Leftover Paint by Disposal Method

Method	Volume (litres)	Percentage
<b>Reuse</b> (through paint exchange program)	673	0.3%
<b>Recycle</b>	164,499	74.5%
<b>Landfill</b>	25,215	11.4%
<b>Energy Recovery</b>	30,340	13.8%
<b>Total</b>	220,726*	100%

*\*Total volume includes only paint materials processed during the year.*

Drop-off depots and program participants can take pride in maintaining one of the lowest rates of non-program material for any paint recycling program in Canada. Non-program materials, which typically consist of Household Hazardous Waste (HHW) products, can add significant operational costs that are passed on to paint consumers.



## Recycled Paint Markets

New Brunswickers are continually seeking more ways to avoid waste and to consume in a responsible manner. As an example, many conscientious consumers look for 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 refers to the selection of products and services that minimize environmental impacts.

To prevent 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, a business should carry out an assessment of the environmental consequences a product may pose at each stage of its life cycle. The assessment should consider the costs of securing raw materials, manufacturing, transporting, storing, handling, using and disposing of the product.

In addition to providing exceptional value and environmental benefits, the value-added aspect of recycled paint plays a growing role in the developing "green economy". Recycle NB has confidence in the future of recycled paint. It will continue to encourage consumers to decorate in environmentally friendly ways. Most of the waste going to landfills is 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.



## OIL AND GLYCOL PROGRAM

### Highlights

Used oil and glycol are a major source of liquid waste in New Brunswick.

One litre of oil could contaminate one million litres of water. However, when recycled, most of these products can be used repeatedly.

By properly recycling and disposing of these products, we protect our environment and reduce the amount of waste in our landfills.

As part of the continuing effort to protect our province's clean, safe environment, the Government introduced a new recycling program for oil and glycol. On October 24, 2012, it approved REGULATION 2012-92 under the *Clean Environment Act*. Under



the regulation oil, oil filters, oil containers, glycol and glycol containers are designated materials and require a stewardship plan.

### Achievements

Like the paint program, the Oil and Glycol recycling program is an Extended Producer Responsibility (EPR) program. Therefore, producers manage and pay directly for the end-of-life waste management of their products. In addition to shifting the costs of recycling from municipalities and taxpayers, Extended Producer Responsibility (EPR) programs give industry an incentive to design products that reduce waste disposal costs and recycling risks.

The Recycle NB Board approved the New Brunswick Oil and Glycol Product Stewardship Plan for 2014-2017 on November 6, 2013.

Instead of every brand owner setting up a recycling program, industry formed **La Société de gestion des huiles usagées Atlantique / Atlantic Used Oil Management Association (SOGHUOMA)**. SOGHUOMA will operate one oil and glycol program for the province on behalf of its members who are brand owners and first importers of the designated oil and glycol materials.

Having one program and agent has many benefits. It will deliver cost savings, ensure a level playing field for industry, and provide province-wide access to recycling depots for consumers. The program will begin on January 1, 2014.

Currently, one hundred and twenty brand owners are registered under the program.

## 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.



### Achievements

#### Waste Reduction Week

Since 2001, a coalition of non-government, not-for-profit environmental groups, and governments across Canada has organized Waste Reduction Week (WRW).

Waste Reduction Week's "take action" message calls on all Canadians to adopt environmentally conscious choices. Reducing waste is one solution to the many environmental challenges such as climate change, water pollution and preservation of natural resources.

To mark the Week, we conducted a multimedia campaign to encourage the recycling of leftover paint. This year we focused on the metro Moncton area and used radio advertising, newspaper ads, website promotion, web advertising and direct mail to encourage homeowners to recycle their leftover paint.

With the permission of the Department of Education, Recycle NB distributed information and posters on the Recycle My Cell Challenge to schools, colleges and universities in New Brunswick. The Canadian Wireless Telecommunications Association sponsors the program, which challenges Canadian students from kindergarten to post-secondary level to recycle as many old wireless devices and accessories as possible. In addition to doing a good thing for the environment, students can win \$500 for their school to use for green initiatives!

