



## **WASTE REDUCTION AND RECOVERY PROGRAM 2012-2013 ANNUAL REPORT**

February 2014

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**TABLE OF CONTENTS**

	Page
1.0 AUDITED FINANCIAL STATEMENT OF THE ENVIRONMENT FUND .....	1
2.0 BEVERAGE CONTAINER PROGRAM .....	1
2.1 Operational Update.....	1
2.1.1 Beverage Container Program Review.....	1
2.1.2 Management Information System and Quality Assurance .....	2
2.2 Depots and Processing Centres .....	2
2.3 Depot and Processing Centre Profile – The Bottle Shop, Yellowknife .	5
2.4 Distributors.....	9
2.5 Beverage Containers Distributed and Returned .....	9
2.6 Container Reuse and Recycling .....	12
2.7 Enforcement .....	13
3.0 SINGLE-USE RETAIL BAG PROGRAM .....	14
3.1 Background.....	14
3.2 Distributors.....	14
3.3 Retailers.....	14
3.4 Single-use Retail Bags Distributed .....	14
3.5 Enforcement .....	15
4.0 ELECTRONICS RECYCLING .....	16
5.0 WASTE REDUCTION AND RECOVERY ADVISORY COMMITTEE .....	17
6.0 CONTACT INFORMATION .....	18

## LIST OF FIGURES

Figure 1: Beverage Container Program Depots and Processing Centres .....	3
Figure 2: Containers Returned by Material Type.....	11

## LIST OF TABLES

Table 1: Beverage Container Depots (as of March 31, 2013) .....	4
Table 2: Beverage Container Recovery Rate 2012-13.....	10
Table 3: Containers Returned by Region .....	11
Table 4: Tonnage Recycled & Carbon Dioxide Savings for all Materials.....	12
Table 5: Container Material and Recycling Uses .....	13
Table 6: Waste Reduction and Recovery Advisory Committee Members .....	17

## APPENDICES

Appendix A: Audited Financial Statement of the Environment Fund 2012-2013

Front cover: Non-refillable glass prior to shipment to Airdrie, Alberta for processing into fibreglass insulation.

## 1.0 AUDITED FINANCIAL STATEMENT OF THE ENVIRONMENT FUND

The Environment Fund (Fund) is a special purpose fund as defined in subsection 1(1) of the *Financial Administration Act*. The Fund was set up under the authority of the *Waste Reduction and Recovery Act* (WRRA). All surcharges from the Beverage Container Program and the Single-use Retail Bag Program are paid into the Environment Fund. In accordance with the WRRA, the assets of the Fund may be used to pay for waste reduction and recovery programs and initiatives, including all program administration.

In 2012-2013, the Environment Fund's revenue was \$5,659,252 (excluding \$27,837 in interest income) and expenditures were \$5,568,101, giving excess revenue of \$118,988. The balance in the Fund on March 31, 2013 was \$1,361,904. An audited financial statement of the Environment Fund is included in Appendix A.

## 2.0 BEVERAGE CONTAINER PROGRAM

### 2.1 Operational Update

#### 2.1.1 Beverage Container Program Review

The Department of Environment and Natural Resources (ENR) initiated a comprehensive review of the Beverage Container Program (BCP) in 2011 as part of a long-term plan to improve existing Waste Reduction and Recovery Programs and Initiatives. The review looked at various aspects of the program including collection network, container processing, quality control and quality assurance processes, container reuse and recycling, revenue streams, expenditures, container categories, and operating policies.

The review offered recommendations to make the program more accountable, efficient, self-sustaining and economically viable for depots and processing centres in the long-term while being affordable for the public. The complete report and a summary of the report (including ENR's response to each of the consultant's recommendations) are available online at [www.icarenwt.ca](http://www.icarenwt.ca).

Program staff continue to implement these recommendations to improve program delivery. Many of the recommendations will be addressed through Quality Assurance procedures that will be introduced in 2014.

### 2.1.2 Management Information System and Quality Assurance

In 2012-13, ENR began developing and implementing an internet based Management Information System (MIS). This system will allow for improved financial management and reporting. In the spring of 2014, the pilot project will begin operating in six communities (Yellowknife, Behchoko, Hay River, Fort Simpson, Inuvik and Norman Wells) and will run for six months prior to implementing a territory-wide program.

