Waste Reduction and Recovery Program

2013-2014 Annual Report

Northwest Territories Environment and Natural Resources

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1.0 Highlights

The Waste Reduction and Recovery Program celebrated many successes in the 2013-2014 year, thanks to the participation of residents from across the Northwest Territories (NWT), and the dedication of many people working at community depots, processing centres, schools, community government organizations, distributors, and many other businesses and organizations.

Some highlights from the past year include the following:

- More than 27 million beverage containers returned for recycling or reuse. This is equivalent to 616 containers per person living in the NWT!
- An estimated 6.6 million single-use retail bags were not used, thanks to NWT residents bringing their reusable bags to carry purchases.
- An electronics recycling pilot project was initiated in September 2013 and collected over seven metric tonnes of electronics.
- A Waste Reduction and Recycling Initiative funding program was established to provide funding to NWT residents, businesses and organizations to undertake community-based projects to reduce waste and increase the recycling of materials.
- A two-day Compost Facility Operator Training workshop was held in Yellowknife, Hay River and Fort Simpson, with 35 people completing training.

2.0 Beverage Container Program

2.1 Overview of the Beverage Container Program

The Beverage Container Program (BCP) was the first program created under the *Waste Reduction and Recovery Act*. It was implemented on November 1, 2005, to help divert approximately 30 million containers that were ending up in NWT landfills or as litter along streets and highways each year.

The BCP is operated through a network of community depots that collect beverage containers, pay refundable deposits to NWT residents and send beverage containers to three regional processing centres in Yellowknife, Hay River and Inuvik. The community depots are operated by businesses, schools, community governments and individuals. Regional processing centres sort and bale beverage containers, and ship the baled containers to recycling facilities in Alberta and the United States.

2.1.1 Refundable Deposits and Non-refundable Handling Fees

Through the BCP, consumers pay a refundable deposit and a non-refundable handling fee when purchasing ready-to-serve drinks. When consumers take their empty beverage containers to a local community beverage container depot, they are paid the refundable deposit. The refundable deposits in the NWT are 25 cents for all wine and spirits containers and milk containers more than 1 litre, and 10 cents for all other containers. This refundable deposit is key to the successful implementation of this program, as it provides an economic incentive to recycle beverage containers. Legislated deposit-refund systems such as the BCP yield a much higher return rate than voluntary programs, helping to keep more containers from entering the landfill and providing more local employment at beverage container depots.

The non-refundable handling fees are used to operate the Beverage Container Program. This includes the following:

- Depot and processing centre handling fees;
- Transportation and storage of containers;
- General administration such as staff wages and benefits, equipment supplies and maintenance, and insurance; and
- Improvements to existing programs.

2.2 Operational Update

Operational changes to the Beverage Container Program are being initiated as a result of the 2011 BCP Review, which identified enhanced accounting practices as a priority to maintain the financial security of the BCP and the Environment Fund. These changes include the introduction of an Information Management System (IMS) and new Quality Assurance (QA) procedures that will provide improved reporting and reconciliation of containers collected and paid for within the program.

To this end, ENR is in the process of establishing a QA Centre in Hay River. Automated counting equipment, which will be tied into the internet-based IMS, has been purchased and installed. Once operational, this equipment, working within the IMS, will allow program administrators to implement and supervise thorough and effective QA procedures throughout the system. A six-month operational trial of the IMS, working in five communities, is scheduled to start in January 2015.

2.3 Depots and Processing Centres

As of March 31, 2014, there were 23 locally operated beverage container depots, six temporary satellite depots and three processing centres in the NWT. Three communities (Detah, Kakisa and Tsiigehtchic) use nearby depots. The satellite depots are provided by the program in cooperation with a regional processing centre. Figure 1 depicts depots located in the NWT and Table 1 lists beverage container depot operators. During the 2013-2014 fiscal year, no depot licenses were cancelled or issued.

