



# Waste Reduction and Recovery Program

2014-2015 Annual Report





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## 1.0 Highlights



The Waste Reduction and Recovery Program celebrated many successes in the 2014-2015 year. These successes were achieved through the participation of Northwest Territories (NWT) residents and the dedication of the people working at or with community depots, processing centres, schools, community government organizations, distributors, and other businesses and organizations.

Highlights from the past year include:

- More than 26 million beverage containers were returned for recycling or reuse, equivalent to 594 containers returned per resident. On average, almost 72,000 beverage containers are returned for recycling or reuse in the NWT each day.
- An estimated 6.9 million single-use retail bags were not used because NWT residents brought their own reusable bags to carry purchases.
- More than 25 tonnes of electronics were collected under the Electronics Recycling Program pilot project since September 2013.
- The Waste Reduction and Recycling Initiative program provided funding to eight NWT organizations and businesses for community-based projects to reduce waste and increase the recycling of materials.



## 2.0 Beverage Container Program



### 2.1 Overview

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. The depots 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. Baled containers are then shipped to recycling facilities in Alberta and the United States.

#### 2.1.1 Refundable Deposits and Non-refundable Handling Fees

Consumers pay a refundable deposit and a non-refundable handling fee when purchasing ready-to-serve drinks in the NWT. The refundable deposit is returned to consumers when they take their empty beverage containers to a local community depot. Refundable deposits are 25 cents for milk containers more than 1 litre in size and all wine and spirits containers more than 1 litre in size. Refundable deposits for all other containers are 10 cents.

The refundable deposit is one of the major reasons for the success of this program. It is an economic incentive to recycle beverage containers. Legislated deposit-refund programs, such as the BCP, result in a much higher return rate than voluntary programs and helps keep more containers from entering landfills. The BCP also provides local employment at beverage container depots.

The non-refundable handling fees are used to operate the BCP. This includes paying for:

- 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 the existing program.

## 2.2 Operational Update

Operational changes to the BCP continue to be implemented as a result of the 2011 review of the program. This review identified enhanced accounting practices as a priority to maintaining the financial security of the BCP and the Environment Fund. Changes recommended include the introduction of a Management Information System (MIS) and new Quality Assurance (QA) procedures to provide improved reporting and reconciliation of containers collected and paid for within the program.

A Quality Assurance Centre has been established in Hay River. Automated counting equipment, tied into the internet-based MIS, has been installed. This equipment allows program administrators to implement and supervise thorough and effective QA procedures throughout the system. An operational trial of the MIS started in four communities in January 2015.

## 2.3 Depots and Processing Centres

There were 23 locally operated beverage container depots, six temporary satellite depots and three processing centres operating in the NWT as of March 31, 2015. Three communities, Detah, Kakisa and Tsiigehtchic, use nearby depots.

Satellite depots are provided by the program in cooperation with a regional processing centre. Figure 1 depicts depots located in the NWT. Table 1 lists beverage container depot operators.

No depot licenses were cancelled or issued during the 2014-2015 fiscal year.

Figure 1: Beverage Container Program Depots and Processing Centres



**Table 1: Beverage Container Depots**

COMMUNITY	LICENCEE	STATUS
<b>NORTH SLAVE REGION</b>		
Behchokò	FC Services	Local Operator
Detah	---	Use Yellowknife Depot
Gamètì	Tłıchq̄ Community Government	Local Operator
Wekweèti	Tłıchq̄ Community Government	Local Operator
Whatì	Alex's Confectionery	Local Operator
Yellowknife	The Bottle Shop	Local Operator
<b>SOUTH SLAVE REGION</b>		
Enterprise	Armella Mercredi	Local Operator
Fort Providence	Deh Gah Secondary School	Local Operator
Fort Resolution	Frank Lafferty	Local Operator
Fort Smith	RTL Recycling	Local Operator
Hay River & Hay River Reserve	Tri R Recycling	Local Operator
Kakisa	---	Use Enterprise or Hay River Depot
Lutselk'e	---	Temporary Satellite Depot
<b>DEH CHO REGION</b>		
Fort Liard	---	Temporary Satellite Depot
Fort Simpson	Rowe's Recycling	Local Operator
Jean Marie River	Deh Cho Divisional Educational Council	Local Operator
Nahanni Butte	---	Temporary Satellite Depot
Trout Lake	Sambaa K'e Development Corporation	Local Operator
Wrigley	Chief Julian Yendo School	Local Operator

