



# ANNUAL REPORT 2008



## Moving Beyond Waste

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# Letter to the Minister

March 31, 2009  
Honourable Roland Haché  
Minister of Environment  
P.O. Box 6000  
Fredericton, NB E3B 5H1

Dear Minister:

On behalf of the Board of Directors of Recycle New Brunswick, I am pleased to submit our Annual Report for the year January 1, 2008, to December 31, 2008.

Sincerely,



Murray Driscoll - *Chairman, Recycle NB*

Attach.

## Chairman's Message

Our organization experienced a year of profound change in 2008.

During the month of May a new *Designated Materials Regulation 2008-54* came into force under the Clean Environment Act. The new regulation superseded the previous *New Brunswick Tire Stewardship Regulation* and created a new, multi-materials organization to manage recycling of both tires and paint. This multi-materials organization, Recycle New Brunswick (Recycle NB), will be responsible for both the Tire Stewardship and Paint Stewardship recycling programs.

This year of change marks a new beginning for the agency. We are honoured by the province's confidence in our organization, and we are determined to continue to deliver quality services to all stakeholders while also working to protect and enhance New Brunswick's environment.

We were pleased that the Government of New Brunswick gave our organization responsibility for launching and administering the new Paint Stewardship Program, building on the success of our decade-long experience with the Tire Stewardship Program (TSP). We anticipate that managing two recycling programs under a single organization will allow the programs to be more efficiently administered.

The creation of Recycle NB also marked a change in the manner in which future programs will be overseen. An Extended Producer Responsibility (EPR) framework will help to guide the development of the new paint recycling program. This new framework presents not only challenges but also tremendous opportunities for both existing and prospective recycling programs.

Our Board of Directors, representing a broad cross-section of regions and sectors, will continue to focus on in-province recycling and value-added manufacturing as our mandate expands to include new materials.

The future is bright for Recycle NB. Keeping in mind our goal of waste reduction and the responsible management of materials, Recycle NB is looking forward to taking on new responsibilities, new materials and new issues while at the same time making a contribution to the prosperity of New Brunswick.

On behalf of myself and our board of directors, I wish to express our renewed promise to effectively manage our recycling programs and preserve New Brunswick's environment.



Murray Driscoll - *Chairman, Recycle NB*



## Board of Directors

### Recycle NB Board Members

- **Murray Driscoll, Chair | Quispamsis, NB**

Mr. Driscoll is a retired educator and Mayor of Quispamsis.

- **Yves Gagnon, Vice-Chair | Moncton, NB**

Professor Gagnon is the K.C. Irving Chair in Sustainable Development, Université de Moncton, and founding president and CEO of the New Brunswick Innovation Foundation.

- **Thérèse Bourgeois | Grand Falls, NB**

Ms. Bourgeois is a hospitality and tourism sector specialist and vice-president of the Kalroutex Club.

- **Rod Borden | Saint John, NB**

Mr. Borden is a retired educator and has been an active volunteer within the community of Saint John, New Brunswick.

- **Mary Ann Coleman | Waterford, NB**

Ms. Coleman is the executive director of the New Brunswick Environmental Network.

- **Robert Gamble | Fredericton, NB**

Mr. Gamble is an independent consultant and the former president of Service New Brunswick.

- **Roland Guitard | Pointe Verte, NB**

Mr. Guitard is a retired insurance executive and former deputy mayor of Pointe-Verte.

- **Colombe Leblanc King | Saint-André, NB**

Ms. Leblanc King is a retired educator and is active in community service and development planning.

- **Paul Losier | Beresford, NB**

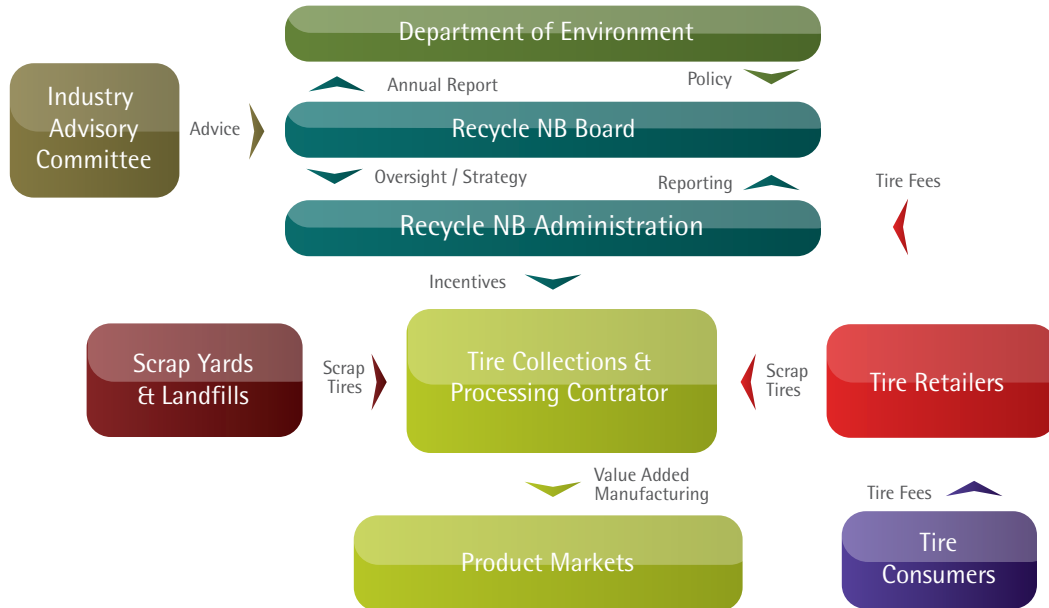
Mr. Losier is a municipal councillor for the Town of Beresford and chairman of the Nepisiguit-Chaleur Solid Waste Commission.