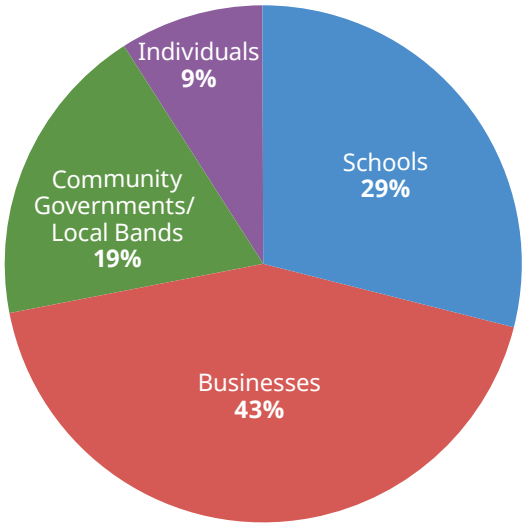
Figure 1: Beverage Container Program Depots and Processing Centres

Table 1: Beverage Container Depots (as of March 31, 2014)

COMMUNITY	LICENCEE	DATE LICENSED	STATUS
NORTH SLAVE REGION			
Behchokǫ̀	FC Services	05-Nov	Local Operator
Detah	---	---	Use Yellowknife Depot
Gamètì	Tłı̨chǫ Community Government	10-Sep	Local Operator
Wekweètì	Tłı̨chǫ Community Government	05-Dec	Local Operator
Whatì	Alex's Confectionery	06-Feb	Local Operator
Yellowknife and N'dilo	The Bottle Shop	05-Nov	Local Operator
SOUTH SLAVE REGION			
Enterprise	Armella Mercredi	06-Feb	Local Operator
Fort Providence	Deh Gah Secondary School	06-Feb	Local Operator
Fort Resolution	Frank Lafferty	06-Jun	Local Operator
Fort Smith	RTL Recycling	05-Nov	Local Operator
Hay River & Hay River Reserve	Tri R Recycling	05-Nov	Local Operator
Kakisa	---	---	Use Enterprise or Hay River Depot
Lutselk'e	---	09-Dec	Temporary Satellite Depot
DEH CHO REGION			
Fort Liard	---	09-Jun	Temporary Satellite Depot
Fort Simpson	Rowe's Recycling	05-Nov	Local Operator
Jean Marie River	Deh Cho Divisional Educational Council	11-Dec	Local Operator
Nahanni Butte	---	---	Temporary Satellite Depot
Trout Lake	Sambaa K'e Dev. Corp.	05-Nov	Local Operator
Wrigley	Chief Julian Yendo School	10-Mar	Local Operator
SAHTU REGION			
Colville Lake	Colville Lake School	09-Dec	Local Operator
Délı̨ne	Ehtseo Ayha School	09-Dec	Local Operator
Fort Good Hope	Chief T'Selehye School	05-Dec	Local Operator
Norman Wells	Norman Wells Recycling	11-Dec	Local Operator
Tulita	Tulita Dene Band	07-Jun	Local Operator
INUVIK REGION			
Aklavik	---	---	Temporary Satellite Depot
Fort McPherson	Tetlit Gwich'in Recycling Depot	07-Feb	Local Operator
Inuvik	Wrangling River Supply	05-Nov	Local Operator
Paulatuk	---	---	Temporary Satellite Depot
Sachs Harbour	---	---	Temporary Satellite Depot
Tsiigehtchic	---	---	Use Fort McPherson or Inuvik Depot
Tuktoyaktuk	Tuktoyaktuk Community Corp.	06-Jan	Local Operator
Ulukhaktok	Rose Marie Kuptana	09-Jul	Local Operator

Depots are operated by individuals, businesses, schools, non-profit groups and community governments/local bands, as highlighted in Figure 2. 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 2: Depot Operators by Organization Type



The Beverage Container Program provided 13 full-time jobs and 30 part-time jobs at depots and processing centres in 2013-2014 (not including the volunteers who work at depots operated by schools).

2.4 Depot and Processing Centre Profile – Ulukhaktok

The community recycling depot in Ulukhaktok has been in operation since 2008 at two different locations. Initially, beverage containers were collected using the ENR warehouse, although this proved to be troublesome, as the building was not always available. Program staff recognized the need for a new location, so community residents would have access to recycling facilities on a more permanent and user-friendly basis; a dedicated facility in which to run the depot was required.

Residents bring their beverage containers to the ENR warehouse, the first home of community recycling in Ulukhaktok.

To this end, program staff identified an abandoned housing unit, negotiated with the Housing Corporation to transfer ownership of the building to ENR and converted the building into the community recycling centre. This is the first community in the NWT to have its own dedicated recycling facility and, as such, it has become a prototype for other communities. A number of innovative ideas have and will be tested at the facility, including installing solar panels to power the depot during the summer months.