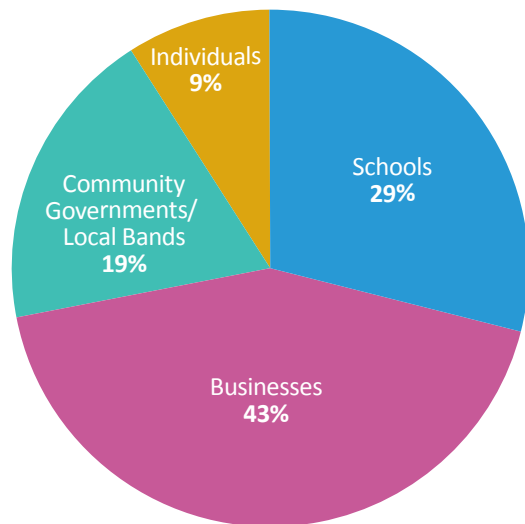
COMMUNITY	LICENCEE	STATUS
<b>SAHTU REGION</b>		
Colville Lake	Colville Lake School	Local Operator
Déłıne	Ehtseo Ayha School	Local Operator
Fort Good Hope	Chief T'Selehye School	Local Operator
Norman Wells	Norman Wells Recycling	Local Operator
Tulita	Tulita Dene Band	Local Operator
<b>INUVIK REGION</b>		
Aklavik	---	Temporary Satellite Depot
Fort McPherson	Tetlit Gwich'in Recycling Depot	Local Operator
Inuvik	Wrangling River Supply	Local Operator
Paulatuk	---	Temporary Satellite Depot
Sachs Harbour	---	Temporary Satellite Depot
Tsiigehtchic	---	Use Fort McPherson or Inuvik Depot
Tuktoyaktuk	Tuktoyaktuk Community Corporation	Local Operator
Ulukhaktok	Rose Marie Kuptana	Local Operator



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

Depots receive 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. Depot Development Grants assist with costs of 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 2014-2015. This does not include the volunteers working at depots operated by schools.***

## 2.4 Distributors

Thirty-nine (39) beverage container distributors were registered with Environment and Natural Resources (ENR) as of March 31, 2015.

No distributor registrations were cancelled. One distributor was registered during 2014-2015. Distributors are required to report sales and remit container surcharges to ENR on a monthly basis.

## 2.5 Beverage Containers Distributed and Returned

About 29 million beverage containers were distributed and about 26 million beverage containers were returned in the NWT between April 1, 2014 and March 31, 2015 (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 2014-2015.

Overall, the number of containers distributed in 2014-2015 decreased by nearly 248,000 from the previous year and the number of containers returned decreased by approximately 867,000 (see Figure 5).

The recovery rate for 2014-2015 was 89 percent, representing a two percent decrease from the previous year. NWT depots refunded \$2.8 million in refundable deposits to local residents during 2014-2015. As of March 31, 2015, more than \$26.4 million in refundable deposits have been paid out to NWT residents since the program started.

