



BEVERAGE CONTAINER PROGRAM ANNUAL REPORT 2007-2008



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All photos courtesy of ENR unless otherwise indicated

OPERATIONS UPDATE

In the third year of operations, the Beverage Container Program (BCP) continues to experience a high success rate and support from all regions of the Northwest Territories (NWT). NWT residents are eager to participate, and are proving that recycling programs can work, even in the smallest communities.

There were no changes to the deposits or handling fees in 2007-2008. Refundable deposits are generally similar to or higher than most other territorial and provincial beverage container programs in Canada. Because increases in refundable deposits are not keeping up with inflation in many jurisdictions, some provinces in Canada are seeing their container recovery rates dropping. The BCP will necessarily review refundable deposits and handling fees to maximize recovery rates while keeping the program revenue neutral.



Photo: Jeff Pitre

DEPOTS AND PROCESSING CENTRES

Running a territory-wide container collection program presents many different challenges. The BCP offered collection services to all communities in the NWT in 2007-2008, either through permanent depots or temporary satellite depots (Figure 1, Table 1).

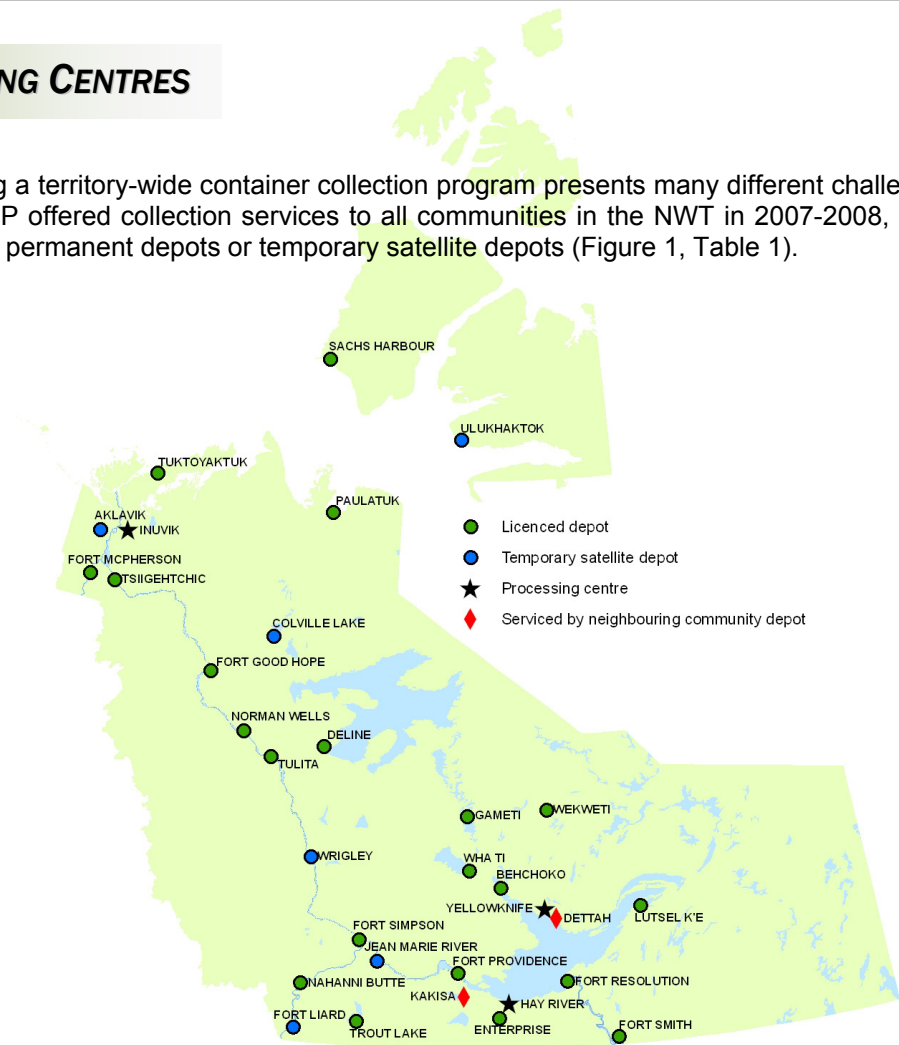


Figure 1. Beverage Container Program Depots and Processing Centres



In the last year of operations, two depot licenses were cancelled – in Jean Marie River and Ulukhaktok. In these cases, Environment and Natural Resources (ENR) hired contractors to go to the communities to run temporary satellite depots on an ad hoc basis.