Basic renovations were completed, including painting, building sorting tables and installing “barn doors”. These doors allow full bags of beverage containers to be removed and taken to storage in the NTCL sea cans provided.

Rose Marie Kuptana has operated the depot for the last six years. When the depot is open it can get really busy, as Ulukhaktok residents have embraced the beverage container recycling program. It's not unusual for Rose and her helper to count 10,000 containers a day when the depot is open!

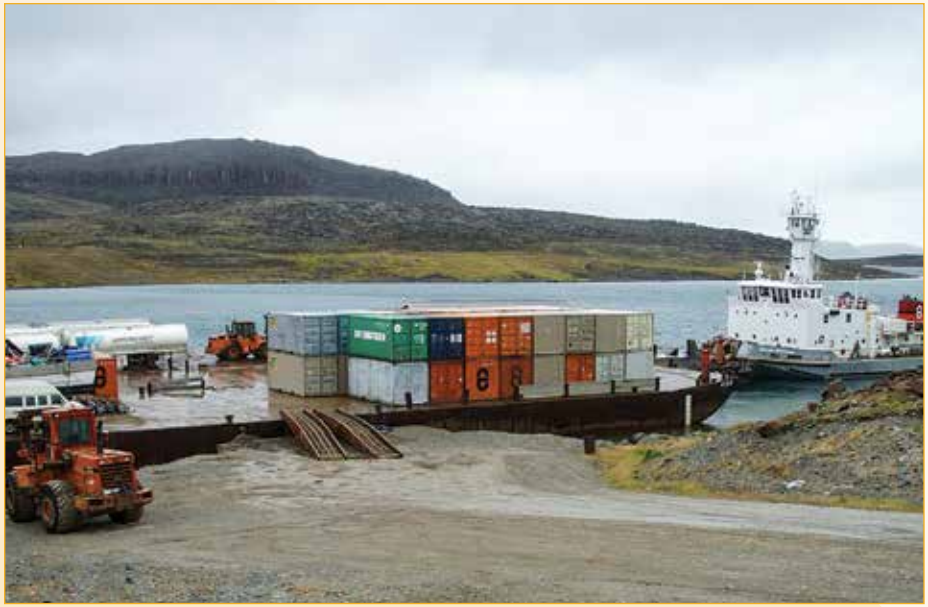
More than 117,000 used beverage containers that would otherwise have ended up in the community landfill were collected and removed from the community in 2013-2014. Over $12,000 in refundable deposits was returned to the local economy.

Once the used beverage containers have been sorted and bagged, they are stored in sea cans until the fall, when the NTCL sea lift brings in supplies. The sea cans full of the collected beverage containers are then loaded onto the barge and shipped to Inuvik, where they are counted, reconciled and processed.

Fog rolls in over the Ulukhaktok community recycling centre, the first of its kind in the NWT.

The renovated interior of the Ulukhaktok recycling depot.

Rose Marie Kuptana counts aluminum cans before issuing a refund to a community resident.



NTCL barge in Ulukhaktok; four of the sea cans on the deck contain recyclable materials destined for Inuvik.

2.5 Distributors

As of March 31, 2014, there were 38 beverage container distributors registered with ENR. One distributor registration was cancelled and none were registered during this fiscal year. Distributors are required to report sales and remit container surcharges to ENR on a monthly basis.

2.6 Beverage Containers Distributed and Returned

From April 1, 2013 to March 31, 2014, approximately 30 million beverage containers were distributed and approximately 27 million beverage containers were returned in the NWT (see Table 2). Table 3 shows the number of containers returned by region. Figures 3 and 4 illustrate the containers returned by material type for 2013-2014. Overall, the number of containers distributed in 2013-2014 decreased by nearly 320,000 from the previous year and the number of containers returned decreased by approximately 865,000 (see Figure 5). The recovery rate for 2013-2014 was 91%, representing a 2% decrease from the previous year. During 2013-2014, NWT depots refunded $2.9 million in refundable deposits to local residents. As of March 31, 2014, over $23 million in refundable deposits have been paid out to NWT residents since the beginning of the program.