The Board would like to thank Mr. Julian Walker for his dedicated service to the Board during 2008. Mr. Walker gave generously of his time and we appreciate his thoughtful counsel during his tenure. The board wishes him the best in his future endeavours.



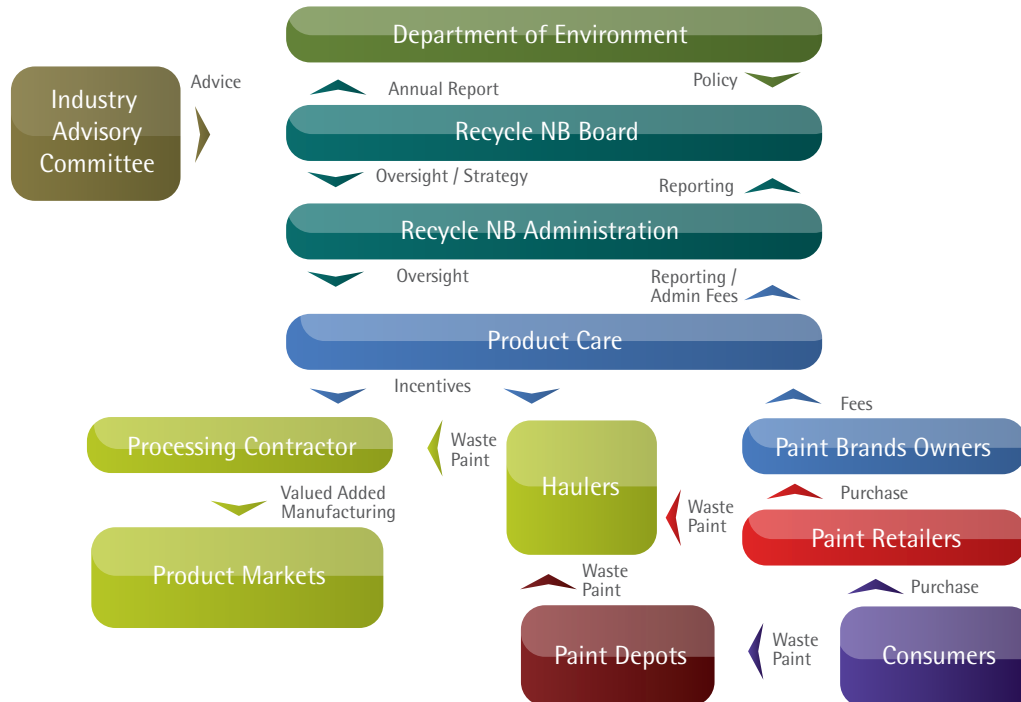
# Recycle NB Stakeholder Models

## TSP Stakeholder Model



## Tire Stewardship Program (TSP)

## PSP Stakeholder Model for EPR



## Paint Stewardship Program (PSP)



## Recycle NB Core Values

### ■ Role

*"To ensure that materials designated by the Minister of the Environment are managed in a manner that assures a clean and healthy environment."*

Recycle NB is mandated to manage waste reduction programs for all designated materials and to provide environmental stewardship for New Brunswick. The positive track record established by the board is clearly an advantage as it moves into the management of new materials. The organization offers a strong operational base and province-wide contacts with various key stakeholders, which are clear assets in developing new programs.

In these times of economic difficulty and environmental challenges, Recycle NB looks to show leadership as a responsible manager of designated materials, and in doing so play an important role in the Climate Change Program adopted by the Government of New Brunswick.

### ■ Vision

*"All waste materials in New Brunswick are managed in a sustainable and environmentally responsible way."*

Recycle NB and its stakeholders are working toward the common goal of a waste-free New Brunswick. To achieve this, Recycle NB must implement new programs and the rationale and functionality of these programs must be clearly and effectively communicated to the public and other stakeholders. There is little doubt the organization will encounter challenges. However, this province and its citizens deserve a professional and dedicated organization that is committed to environmental stewardship.