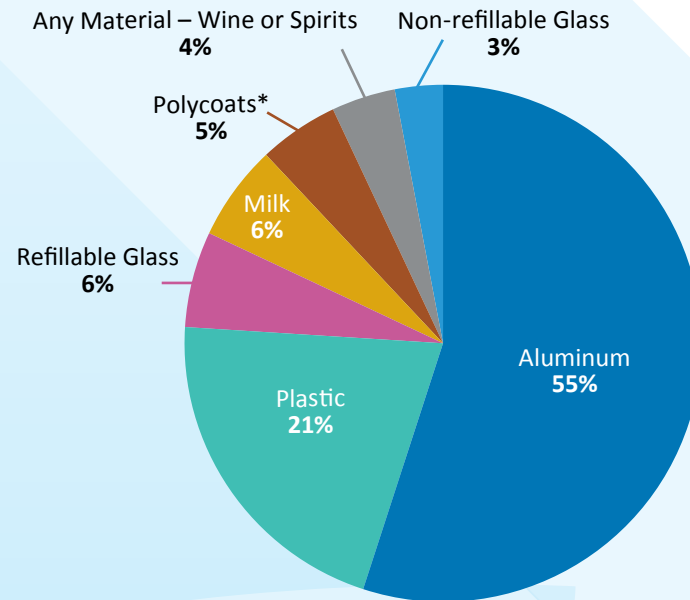
**Table 2: Beverage Containers Distributed and Returned**

CONTAINER MATERIAL AND/OR TYPE		TOTAL DISTRIBUTED	TOTAL RETURNED	
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	192,720	153,542
		Aluminum	7,694,538	8,407,189
		Plastic	5,636,345	5,016,889
		Tetra Pak/Drink Pouch	1,749,205	996,281
		Gable Top	25,158	22,149
		Bi-Metal	39,246	25,523
	≥ 1.0 Litre	Glass	1,450	2,173
		Plastic	818,331	494,515
		Tetra Pak/Drink Pouch	172,706	166,437
		Gable Top	111,982	79,706
		Bi-Metal	8,860	2,914
		Bag-in-a-Box	1	17
	Milk ≤ 1.0 Litre – Any Material		1,410,482	854,397
	Milk > 1.0 Litre – Any Material		652,409	614,965
ALCOHOL BEVERAGES	< 1.0 Litre	Glass – Refillable Glass	1,634,934	1,567,151
		Glass – Non-refillable Glass	865,152	701,602
		Aluminum	7,104,009	5,972,940
		Other Material	105,867	36,958
	Any Size	Any Material – Wine or Spirits	1,249,095	1,029,122
<b>Total</b>		<b>29,472,490</b>	<b>26,144,470</b>	

**Table 3: Beverage Containers Returned by Region**

Region	North Slave	Inuvik	South Slave	Deh Cho	Sahtu
Total Containers	12,649,525	6,914,327	4,839,226	1,118,899	622,493
% of NWT Containers Collected	48%	26%	19%	4%	2%
% of NWT Population	55%	15%	16%	8%	6%

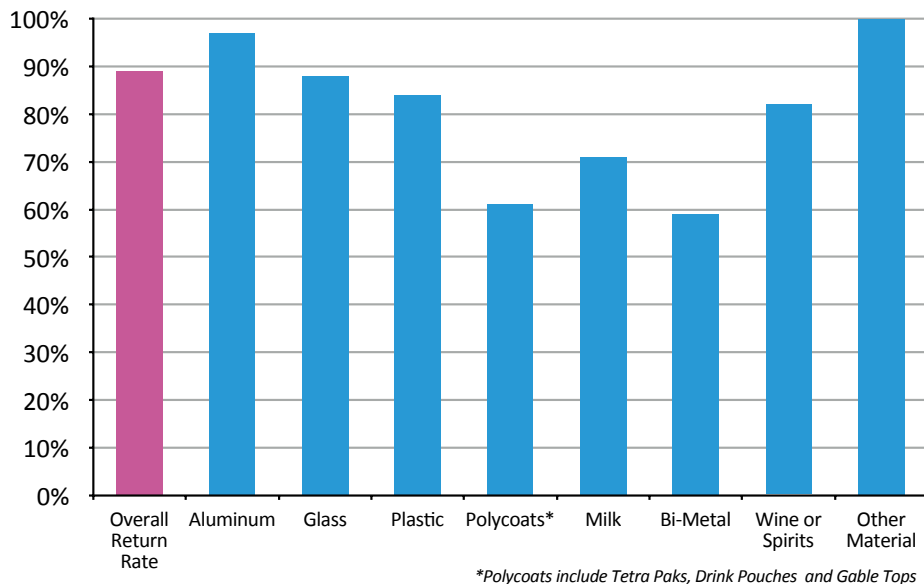
**Figure 3: Beverage Containers Returned by Material Type**