Table 2: Beverage Container Recovery Rate 2013-2014

CONTAINER MATERIAL AND/OR TYPE			CONTAINERS DISTRIBUTED	CONTAINERS RETURNED
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	211,695	156,461
		Aluminum (alcohol & non-alcohol)	15,209,944	14,964,035
		Plastic	5,438,297	5,218,330
		Tetra Pak/Drink Pouch	1,637,453	1,024,074
		Gable Top	18,897	10,191
		Bi-Metal	32,826	20,903
	≥ 1.0 Litre	Glass	2,256	3,103
		Plastic	773,463	440,166
		Tetra Pak/Drink Pouch	240,491	206,216
		Gable Top	102,558	73,093
		Bi-Metal	13,585	2,396
		Bag-in-a-Box	0	628
	Milk ≤ 1.0 Litre – Any Material		1,485,719	755,398
	Milk > 1.0 Litre – Any Material		670,663	603,178
ALCOHOL BEVERAGES	< 1.0 Litre	Glass - Refillable Bottle	1,761,524	1,721,715
		Glass - Non Refillable Bottle	828,324	749,972
		Other Material	99,692	15,556
	Any Size	Any Material - Wine or Spirits	1,192,659	1,048,333
Total			**29,720,046**	**27,013,748**

The beverage container recovery rate for 2013-2014 was 91%.

Table 3: Beverage Containers Returned by Region

Region	North Slave	South Slave	Inuvik	Sahtu	Deh Cho
Total Containers	13,529,362	5,188,056	5,892,836	635,897	1,767,597
% of NWT Containers Collected	50%	19%	22%	2%	7%
% of NWT Population	52%	20%	16%	6%	5%

Figure 3: Beverage Containers Returned by Material Type

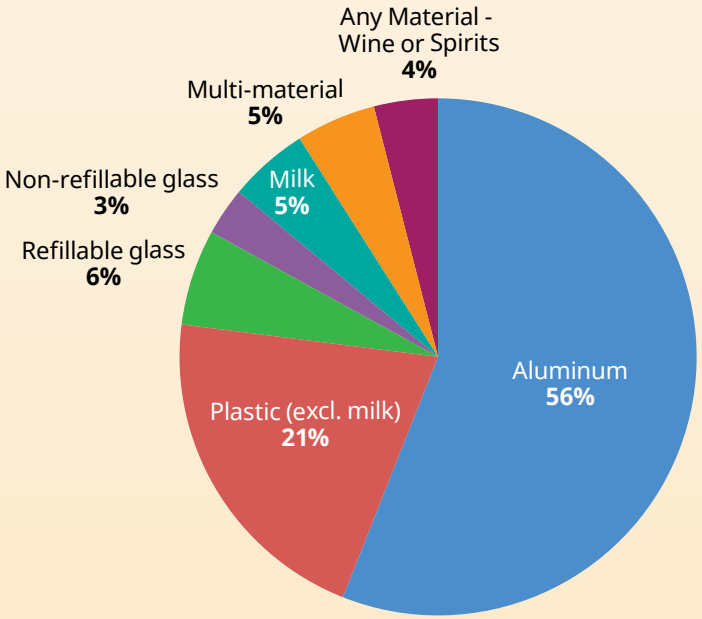
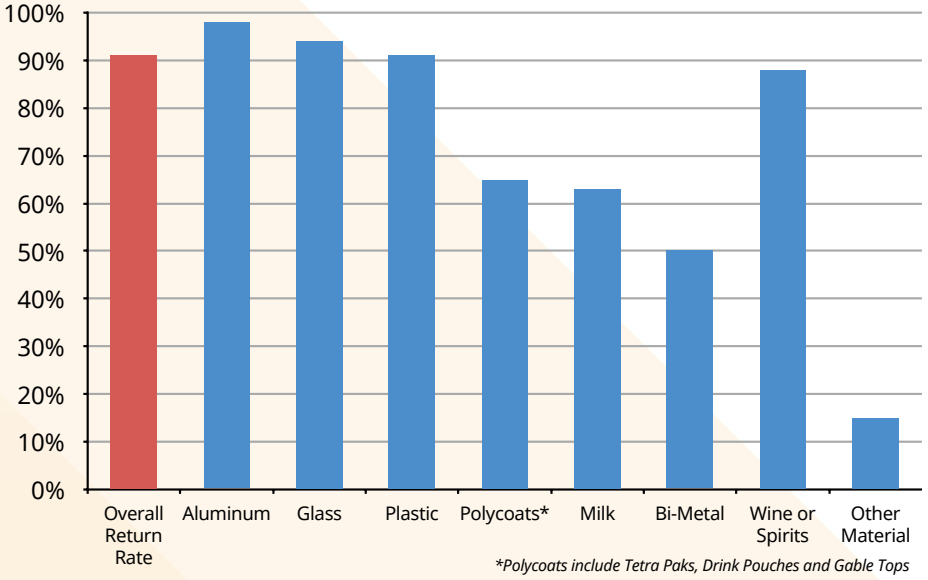
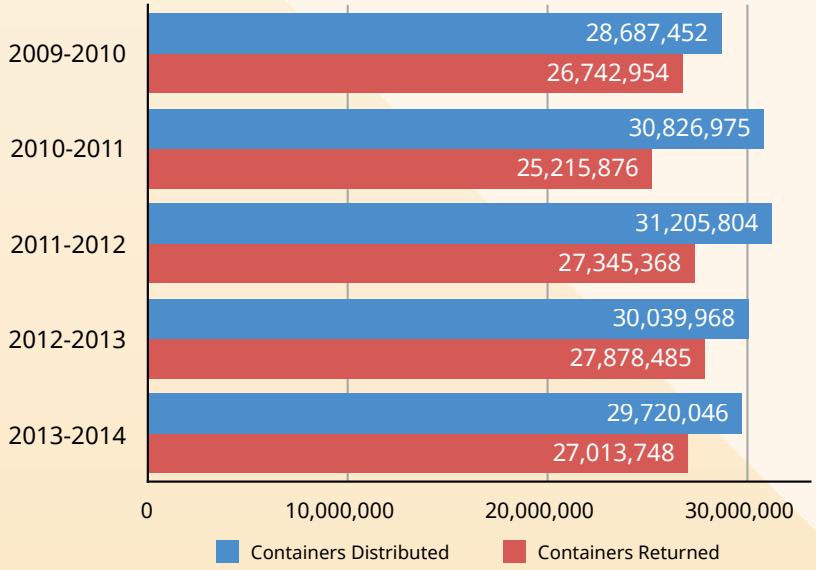


