

BEVERAGE CONTAINER PROGRAM ANNUAL REPORT 2006-2007





Introduction

The Beverage Container Program has now completed its first full year of operation. Since its inception in November 2005, the program has experienced an enormous success rate of return at 82% and continues to enjoy a high level of public support in all regions of the Northwest Territories. In 2006-2007 alone, over 2.6 million dollars has been refunded to consumers who returned their beverage containers. The following is a summary of the 2006-2007 Beverage Container Program.

Depots and Processing Centres

Depots continue to be operated by community stores, schools, non-profit groups, band development corporations, individuals and other businesses. Under the program, businesses importing and distributing beverage containers in the NWT must register with the Department of Environment and Natural Resources and make regular reports and payments. This applies to retailers that import their own beverage containers for sale in the NWT.

Depots send their containers to regional processing centres in Yellowknife, Inuvik or Hay River. The processing centres are responsible for selling the containers and sending them to markets or finding other ways to reuse them.

As of March 31, 2007, local depots operate in 28 communities, which serve 98% of the NWT population. In communities where there are currently no licenced depots, ENR contracts a depot operator from another community to provide collection services. These depots, which are referred to as 'temporary satellite depots', include Fort Liard, Wrigley and Colville Lake. Kakisa and Dettah are serviced by neighbouring community depots. Table 1 lists the depot and processing centres.





Table 1: Depot and Processing Centre Operators 2006 - 2007

COMMUNITY	LICENCEE	DATE LICENCED	STATUS (AS OF MARCH 31, 2007)
NORTH SLAVE REGION			
Behchoko	FC Services	Nov-05	Operated by licensee
Dettah	---	---	Use Yellowknife Depot
Gameti	Mabel Gon	Dec-05	Operated by licensee
Wekweti	Tli Cho Community Government	Dec-05	Operated by licensee
Wha Ti	Alex's Confectionery	Feb-06	Operated by licensee
Yellowknife	The Bottle Shop	Nov-05	Operated by licensee
SOUTH SLAVE REGION			
Enterprise	Armella Mercredi	Feb-06	Operated by licensee
Providence	Deh Gah Secondary School	Feb-06	Operated by licensee
Fort Resolution	Frank Lafferty	Jun-06	Operated by licensee
Fort Smith	RTL Recycling	Nov-05	Operated by licensee
Hay River	Tri R Recycling	Nov-05	Operated by licensee
Kakisa	---	---	Use Enterprise or Hay River Depot
Lutselk'e	Lutselk'e Dene Band	Feb-06	Operated by licensee
DEH CHO REGION			
Fort Liard	---	---	Temporary Satellite Depot
Fort Simpson	Rowes Recycling	Nov-05	Operated by licensee
Jean Marie River	Doug's Contracting	Jul-06	Operated by licensee
Nahanni Butte	Nahanni Butte First Nation	Jan-06	Operated by licensee
Trout Lake	Sambaa K'e Development Corporation	Nov-05	Operated by licensee
Wrigley	---	---	Temporary Satellite Depot
SAHTU REGION			
Colville Lake	---	---	Temporary Satellite Depot
Deline	Cathy McKenzie Taylor	Dec-05	Operated by licensee
Fort Good Hope	Chief T'Selehye School	Dec-05	Operated by licensee
Norman Wells	Joel Wells	Jan-06	Operated by licensee
Tulita	Blackwater Lake Contracting Ltd.	Aug-06	Operated by licensee
INUVIK REGION			
Aklavik	Billy Archie Contracting and Consulting	Feb-06	Temporary Satellite Depot
Fort McPherson	Telit Gwichin Recycling Depot	Feb-07	Operated by licensee
Inuvik	Wrangling River Supply	Nov-05	Operated by licensee
Paulatuk	Brian Kudlak	Jan-06	Operated by licensee
Sachs Harbour	David Haogak	Jan-06	Operated by licensee
Tsiigehtchic	Don Horrocks	Feb-06	Operated by licensee
Tuktoyaktuk	Tuktoyaktuk Community Corporation	Jan-06	Operated by licensee
Ulukhaktok	Joanne Ekpakohak	Jan-06	Operated by licensee



Distributors

Under the program, businesses importing and distributing beverage containers in the NWT must register with ENR and make regular reports and payments. As of March 31, 2007, there were 28 registered distributors. Please see Table 2 for a complete list of registered distributors.