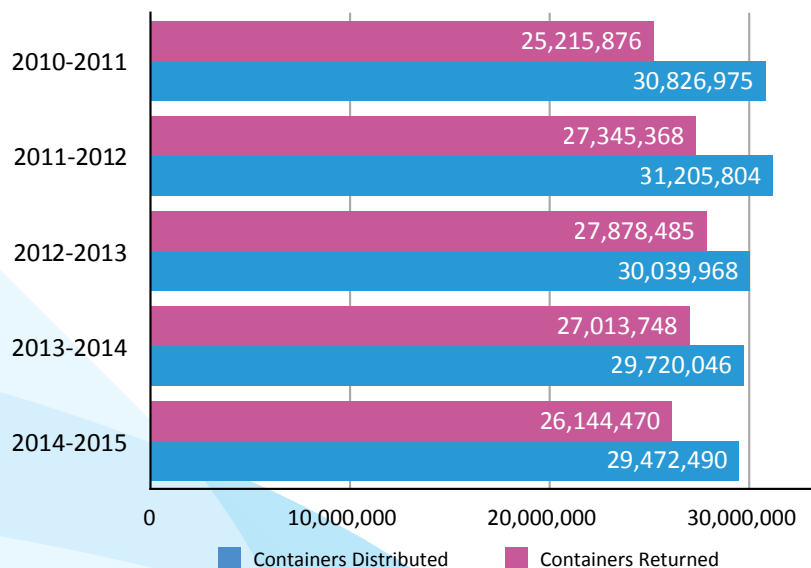
\*Polycoats include Tetra Paks, Drink Pouches and Gable Tops

**The beverage container recovery rate for 2014-2015 was 89 percent.**

**Figure 4: Beverage Container Return Rates**



**Figure 5: Beverage Container Return Rates 2010-2015**



## 2.6 Environmental Benefits of the Beverage Container Program

The BCP continues to provide environmental benefits to the NWT through the recycling and reuse of materials and the reduction of greenhouse gas emissions.

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

Material	Tonnes of Material Recycled	MTCO <sub>2</sub> E*
Aluminum	199	-1,914
Polycoats	55	-263
Plastics	144	-140
Bi-Metal	4	-17
Refillable Glass (ISB)	408	-183
Non-refillable Glass	457	-67
<b>Total</b>	<b>1,267</b>	<b>-2,584</b>

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

### 2.6.1 Reduction of Greenhouse Gas Emissions

NWT residents diverted 1,267 tonnes of beverage containers from NWT landfills in 2014-2015. The greenhouse gases avoided by recycling these materials are equivalent to 2,584 tonnes of carbon dioxide savings, as estimated by the United States Environmental Protection Agency (US EPA) Waste Reduction Model (WARM)<sup>1</sup> (see Table 4)<sup>2</sup>. This is equivalent to taking 544 cars off NWT roads in 2014-2015.

<sup>1</sup>Based on US EPA WARM:

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

Assumptions:

- No landfill gas recovery at landfills.
- 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.

<sup>2</sup>Calculation of the number of cars off the road is: 4.75 tonnes carbon dioxide equivalent = 1 passenger vehicle off the road.

## 2.6.2 Recycling of Materials






Resources found in beverage containers are converted back into the same material or transformed into a different material when recycled. This reduces the amount of virgin resources needed to produce goods. For example, aluminum pop cans can be recycled back into cans instead of new aluminum being sourced from bauxite, a raw material found in soil in regions around the Equator.

Large amounts of energy are needed to extract and produce aluminum from bauxite. It takes about 95 percent less energy to recycle aluminum cans than it does to mine aluminum and make new cans. In 2014-2015, 199 tonnes of aluminum were recycled in the NWT. This is the same amount of aluminum it would take to produce 58 Twin Otter airplanes.

## 2.7 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* during 2014-2015.

**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 (US), 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	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 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.