Figure 4: Beverage Container Return Rates 2013-2014



**Polycoats include Tetra Paks, Drink Pouches and Gable Tops*

Figure 5: Beverage Container Return Rates from 2009-2010 to 2013-2014



2.7 Environmental Benefits of the Beverage Container Program

After 10 years of operation, the BCP continues to provide environmental benefits to the NWT, including the recycling and reuse of materials, and reducing greenhouse gas emissions.

Tulita recycling depot operating out of the community youth centre.

2.7.1 Reduction of Greenhouse Gas Emissions

NWT residents diverted 1,365 tonnes of beverage containers from NWT landfills in 2013-2014. The greenhouse gases avoided by recycling these materials are equivalent to 2,696 tonnes of carbon dioxide savings, as estimated by the United States Environmental Protection Agency (U.S. EPA) Waste Reduction Model (WARM). This is equivalent to taking 568 cars off the road in the NWT in 2013-2014 (see Table 4).

Table 4: Tonnage Recycled and Carbon Dioxide Savings for all Materials

Material	Tonnes of Material Recycled	$MTCO_2E$*
Aluminum	209	-2,012
Polycoats	54	-262
Plastics	149	-147
Bi-Metal	0	0
Refillable glass (ISB)	453	-199
Non-refillable glass (NRG)	500	-76
Total	**1,365**	**-2,696**

Based on U.S. EPA WARM:
http://www.epa.gov/climatechange/waste/calculators/Warm_Form.html
* $MTCO_2E$ – metric tonnes of carbon dioxide equivalent

Assumptions:

- Polycoats includes Tetra Pak™, gable tops and milk ≤1L.
- Plastics include high-density polyethylene (HDPE), polyethylene terephthalate (PET) and milk ≥ 1 L.
- No landfill gas recovery at landfills.
- Distances travelled 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: 4.75 tonnes CO_2E = 1 passenger vehicle off the road.

2.7.2 Recycling of Materials

Through the recycling process, the resources found in a material are converted back into the same material, or transformed into a different material, therefore reducing the amount of virgin resources needed to extract for the production of goods. As an example, aluminum is produced from a raw material called bauxite, a soil type found in regions around the Equator.

It takes large amounts of energy to extract and produce aluminum from bauxite. When aluminum cans are recycled, they become new aluminum cans and other products. It takes about 95% less energy to recycle aluminum cans than it does to mine aluminum and make new cans. In 2013-2014, 209 tonnes of aluminum were recycled in the NWT. This is the amount of aluminum it would take to produce 61 Twin Otter airplanes!