The BCP recognizes that being a depot operator in a small community is not easy. Most of the small depots only need to be open one or two days each month, which is not enough to be an operator's primary occupation. Most of the small depots are operated by community stores, schools, non-profit groups, band development corporations, and other businesses. Only a handful are operated by individuals. All of the depots, excluding the processing centres, receive annual operating grants to help offset costs related to facility maintenance and labour. New depots are offered interest-free loans to help cover start-up costs, including payment of the refunds for the first containers returned to the depots. Development grants are also available for eligible depots to assist in renovations or other improvements to depot facilities.

Table 1. Depot and Processing Centre Operators 2007-2008

COMMUNITY	LICENCEE	DATE LICENSED	STATUS (AS OF MARCH 31, 2008)
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	---	---	Temporary Satellite Depot
Nahanni Butte	Nahanni Butte General Store	Jun-07	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	B-2 Pet Supplies	Oct-07	Operated by licensee
Tulita	Tulita Dene Band	Jun-07	Operated by licensee
INUVIK REGION			
Aklavik	---	---	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	---	---	Temporary Satellite Depot

DISTRIBUTORS

As of March 31, 2008, there were 30 distributors registered with ENR. Within the last year, one distributor cancelled their registration, and three new distributors were registered. See Table 2 for a list of registered distributors as of March 31, 2008.

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
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
National Focus Distribution Logistics Inc	DR129	Mar-07
SunOpta	DR130	Feb-08
J&T Holdings	DR131	Mar-08



The Beverage Container Program and the Yellowknife Bottle Shop jointly purchased 75 recycling bins for use during the Arctic Winter Games in March. After the Games were over, the bins were donated to Yellowknife schools.

BEVERAGE CONTAINER RETURNS

From April 1, 2007 to March 31, 2008, over 30 million beverage containers were distributed in the NWT – almost a 6% increase from the previous year. Beverage container recovery, however, was similar to the previous year, with almost 25 million containers returned to NWT depots. **The rate of return for 2007-2008 was 81%** (Table 3, Figure 2). The numbers of containers returned were reflective of each region's population, indicating that recycling is happening at comparable rates across the territory (Figure 3).

Table 3. Rate of Return 2007-2008

Container Material and/or Type		Containers Distributed	Containers Returned	
NON-ALCOHOL BEVERAGES	< 1.0 Litre	Glass	515,212	572,114
		Aluminum	9,509,824	7,723,714
		Plastic	5,153,516	3,999,527
		Tetra Pak/Drink Pouch	2,129,556	940,070
		Gable Top	24,136	12,628
		Bi-Metal	27,660	9,155
	≥ 1.0 Litre	Glass	28,702	19,623
		Aluminum	88	198
		Plastic	816,850	524,263
		Tetra Pak/Drink Pouch	467,559	246,615
		Gable Top	92,411	37,311
		Bi-Metal	14,611	4,248
		Bag-in-a-Box	1,931	239
	ALCOHOL BEVERAGES	< 1.0 Litre	Glass - Refillable Bottle	3,286,646
Glass - Non Refillable Bottle			1,096,953	1,693,878
Aluminum			6,382,514	4,858,473
Other Material			0	2,111
≥ 1.0 Litre		Glass - Other Than Wine or Spirits	0	1,230
		Other Material - Other Than Wine or Spirits	0	1,087
Any Size	Any Material - Wine or Spirits	1,126,827	1,118,617	
Total		30,674,996	24,863,613	



Aseptic containers (like juice pouches and Tetra Pak juice boxes) are made of layers of paper, plastic, and aluminum. They are lightweight and efficient to transport (therefore reducing greenhouse gas emissions), extend shelf life of products without the need for energy-consuming refrigeration, and are recyclable. However, most containers used in Canada are currently shipped all the way to Asia for recycling, reducing the overall environmental benefits. The environmental benefits versus costs are still unclear, making aseptic containers a controversial type of packaging.

An Industry Standard Beer Bottle - the brown glass bottle that most domestic beer comes in - is designed to be recovered and refilled an average of 15 times over its life. That's a lot of reuse!