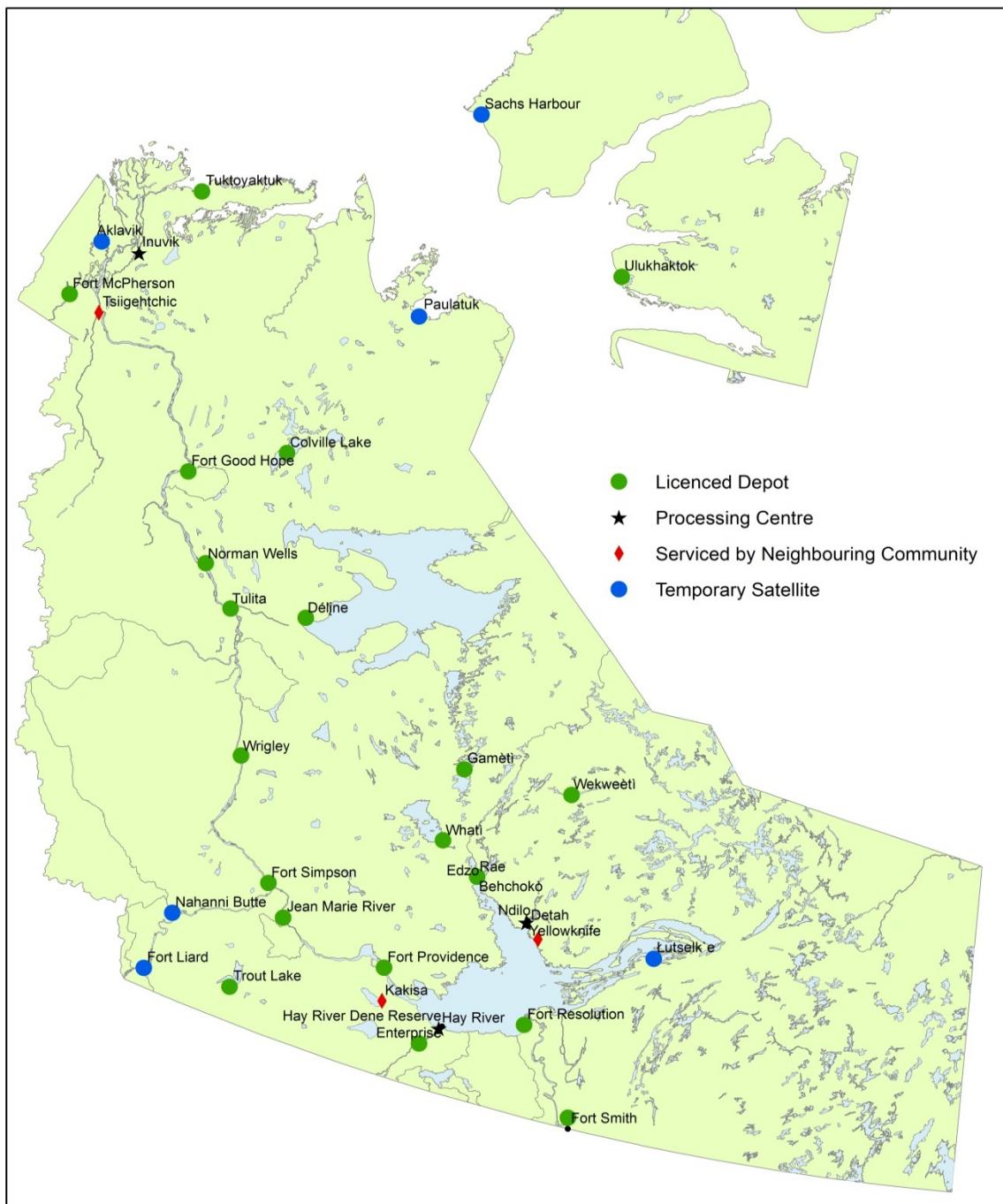
Preliminary work is underway to revise Quality Assurance (QA) procedures to improve reporting and reconciliation of containers collected and paid for within the system.

## 2.2 Depots and Processing Centres

As of March 31, 2013, there were 23 locally operated beverage container depots, six temporary satellite depots, and three processing centres in the NWT. Three communities (Detah, Kakisa, and Tsiiigehtchic) use nearby depots. The satellite depots are provided by the program in cooperation with a regional processing centre. See Figure 1 for a map of depots located in the NWT and Table 1 for a list of depots.

During the 2012-2013 fiscal year, no depot licenses were cancelled and two licences were issued.

Depots are operated by individuals, businesses, schools, non-profit groups and community development corporations. Depots receive financial assistance in the form of monthly subsidies to help offset costs related to operational expenses. Depots are eligible to apply for interest-free loans to help cover start-up costs, and Depot Development Grants to assist in renovations or other improvements to depot facilities.



**Figure 1: Beverage Container Program Depots and Processing Centres**

**Table 1: Beverage Container Depots (as of March 31, 2013)**

COMMUNITY	LICENCEE	DATE LICENSED	STATUS (AS OF MARCH 31, 2013)
<b>NORTH SLAVE REGION</b>			
Behchokö	FC Services	Nov-05	Local Operator
Detah	---	---	Use Yellowknife Depot
Gamèti	Rae Lakes General Store	Sep-10	Local Operator
Wekweèti	Tlicho Community Government	Dec-05	Local Operator
Whati	Alex's Confectionery	Feb-06	Local Operator
Yellowknife	The Bottle Shop	Nov-05	Local Operator
<b>SOUTH SLAVE REGION</b>			
Enterprise	Armella Mercredi	Feb-06	Local Operator
Fort Providence	Deh Gah Secondary School	Feb-06	Local Operator
Fort Resolution	Frank Lafferty	Jun-06	Local Operator
Fort Smith	RTL Recycling	Nov-05	Local Operator
Hay River & Hay River Reserve	Tri R Recycling	Nov-05	Local Operator
Kakisa	---	---	Use Enterprise or Hay River Depot
Lutselk'e	---	Dec-09	Temporary Satellite Depot
<b>DEH CHO REGION</b>			
Fort Liard	---	Jun-09	Temporary Satellite Depot
Fort Simpson	Rowes Recycling	Nov-05	Local Operator
Jean Marie River	Louie Norwegian School	Dec-11	Local Operator
Nahanni Butte	---	---	Temporary Satellite Depot
Trout Lake	Sambaa K'e Dev. Corp.	Nov-05	Local Operator
Wrigley	Chief Julian Yendo School	Mar-10	Local Operator
<b>SAHTU REGION</b>			
Colville Lake	Colville Lake School	Dec-09	Local Operator
Délîne	Ehtseo Ayha School	Dec-09	Local Operator
Fort Good Hope	Chief T'Selehye School	Dec-05	Local Operator
Norman Wells	Norman Wells Recycling	Dec-11	Local Operator
Tulita	Tulita Dene Band	Jun-07	Local Operator
<b>INUVIK REGION</b>			
Aklavik	---	---	Temporary Satellite Depot
Fort McPherson	Telit Gwichin Recycling Depot	Feb-07	Local Operator
Inuvik	Wrangling River Supply	Nov-05	Local Operator
Paulatuk	---	---	Temporary Satellite Depot
Sachs Harbour	---	---	Temporary Satellite Depot
Tsiigehtchic	---	---	Use Fort McPherson or Inuvik Depot
Tuktoyaktuk	Tuktoyaktuk Community Corp.	Jan-06	Local Operator
Ulukhaktok	Rose Marie Kuptana	Jul-09	Local Operator