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

2.8 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* in 2013-2014 for the Beverage Container Program.

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 (U.S.), 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, 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	HDPE and PET plastic containers are baled and shipped to Alberta, where 80% of it, by weight, is recycled into non-food containers.
Multi-material	Includes 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 U.S. 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.

3.0 Single-use Retail Bag Program

3.1 Background

On January 15, 2010, the Government of the Northwest Territories (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 cents for each SRB distributed.

3.2 Distributors and Retailers

The renewal of Phase II distributor and retailer registrations began in January 2014. During the renewal process, two distributor registrations were cancelled. There were 34 retailers no longer in business or that chose to become bag-free businesses and cancelled their registrations. As of March 31, 2014, there were a total of 35 registered distributors and 128 retailers.

3.3 Single-use Retail Bags Distributed

In 2013-2014, NWT retail stores reported distributing 2,462,612 single-use retail bags. This is equivalent to 57 bags per NWT resident. In 2013-2014, there were 518,912 more bags reported as distributed, in comparison with 2012-2013. A total of $615,653.07 was remitted to the Environment Fund through the Single-Use Retail Bag Program.

Based on research completed by Resource Conservation Manitoba, ENR estimated that prior to the implementation of the SRBP, residents used approximately 9 million SRB per year (equivalent to 208 SRB per person per year). Half of these likely originated from grocery stores. Using information provided by retailers and distributors, it is estimated NWT residents have reduced use of SRB by 72% since the start of the Single-use Retail Bag Program. From January 15, 2010 to March 31, 2014, ENR estimates NWT residents have avoided using approximately 24 million SRB due to the Single-use Retail Bag Program. In the fiscal year 2013-2014, ENR estimates residents avoided using 6.6 million bags (approximately 151 bags per person).

Since the start of the program, approximately 24 million bags have been kept out of NWT landfills and off the land!* This has led to savings of an estimated 199 metric tonnes of carbon dioxide equivalent emissions annually. This is equal to taking 42 vehicles off the road for one year!**

* Calculations made using U.S. EPA WARM:
http://www.epa.gov/climatechange/waste/calculators/Warm_Form.html

Assumptions:

- 5 g per bag x 24,097,000 bags = 120 tonnes (132 tons) of high density polyethylene (HDPE) avoided (source reduction).
- No landfill gas recovery at landfills; Average distance to a community landfill is 5 km.
- Calculation for number of cars off the road is: 4.75 tonnes CO_2E = 1 passenger vehicle off the road.

** Calculations made using U.S. EPA Greenhouse Gas Equivalencies Calculator:
http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results

3.4 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* in 2013-2014 for the Single-use Retail Bag Program.

4.0 Electronics Recycling

4.1 Overview of Electronics Recycling

ENR is developing an NWT-wide electronics recycling program. Electronics Recycling Regulations are being developed under the existing *Waste Reduction and Recovery Act* (WRRA), which will outline the details of the program.

Electronics are one of the fastest growing waste streams. They can contain harmful materials such as brominated flame retardants and halogenated hydrocarbons as well as heavy metals such as cadmium, copper, mercury and lead. Fortunately, electronics are designed so these materials remain contained within them. However, when disposed in landfills, burned or left on the land where they are exposed to rain, snow and wind, they may leach materials harmful to the environment and human health.

Electronics also contain materials such as aluminum, copper, plastics, and precious and rare metals, which can be recycled into new products. Recycling old electronics into new products minimizes environmental impacts related to extracting raw materials through mining and other activities.

4.2 Electronics Recycling Pilot Project

To inform development of an NWT Electronics Recycling Program, ENR launched a pilot project in September 2013. The pilot is running in Fort McPherson, Norman Wells, Fort Smith and Fort Providence, and uses the NWT's existing BCP depot network. In these communities, there is no charge for residents to drop off electronics at their local bottle depot, and no refund is given. Electronics collected through the pilot project are consolidated in Hay River and shipped to a processor registered under Alberta's electronics recycling program.

Over seven tonnes of electronics were collected under this pilot project between September 2013 and March 2014. Information and experience gathered from the pilot will inform development of the territory-wide program. For example, information about quantities of electronics collected will help estimate quantities expected under the NWT program. Experience with storing and preparing electronics for shipping and with general administration of the pilot will also help refine the territory-wide program.