### ■ Mission and Goals

The success of an organization demands that objectives be clearly established, and short-term and long-term planning be implemented. Under the TSB, the board established the following mission for 2007:

*"To administer with quality and care, a recycling program for tires in accordance with the Clean Environment Act."*

Recycle NB's new mission has been broadened to incorporate its new role in multi-materials stewardship for 2008:

*"To manage waste reduction programs for designated materials and provide environmental stewardship for New Brunswick."*

In response to this new mission, the board established the following objectives:

- 1. To increase public education and awareness.** Recycle NB will focus on educating New Brunswickers about the environment, promoting an understanding that waste is a valuable resource and that recycling is a viable option.
- 2. To be financially sustainable.** In these economically challenging times, the organization must earn public confidence by being financially sustainable.
- 3. To add value.** With the help of advancing technology and emerging markets for recycled products, Recycle NB strives to add value to waste materials and develop long-term program stability in the process.
- 4. To facilitate waste minimization.** Recycle NB will ensure its programs provide a ubiquitous and accessible recycling solution for designated materials.
- 5. To remain transparent and accountable.** Recycle NB is committed to accountability and transparency and will continue to seek ways to improve its performance in these areas.

# Board Governance

## ■ Board Structure

Recycle NB's nine-member board is comprised of New Brunswickers from all regions of the province. The directors are appointed by the Minister of Environment, each bringing a unique skill set and perspective to address some of our most challenging environmental issues.

The board is responsible for determining the organization's strategy and policies, setting objectives for management, approving budgets and recycling fees as well as discharging its fiduciary obligations to the brand owners and other stakeholder groups. It provides oversight of Recycle NB's operations through regular board meetings, an annual strategic planning session and regular committee meetings.

In addition to its structure, Recycle NB's governance model incorporates a number of values which guide the functioning of the board.

## ■ Accountability

Recycle NB's commitment to accountability is ensured through a continual review of the board's policies and practices. A fundamental portion of this effort is performed through key reporting mechanisms such as the board's annual report and management plans. In addition, Recycle NB's financial management activities are annually reviewed by an independent auditing firm. This audit process provides assurances that the organization is conducting business in accordance with generally acceptable accounting practices (GAAP). The findings of the audit are then presented in our annual report.

The board regularly looks for ways to improve its accountability through the use of strategic sessions with various stakeholder groups and then works to incorporate the results in such a way that it enhances Recycle NB's internal governance practices.

## ■ Transparency

Recycle NB continues to provide, through this annual report, its advisory committees and other methods, a comprehensive public explanation of all its operations. This transparency exceeds the deliverables under the regulation and is designed to provide as much information as possible to the public at all times.

It is important to note that the *Designated Materials Regulation* strictly prohibits the cross subsidization of material management from different waste streams. Recycle NB believes strongly in this principle and understands the importance of diligently ensuring New Brunswick's consumers pay only for what waste stream is created and managed.

## ■ Industry Advisory Committees

The opportunity to participate in the management of recycling is offered to industry stakeholders through industry advisory committees. Recycle NB is determined to ensure stakeholders are given the opportunity to provide advice in order to manage designated materials in the most efficient and equitable manner possible.

There are two industry advisory committees (paint, tires) that meet regularly to assist the board on materials for which it provides oversight. These committees give the board a unique opportunity to communicate bilaterally with industry stakeholders. Through the meeting of each committee, any concerns and comments are provided a venue for exchange, where responses are noted and innovative solutions to difficult issues can be forged.

This cooperative partnership with stakeholders ensures that many different perspectives can be regularly evaluated by Recycle NB's board.







## Evolution to EPR

The changes to the *Designated Materials Regulation* that made Recycle NB the organization responsible for the management of all designated waste streams marked a major policy change in the way in which paint and other end-of-life program opportunities will be handled. This new policy is called Extended Producer Responsibility (EPR), and it will provide the framework for managing all future programs under the regulation.

### ■ What EPR Means for NB

EPR is about taking responsibility. In New Brunswick, EPR is a system in which producers take responsibility for managing their product's life cycle to minimize its environmental impact. EPR demands responsibility at every stage in the life cycle of products, from the selection of materials, to the production process and, finally, to the use and disposal of products. EPR develops incentives for producers to minimize life-cycle environmental impacts when designing products and to accept responsibility for environmental impacts that cannot be eliminated by design.

The Government of New Brunswick assured industry's involvement in the process by creating its first EPR legislation (*Designated Materials Regulation*). This legislation set the standard for future programs under this model. This shift in direction unburdens local government authorities and the general taxpayer from the legal, physical and socio-economic impacts of waste management.

### ■ Benefits of EPR

The benefits of EPR programs are numerous but here are a few key reasons why EPR is a good fit in NB:

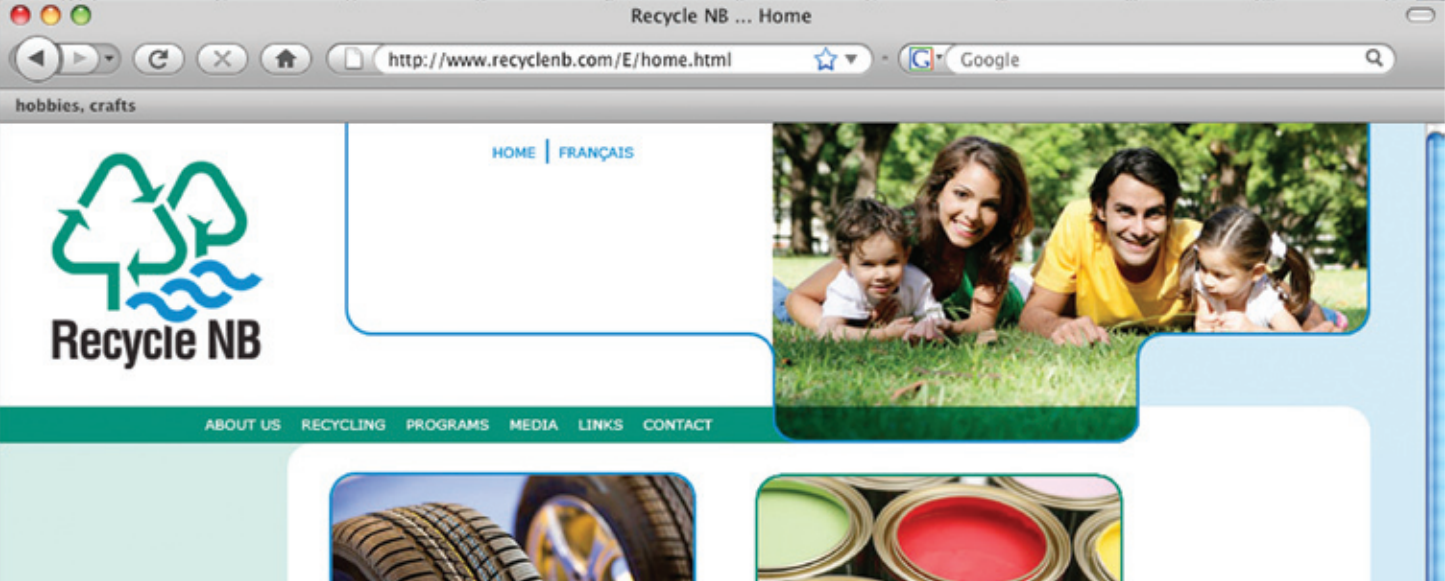
- EPR shifts end-of-life costs to the producers and/or others in the product chain rather than having costs borne by municipalities and general taxpayers.
- Producers with expensive end-of-life management costs have both the incentive and opportunity to redesign their product to minimize these costs.
- EPR creates incentives for producers to remove toxic substances from products and develop greener designs in the future.
- EPR creates a solid framework for continual program development without the need for government legislation.
- EPR helps reduce greenhouse gas emissions through increased use of recycled materials.
- The program in general puts New Brunswick on the path toward zero waste.

### ■ Programs Moving Towards EPR

With EPR as topic for discussion among many stewardship organizations in Canada, New Brunswick welcomed the 5<sup>th</sup> National Extended Producer Responsibility Workshop in February 2008. Hosted at the Delta Hotel in Fredericton, the workshop was held in partnership with the New Brunswick Environment Industry Association (NBEIA), New Brunswick Department of Environment and Environment Canada. This high profile conference drew participants from across Canada, the United States and Europe, elicited many positive exchanges and was generally thought to be a complete success.

While EPR is not a new idea, it has taken time for governments in North America, Europe and elsewhere to develop policy, provide stakeholder consultations and to engage the public in this process. While fewer than half of Canadian provinces have made the policy shift toward EPR based programs, the trend is certainly increasing. In 2008, Manitoba became the latest to showcase its new EPR tire program, Tire Stewardship Manitoba. The Resource Recovery Fund Board of Nova Scotia has also recently launched an EPR based program for electronic waste.





## Getting the Message Out

### Getting the Message Out

A core goal of Recycle NB is to go beyond simply administering its recycling programs by educating the public on their existence and purpose. The organization strives to be the information clearinghouse for recycling in New Brunswick. Recycle NB has worked to develop comprehensive information resources for the public.

Motivating people to make changes in their daily routine such as "Moving Beyond Waste" requires a philosophical change in the way waste is viewed. We are privileged to be living in a province with beautiful coastlines, Acadian forests and rolling hills, but it is essential for everyone to "do the right thing" to recycle these valuable waste resources and reduce our carbon footprint.

There is no better way to achieve this than to make recycling information available to everyone. In 2008, Recycle NB launched a revamped website at [www.recyclenb.com](http://www.recyclenb.com) to increase awareness of the paint and tire recycling programs and to provide user-friendly features including a locator for waste paint drop-off depots. The new design of Recycle NB's homepage makes it easier for users to find essential waste-management information and the organization is committed to updating the website with program details that consumers both want and need.

In the longer term, the Recycle NB's expanded website is also being designed to include operational aspects of the program in addition to its public education role. The initial phase of the site's transformation is now complete. It significantly expands the scope and detail of TSP and PSP information with a particular focus on recycled product outputs.

The new face of Recycle NB is also visible through its redesigned brochures and program counter cards as well as an increased presence in various media and in tradeshow booths at conferences and exhibitions.

Recycle NB is confident that all New Brunswickers can make a difference through waste reduction for the benefit of our environment today, and for future generations.