## 2.3 Depot and Processing Centre Profile – The Bottle Shop, Yellowknife

The Yellowknife Bottle Depot opened on Nov 1, 2005 after four months of preparation and hard work by owner, Adam Pich and his staff. The depot side of the business is responsible for collecting and sorting beverage containers and providing refunds to the public. The processing centre is responsible for preparing the collected beverage containers prior to shipment to southern markets where the “scrap” material is recycled. The depot and processing centre provide eight full-time jobs and five part-time positions and a number of staff have been with Adam since the beginning. In addition to Adam and the regular staff, his wife, Donna and daughter Krystal help out when needed.



Some of the “crew” - from left to right, Owner Adam Pich, Jason Dyson, Clifford Dyson, Daniel Roebuck, Vincent Powder and Herby Frise ready for work at the Yellowknife depot. Working as a team, they have collected and provided refunds on over 142,000 containers in a single day.

The processing centre is equipped with three vertical balers, an aluminum densifier, a glass breaker and two forklifts. Operating the depot and processing centre requires innovation and technical skill. Adam completes the majority of equipment maintenance on his own, hiring an electrician, welder or technician as required.



The aluminum densifier produces “briquette” or small blocks of aluminum weighing 28lbs. These blocks are then strapped together as a bale, with a total weight of 2,700lbs. It takes 16 of these bales to fill a trailer before being sent to the US for recycling into “new” aluminum containers.



One of three vertical balers used to compress and bale plastics, milk containers and cardboard containers (polycoats). Bales of plastic weigh 800lbs and polycoat bales weigh approximately 1,700lbs.



Clifford Dyson hoists a fibre bag of polycoats, weighing 90lbs. over the baler prior to unloading into the hopper, while Adam Pich checks the conveyor to remove any containers of a different material type, which could "contaminate" the bale and cause problems for the southern processor.



Bales of plastic, separated by type and colour are loaded onto a trailer for shipment to Calgary to be recycled. All the trucks loaded with recyclables are back hauls, using trailers that would otherwise return south empty.

The depot is open six days a week and there is always enough happening between the depot and the processing centre to keep staff busy. Customer's often stock pile, bringing large loads of empty containers after the holidays and once the snow melts in the spring; summertime is the busiest season.



Staff at the depot assist customers with their "empties". Over 14 million beverage containers go through the Yellowknife depot and processing centre every year, making it the busiest depot in the NWT.

When asked what he would like to see next, Adam said he looks forward to expanding the facility to handle other materials as new recycling programs are introduced into the NWT.

Recycling is a growth industry and as Adam likes to say, "there's cash in your trash".

The Beverage Container Program provided 13 full time jobs and 30 part time jobs at depots and processing centres in 2012-13 (not including the volunteers who work at depots operated by schools).

## 2.4 Distributors

As of March 31, 2013, there were 39 beverage container distributors registered with ENR. Three distributor registrations were cancelled, and three new distributors were registered during this fiscal year. Distributors are required to report sales and remit container surcharges to ENR on a monthly basis.

## 2.5 Beverage Containers Distributed and Returned

From April 1, 2012 to March 31, 2013, approximately 30.0 million beverage containers were distributed and approximately 27.9 million beverage containers were returned in the NWT (see Table 2). Table 3 shows the number of containers returned by region. Figure 2 shows the containers returned by material type for 2012-13. Overall, the number of containers distributed in 2012-13 decreased by 1.1 million from the previous year and the number of containers returned increased by approximately 530,000. The recovery rate for 2012-13 was 93%, representing a 5% increase from the previous year. During 2012-13, NWT depots refunded 3.1 million dollars in refundable deposits to local residents. As of March 31, 2013, over 20.5 million dollars in refundable deposits has been paid out to NWT residents since the beginning of the program.