## 3.0 Single-use Retail Bag Program

### 3.1 Background

The Government of the Northwest Territories (GNWT) became the first Canadian territorial or provincial jurisdiction to implement regulations targeting single-use retail bags (SRB) in January 2010. 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 SRB from all grocery stores in the NWT. This was expanded to include all NWT stores during Phase II of the SRBP in February 2011. All retailers in the NWT are required to register in the program and charge customers 25 cents for each SRB used.

### 3.2 Distributors and Retailers

There were 35 registered distributors and 125 retailers as of March 31, 2015. During the 2014-2015 fiscal year, three retailers cancelled their registrations because they were either no longer in business or chose to become bag-free.

### 3.3 Single-use Retail Bags Distributed

NWT retail stores reported distributing 2,232,025 single-use retail bags during 2014-2015. This is equivalent to 51 bags per NWT resident. There were 230,587 fewer bags reported as distributed last year as compared to 2013-2014. A total of \$561,857 was remitted to the Environment Fund through the SRBP.

ENR estimated residents used about 9 million SRB per year (equivalent to 208 SRB per person per year)<sup>3</sup> before the implementation of the SRBP. Half of these originated

from grocery stores. Using information provided by retailers and distributors, it is estimated NWT residents have reduced SRB use by 73 percent since the program started.

It is estimated from January 15, 2010, to March 31, 2015, NWT residents have avoided using approximately 31 million SRB because of the SRBP. Estimates for 2014-2015 indicate NWT residents avoided using 6.9 million bags (approximately 157 bags per person).

About 31 million bags have been kept out of NWT landfills and off the land since the program started. This has led to savings of about 258 metric tonnes of carbon dioxide equivalent emissions<sup>4</sup>. This is equal to taking 54 vehicles off the road<sup>5</sup>.

### 3.4 Enforcement

There were no convictions for offences under the *Waste Reduction and Recovery Act* in 2014-2015.

<sup>3</sup>Based on research completed by Resource Conservation Manitoba.

<sup>4</sup>Calculations made using US EPA 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 31,026,491 bags = 155 tonnes (171 tons) of HDPE avoided (source reduction).
- No landfill gas recovery at landfills. Average distance to a community landfill is 5 km.

<sup>5</sup>Calculations made using US EPA Greenhouse Gas Equivalencies Calculator:

<http://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Calculation for number of cars off the road is: 4.75 tonnes CO<sub>2</sub>E = 1 passenger vehicle off the road.



## 4.0 Electronics Recycling

### 4.1 Why Electronics Recycling?

Electronics can contain harmful materials such as brominated flame retardants and halogenated hydrocarbons as well as heavy metals such as cadmium, copper, mercury and lead. Electronics are designed so these materials remain contained within them. 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 valuable materials such as aluminum, copper, plastics, 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 Development of an Electronics Recycling Program

ENR is developing an NWT-wide Electronics Recycling Program. Electronics Recycling Regulations have been developed under the existing *Waste Reduction and Recovery Act* for this program.

ENR finalized the framework for the Electronics Recycling Program in 2014-2015. Feedback on the proposed program was gathered through an invitation for feedback on a document sent to a broad range of stakeholders and through phone interviews. Work on drafting the regulations started after the stakeholder engagement was completed.

### 4.3 Electronics Recycling Pilot Project

ENR launched a pilot project in September 2013 to inform the development of the NWT Electronics Recycling Program.

The pilot continued running in Fort McPherson, Norman Wells and Fort Smith in 2014-2015. Residents in these communities were invited to bring electronics to existing beverage container depots for recycling. There was no charge to drop off electronics and no refund was given. Electronics collected were consolidated in Hay River and shipped to a processor registered under the Alberta electronics recycling program.

More than 25 tonnes of electronics were collected in the pilot project between September 2013 and March 2015.

The pilot has been a success and the quantity of electronics collected has been higher than expected. In Fort Smith and Norman Wells, the weight of electronics collected on average per person (4.2 kg and 4.6 kg respectively) was more than double that of programs in other Canadian jurisdictions in their first year or operation. (Note: data is not yet available for Fort McPherson.)

### 4.4 Next Steps

The Electronics Recycling Regulations were approved in fall 2015, with the launch of the territory-wide program planned for February 2016.