## Paint Stewardship Program (PSP) 2008 Highlights

### Brand Owners

This past year not only marks the beginning of the new organization, Recycle NB, but it also highlights the start of the newest designated material program, paint. This new program will follow the EPR policy model that requires industry to take responsibility for the post consumer management of their paint products. According to the regulatory requirements, a brand owner in New Brunswick is defined as a person who:

- Manufactures paint in the province and sells, offers for sale or distributes that paint in the province.
- Is the owner or licensee in the province of a registered or unregistered trademark under which paint is sold, offered for sale or distributed in the province.
- Brings paint into the province for sale or distribution.

### Evaluation of Management Plans

Once a company determines that it qualifies under the regulation as a brand owner, it must make a choice as to how it will fulfill its obligations. A brand owner has two core paths to follow: The first option involves a brand owner setting up its own recycling system to take back end-of-life paint; the second option, which is certainly the dominant choice among current brand owners registered under the program, is to select an agent that will deliver a paint recycling system in their stead

A paint brand owner or agent must, at a minimum, include in a paint management plan the following:

- The collection of waste paint in New Brunswick, including the waste paint of other brand owners.
- The management of waste paint in adherence to the following order of preference – reuse, recycle, disposal in an engineered landfill, and recovery of energy.
- The brand owner's plan for achieving a 70 per cent reuse rate.
- A description of the efforts made by the brand owner to redesign paint products to improve reusability and recyclability.
- A communications plan for informing consumers of the brand owner's paint stewardship plan and the location of return depots.
- The establishment of return depots that will ensure reasonable and free consumer access for the return of waste paint.
- The assessment of the performance of the brand owner's plan by an independent auditor.
- The minimization of environmental impacts from waste paint.







Recycle NB set up a special Paint Management Plan Evaluation Committee to evaluate agent management plans submitted on behalf of brand owners. Paint drop-off accessibility to all areas of the province, recycling capabilities, operations management experience and public awareness strategies were among the many factors considered during the evaluation period.

### Approval of Paint Agent

In June 2008, having been endorsed by the board's stakeholder-based Paint Industry Advisory Committee, Product Care was chosen by Recycle NB as the paint agent for current brand owners registered under the program. Working closely with the brand owners and Product Care, Recycle NB's directors approved the paint management plan for a three-year period. This paint stewardship plan will provide industry stakeholders the framework necessary to set up a recycling system that is accountable and transparent to all stakeholders. The plan will become a key component for the future success of paint recycling in New Brunswick.

### Phased Paint Program Rollout

The development and implementation of an effective and efficient paint recycling program was set to take place in two phases.

#### Phase I

The first step of the implementation of the new paint stewardship program consisted in shifting the financial responsibility from the New Brunswick Solid Waste Commissions to the paint brand owners. With the promise from the Minister of Environment that a program for paint would be in place by the end of 2008, Product Care, acting on behalf of the paint industry, did achieve this program milestone.

#### Phase II

The second implementation phase of the paint stewardship program was the most noticeable for paint consumers. In April 2009, a network of collection depots was created throughout the province, with the promise of continued future improvement. This visible addition to the recycling effort will help reuse, reduce, and recycle the 350,000 litres of leftover paint generated in New Brunswick annually.

Recycle NB receives no outside funding from the government, therefore based on the paint program's EPR model, any associated costs for oversight, education and public awareness, auditing or general administration or any other expenses related to the paint stewardship program are reimbursed by paint brand owners on a cost recovery basis.







## Tire Stewardship Program (TSP) 2008 Highlights

Since the creation of a tire-recycling program in 1996, the equivalent of more than 11 million scrap tires have been processed through the TSP. For the coming year, the main goal remains to carry on with the operations as before, and to explore new ways to diversify the production of scrap-tire originated consumer goods.

New Brunswick's province-wide scrap tire collection system operates every business day of the year. There are more than 700 retail outlets in the province where new tires are purchased and scrap tires are generated during the installation process. TSP collection volumes at these locations will vary from month to month, as new tire sales typically fluctuate with seasonal changes. During 2008, new regulations in Quebec requiring vehicle owners to install winter specific tires added to this effect. When taken relative to the number of tires sold in New Brunswick during 2008, the TSP scrap tire collection efforts achieved an exceptional 103 percent recapture rate primarily due to old stockpile and scrap yard cleanups.

Recycle NB contracts with Tire Recycling Atlantic Canada Corporation (TRACC) to manage the province-wide collection of scrap tire resources as well as the processing of materials into final manufacture of new products. The company's plant, located in the Minto Industrial Park, represents a state-of-the-art tire recycling operation with one of the most diverse recycled product offerings in North America.

To ensure a sufficient supply of raw material for its recycling operation at any time of the year, TRACC has traditionally maintained an additional scrap tire reserve inventory at its plant site to supplement feedstock volumes as required. The continued production of value-added

products, coupled with the conclusion of a large engineered civil project pilot stretched a limited scrap tire resource. Despite this, the program recycled the equivalent of more than 1.35 million scrap passenger tires, the second highest processing level in the 11-year history of the program.

In February 2008, Recycle NB and TRACC jointly concluded a comprehensive new five-year agreement that paves the way for further growth in production diversity, steady market expansion and continued long-term progress of the TSP.