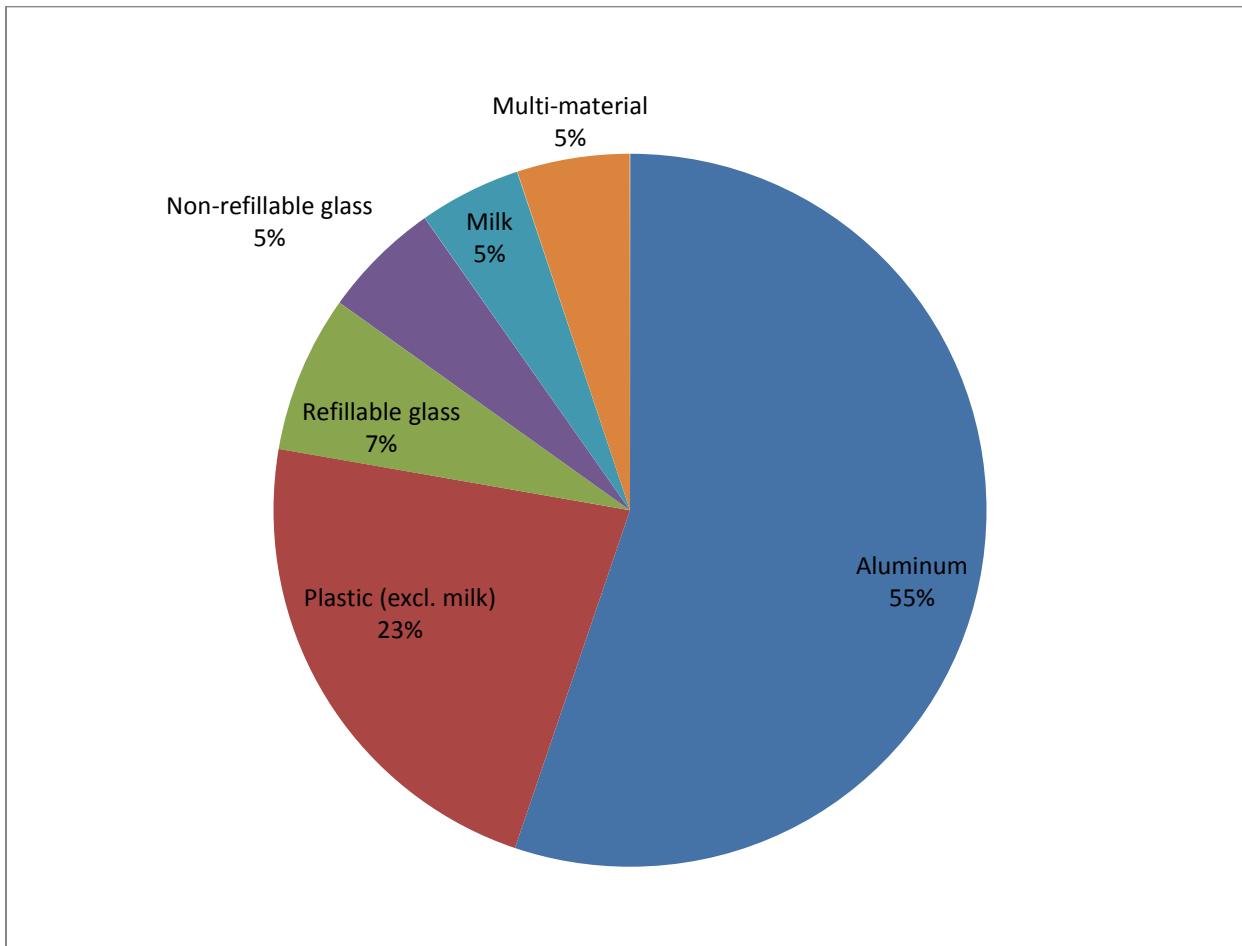
**Table 2: Beverage Container Recovery Rate 2012-13**

CONTAINER MATERIAL AND/OR TYPE		CONTAINERS DISTRIBUTED	CONTAINERS RETURNED
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	194,537
		Aluminum (alcohol & non-alcohol)	15,347,576
		Plastic	5,334,952
		Tetra Pak/Drink Pouch	1,711,219
		Gable Top	22,034
		Bi-Metal	27,746
	≥ 1.0 Litre	Glass	2,976
		Plastic	745,020
		Tetra Pak/Drink Pouch	262,980
		Gable Top	98,239
		Bi-Metal	7,184
		Bag-in-a-Box	0
	Milk ≤ 1.0 Litre		1,409,186
	Milk > 1.0 Litre		658,472
ALCOHOL BEVERAGES	< 1.0 Litre	Glass - Refillable Bottle	2,045,071
		Glass - Non Refillable Bottle	840,200
	≥ 1.0 Litre	Glass - Other Than Wine or Spirits	115,687
	Any Size	Any Material - Wine or Spirits	1,216,889
Total		30,039,968	27,878,485

The beverage container recovery rate for 2012-13 was 93%.

**Table 3: Containers Returned by Region**

Region	North Slave	South Slave	Inuvik	Sahtu	Deh Cho
<b>Total Containers</b>	14,171,867	5,508,604	6,140,641	867,549	1,069,606
<b>% of NWT Containers Collected</b>	51%	20%	22%	3%	4%
<b>% of NWT Population</b>	52%	20%	16%	6%	5%

**Figure 2: Containers Returned by Material Type**

## 2.6 Container Reuse and Recycling

After 8 years of operation, the BCP continues to provide environmental benefits to the NWT, regardless of the vast distances to recycling markets.

NWT residents diverted 1,592 tonnes of materials from NWT landfills in 2012-13. The greenhouse gases avoided by recycling these materials are equivalent to 2,416 tonnes of carbon dioxide savings, as estimated by the United States Environmental Protection Agency (USEPA) Waste Reduction Model (WARM). This is equivalent to taking 474 cars off the road in the NWT (see Table 4).