Table 2: Beverage Container Distributors

Company	Registration #	Date of Registration
Core-Mark International Inc.	DR100	Oct-05
Wallace & Carey Inc.	DR101	Oct-05
Federated Cooperative Ltd.	DR103	Oct-05
Canada Safeway Ltd.	DR104	Oct-05
Territorial Beverages	DR105	Oct-05
Petersen & Auger	DR106	Oct-05
Wal-Mart Canada Corp.	DR107	Oct-05
Shoppers Drugmart Inc.	DR108	Oct-05
Westfair Foods Ltd.	DR109	Oct-05
NWT Liquor Commission	DR110	Oct-05
Stanton Group Ltd.	DR111	Oct-05
Sobeys Western Region	DR112	Oct-05
North West Company	DR113	Oct-05
Wrangling River Supplies Ltd.	DR114	Oct-05
Tundra Transfer Ltd.	DR115	Oct-05
Tim Hortons TDL Group Corp.	DR116	Oct-05
Northwest Water Company	DR117	Oct-05
Northern Food Services	DR118	Oct-05
Sysco Food Services	DR119	Oct-05
McKesson Canada	DR120	Nov-05
Bridge Brand Food Services	DR121	Nov-05
Prism Distributions	DR122	Nov-05
Frontier Coachlines NWT Ltd.	DR123	Nov-05
Hudson's Bay Company	DR124	Feb-06
Martin Brower of Canada Co.	DR125	Mar-06
P.Q.S. Enterprises Ltd.	DR126	Feb-06
Montage Corporation	DR127	Jun-06
Canadian Tire Corporation	DR128	Mar-07



Waste Reduction and Recovery Advisory Committee

A Waste Reduction and Recovery Advisory Committee continue to advise ENR on establishing and operating programs to ensure improved reduction and recovery of waste in the NWT. Table 3 is a list of the members as of March 31, 2007.

Table 3: Waste Reduction and Recovery Advisory Committee Members

Name	Company/Organization	Community
Raymond Massey (Chair)	Community Resident	Inuvik
Joe Agrey	NWT Motor Transport Association	Yellowknife
Ron Courtoreille	Community Resident	Hay River
Kristine Drader	Community Resident	Norman Wells
Kevin O'Reilly	Community Resident	Yellowknife
Greg Rowe	Hay River Liquor Retailers & Tri R Recycling	Hay River
Bruce Underhay	City of Yellowknife	Yellowknife
Bob Weaver	Territorial Beverages	Yellowknife
Kevin Kennedy	NWT Association of Communities	Yellowknife

Enforcement

There were no convictions for offences under the Waste Reduction and Recovery Act during 2006-2007.



2006-2007 Rate of Return

From April 1, 2006 to March 31, 2007, over 29 million beverage containers were distributed in the NWT. Of these, almost 25 million empty beverage containers were returned to NWT depots. This gives us a rate of return for the fiscal year 2006-2007 of 86%.