4.3 Next Steps

Once the framework for the Electronics Recycling Program is finalized, ENR will do stakeholder engagement, then draft the regulations. The launch of the territory-wide electronics recycling program is targeted for fall 2015.

Electronics collected in Norman Wells and Fort Smith, packaged and ready to be shipped for recycling.

5.0 Compost Facility Operator Training

In February 2014, ENR, Industry, Tourism and Investment (ITI), Ecology North and the Territorial Farmers' Association partnered to organize two-day Compost Facility Operator Training courses and meetings in Hay River, Fort Simpson and Yellowknife. The training was led by Dr. John Paul of Transform Compost Systems in Abbotsford, BC. Dr. John Paul has more than two decades of experience working in the field of composting and is a leading Canadian compost educator.

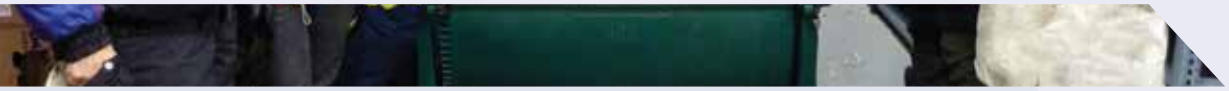
Compost Facility Operator Training courses were well attended in each community where they were held. Seventeen people participated in the course in Yellowknife, including staff from the City of Yellowknife and Ecology North, staff from local landscaping and consulting companies, local gardeners and members of the public. Dr. John Paul created many opportunities throughout the course for participants to apply their new learning to questions and topics of interest at the Yellowknife Centralized Compost Facility.

Eight people participated in the Hay River course, including one participant from Fort Smith. Participants included staff from the Town of Hay River, Ecology North, Choice North Poultry Barn and local residents collaborating on a plan to centralize composting in Hay River. The course was very beneficial for Hay River residents and business owners who are planning to compost chicken manure from Choice North Farm (producer of Polar Eggs) and food and yard waste produced by residents and businesses in the Town of Hay River.

Ten people attended the course in Fort Simpson. Participants at the course included staff from the Village of Fort Simpson, staff from ITI who facilitate activities through the Small Scale Foods Program, business owners and two participants from the Trout Lake Community Garden. Participants were eager to learn from Dr. John Paul and to explore options for centralized composting in the Dehcho region.

Compost Facility Operator Training course participants in Fort Simpson.

6.0 Waste Reduction and Recycling Initiative



The Waste Reduction and Recycling Initiative (WRRI) is a new funding program developed to support NWT residents to reduce and recycle materials not yet included in NWT-wide recycling programs. The funding program has been designed to be flexible, so residents can prioritize which materials they would like to divert from their community landfill through community-based waste reduction and recycling programs.

In 2013, program staff developed the funding guidelines and application form for the WRRI. Advertising for the new funding program was carried out across the NWT between January and March 2014, using print, radio and on-line media as well as direct e-mails to community government staff in each NWT community. Figure 6 shows the advertising poster used to announce the funding program. The deadline for the first intake of applications for the WRRI was April 15, 2014, for projects to be completed in the 2014-2015 fiscal year.

Each year, the WRRI will provide up to $25,000 in financial assistance to NWT municipalities, schools, organizations, businesses and individuals for waste reduction and recycling projects. A total of $150,000 is available on an annual basis. Funding for the WRRI comes from the Environment Fund.

Projects that are eligible for funding include:

- projects that safely remove recyclable materials from the environment;
- educational initiatives that increase public awareness of and involvement in waste reduction, reuse and recycling;
- projects that increase access to recycling programs; and
- community composting programs.

Materials that have been prioritized for inclusion in the WRRI include organics, paper and cardboard, electronics (e-waste), air conditioning and refrigeration equipment, lead acid batteries, end-of-life vehicles and tires. Applications to reduce waste for other material categories are also accepted.

Figure 6: Waste Reduction and Recycling Initiative Advertising Poster

7.0 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 advises the Minister and ENR on establishing and operating programs to ensure improved reduction and recovery of waste in the NWT. Committee membership includes 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 once in 2013-2014, on April 15 and 16, 2013. Table 6 lists WRRAC members as of March 31, 2014.

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

8.0 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 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 2013-2014, revenue into the Environment Fund was $5,705,385 (excluding $28,420 in interest income) and expenditures were $5,505,362.