**Table 4: Tonnage Recycled & Carbon Dioxide Savings for all Materials**

Material	Tonnes of Material Recycled	MTCO <sub>2</sub> E*
Aluminum	241	-2021
Polycoats	27	-20
Plastics	193	-185
Refillable glass (ISB)	585	-96
Non-refillable glass (NRG)	542	-82
Bi-Metal	3	-12
<b>Total</b>	<b>1592</b>	<b>-2416</b>

Based on USEPA WARM:

[http://www.epa.gov/climatechange/waste/calculators/Warm\\_Form.html](http://www.epa.gov/climatechange/waste/calculators/Warm_Form.html)

\* MTCO<sub>2</sub>E – metric tonnes of carbon dioxide equivalent

Assumptions:

- Polycoats includes Tetra Pak™ & gable tops
- Plastics include HDPE & PET
- No landfill gas recovery at landfills.
- Distances traveled from the communities of Yellowknife, Inuvik and Hay River to processors into the United States and Canada.
- Distance from Hay River to Hay River landfill is 8 km, Inuvik to Inuvik landfill is 3 km, and Yellowknife to Yellowknife landfill is 2 km.
- Calculation of the number of cars off the road is: 5.1 tonnes CO<sub>2</sub>E = 1 vehicle off the road.

Table 5 shows where containers go when they leave the NWT and what products they become.

**Table 5: Container Material and Recycling Uses**

Container Material	Container Type	Recycling Uses
Aluminum	Alcohol and non- alcohol containers (primarily pop and beer cans)	Aluminum is densified and baled, then shipped to the United States, where 97% by weight is recycled, primarily into new beverage containers.
Refillable Glass	Industry Standard Beer Bottles (ISB). These are the domestic beer bottles, primarily from the large breweries such as Labatt's and Molson's	Bottles are returned to breweries in Alberta, where they are cleaned and refilled an average of 15 times.
Non-refillable Glass	All glass other than ISB's, includes juice, wine, liquor, coolers etc.	Glass is broken and turned into "cullet" at the regional processing centres, shipped to Airdrie, Alberta and processed into fiberglass insulation.
Plastic	Primarily high density polyethylene (HDPE) and polyethylene terephthalate (PET) plastic used to make soft drink, juice, water, milk and liquor containers	Baled and shipped to Alberta, where 80% of it, by weight, is recycled into non-food containers.
Multi-material	Include aseptic containers (juice boxes, drink pouches), polycoats (gable tops, milk and juice), bi-metal containers (tomato juice, evaporated milk, etc.)	Aseptic and polycoat containers are baled and shipped to Alberta, then on to US recycling markets. These containers are 80% recycled by weight.  Bi-metal containers are baled and shipped south. They are recycled into rebar and car parts, where 95% of it is recycled by weight.

## 2.7 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* in 2012-2013 for the Beverage Container Program.

## 3.0 SINGLE-USE RETAIL BAG PROGRAM

### 3.1 Background

On January 15, 2010, the GNWT became the first Canadian territorial/provincial jurisdiction to implement regulations targeting single-use retail bags (SRB). The regulations included plastic, paper, and biodegradable bags. Phase I of the Single-use Retail Bag Program (SRBP) required customers to pay 25 cents for each single-use retail bag from every grocery store in the NWT. On February 1, 2011, phase II of the SRBP expanded to include all NWT stores. All retailers in the NWT are required to be registered under the program and charge customers 25¢ for each SRB distributed.

### 3.2 Distributors

During the 2012-13 fiscal year, five new distributor registrations were issued, and three distributor registrations were cancelled. As of March 31, 2013, there were a total of 35 registered SRB distributors.

### 3.3 Retailers

As of March 31, 2012, there were 128 retailers registered with the SRBP. Three new retailers were registered, and one retailer registration was cancelled during 2012-13.

### 3.4 Single-use Retail Bags Distributed

1,935,300 SRBs were reported as distributed to NWT retail stores in 2012-13. This amounts to remittances totalling \$485,925. 230,029 fewer bags were reported as distributed in 2012-13, than 2011-12. This total is \$8,113 lower than the revenue reported in the audited financial statement. The program is fairly new and smaller distributors do not have regular purchasing schedules, this makes it difficult to accurately estimate this number.

Based on information from Resource Conservation Manitoba, ENR estimated that prior to the implementation of the SRBP, residents used approximately 8.9 million SRBs (equivalent to 208 SRBs per person per year). Half of these likely originated from grocery stores. Using information provided by retailers and distributors, it is estimated NWT residents reduced their SRB use by 77% in 2012-13. From January 15, 2010 to March 31, 2013 the SRBP reduced NWT residents' use of SRB's by approximately 18.8 million.

Since the start of the program, almost 19 million bags have been kept out of NWT landfills and off the land! This has led to savings of an estimated 156 metric tonnes of carbon dioxide equivalent emissions annually. This is equal to taking almost 30 vehicles off the road!\*

\*Calculations made using USEPA WARM:

[http://www.epa.gov/climatechange/waste/calculators/Warm\\_Form.html](http://www.epa.gov/climatechange/waste/calculators/Warm_Form.html)

Assumptions:

- 5 g per bag x 18,800,000 bags = 94 tonnes of high density polyethylene (HDPE) avoided (source reduction).
- No landfill gas recovery at landfills.
- Average distance to a community landfill is 5 km.
- Calculation of for the number of cars off the road is: 5.1 tonnes CO<sub>2</sub>E = 1 vehicle off the road.

### 3.5 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* in 2012-13 for the Single-use Retail Bag Program.

## 4.0 ELECTRONICS RECYCLING

Electronics are one of the fastest growing waste streams. They contain chemicals like brominated flame retardants, halogenated hydrocarbons, and heavy metals such as cadmium, copper, mercury, and lead. These chemicals and metals can be hazardous to human health and the environment.