Maintaining the recommended tire pressure on vehicles is a smart move! Low tire pressure threatens the safety of vehicles, contributes to global warming, and increases fuel bills. Measuring tire pressure monthly helps to reduce global warming and saves on fuel costs.

Again, this year, Recycle NB, Canadian Tire and the Rubber Association of Canada formed a

partnership to sponsor Tire Pressure Clinics at Canadian Tire Stores across the province during Waste Reduction Week.

The campaign received a MarCom 2013 Gold Award in the Communications/Public Relations/Special Event category. There were over 6,500 entries from throughout the United States, Canada and several other countries in the 2013 competition, which is judged by the international Association of Marketing and Communications Professionals.

### Oil and Glycol Program

Recycle NB worked with industry to arrange an announcement of the the new oil and glycol program in October and produced information material to inform industry stakeholders of the implementation of the new program and its impact on them. Flyers were sent to over 2,000 oil and glycol retailers throughout the province.



## 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.



### Value-Added Recycling

Recycle NB is very interested in getting the full value out of recycled resources.

The Tire Stewardship Program is known nationally and internationally for its success in doing this. Countries from around the world 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 small Canadian province is able to attract such widespread interest? The reason is very simple, value-added recycling.

A manufacturer of goods needs raw materials in order to make its products. The manufacturer transforms those raw materials into finished goods. Those goods have a market demand. They are sold to industrial, commercial or residential consumers.

Value-added recycling reverses that process. Innovation, collaboration, and creative solutions transform end-of-life materials into new products. For example, it moves beyond paint and tires filling up our landfills to recognize the true value of New Brunswick's waste resources.

Market development is a crucial pillar to the long-term success of Recycle NB's programs.

Another pillar is the engagement and actions of individual New Brunswickers. The public response and support for the programs through daily sorting of recyclables has direct effects on the bottom line of the programs. Recycle NB has seen a shift in the level of interest in the proper

preparation and sorting of recyclable materials. Residents understand there is a growing correlation between the prices of the goods they buy and their recycling efforts. The growing number of Extended Producer Responsibility (EPR) programs across Canada strengthens this connection.

Value-added recycling is a system under which nature and commerce fruitfully co-exist. The Extended Producer Responsibility (EPR) approach to program design calls for the transformation of industry through ecologically intelligent design. When done right, it creates a synergy that encourages industries to be more sustainable while remaining prosperous. The products that TRACC makes, at least partially from scrap tires, are tangible results of this approach. Similarly, Société Laurentide continually pioneers innovative recycled paint products.

An approach which has worked for New Brunswick programs is the concept of developing markets to "pull" for recycled products. This means that product ideas are produced in response to market forces such as a demand from consumers or a manufacturer's desire to increase its market share.

In the last century, many recycling efforts ended with the development of subpar products. However, modern day recycled products are gaining recognition as legitimate alternatives to products made from new materials. Several forces, including the new sustainable

development and green building movement, are strengthening the demand for resource-friendly products.

Government can encourage markets through policies such as green procurement. Recycle NB sees this as a key area for future development.

Today's consumers weigh many factors before buying products. Environmental concerns play an important part in their choices. From safer rubberized playground surfaces in schoolyards and parks, to low-maintenance landscape mulch that uses water more efficiently to low Volatile Organic Compound (VOC) recycled paint, conscientious consumers lean more towards recycled goods. Recycling an end-of-life product is attractive to them. It provides a way to protect the environment for future generations.

The encouraging results from the paint and tire programs clearly show that New Brunswickers support the value-added approach to recycling. Residents want to take ownership of their waste issues and see value-added recycling as benefitting all New Brunswickers.