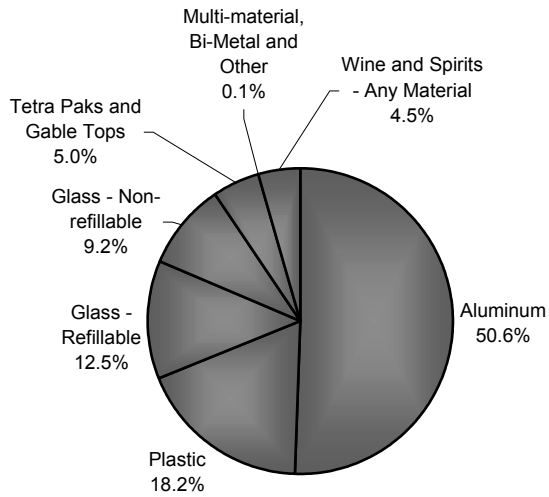


Figure 2. Containers Returned in the NWT by Material Type

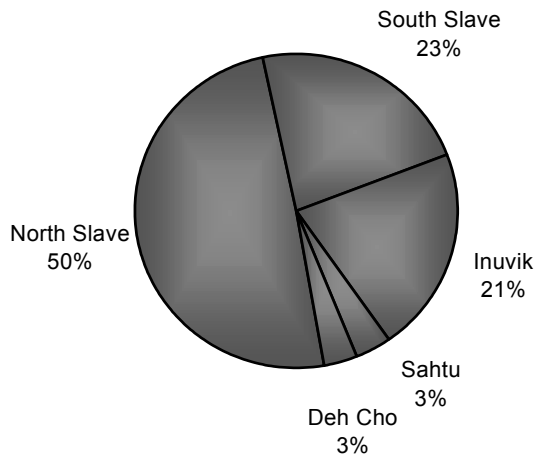


Figure 3. Containers Returned in the NWT by Region¹

¹ See Table 1 for a list of communities in each region.

WASTE REDUCTION AND RECOVERY ADVISORY COMMITTEE

One meeting of the Waste Reduction and Recovery Advisory Committee (WRRAC) was held in July 2007. There were no changes to the members of the WRRAC from the previous year (Table 4).

Table 4. Waste Reduction and Recovery Advisory Committee Members

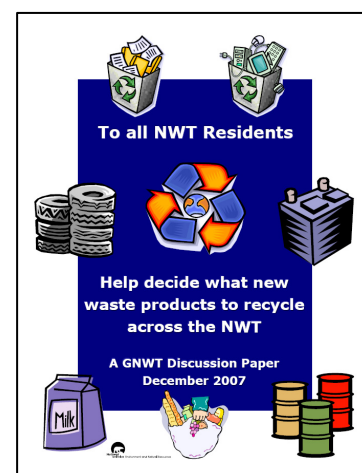
NAME	COMPANY / ORGANIZATION	COMMUNITY
Raymond Massey (Chair)	Community Resident	Inuvik
Joe Agrey	NWT Motor Transport Association	Yellowknife
Ron Courtoreille	Community Resident	Hay River
Kristine Drader	Community Resident	Norman Wells
Kevin O'Reilly	Community Resident	Yellowknife
Greg Rowe	Hay River 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 2007-2008.

WASTE REDUCTION AND RECOVERY PROGRAM EXPANSION

The Beverage Container Regulations are currently the only regulations under the NWT Waste Reduction and Recovery Act. In January 2008, ENR held a public consultation to find out which products NWT residents would like to start recycling next. Paper and cardboard, milk containers, and electronics topped the list. ENR will take the feedback it received and begin exploring ways to develop new waste reduction and recycling initiatives.



CONTACT US

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:

**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
Website: <http://www.enr.gov.nt.ca/eps/beverage.htm>
Email: NWTRecycle@gov.nt.ca

Auditors' Report

To the Minister of Environment and Natural Resources

We have audited the statement of financial position of Environment Fund as at March 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, 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.

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. We are unable to determine if these reports had been subject to audit, if adjustments would be required to revenues, expenditures, accounts receivable or accounts payable.

In our opinion, except for the limitation noted above, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

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 Recovery Act* and Regulations.

The comparative figures presented for the year ended March 31, 2007 were audited by other auditors who expressed an opinion with a scope limitation in their report dated November 7, 2007.