Electronics also contain many valuable materials. These materials can be recycled and used to create new items, rather than mining new materials. For example, one metric ton of circuit boards can contain 40 to 800 times the amount of gold and 30 to 40 times the amount of copper mined from one metric ton of ore in the US<sup>1</sup>.

ENR has begun work toward establishing an electronics recycling program in the NWT as part of the Waste Reduction and Recovery Program's five year plan. In December 2012, ENR released a study it had commissioned entitled *Inventory and Feasibility Assessment of E-waste Recovery in the NWT*. The study estimated the type and quantities of electronics in the NWT, and assessed the feasibility of various models of extended producer responsibility and stewardship to manage electronics in the NWT. This study is available online at [www.icarenwt.ca](http://www.icarenwt.ca). The results from this study provide a foundation for ENR to design a NWT electronics recycling program.



Palletized electronic waste ready for delivery to a processor for recycling

<sup>1</sup> USEPA website, February 11, 2014 <http://www.epa.gov/osw/conserve/materials/ecycling/faq.htm#enviro>

## 5.0 WASTE REDUCTION AND RECOVERY ADVISORY COMMITTEE

The Waste Reduction and Recovery Advisory Committee (WRRAC) was established under the authority of the *Waste Reduction and Recovery Act*. WRRAC serves to advise the Minister and ENR on the establishment and operation of programs to ensure improved reduction and recovery of waste in the NWT. Committee membership reflects retailers, distributors/manufacturers, environmental organizations, community governments, public at large, and ENR. Advice reflects individual expertise in topics or a collective position on an initiative.

WRRAC met twice in 2012-13, on April 2, 2012, and August 10, 2012. Table 6 lists WRRAC members as of March 31, 2013.

**Table 6: Waste Reduction and Recovery Advisory Committee Members**

Name	Sector	Organization	Community
Kevin O'Reilly (Chair)	Environmental NGO	Ecology North	Yellowknife
Dennis Wright	Community representative	Hamlet of Fort McPherson	Fort McPherson
Dustin Dewar	Community representative	Town of Hay River	Hay River
Dennis Althouse	Community representative	City of Yellowknife	Yellowknife
Amrik Kanwal	Refurbisher of electronics/ not for profit	Smart Communities Society	Yellowknife
Shelagh Kerr	Industry representative for electronic manufacturers	Electronic Product Stewardship Canada	Toronto
Emery Paquin	Public at large	---	Yellowknife
Robin Williams	Electronics retailer	Roy's Audio Video	Yellowknife
Sara Brown	NWT communities	NWT Association of Communities	Yellowknife
Paul Falvo	Public at large	--	Yellowknife

## 6.0 CONTACT INFORMATION

For more information, or to provide comments about the waste reduction and recovery programs and/or initiatives, contact:

Waste Reduction and Management Section  
Environment Division  
Department of Environment and Natural Resources  
Government of the Northwest Territories  
P.O. Box 1320  
Yellowknife, NT X1A 2L9  
Phone: (867) 873-7654  
Fax: (867) 873-0221  
Email: [nwtrecycle@gov.nt.ca](mailto:nwtrecycle@gov.nt.ca)  
Website: [www.icarenwt.ca](http://www.icarenwt.ca)

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**APPENDIX A**  
**Audited Financial Statement of the Environment Fund 2012-2013**

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**Environment Fund**

**Financial Statements**

**March 31, 2013**

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**Environment Fund****Financial Statements**

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**March 31, 2013**

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	<b>Page</b>
Management Responsibility Statement	3
Independent Auditors' Report	4 - 5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Financial Position	8
Notes to the Financial Statements	9 - 15

## **Management Responsibility Statement**

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statement, which has been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designated to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



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Ernie Campbell, Deputy Minister,  
Department of Environment and Natural Resources



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Nancy Magrum, C.G.A., Director Finance and Administration,  
Department of Environment and Natural Resources

**May 31, 2013**

## **Independent Auditors' Report**

### **To the Minister of Environment Fund**

We have audited the accompanying financial statements of Environment Fund, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and changes in net assets for the year then ended, and 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 for Not-for-profit Organizations, 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 the auditors' 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, the auditors consider internal control relevant to the Fund'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 Fund'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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **Independent Auditors' Report (continued)**

### *Basis for Qualified Opinion*

The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program revenues, depot handling fees, processing fees and refundable deposits. The reports provided by distributors, processing centres and depots are not audited, and consequently, our review of these accounts was limited to the amounts reported on the filed claims. As a result we are unable to determine, if adjustments would be required to revenues, expenditures, accounts receivable, accounts payable or net assets.

Wages and benefits paid to all employees of the Environment Fund are administered by the Government of the Northwest Territories. Our audit scope was limited as we did not audit the components of wages and benefits expenditures. Accordingly, we are not able to determine whether any adjustments might be necessary to wages and benefits expenditures, liabilities and net assets.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2013 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for Not-for-profit Organizations.