## 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.

### 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.

## TO BE FINANCIALLY SUSTAINABLE

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



## INDEPENDENT AUDITORS' REPORT



KPMG LLP  
Chartered Accountants

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### 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, 2013, the statements of operations, changes in net assets and cash flows for the year then ended, 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 Canadian 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 audit. We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

### 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 possible 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, 2013, and its remeasurement gains and losses, its results of operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Accountants  
June 20, 2014  
Fredericton, Canada

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**RECYCLE NEW BRUNSWICK**

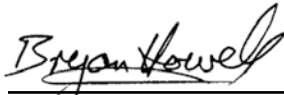
Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 558,598	\$ 247,047
Accounts receivable (note 2)	878,471	760,790
Prepaid expenses	-	3,247
EPR receivable (note 3)	139,404	-
	<b>1,576,473</b>	<b>1,011,084</b>
Capital assets (note 4)	58,910	79,975
Investments (note 5)	337,319	531,323
	<b>\$ 1,972,702</b>	<b>\$ 1,622,382</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 338,567	\$ 392,635
EPR payable (note 3)	-	1,039
Deferred revenue	25,000	-
Employee future benefits (note 6)	29,402	33,198
	<b>392,969</b>	<b>426,872</b>
Net assets:		
Invested in capital assets	58,910	79,975
Unrestricted	1,520,823	1,115,535
	<b>1,579,733</b>	<b>1,195,510</b>
Contractual obligations (note 8)		
Contingencies (note 9)		
	<b>\$ 1,972,702</b>	<b>\$ 1,622,382</b>

See accompanying notes to financial statements.

On behalf of the Board:




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 Director




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 Director



**RECYCLE NEW BRUNSWICK**

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
<b>Revenues:</b>		
Tire Program	\$ 4,879,778	\$ 4,190,306
Paint Program	100,318	124,632
Oil Program	257,968	-
Other	20,358	26,798
	<b>5,258,422</b>	<b>4,341,736</b>
<b>Expenses:</b>		
Tire Program (schedule 1)	4,543,543	4,422,664
Paint Program (schedule 2)	100,318	124,632
Oil Program (schedule 3)	231,474	26,494
Other	11,113	26,798
	<b>4,886,448</b>	<b>4,600,588</b>
<b>Excess (deficiency) of revenues over expenses before the undernoted items</b>	<b>371,974</b>	<b>(258,852)</b>
<b>Other income:</b>		
Investment income	11,541	12,349
Other income	708	172
	<b>12,249</b>	<b>12,521</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 384,223</b>	<b>\$ (246,331)</b>

See accompanying notes to financial statements.

**RECYCLE NEW BRUNSWICK**

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

	Invested in capital assets	Unrestricted	Accumulated remeasurement gains	Total 2013	Total 2012
<b>Balance, beginning of year</b>	\$ 79,975	\$ 1,115,535	\$ -	\$ 1,195,510	\$ 1,441,841
<b>Excess (deficiency) of revenues over expenses</b>	(28,822)	413,045	-	384,223	(246,331)
<b>Net change in investment in capital assets</b>	7,757	(7,757)	-	-	-
<b>Balance, end of year</b>	\$ 58,910	\$ 1,520,823	\$ -	\$ 1,579,733	\$ 1,195,510

See accompanying notes to financial statements.

**RECYCLE NEW BRUNSWICK**

## Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
<b>Cash provided by (used in):</b>		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 384,223	\$ (246,331)
Items not involving cash:		
Amortization of capital assets	28,822	33,811
Employee future benefit expense (recovery)	(3,796)	6,399
	<b>409,249</b>	<b>(206,121)</b>
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(117,681)	98,307
Decrease in prepaid expenses	3,247	-
Increase (decrease) in EPR receivable/payable	(140,443)	25,369
Decrease in accounts payable and accrued liabilities	(54,068)	(43,879)
Increase in deferred revenue	25,000	-
	<b>125,304</b>	<b>(126,324)</b>
Investments:		
Decrease (increase) in investments	194,004	(5,993)
Capital activities:		
Capital assets acquired	(7,757)	(9,942)
Increase (decrease) in cash	311,551	(142,259)
Cash, beginning of year	247,047	389,306
<b>Cash, end of year</b>	<b>\$ 558,598</b>	<b>\$ 247,047</b>

See accompanying notes to financial statements.