Having recognized the need for increased subsidy provisions to complete this new, multi-year contract with TRACC, a new environmental fee schedule was implemented. The specific fees applicable on new tire sales, and based on rim size categories, had remained unchanged since their original establishment. After more than 11 years without a change, adjusting the environmental fee structure on new tire sales effective March 1, 2008, will ensure that the board's subsidy financing arrangements with TRACC remain fully self-supporting. On this basis, the operational period for the new multi-year agreement will apply until March 2013. Recycle NB is cognizant of incentive created by a differential in the tire recycling programs across Canada and will continue its work towards the harmonization of fees with other provinces.







## TSP Goals and Achievements

The New Brunswick Department of Environment has given Recycle NB the mandate to offer a product management program for scrap tires. Through the Tire Stewardship Program, Recycle NB provides a system through which all tire retailers in New Brunswick can fulfill their obligation to comply with the *Designated Materials Regulation*. The regulation applies to any businesses that sell new tires within the province.

### Tires Sales in 2008

It is the responsibility of the 700 registered tire retailers to collect the tire recycling fee at the point of sale for each new tire sold and to remit these fees to Recycle NB. From the fiscal perspective, the TSP system has always been entirely self supporting and receives no financial support from the government of New Brunswick. This revenue stream represents the sole source of funding from Recycle NB to TRACC under the terms of the operating agreement. During 2008 the TSP collected recycling fees from retailers on the equivalent of more than 1,084,000 passenger tires.

### Tire Collections in 2008

Part of Recycle NB's Tire Stewardship Program is to ensure that all scrap tires generated at tire retailer locations are collected and sent for recycling. Recycle NB accomplishes this through its contract with TRACC. The TSP is based on a return to retailers system, therefore the tire sales and collection rates may not always correspond exactly but Recycle NB monitors these statistics carefully to ensure a level playing field for all tire retailers in the province. Recycle NB collectors diverted the equivalent of more than 1,115,000 scrap passenger tires from more than 1,000 tire registrant locations. This amounts to more than 22.3 million pounds of scrap tire material being delivered to TRACC's tire processing and recycling facilities.

### Tire Processing in 2008

In 2008, more than 27-million pounds of scrap rubber were processed into value added materials and products. Recycle NB worked closely with its contractor, TRACC, to ensure all scrap tires are made into material for value-added applications. The industry accepted PTE measurement system has been traditionally used to generate annual data on the program. PTE stands for Passenger Tire Equivalents and in NB it is equal to 20 pounds (9.07 kilograms). Based on long-standing estimates, the system considers the average truck tire roughly equivalent to five passenger car tires, in terms of the amount of recyclable rubber it can generate. Expressed on this scale, more than 1,350,000 scrap PTEs were diverted from New Brunswick's waste stream for recycling in 2008.

Through the completion of a unique road building embankment project, TRACC successfully and simultaneously continued its more traditional manufacturing operations. TRACC was able to maintain this heightened output to generate huge amounts of bulk tire shred for use as engineered construction material in the St. Stephen road building pilot while continuing to manufacture their diverse range of high quality consumer and industrial products. The company's substantial on-site reserve of scrap tires was dramatically reduced in order to meet the demand.



## TSP Quality Assurance

The TSP's main priority is ensuring the quality of service provided by the program, which contributes to ensuring scrap tires are recycled as a valuable resource. There are two main parts to the operations which fall under the oversight of the program: collections/recycling operations and the remittance of recycling fees.

Recycle NB uses the following processes to implement quality assurance for the TSP:

- Analyzing feedback and taking action to improve programs.
- Analyzing our management plan to improve program delivery.
- Analyzing trends and patterns.
- Benchmarking with like programs.

A total of 18 tire retailer audits were performed during 2008 representing a broad cross section of retail operations in New Brunswick. The audit results indicated a high rate of fee remittance accuracy and any variances found were able to be quickly corrected with each respective retailer. Recycle NB has also continued to increase its efforts to encourage all retailers to remit in a timely fashion to ensure a level playing field for the tire industry within the province.

The acquisition of new weigh scales have enhanced the precise measurement of scrap tires coming into the scrap tire processing facilities in Minto, New Brunswick. This improved accuracy ensures Recycle NB is able to fulfill its fiduciary duty to precisely monitor the scrap tire influx and provide cost-effective administration of operations for the TSP on behalf of its stakeholders and tire consumers.

The New Brunswick Tire Stewardship Board (NBTSB) has traditionally made available the two-year rolling Management plan for the TSP as part of the Annual Report. Starting in 2010 Recycle NB will be developing the TSP's administration document separately from our annual report and will make it available to the public online at [www.recyclenb.com](http://www.recyclenb.com) for download.







## Adding Value Through TSP

### ■ Expansion of TSP Value-Added Manufacturing

Developed in conjunction with the University of New Brunswick, TRACC's roofing shingles represent the first TSP hybrid product to combine plastic, rubber and other recycled materials, as part of the process feedstock. Field test installations of the shingles emphasize different residential structures and diverse roofline configurations. Their slate-style appearance and intrinsic durability are seen as major advantages over natural slate and other high-end roofing products.