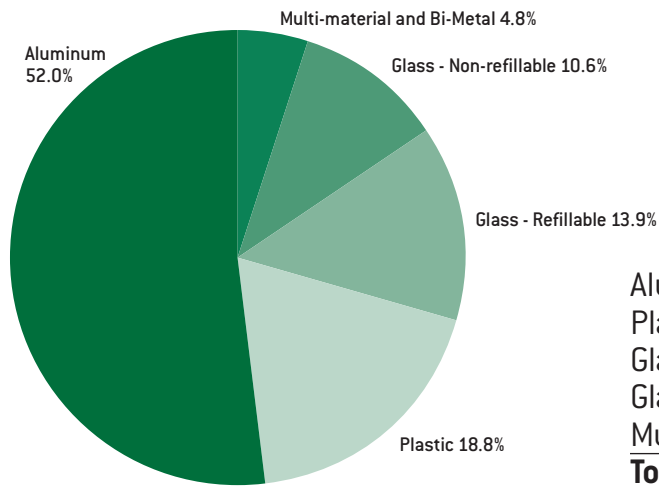
Table 4: 2006-2007 Rate of Return

		Container Material and/or Type	Distributor Sales	Containers Returned
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	508,049	539,838
		Aluminum	9,120,404	7,919,878
		Plastic	4,572,059	3,608,002
		Tetra Pak/Drink Pouch	2,050,799	895,919
		Gable Top	27,680	12,656
		Bi-Metal	26,078	9,683
	≥ 1.0 Litre	Glass	47,149	15,760
		Aluminum	0	78,477
		Plastic	802,741	555,064
		Tetra Pak/Drink Pouch	434,298	222,576
		Gable Top	91,089	36,028
		Bi-Metal	14,919	9,699
		Bag-in-a-Box	2,489	5,434
ALCOHOL BEVERAGES	< 1.0 Litre	Glass - Refillable Bottle	3,347,534	3,453,858
		Glass - Non Refillable Bottle	897,008	1,573,569
		Aluminum	6,078,563	4,959,234
		Other Material	0	4,030
	≥ 1.0 Litre	Glass - Other Than Wine or Spirits	0	6,087
		Other Material - Other Than Wine or Spirits	0	1,588
	Any Size	Any Material - Wine or Spirits	1,029,108	1,030,137
Total			29,049,967	24,937,517

2006-2007 Rate of Return = 86%

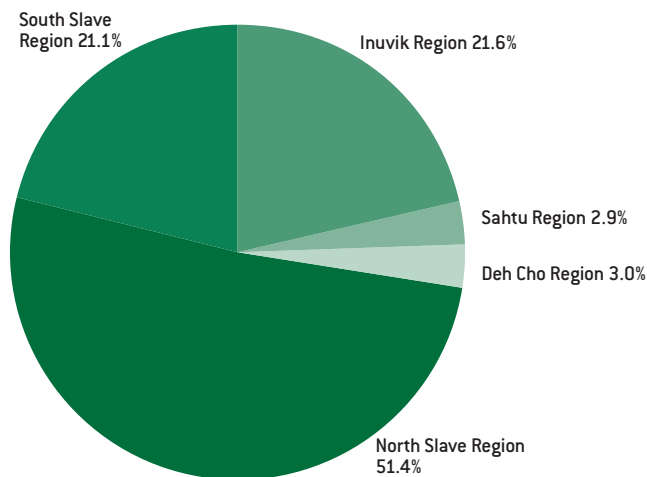


Table 5: Containers Returned in the NWT by Material Type – 2006/2007



Aluminum	12,957,589	52.0%
Plastic	4,683,753	18.8%
Glass - Refillable	3,453,858	13.9%
Glass - Non-refillable	2,650,323	10.6%
Multi-material and Bi-Metal	1,191,995	4.8%
Total	24,937,517	100%

Table 6: Containers Returned by Regions – 2006/2007



North Slave Region	12,823,707	51.4%
South Slave Region	5,249,391	21.1%
Deh Cho Region	753,362	3.0%
Sahtu Region	720,328	2.9%
Inuvik Region	5,390,729	21.6%
Total	24,937,517	100%



Contact

If you would like more information, or have comments about the *Waste Reduction and Recovery Act*, the Beverage Container Regulations or the Beverage Container Program, contact:

Environmental Protection 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
Website: <http://www.enr.gov.nt.ca/eps/beverage.htm>



Northwest
Territories Environment and Natural Resources

Environment Fund

Management's Responsibility for Financial Reporting

To the Minister responsible for the Department of Environment and Natural Resources

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 generally accepted accounting principles. 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 designed 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.