## RECYCLE NEW BRUNSWICK

Notes to Financial Statements  
Year ended December 31, 2013

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, architectural paint, used oil and glycol on behalf of the Minister of Environment for the Province of New Brunswick.

### 1. Significant accounting policies:

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) 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 statement 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.

#### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided 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
Operational equipment	3 years

#### (c) Employee future benefits:

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.

#### (d) Revenue recognition:

Fees and levies for scrap tires are recognized in Tire Program revenues 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.

#### (e) Use of estimates:

The preparation of the financial statements 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. Significant estimates include the allowance for doubtful accounts, amortization of capital assets, accrued liabilities, employee future benefits and the allocation of expenses by program. Actual results could differ from those estimates.



**RECYCLE NEW BRUNSWICK**

Notes to Financial Statements (continued)

Year ended December 31, 2013

**2. Accounts receivable:**

	2013	2012
Tire fees	\$ 710,455	\$ 606,047
Sales taxes	168,016	154,743
	<b>\$ 878,471</b>	<b>\$ 760,790</b>

**3. EPR receivable/payable:**

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

Under the terms of the EPR agreement, costs incurred by the Company while administering the Paint and Oil programs 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.

	2013	2012
Paint Program	\$ (118,564)	\$ (1,039)
Oil Program	257,968	-
	<b>\$ 139,404</b>	<b>\$ (1,039)</b>

**4. Capital assets:**

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
<b>Building - leasehold improvements</b>	\$ 70,935	\$ 35,467	\$ 35,468	\$ 49,655
<b>Furniture and fixtures</b>	71,478	60,277	11,201	18,684
<b>Computer equipment</b>	114,781	103,007	11,774	10,858
<b>Operational equipment</b>	933	466	467	778
	<b>\$ 258,127</b>	<b>\$ 199,217</b>	<b>\$ 58,910</b>	<b>\$ 79,975</b>

Amortization expense for the year is \$28,822 (2012 - \$33,811).

**RECYCLE NEW BRUNSWICK**

Notes to Financial Statements (continued)

Year ended December 31, 2013

**5. Investments:**

	Fair market value	2013 Cost	Fair market value	2012 Cost
Altamira High Interest Cashperformer	\$ -	\$ -	\$ 103,196	\$ 103,196
Manulife Bank Investment Savings Account	104,809	104,809	103,512	103,512
Renaissance High Interest Savings Account (5000)	121,798	121,798	120,264	120,264
RBC Investment Savings Account Series A (2001)	103,866	103,866	102,581	102,581
Cash held in broker's account	6,846	6,846	-	-
TD Premium Money Market Fund I Series	-	-	101,770	101,770
	<b>\$ 337,319</b>	<b>\$ 337,319</b>	<b>\$ 531,323</b>	<b>\$ 531,323</b>

All cash and investments are considered level 1 as their value can be based on quoted prices in active markets.

**6. 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 is as follows:

	2013	2012
Accrued sick pay obligation at January 1	\$ 33,198	\$ 26,799
Current service cost	12,553	11,733
Benefit payments	(16,349)	(5,334)
<b>Accrued sick pay obligation at December 31</b>	<b>\$ 29,402</b>	<b>\$ 33,198</b>

**RECYCLE NEW BRUNSWICK**

Notes to Financial Statements (continued)  
Year ended December 31, 2013

**7. Allocation of expenses:**

All expenses which can be directly attributed to one of the Company's designated materials programs have been allocated based on the expected revenues generated by the programs. General expenses totaling \$720,788 (2012 - \$662,349) relating to human resources, finance, communications, office and facilities expenditures have been allocated as follows: 56%/13%/31% (2012 - 78%/18%/4%) or \$403,641 (2012 - \$516,632), \$93,703 (2012 - \$119,223), and \$223,444 (2012 - \$26,494) to the tire, paint and oil programs, respectively.