Through easy installation, it provides a practical benefit for roofing contractors using this recycled product, instead of natural slate or other premium roof tiles. Since their weight is comparable to regular asphalt shingles, no additional structural improvements are required compared to using real slate.

Even in cold temperatures, the composite shingles retain their flexibility. This is crucial since it means that roofing work can take place later in fall or earlier in spring and repairs can be made in the dead of winter if necessary. Manufactured in a multitude of different colours, they are also highly resistant to ice storm damage. One niche market of specific interest in this regard involves heritage structures in areas where natural slate may have been used historically on institutional, residential, or commercial buildings.

### ■ Continued TSP Market Development

In 2008, TRACC and Recycle NB played a major role in the completion of a pilot in combination with the New Brunswick Department of Transportation. The project used scrap tires as a way to solidify the soil supporting the new Route 1 highway in St. Stephen. The project used huge amounts of recycled tires as lightweight fill to provide an economical engineered solution.

The project took nearly two years to complete and was finalized in December 2008. When finished, the program had supplied nearly 14,000 tonnes of Tire Derived Aggregate (TDA), which represents the equivalent of 1.4 million tires.

The advantages of this technology are numerous. The material offers free draining, good thermal resistivity, compression potential, vibration absorption as well as being economically viable.

Such innovative ideas and techniques in construction have also drawn national attention to the project since it is the second largest of its kind in North America.

# Auditor's Report



KPMG LLP  
Chartered Accountants

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To the Board of Directors of Recycle New Brunswick

We have audited the statement of financial position of Recycle New Brunswick (the "Company") as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 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 Company derives revenue from the collection of tire levies pursuant to the provisions of the Clean Environment Act, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fee and levy revenues was limited to the amounts recorded in the records of the Company and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fee and levy revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations, changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that tapers at both ends, resembling a stylized underline.

Fredericton, Canada  
February 23, 2009

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.



# Statement of Financial Position

December 31, 2008, with comparative figures for 2007

Assets	2008	2007
Cash	\$560,173	\$140,251
Accounts receivable (note 3)	946,721	555,060
Prepaid expenses	3,247	3,247
Current portion of advance to Tire Recycling Atlantic Canada Corporation	-	62,593
	1,510,141	761,151
Investments (note 4)	508,265	769,649
Advance to Tire Recycling Atlantic Canada Corporation	-	49,268
Capital assets (note 5)	11,824	10,313
	\$2,030,230	\$1,590,381

## Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	\$216,855	\$301,627
Accrued processing fees	397,534	399,764
	614,389	701,391
Net assets:		
Invested in capital assets	11,824	10,313
Unrestricted	1,404,017	878,677
	1,415,841	888,990
Subsequent event (note 7)		
	\$2,030,230	\$1,590,381

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Statement of Operations

Year ended December 31, 2008, with comparative figures for 2007

Revenue:	2008	2007
Fees and levy	\$4,218,710	\$2,782,890
Paint program (schedule)	48,203	-
	4,266,913	2,782,890
<hr/>		
Expenses:		
Scrap tire processing costs	3,335,481	3,519,917
Salaries and employee benefits	164,742	183,191
Professional services	62,910	29,798
Communication and translation	50,425	89,409
Board	39,917	24,658
Office	26,746	39,688
Security services	22,412	24,463
Amortization of capital assets	8,875	15,365
Telephone	8,367	9,028
Rent	7,560	10,800
Insurance	3,814	5,257
Travel	2,829	9,233
Training and subscriptions	1,261	962
Interest and bank charges	1,095	1,020
	3,736,434	3,962,789
	530,479	(1,179,899)
<hr/>		
Other:		
Investment income	44,575	89,900
Paint program expenses (schedule)	(48,203)	-
	(3,628)	89,900
Excess (deficiency) of revenue over expenses	\$526,851	\$(1,089,999)

See accompanying notes to financial statements.

# Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

	Invested in capital assets	2008 Unrestricted	2007 Total	Total
Balance, beginning of year	\$10,313	\$878,677	\$888,990	\$1,997,719
Change in accounting policy	-	-	-	(18,730)
Excess (deficiency) of revenue over expenses	(8,875)	535,726	526,851	(1,089,999)
Net change in investment in capital assets	10,386	(10,386)	-	-
Balance, end of year	\$11,824	\$1,404,017	\$1,415,841	\$888,990

See accompanying notes to financial statements.

# Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

Cash provided by (used in):	2008	2007
<b>Operations:</b>		
Excess (deficiency) of revenue over expenses	\$526,851	\$(1,089,999)
Items not involving cash:		
Amortization of capital assets	8,875	15,365
Amortization of bond premium	5,279	10,719
Unrealized gain on investments	(15,205)	(20,298)
	525,800	(1,084,213)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(391,661)	55,418
Increase in prepaid expenses	-	(180)
Increase (decrease) in accounts payable and accrued liabilities	(84,772)	19,754
Decrease in accrued processing fees	(2,230)	(561,762)
	47,137	(1,570,983)
<b>Investments:</b>		
Decrease in investments	271,310	1,138,405
Repayment from Tire Recycling Atlantic Canada Corporation	111,861	60,292
Capital assets acquired	(10,386)	(2,487)
	372,785	1,196,210
<b>Increase (decrease) in cash position</b>	419,922	(374,773)
<b>Cash, beginning of year</b>	140,251	515,024
<b>Cash, end of year</b>	\$560,173	\$140,251

See accompanying notes to financial statements.