## 5.0 Waste Reduction and Recycling Initiative



The Waste Reduction and Recycling Initiative (WRRRI) is a funding program, developed in 2013. It supports efforts to reduce and recycle materials not yet included in NWT-wide recycling programs. The program is designed to be flexible so residents can prioritize the materials they want diverted from their community landfill through community-based waste reduction and recycling programs.

Each year, the WRRRI provides 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 WRRRI comes from the Environment Fund.

Projects supporting one or more of the following objectives are eligible for funding:

- reduce the amount of waste generated in our communities;
- reuse materials and products, rather than discard them;
- recycle materials which are not already collected through a NWT recycling program; and
- recover a useful benefit from waste.

Priority materials for WRRRI funding are: organics; paper and cardboard; electronics; 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.

The deadline for the first intake of applications was April 15, 2014. Projects had to be completed in the 2014-2015 fiscal year. Eight projects were selected across the NWT. A total of \$143,603 in funding was provided.

Advertising for the next year of funding was done between January and March 2015, and included print, radio and on-line media as well as direct e-mails to community governments throughout the NWT.

Initiatives completed in 2014-2015 included a recycling centre in Detah, poultry manure composting in Hay River and the safe disposal of used oil in Behchok̄.

These trailblazers are inspiring other municipalities and organizations to think of unique, alternative ways to reduce, reuse and recycle waste.



## 5.1 WRRRI Grant Recipient Spotlight

The Yellowknives Dene First Nation received \$9,503 to build a satellite recycling centre and household hazardous waste collection area in Detah as a one-year pilot project. Under a contract with the City of Yellowknife, recyclable materials were collected and transported to be included in the City's recycling program beginning in September 2014. Household hazardous waste, such as batteries and used oil, is also being collected and safely stored until being transported to the local hazardous waste processor for proper recycling or disposal. Community members have been using the recycling bins. The first load of recyclables was taken to Yellowknife for baling in October 2014. The Yellowknives Dene First Nation is optimistic the project will continue for many years to come.



*The satellite recycling centre and household hazardous waste collection area in Detah.*



## 6.0 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 of 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 staff. Advice reflects individual expertise on topics or a collective position on an initiative.

WRRAC met six times during 2014-2015.

**Table 6: Waste Reduction and Recovery Advisory Committee Members to March 31, 2015**

Name	Sector	Organization	Community
Kevin O'Reilly (Chair)	Environmental NGO	Ecology North	Yellowknife
Dustin Dewar	Community representative	Town of Hay River	Hay River
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
Taig Connell	Community representative	Depot Operator	Fort McPherson

## 7.0 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* (WRRRA). All surcharges from the Beverage Container Program and the Single-use Retail Bag Program are paid into the Environment Fund. In accordance with the WRRRA, the assets of the Fund may be used to pay for waste reduction and recovery programs and initiatives, including all program administration.

In 2014-2015, revenue into the Environment Fund was \$5,936,984 (excluding \$41,849 in interest income) and expenditures were \$5,423,476. The balance in the Fund on March 31, 2015, was \$2,032,514. An audited financial statement of the Environment Fund is included in Appendix A.

## 8.0 Contact Information

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

### **Waste Reduction and Management Section**

Environment Division

Department of Environment and Natural Resources

Government of the Northwest Territories

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Website: [www.rethinkitnwt.ca](http://www.rethinkitnwt.ca)

# Appendix A



## 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 25, 2015**

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2015, 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.

