



2012

Annual Report

MOVING BEYOND WASTE



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1.06 million tires collected

Close to 100% recovery rate

289,000 litres of paint collected

72.4% of paint recycled, reused



TRANSMITTAL LETTER

The Honourable Bruce Fitch, M.L.A.
Minister of Environment and Local Government
Legislative Assembly of New Brunswick
Fredericton, New Brunswick

Dear Minister:

On behalf of the board and staff, I am pleased to present to you the annual report of Recycle NB for the calendar year 2012. The report is presented in accordance with Section 11 of the Designated Materials Regulation (New Brunswick Regulation 2008-54 enacted under the Clean Environment Act.)



Murray Driscoll
Chair, Recycle NB



RECYCLE NB BOARD OF DIRECTORS

Front Row: Nancy Daamen, Thérèse Bourgeois, Grace Losier, Colombe Leblanc-King, Margaret Mayes

Back Row: Paul Losier, Murray Driscoll, Paul Després, Phillip Jensen, Bryan Howell, Borden P. DeLong, Roland Guitard

RECYCLE NB AT A GLANCE

VISION

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

MISSION

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

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's mandate is to manage waste reduction programs for designated materials under the provisions of the *Clean Environment Act* and to provide environmental stewardship for these materials.

The Province of New Brunswick established the agency on May 1, 2008 under the *Designated Materials Regulation*. At that time, government charged Recycle NB with management of a waste reduction program for paint. It also transferred the rights and obligations of the New Brunswick Tire Stewardship Board to the agency.

In October 2012, government designated oil and glycol under the *Designated Materials Regulation* and Recycle NB is working with industry to develop and implement a new oil and glycol recycling program for these materials.

Recycle NB's board and staff are committed to achieving the best environmental results possible for New Brunswick. They are ready to take on responsibility for additional stewardship management plans and to facilitate future provincial stewardship initiatives.

Recycle NB and its stakeholders will continue to work toward their goal of a waste-free New Brunswick.

“Recycle NB and its stakeholders will continue to work toward their goal of a waste-free New Brunswick.”

MESSAGE FROM THE CHAIR



This is my last annual report as Chair of the Board. While I am feeling sad about leaving this organization, I am very proud of what the board and staff have accomplished. Working together, we have made great strides toward a waste-free New Brunswick. The past year has been no exception. Let me review some of the highlights of 2012.

Early in the year, we received funding from the Environmental Trust Fund to undertake a litter survey. This was the first survey of its kind undertaken

in the province. It is different from litter counts in that it uses statistically proven and recognized methods of identifying litter sites for counting litter.

The student crew completed the survey over the summer. Knowing how much, and what kind of litter is thrown from vehicles, will help government to find evidenced-based solutions to the problem.

The Paint Program continued to perform well in terms of waste paint collected. Product Care collected more than 289,000 litres of paint, which amounted to a 12.5% increase over 2011. This may be, at least in part, due to the addition of six more collection locations throughout the Province during the year.

The Tire Program is our major and most mature program but it continues to receive the careful attention of board and staff. In 2012, tire retailers collected and sent to TRACC more than 1.06 million tires. When compared to sales figures that is a recovery rate of nearly 100%.

In October, the Minister of Environment and Local Government designated oil and glycol as materials to be managed. Staff began to work with industry on the development of the waste management plan and the new program will start in January 2014.

Recycle NB continued its partnership with Habitat for Humanity to help break the cycle of poverty by building affordable housing for needy families. We provided roofing shingles and recycled paint for the organization's Saint John project.

I am confident that the successes of this year will be repeated next year and that, with the new Oil and Glycol Program coming on stream, we will move even closer to reaching our goal of a waste-free New Brunswick.

A handwritten signature in black ink, appearing to read 'Murray Driscoll', written in a cursive style.

Murray Driscoll
Chair, Recycle NB

"I am confident that the successes of this year will be repeated next year ..."

BOARD GOVERNANCE

Board Membership and Structure

The Minister of Environment and Local Government appoints the members of the Board of Directors of Recycle NB in accordance with Section 4 of the Designated Materials Regulation (New Brunswick Regulation 2008-54) under the *Clean Environment Act*. The directors are representative of all regions of the province and of both official linguistic communities. The varied backgrounds and experiences of the directors enable them to bring their individual perspective to addressing environmental issues confronting New Brunswick.

The powers of the board are as laid out in Section 5 of the *Designated Materials Regulation*. The board is responsible for determining the strategy and policies of the organization, setting objectives for management, approving budgets as well as discharging its fiduciary obligations in areas where the provincial government has assigned it stewardship responsibility. The board exercises its oversight role of the operations of Recycle NB through regular board and sub-committee meetings. The board has established two sub-committees: the Executive Committee and the Finance and Audit Committee. Stakeholders are involved in the operation of Recycle NB through Industry Advisory Committees established by the board.