R.P. Bailey
Deputy Minister
Department of Environment and Natural Resources

Nancy Magrum, CGA
Director, Shared Services, Finance and Administration
Department of Environment and Natural Resources and
Department of Industry, Tourism and Investment

September 25, 2007



AUDITOR'S REPORT

To the Minister of Environment and Natural Resources

We have audited the Statement of Financial Position of the Environmental Fund as at March 31, 2007 and the Statements of Operations, Surplus and Cash Flow for the year then ended. These financial statements are the responsibility of the Department of Environment and Natural Resources for the Northwest Territories. Our responsibility is to express an opinion on these financial statements based in our audit.

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

During the year, auditors were engaged to examine the accuracy of the returns submitted by two distributors and one processing centre. The related compliance audit reports identified inventory control and accounting problems, which affected the accuracy of those returns. The extent of the problem, which affected revenues, expenditures and the balance of surplus, could not be reasonably determined.

In our opinion, except for the effects related to the accuracy of the returns described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2007, and the results of its operations and cash flows for the year then ended in accordance with accounting policies established for the Environment Fund.

We further report that, in our opinion, proper books of account have been kept by the Department of Environment and Natural Resources, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been in accordance with the Waste Reduction and Recover Act and Regulations.



T. Bob Shahi, FCGA, CIA
Director, Audit Bureau

November 7, 2007



**Environment Fund
Statement of Financial Position
March 31, 2007**

	<u>2007</u>	<u>2006</u>
ASSETS		
Current		
Cash in bank (Note 3)	\$ 791,330	\$ 434,546
Accounts receivable (Note 5)	478,992	467,330
Interest receivable (Note 3)	25,866	-
Other receivables	1,276	-
Prepaid expenses	<u>11,025</u>	<u>3,438</u>
	<u>\$ 1,308,489</u>	<u>\$ 905,314</u>
 LIABILITIES		
Current		
Accounts payable	\$ 376,183	\$ 129,506
Wages payable	<u>4,321</u>	<u>-</u>
	<u>380,504</u>	<u>129,506</u>
 SURPLUS		
Restricted (Note 2)		
Unredeemed container reserve	\$ 730,489	\$ 281,753
Equipment replacement reserve	<u>95,188</u>	<u>47,594</u>
	825,677	329,347
Unrestricted	<u>102,308</u>	<u>446,461</u>
	<u>927,985</u>	<u>775,808</u>
	<u>\$ 1,308,489</u>	<u>\$ 905,314</u>

The accompanying notes form an integral part of these financial statements

**Environment Fund
Statement of Operations
For the year ended March 31, 2007**

	<u>2007</u>	<u>2006</u>
Revenue		
Beverage container program surcharges	\$ 4,869,929	\$ 1,878,356
Expenses		
Beverage container program		
Refundable deposit	2,615,588	684,774
Depot handling fee	647,555	175,229
Processing fee	541,070	171,380
Freight charges	266,958	43,956
Salaries and benefits	169,261	58,085
Grants and contributions	91,588	-
Contract services – satellite depots	85,535	6,400
Professional fees	58,461	-
Advertising	56,459	-
Minor equipment purchases (Note 2)	61,474	-
Storage	51,439	6,474
Office expense	37,772	6,077
Equipment supplies and maintenance	30,004	-
Travel and training	22,029	1,581
Insurance	8,425	-
	<u>4,743,618</u>	<u>1,153,956</u>
Excess revenue from operations	126,311	724,400
Other Revenue		
Interest income (Note 3)	25,866	-
Northwest Territories Liquor Commission (Note 4)	<u>-</u>	<u>51,408</u>
Excess revenue for the year	<u>\$ 152,177</u>	<u>\$ 775,808</u>