Yellowknife, Canada
August 19, 2008



Chartered Accountants

Environment Fund

Statement of Operations

For the year ended March 31,

2008

2007

Revenue

Beverage container program surcharge	\$ 5,228,797	\$ 4,869,929
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Expenditures - beverage container program

Advertising and promotion	30,171	56,459
Contract services - satellite depots	99,835	85,535
Depot handling fee	642,183	647,555
Equipment supplies and maintenance	31,918	30,003
Freight	233,199	266,958
Grants and contributions	101,220	91,588
Insurance	15,699	8,425
Minor equipment purchases	-	61,474
Miscellaneous contracts	40,400	-
Office expense	15,182	37,772
Processing fee	529,574	541,070
Professional fees	27,525	58,461
Refundable deposits	2,673,861	2,615,588
Storage	61,941	51,439
Travel and training	25,543	22,028
Wages and benefits	156,778	169,261

	4,685,029	4,743,616
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Excess revenue from operations

543,768	126,313
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Interest income

59,818	25,866
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Excess revenue for the year

\$ 603,586	\$ 152,179
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Environment Fund**Statement of Changes in Net Assets**

For the year ended March 31,


	Unrestricted	Equipment replacement reserve	Undeemed container reserve	Total 2008	Total 2007
Balance, beginning of year	\$ 102,309	\$ 95,188	\$ 730,489	\$ 927,986	\$ 775,807
Excess revenue for the year	603,586	-	-	603,586	152,179
Transfers (note 2d(i))	(47,594)	47,594	-	-	-
Current year additions to undeemed container reserve (note 2d(ii))	(778,182)	-	778,182	-	-
Current year removals from undeemed container reserve (note 2d(ii))	730,489	-	(730,489)	-	-
Balance, end of year	\$ 610,608	\$ 142,782	\$ 778,182	\$ 1,531,572	\$ 927,986

Environment Fund


Statement of Financial Position

March 31,	2008	2007
Assets		
Current		
Due from treasury (note 3)	\$ 1,244,061	\$ 791,330
Accounts receivable	551,231	478,992
Prepaid expenses	1,223	11,025
Interest receivable	-	25,866
Other receivables	-	1,276
	<hr/>	<hr/>
	\$ 1,796,515	\$ 1,308,489
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 264,943	\$ 376,182
Wages payable	-	4,321
	<hr/>	<hr/>
	264,943	380,503
Net assets	<hr/>	<hr/>
	1,531,572	927,986
	<hr/>	<hr/>
	\$ 1,796,515	\$ 1,308,489

Approved by:



Deputy Minister



Director

Environment Fund

Notes to the Financial Statements

March 31, 2008

1. Nature of operations

Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Recovery and Reduction Act* of the Northwest Territories. The *Waste Recovery and Reduction Act*, enacted in July 2005, established the Environment Fund for waste reduction and recovery.

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
- 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 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.

These financial statements are prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Fund are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Environment Fund

Notes to the Financial Statements

March 31, 2008

2. Significant accounting policies (continued)

(b) Revenue and expense recognition

Revenue is recognized when distributors invoice the retailers for the beverage containers that will be circulated in the Northwest Territories.

Refundable deposits, handling and processing fees are recognized when consumers return those beverage containers to a depot for refund.

(c) Capital assets

Capital equipment, consisting of mobile equipment and machinery, exceeding \$50,000 are recorded at cost and amortized on a straight-line basis over the estimated useful life of the equipment. 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. The Fund does not currently have any capital assets.

(d) Reserve funds

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

(i) 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.

(ii) Undeemed 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

(e) 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 (\$30,181 in 2008, \$35,797 in 2007).

(f) 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.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Environment Fund

Notes to the Financial Statements

March 31, 2008

3. 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 distributed to the participants.

4. Subsequent events

Subsequent to year-end a distributor filed claim that they had over paid into the Fund over several years. The total amount of the claim is not material, and management has not yet assessed if there is a payable amount to the distributor. The amount has not been recorded in these financial statements as a payable.

5. Related party transactions

	2008	2007
Revenue - N.W.T. Liquor Commission	\$ 2,224,621	\$ -
Expenses		
GNWT - Environment and Natural Resources	\$ 29,127	\$ -
GNWT - Finance	15,699	-
GNWT - Human Resources	156,328	-
GNWT - Public Works	409	-
	\$ 201,563	\$ -
Accounts receivable - N.W.T. Liquor Commission	\$ 181,239	\$ -

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

6. Comparative figures

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

Environment Fund

Notes to the Financial Statements

March 31, 2008

7. Financial instruments

The following sections describe the Fund's financial risk management objectives and policies and the Fund's financial risk exposures.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund has a significant number of customers which mitigates credit risk.



September 2008