**Yellowknife, Canada**

**May 31, 2013**

**Chartered Accountants**

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## Environment Fund

### Statement of Operations

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<b>For the year ended March 31,</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Revenues</b>		
Beverage container program	<b>5,165,214</b>	5,335,763
Recoveries	-	(24,069)
Single-use retail bag program	<b>494,038</b>	575,653
	<b>5,659,252</b>	5,887,347
<b>Expenditures</b>		
Advertising and promotion	<b>17,617</b>	11,226
Contract service - miscellaneous	<b>22,987</b>	38,831
Contract service - satellite depots	<b>54,624</b>	16,168
Depot handling fee	<b>756,428</b>	712,047
Equipment, supplies and maintenance	<b>17,187</b>	117,029
Freight	<b>322,190</b>	296,764
Grants and contributions	<b>103,071</b>	128,690
Insurance	<b>8,000</b>	10,833
Office	<b>9,562</b>	7,744
Processing centre handling fee	<b>611,919</b>	584,825
Professional fees	<b>26,971</b>	39,228
Refundable deposit fee	<b>3,067,331</b>	2,999,776
Storage	<b>44,374</b>	35,827
Travel and training	<b>22,238</b>	40,515
Wages and benefits	<b>483,602</b>	430,637
	<b>5,568,101</b>	5,470,140
<b>Excess of revenues over expenditures before other item</b>	<b>91,151</b>	417,207
<b>Other income</b>		
Interest	<b>27,837</b>	25,673
<b>Excess of revenues over expenditures</b>	<b>118,988</b>	442,880

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## Environment Fund

### Statement of Changes in Net Assets

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For the year ended March 31, 2013

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	Unrestricted	Equipment replacement reserve	Total 2013	Total 2012
<b>Balance, beginning of year</b>	\$ 1,290,510	\$ 333,158	\$ 1,623,668	\$ 1,180,788
Excess of revenues over expenditures	118,988	-	118,988	442,880
Transfers (Note 4b)	(47,594)	47,594	-	-
<b>Balance, end of year</b>	<b>1,361,904</b>	<b>380,752</b>	<b>1,742,656</b>	<b>1,623,668</b>

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## Environment Fund

### Statement of Financial Position

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	March 31, 2013	March 31, 2012	April 1, 2011
	\$	\$	\$
<b>Financial Assets</b>			
Accounts receivable	632,101	827,310	763,295
Due from treasury (note 6)	2,336,833	1,784,104	1,574,546
Loans receivable (note 7)	5,972	5,972	1,805
	<b>2,974,906</b>	<b>2,617,386</b>	<b>2,339,646</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	459,638	214,240	374,293
Unredeemed container liability (note 9)	772,612	779,478	784,565
	<b>1,232,250</b>	<b>993,718</b>	<b>1,158,858</b>
	<b>1,742,656</b>	<b>1,623,668</b>	<b>1,180,788</b>
<b>Represented by</b>			
<b>Fund balances</b>			
Unrestricted	1,361,904	1,290,510	895,224
Equipment replacement reserve	380,752	333,158	285,564
	<b>1,742,656</b>	<b>1,623,668</b>	<b>1,180,788</b>

Approved:

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\_\_\_\_\_  
Deputy Minister

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Director

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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#### **1. Nature of operations**

The Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* ("the Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the Environment Fund.

The assets of the Fund may be used to pay for:

- the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste
- education programs related to the reduction or recovery of waste
- research and development activities related to the reduction or recovery of waste
- the appropriate disposal of a designated or prohibited material as waste
- expenses associated with the work of the advisory committee established by the Minister to provide advice and assistance relating to the establishment of programs and operation of programs in respect of the reduction and recovery of waste
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste

#### **Environment Fund Programs**

The Beverage Container Program, which came into effect November 1, 2005, is one of two established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Single Use Retail Bag Program, which came into effect January 15, 2010, is currently the second of two established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Department of Environment and Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, to become part of the Fund.

These financial statements are prepared in accordance with public sector accounting standards for Not-for-profit Organizations (PSA - NPO).

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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#### **2. First Time Adoption of Public Sector Accounting for Not-for-Profit Organizations**

PS 2125 First-time adoption by Government Organizations requires that comparative financial information be provided and that the PSA-NPO be applied retrospectively as of the reporting date, which for the Fund is March 31, 2013. However, PS 2125 provides for certain optional exemptions and mandatory exemptions for first time adopters.

##### **Optional Exemptions**

The Fund has elected to apply the exemption and consider the conditions for write-down on tangible capital assets on a prospective basis from the date of transition. As a result, no write-downs of tangible capital assets were recognized. No other optional exemptions were enacted.

##### **Mandatory Exemptions**

The estimates previously made by the Fund under Canadian Generally Accepted Accounting Principles (GAAP) were not revised for the application of PSA-NPO to reflect any difference in accounting policy or when there is objective evidence that those estimates were in error. As a result the Board has not used hindsight to revise estimates.

The Fund issued financial statements for the year ended March 31, 2013 using PSA-NPO. The adoption of PSA-NPO results in no adjustments to the previously reported assets, liabilities, net assets, net income and cash flows.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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#### **3. Implemented Accounting Changes**

##### **Government Transfers – Section PS 3410**

Public Sector Accounting Board (PSAB) revised and replaced Section PS 3410 – Government Transfers. The Section has been adopted April 1, 2012 and applied prospectively. This new standard outlines how to account for and report government transfers to individuals, organizations and other governments from both a transferring and a recipient perspective.

##### **Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation**

PSAB approved new Section PS 3450, Financial Instruments, and related amendments to Section PS 1201, Financial Statement Presentation. The Section has been adopted April 1, 2012. This standard establishes how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments.

##### **Foreign Currency Translation, Section PS 2601**

PSAB approved Section PS 2601, replacing existing Section PS 2600, Foreign Currency Translation. The effective date for Section PS 2601 is April 1, 2012 for government organizations and April 1, 2015 for governments. Governments and government organizations adopt Section PS 2601 in the same fiscal year Section PS 3450, Financial Instruments, is adopted. As the Fund does not typically have foreign currency transactions it is not expected to have an impact on the financial statements.