# Notes to Financial Statements

Year ended December 31, 2008

Recycle New Brunswick (the "Company") is an agent of the crown, incorporated under the Clean Environment Act. The principal business activities are overseeing the collection and recycling of used tires and architectural paint on behalf of the Minister of Environment for the Province of New Brunswick.

## 1. Change of name:

On May 1<sup>st</sup>, 2008, the New Brunswick Tire Stewardship Board was transformed under the Designated Materials Regulation of the Clean Environment Act into a new multi-material stewardship board known as Recycle New Brunswick. This new regulation replaces the old Tire Stewardship Regulation which had been in place since 1996 and applied only to the management of scrap tires. In addition to the tire program being managed as it has in the past, architectural paint will now be the first material to be managed under a new Extended Producer Responsibility (EPR) program by Recycle New Brunswick.

## 2. Significant accounting policies:

### (a) General:

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### (b) Investments:

Investments have been designated as held for trading and are carried at fair value.

### (c) Fees and levies:

Fees and levies for scrap tires are recognised by the Company when cash is received or receivable from the tire retailers. The Company uses a closing date of January 31<sup>st</sup> of the following year to recognise fee transfers from tire retailers related to the current year as a receivable.

### (d) Paint:

The paint program is an Extended Producer Responsibility (EPR) program, and as such will be operated on a cost recovery basis. Each paint producer will be assessed a fee which will be used to cover the educational and administrative costs of the program.

# Notes to Financial Statements (continued)

Year ended December 31, 2008

## 2. Significant accounting policies (continued):

### (e) Capital assets:

Capital assets are recorded at cost. Amortization is recorded using the following method and annual rates:

Asset	Basis	Rate
Office equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	3 years

### (f) Scrap tire processing costs:

The Company remits a portion of all levies to Tire Recycling Atlantic Canada Corporation (TRACC). \$1.50 is remitted to TRACC at the time of tire collection, and \$1.80 is payable when TRACC has sold products containing the recycled material. The total amount due to TRACC is accounted for at time of pickup.

### (g) Use of estimates:

The preparation of the 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 dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

## 3. Accounts receivable:

	2008	2007
Trade	\$625,983	\$455,639
Tire Recycling Atlantic Canada Corporation (TRACC)	204,000	-
Sales taxes	68,535	99,421
Paint program	48,203	-
	\$946,721	\$555,060

The receivable from TRACC is being collected in \$68,000 monthly instalments over the term of January to March 2009.

## 4. Investments:

		2008 Fair Market Value	2008 Cost	2007 Fair Market Value	2007 Cost
<u>Bonds, Coupons and Treasury Bill</u>					
5.25% Province of New Brunswick	June 2, 2009	\$12,199	\$12,428	\$36,045	\$138,776
6.375% Province of New Brunswick	June 15, 2010	138,914	142,149	136,586	142,149
4.25% Government of Canada	September 1, 2009	204,610	206,800	201,427	206,800
4.25% Government of Canada	September 1, 2008	-	-	84,168	84,643
4.10% Canadian Housing Trust	December 15, 2008	-	-	190,173	196,890
Amortization of premium		-	(5,279)	-	(10,719)
Cash held in brokers' account		152,542	152,542	21,250	21,250
		\$508,265	\$508,640	\$769,649	\$779,789

## Notes to Financial Statements (continued)

Year ended December 31, 2008

5. Capital assets:	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Office equipment	\$25,780	\$25,605	\$175	\$450
Furniture and fixtures	39,838	29,201	10,637	1,887
Computer equipment	54,228	53,216	1,012	7,976
	\$119,846	\$108,022	\$11,824	\$10,313

### 6. Fair value of financial assets and financial liabilities:

The fair value of the Company's cash, accounts receivable, TRACC settlement receivable and accounts payable and accrued liabilities approximate their carrying amounts.

The fair value of investments at December 31, 2008 is \$355,723 (2007 - \$764,384) based on published listings of market values. The fair value of the advances to TRACC at December 31, 2008 is approximately \$nil (2007 - \$108,000).

The fair value of the accrued processing fees is not possible to estimate given the uncertainty of timing related to processing and related payment.

### 7. Subsequent event:

Subsequent to year end, the Province of New Brunswick signed a contract with TRACC where payments shall be made based on a weight-based tipping fee model. Effective April 1, 2009, TRACC will be paid \$330 per ton for scrap tires received at their processing facility.

## Schedule of Paint Program

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue	\$(48,203)	\$ -
Expenses:		
Salaries and employee benefits	10,212	-
Professional services	6,758	-
Communication and translation	4,376	-
Board	11,954	-
Office	6,603	-
Telephone	2,411	-
Rent	3,240	-
Insurance	1,635	-
Travel	907	-
Training and subscriptions	107	-
	48,203	-
	\$ -	\$ -



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