Salaries and benefits paid to employees of the Authority are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of salaries and benefits expenditures and related balances. Accordingly, we were 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 matters 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, 2015 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  
June 25, 2015**

*Crowe MacKay LLP*  
**Chartered Accountants**

## Environment Fund

### Statement of Operations

For the year ended March 31, 2015	2015	2014
	\$	\$
<b>Revenues</b>		
Beverage container program	4,994,935	5,086,435
Recoveries	35,017	3,747
Salvage	345,175	-
Single-use retail bag program	561,857	615,203
	<b>5,936,984</b>	<b>5,705,385</b>
<b>Expenditures</b>		
Advertising and promotion	21,154	1,740
Contract service - miscellaneous	94,838	30,640
Contract service - satellite depots	81,292	69,284
Depot handling fee	641,143	662,879
E-waste fee	21,000	12,000
Equipment, supplies and maintenance	193,378	78,581
Freight	337,863	323,925
Grants and contributions	259,271	139,103
Insurance	4,125	8,000
Memberships	8,091	9,071
Office	17,127	10,254
Processing centre handling fee	566,160	585,720
Professional fees	60,311	37,471
Refundable deposit fee	2,805,887	2,929,342
Storage	81,894	56,724
Travel and training	31,554	32,453
Wages and benefits (note 4)	198,388	518,175
	<b>5,423,476</b>	<b>5,505,362</b>
<b>Excess of revenues over expenditures before other item</b>	<b>513,508</b>	<b>200,023</b>
<b>Other income</b>		
Interest	41,849	28,420
<b>Excess of revenues over expenditures</b>	<b>\$555,357</b>	<b>\$228,443</b>

## Environment Fund

### Statement of Changes in Net Assets

For the year ended March 31, 2015	Unrestricted	Equipment replacement reserve	Total 2015	Total 2014
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	1,536,668	434,431	<b>1,971,099</b>	1,742,656
Excess of revenues over expenditures	555,357	-	<b>555,357</b>	228,443
Transfers (Note 2c)	(59,511)	59,511	-	-
<b>Balance, end of year</b>	<b>2,032,514</b>	<b>493,942</b>	<b>2,526,456</b>	1,971,099

### Statement of Financial Position

For the year ended March 31, 2015	2015	2014
	\$	\$
<b>Financial Assets</b>		
Accounts receivable	747,323	797,449
Due from treasury (note 5)	3,110,971	2,539,834
Loans receivable (note 6)	472	472
	<b>3 858,766</b>	<b>3,337,755</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	559,122	593,468
Unredeemed container liability (note 8)	773,188	773, 188
	<b>1 332,310</b>	<b>1,366,656</b>
<b>Net financial assets</b>	<b>\$2,526,456</b>	<b>\$1,971,099</b>
<b>Fund balances</b>		
<b>Unrestricted</b>	<b>2,032,514</b>	1,536,668
<b>Equipment replacement reserve</b>	<b>493,942</b>	434,431
	<b>2,526,456</b>	1,971,099

## Notes to the Financial Statements

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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
- 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 Chartered Professional Accountants Canada. 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 Program revenue and Single-use Retail Bag Program revenue is recognized when beverage containers and single use retail bags are sold by distributors to retailers. Recoveries and salvage revenue from recycled materials are recognized when received.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### (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 2015 transfer is \$59,511 (2014 - \$53,679). This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

## Notes to the Financial Statements

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### 2. Significant accounting policies (continued)

#### (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.

#### (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

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of 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.

## Notes to the Financial Statements

### 3. Future changes to significant accounting policies

#### Related party disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

#### Inter-entity Transactions, Section PS 3420

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management.

### 4. Wages and benefits

During the year the Department of Environment and Natural Resources allocated funds to directly pay a significant portion of the payroll for the Fund. This is expected to be a one time reduction of wages and benefits. The details of the transaction are noted below.

For the year ended March 31, 2014	2015	2014
	\$	\$
Wages and benefits	660,339	518,175
Reduction of wages and benefits by the Department of Environment and Natural Resources	(461,951)	-
	198,388	518,175

### 5. 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.

### 6. 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 prior 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 2016 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, 2015.

## Notes to the Financial Statements

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### 7. 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.

### 8. 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.

### 9. Related party transactions

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

### 10. Financial instruments

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).

### 11. 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

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable, loans receivable, due from treasury.

Accounts receivable are government agencies. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of \$747,323 (2014 - \$797,449). All financial assets are considered current.

#### Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2015, receivables from three customers comprised 45% of the total outstanding accounts receivables (2014 - 57%). The Fund reduces this risk by monitoring overdue balances.