The balance in the Fund on March 31, 2014, was $1,536,668. An audited financial statement of the Environment Fund is included in Appendix A.

9.0 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
Website: www.icarenwt.ca

Appendix A

Audited Financial Statement of the Environment Fund 2013-2014

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.

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

Susan Craig, Director Finance and Administration,
Department of Environment and Natural Resources

June 3, 2014

Crowe MacKay LLP
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PO Box 727, 5103-51st Street
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+1.867.920.4135 Fax

Independent Auditors' Report

To the Minister of ENR

We have audited the accompanying financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2014, 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.

Crowe MacKay

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 Environment Fund as at March 31, 2014 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Crowe MacKay LLP

Yellowknife, Canada
June 3, 2014

Chartered Accountants

Environment Fund

Statement of Operations

For the year ended March 31, 2014	2014	2013
	$	$
Revenues		
Beverage container program	**5,086,435**	5,165,214
Recoveries	**3,747**	-
Single-use retail bag program	**615,203**	494,038
	5,705,385	5,659,252
Expenditures		
Advertising and promotion	**1,740**	17,617
Contract service - miscellaneous	**30,640**	22,987
Contract service - satellite depots	**69,284**	54,624
Depot handling fee	**662,879**	756,428
E-waste fee	**12,000**	-
Equipment, supplies and maintenance	**78,581**	17,187
Freight	**323,925**	322,190
Grants and contributions	**139,103**	103,071
Insurance	**8,000**	8,000
Memberships	**9,071**	7,656
Office	**10,254**	9,561
Processing centre handling fee	**585,720**	611,919
Professional fees	**37,471**	26,971
Refundable deposit fee	**2,929,342**	3,059,676
Storage	**56,724**	44,374
Travel and training	**32,453**	22,238
Wages and benefits	**518,175**	483,602
	5,505,362	5,568,101
Excess of revenues over expenditures before other item	**200,023**	91,151
Other income		
Interest	**28,420**	27,837
Excess of revenues over expenditures	**228,443**	118,988

Statement of Changes in Net Assets

For the year ended March 31, 2014	Unrestricted	Equipment replacement reserve	**Total 2014**	Total 2013
	$	$	**$**	$
Balance, beginning of year	1,361,904	380,752	**1,742,656**	1,623,668
Excess of revenues over expenditures	228,443	-	**228,443**	118,988
Transfers (Note 2b)	(53,679)	53,679	**-**	-
Balance, end of year	**1,536,668**	**434,431**	**1,971,099**	1,742,656

Statement of Financial Position

For the year ended March 31, 2014	2014	2013
	$	$
Financial Assets		
Accounts receivable	**797,449**	632,101
Due from treasury (note 4)	**2,539,834**	2,336,833
Loans receivable (note 5)	**472**	5,972
	3,337,755	2,974,906
Liabilities		
Accounts payable and accrued liabilities	**593,468**	459,638
Unredeemed container liability (note 7)	**773,188**	772,612
	1,366,656	1,232,250
Net financial assets	**1,971,099**	1,742,656
Fund balances		
Unrestricted	**1,536,668**	1,361,904
Equipment replacement reserve	**434,431**	380,752
	1,971,099	1,742,656

Notes to the Financial Statements

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.

2. Significant accounting policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-NPO) as issued by the Public Sector Accounting Board (PSAB). The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Revenue recognition

Beverage container revenue and single use retail bag program revenue is recognized when beverage containers and single use retail bags are sold by retailers. Recoveries are recognized when received.

(b) Capital assets

The equipment managed by the fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

(c) 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 2014 transfer is $53,679 (2013 - $47,594). This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

(d) 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.

2. Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

(h) Measurement uncertainty

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. It is not possible to estimate the uncertainty as it is not possible to determine the number of unredeemed containers in the Northwest Territories.

3. 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.

4. 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.

5. Loan receivable

The Fund loaned two 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 outstanding loan is a non-interest bearing loan with an amount currently outstanding of $472 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 2015 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, 2014.

6. Expenses by program

Of the Fund's two major programs, beverage container program and single-use retail bag, only the beverage container program has direct costs associated with it in terms of depot handling fees, processing and refundable deposits. Out of the total expenses, the costs for the beverage container program total $4,206,972.

7. 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.

8. Comparative figures

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

9. Related party transactions

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 2(d).

10. 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 $797,449 (2013 - $632,101). 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.


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