The accompanying notes form an integral part of these financial statements

**Environment Fund
Statement of Surplus
March 31, 2007**

	Unredeemed Container Reserve (Note 2)	Equipment Replacement Reserve (Note 2)	Un- Restricted	2007	2006
Balance, beginning	\$ 281,753	\$ 47,594	\$ 446,461	\$ 775,808	\$ -
Excess revenue	<u>448,736</u>	<u>47,594</u>	<u>(344,153)</u>	<u>152,177</u>	<u>775,808</u>
Balance, ending	<u>\$ 730,489</u>	<u>\$ 95,188</u>	<u>\$ 102,308</u>	<u>\$ 927,985</u>	<u>\$ 775,808</u>

The accompanying notes form an integral part of these financial statements

Environment Fund
Statement of Cash Flows
For the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Cash received from beverage container program surcharges	\$ 4,856,991	\$ 1,411,026
Cash paid for operating expenses of the beverage container program	<u>(4,500,207)</u>	<u>(1,027,888)</u>
	356,784	383,138
Cash flows from other activities		
Northwest Territories Liquor Commission transfer of surplus funds from its bottle deposit program (Note 4)	<u>-</u>	<u>51,408</u>
Net cash increase	356,784	434,546
Cash at the beginning of the period	<u>434,546</u>	<u>-</u>
Cash at the end of the period	<u>\$ 791,330</u>	<u>\$ 434,546</u>

The accompanying notes form an integral part of these financial statements

**Environment Fund
Notes to the Financial Statements
Year Ended March 31, 2007**

Note 1 AUTHORITY, PURPOSE AND OPERATION

The Waste Reduction and Recovery Act, enacted in July 2005, established the Environment Fund for waste reduction and recovery programs.

a) Environment Fund

All fees and surcharges collected from programs established under the authority of the Waste Reduction and Recovery Act must be paid into the Environment Fund. The assets of the Environment 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; or
- other costs associated with programs, initiatives or activities in respect of the reduction or recovery of waste.

b) Environment Fund Programs

The Beverage Container Program, which came into effect November 1, 2005, is currently the only established program 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, become part of the Environment Fund.

Environment Fund
Notes to the Financial Statements
Year Ended March 31, 2007

Note 2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the accounting policies established by the Department of Environment & Natural Resources for the Environment Fund.

- a) Revenue is recognized when distributors invoice the retailers for the beverage containers that will be circulated in the Northwest Territories.
- b) Refundable deposits, handling and processing fees are recognized when consumers return those beverage containers to a depot for refund.
- c) 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. The estimated useful life of mobile equipment and machinery was 10 years. Capital equipment items less than \$50,000 are recorded as expenditures when purchased.
- d) Restrictions have been placed on surplus to reserve funds for future operations:
 - i. Unredeemed Container Reserve - an amount equal to 15% of the beverage container surcharges of the current year has been reserved to cover the future redemption of containers in circulation.
 - ii. 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.
- e) The Department of Environment and Natural Resources received \$1,143,000 in start-up funding from the Financial Management Board 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.
- f) 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 (\$35,797 in 2007 and \$13,235 in 2006).

Environment Fund
Notes to the Financial Statements
Year Ended March 31, 2007

Note 3 CASH IN BANK

The Environment 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 Environment Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances of 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 distributed to the participants.

Note 4 OTHER REVENUE

The amount represents the transfer of surplus funds from the Northwest Territories Liquor Commission bottle deposit program, which ceased operation when the Beverage Container Program took effect on November 1, 2005.

Note 5 COMPLIANCE AUDITS

Independent compliance audits of one northern and one southern distributor as well as one processing centre identified inventory control and accounting problems, which affected the accuracy of their returns. The extent and magnitude of the problems, which affected revenues, expenditures, and the balance of surplus, relating to these returns as well as those of other distributors and processing centres, could not be reasonably determined.

Note 6 FINANCIAL STATEMENT PRESENTATION

The prior year's financial statements have been restated to conform to the current year's presentation.



January 2008