**8. Contractual obligation:**

The Company entered into a premises lease. Annual repayments are as follows:

2014	\$ 44,910
2015	44,910
	<b>\$ 89,820</b>

**9. Contingencies:**

The Province of New Brunswick has signed a five year contract, which terminates in February 2018, with Tire Recycling Atlantic Canada Corporation (TRACC), where payments are made based on a weight-based tipping fee model. Payments are made monthly for \$355 per ton (2012 - \$330 per ton) for scrap tires received at their processing facility. Annually, 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.

**10. Related party transactions:**

The Company is an agent of the Province of New Brunswick. During the year, the Company received a contribution in the amount of \$379,837 to cover Tire Program operating expenses from the Province of New Brunswick. This amount has been recorded as revenue under the Tire Program.

During the year, the Company has recognized funding from the Environmental Trust Fund in the amount of \$95,528 for various projects. The Company has recorded \$82,326 of the funding in revenue of the Tire Program and \$13,202 (2012 - \$26,798) in other revenues.

## RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)  
Year ended December 31, 2013

### 11. Financial risks:

The Company has exposure to the following risks 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. Management monitors the risk and adherence to the policy guidelines.

#### (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, accounts 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, 2013 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.



**RECYCLE NEW BRUNSWICK**

Schedule 1 - Tire Program

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
<b>Revenue</b>	<b>\$ 4,879,778</b>	<b>\$ 4,190,306</b>
<b>Expenses:</b>		
Scrap tire processing	4,052,675	3,871,655
Salaries and employee benefits	208,201	299,226
Communication and translation	72,767	38,065
Professional services	67,729	19,227
Office	43,438	44,867
Board	33,619	51,663
Rent	22,778	31,690
Amortization of capital assets	16,140	26,373
Travel	10,083	16,212
Telephone	9,542	12,853
Insurance	5,687	6,948
Interest and bank charges	580	1,756
Training and subscriptions	294	630
Repairs and maintenance	10	1,499
	<b>4,543,543</b>	<b>4,422,664</b>
	<b>\$ 336,235</b>	<b>\$ (232,358)</b>

**RECYCLE NEW BRUNSWICK**

Schedule 2 - Paint Program

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
<b>Revenue</b>	<b>\$ 100,318</b>	<b>\$ 124,632</b>
<b>Expenses:</b>		
Salaries and employee benefits	48,332	66,230
Communication and translation	14,903	10,136
Office	8,050	8,979
Board	7,805	12,712
Rent	5,288	7,313
Professional services	5,129	4,437
Amortization of capital assets	3,747	6,086
Travel	3,324	3,273
Telephone	2,215	2,966
Insurance	1,320	1,603
Bank charges and interest	135	405
Training and subscriptions	68	146
Repairs and maintenance	2	346
	<b>100,318</b>	<b>124,632</b>
	<b>\$ -</b>	<b>\$ -</b>

**RECYCLE NEW BRUNSWICK**

Schedule 3 - Oil and Glycol Program

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
<b>Revenue</b>	<b>\$ 257,968</b>	<b>\$ -</b>
<b>Expenses:</b>		
Salaries and employee benefits	115,254	14,718
Communication and translation	25,539	1,421
Board	22,082	2,617
Office	20,699	1,995
Rent	12,609	1,625
Professional services	12,232	986
Amortization of capital assets	8,935	1,352
Telephone	5,282	659
Travel	5,204	565
Insurance	3,148	356
Bank charges and interest	321	90
Training and subscriptions	163	33
Repairs and maintenance	6	77
	<b>231,474</b>	<b>26,494</b>
	<b>\$ 26,494</b>	<b>\$ (26,494)</b>



## 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 paint, tires, oil and glycol 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 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. **PTE = 10 Kg**

**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 environment and human health.



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