##### **Tax Revenue, Section PS 3510**

In February of 2010 the Public Sector Accounting Board (PSAB) released a Section PS 3510 - Tax Revenue. This new Section establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements.

The main features of the new Section are as follows:

- Tax revenue should be grossed up for transfers made through the tax system.
- Tax revenue should not be grossed up for the amount of tax concessions (that are often referred to as tax expenditures)
- Tax revenue should be recognized when it is authorized and the taxable event occurs
- Tax revenue should be recognized by the government that imposes the tax except in flow-through arrangements.
- Guidance is provided for identifying and distinguishing between tax concessions and transfers made through a tax system.

As the Fund does not have tax revenue it is not expected to have an impact on the financial statements.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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#### **4. Significant accounting policies**

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

##### **(a) Capital assets**

Capital equipment, consisting of mobile equipment and machinery, exceeding \$50,000 are recorded at cost and amortized on a straight-line basis over the estimated useful life of the equipment. Capital equipment items less than \$50,000 are recorded as expenditures when purchased. All tangible capital assets owned by the Fund have been fully depreciated.

##### **(b) Reserve funds**

Restrictions have been placed on surplus to reserve funds for future operations:

Equipment replacement reserve - an amount equal to 1/10 of the cost of capital equipment, including capital equipment purchased with start-up funds, has been reserved annually for future replacements of capital equipment. The 2013 transfer is \$47,594 (2012 - \$47,594). This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

##### **(c) Contributed services**

The Department of Environment and Natural Resources maintains the accounts of the Environment Fund. The costs associated with administering and maintaining the accounts are not reflected in these financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories (\$46,544 in 2013, \$37,132 in 2012).

##### **(d) Start-up funding**

The Department of Environment and Natural Resources received \$1,143,000 in start-up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start-up costs, which were incurred before the Beverage Container Program came into force on November 1, 2005, are not reflected in the financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

##### **(e) Cash flow statement**

As the Fund does not maintain a bank account, but rather receives working capital advances and finances accounts receivable and operating expenses from the Government's Consolidated Revenue Fund (the "CRF"); a statement of cash flows has not been presented.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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**4. Significant accounting policies (continued)**

**(f) Financial instruments**

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly related to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Subsequent measurement

Financial assets measured at amortized cost include accounts receivable, loans receivable and due from treasury. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and unredeemed container liability.

The Fund has no financial instruments measured at fair value.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income.

Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal is recognized in operations.

**(g) Use of estimates**

The preparation of financial statements in conformity with PSA-NPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are unredeemed container liability and refundable deposit fees expense.

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## **Environment Fund**

### **Notes to the Financial Statements**

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**March 31, 2013**

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**5. Future changes to significant accounting policies**

**Liability for Contaminated Sites, Section PS 3260**

The Public Sector Accounting Board released Section PS 3260 – Liability for Contaminated Sites, in March 2010. This new section requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made.

This Section is effective for fiscal periods beginning on or after April 1, 2014. Earlier adoption is encouraged. The impact of the transition to these accounting standards has not yet been determined.

**6. Due from treasury**

The Fund is a special purpose fund as defined in subsection 1(1) of the *Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants in money market securities. The monies for these investments flow out of the Consolidated Revenue Fund and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

**7. Loan receivable**

The Fund loaned three bottle depot operators funds to be used to pay persons returning empty beverage containers to the depots and to secure additional space for depot operations. One of the loans was fully repaid during the current year. The second loan is a non-interest bearing loan with an amount currently outstanding of \$5,000 and is repayable in monthly installments of \$833, the loan is due on January 1, 2014. The final loan is a non-interest bearing loan with an amount currently outstanding of \$972 and is repayable in monthly installments of \$139, the loan was due on February 1, 2010 and is currently in arrears. As a result the Fund will recover the amount in arrears via equal monthly holdbacks against the grant owed in the 2014 fiscal year.

As the full amount of the loans receivable is due within one year, it has been classified as current as at March 31, 2013.

**8. Expenses by program**

The Fund's two major programs, beverage container and single use bag, have direct costs associated to them in terms of depot handling fees, processing and refundable deposits. The costs for the beverage container program total \$4,439,844, while the costs associated with the single use bag program total \$78,558.

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## Environment Fund

### **Notes to the Financial Statements**

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**March 31, 2013**

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**9. Unredeemed container liability**

The unredeemed container liability is an amount that is equal to 15% of the beverage container surcharges of the current year. It has been recognized to cover the future redemption of containers that are currently in circulation. It was derived per the policy that the Government of the Northwest Territories specified.

**10. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**11. Related party transactions**

	<b>2013</b>	<b>2012</b>
	\$	\$
NWT Liquor Commission		
Accounts receivable	164,409	330,116
Revenue - Beverage Container Program Revenues	1,871,501	1,930,934
 Department of Human Resources - Payroll expenses	 483,602	 430,637
 Department of Finance		
Insurance expense	8,000	10,833
Accounts payable	170,965	-

The Fund receives human resource management, legal services and risk management from the Government of the Northwest Territories without charge.

The Fund also receives management services from the Department of Environment and Natural Resources, as outlined in Note 4(c).

**12. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The financial instruments of the Fund and the nature of the risks to which it may be subject are as follows:

(a) Credit risk

The Fund does have credit risk in accounts receivable of \$632,101 (2012 - \$827,310). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management the credit risk exposure to the Fund is low and is not material.