Members of the Board and Terms of Office as of December 31, 2012



Murray Driscoll, Chair
Quispamsis, NB

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

Term of office:
June 15, 2010 - June 14, 2013



Borden P. DeLong
Brown's Flat, NB

Mr. DeLong is Owner / Proprietor of Bor-Mar-Gar Printing and active in community services.

Term of office:
September 21, 2011 - September 20, 2014



Colombe Leblanc-King
Saint-André, NB

Ms. Leblanc-King is a retired educator and continues to be active in community service and development planning.

Term of office: June 15, 2010 - June 14, 2013



Paul Losier, Vice-Chair
Beresford, NB

Mr. Losier is Mayor of the Town of Beresford and Chair of the Nepisiguit-Chaleur Solid Waste Commission.

Term of office: June 15, 2010 - June 14, 2013



Paul Després
Shediac, NB

Mr. Després is a retired regional sales executive from the residential and commercial building products sector.

Term of office: June 8, 2010 - June 7, 2013



Grace Losier
Grand Bay-Westfield, NB

Ms. Losier is Mayor of Grand Bay-Westfield and is active in both business and community development in the region.

Term of office: June 15, 2010 - June 14, 2013



Thérèse Bourgeois
Grand Falls, NB

Ms. Bourgeois has experience in both the hospitality and tourism sectors and is Vice-President of the Kahoutek Cross-Country Ski Club.

Term of office: June 15, 2010 - June 14, 2013



Roland Guitard
Pointe-Verte, NB

Mr. Guitard is a retired insurance executive and former Deputy Mayor of Pointe-Verte.

Term of office: June 15, 2010 - June 14, 2013



Grant Mitton
Moncton, NB

Mr. Mitton is a retired Occupational Health and Safety advisor for the Federal Department of Labour and an avid outdoorsman.

Term of office: June 19, 2009 - June 18, 2012



Nancy Daamen
Hardwood Ridge, NB

Ms. Daamen is active in providing healthcare to seniors as well as community service development.

Term of office:
September 21, 2011 - September 20, 2014



Bryan Howell
Shediac Cape, NB

Mr. Howell retired as General Manager of Encorp Atlantic and continues to be active in the development of recycling programs.

Term of office: June 19, 2009 - June 17, 2015



Margaret Mayes
Salisbury, NB

Ms. Mayes is a small business owner/operator and active community volunteer.

Term of office: July 13, 2012 - June 13, 2015



Phillip Jensen
Fredericton, NB

Mr. Jensen is a retired executive from the trucking industry and former Chair of the Fredericton Solid Waste Commission.

Term of office: April 12, 2010 - April 11, 2013

Board Meetings

The board of directors met seven times during 2012. Meetings were held on the following dates:

Date	Place
February 10, 2012	Fredericton
April 20, 2012	Fredericton
June 15, 2012	Moncton
June 15, 2012	Moncton (Annual General Meeting)
August 9, 2012	Conference Call
September 7, 2012	Fredericton
December 7, 2012	Fredericton

Board Attendance

The level of attendance of directors at board meetings was 96.4%

Director	Meetings (7)	Director	Meetings (7)
Murray Driscoll Chair	7	Paul Losier Vice-Chair	7
Roland Guitard	6 of 7	Thérèse Bourgeois	6 of 7
Bryan Howell	7	Colombe Leblanc-King	7
Grant Mitton	3 of 4	Grace Losier	7
Philip Jensen	7	Paul Després	7
Nancy Daamen	7	Borden P. DeLong	7
Margaret Mayes	3 of 3		

Executive Committee

The Recycle NB Board approved the charter for the executive committee early in 2011. The committee is comprised of four board members (board chair, board vice-chair and two other board members). The board appoints the committee by resolution. The chief executive officer is an ex-officio member of the committee.

Members

- Murray Driscoll, Chair
- Colombe Leblanc-King
- Paul Losier
- Grant Mitton

The terms of reference of the committee are:

- To deal with issues that emerge between regular Board meetings.
- To provide broad strategic direction and advice to the Board.
- To provide advice to the Board Chair and/or Chief Executive Officer.
- To set performance evaluation criteria for the Chief Executive Officer.
- To assess the performance of the Chief Executive Officer.
- To recommend to the Board compensation and benefits levels for staff.
- To coordinate and oversee the evaluation of the Board performance.
- To ensure proper orientation of new Board members.

Finance and Audit Committee

The Recycle NB Board approved the charter for the finance and audit committee early in 2011. The committee is comprised of four board members appointed by board resolution and the chief financial officer is ex-officio.

The terms of reference for the finance function of the committee are:

- Be the “eyes” of the Board in meeting its fiduciary responsibilities.
- Provide broadly based advice to management on the annual budget.
- Review the quarterly financial statements.
- Review the effectiveness of the company's internal control systems.
- Monitor compliance with appropriate laws and regulations.
- Recommend investment policy guidelines, whenever required.
- Review the completeness and accuracy of public financial reports.
- Consider any financial issues reasonably within the Board's jurisdiction.

The terms of reference for the audit function of the committee are:

- Review and determine the structure and scope of the internal audit function.
- Review the external auditor's audit scope and approach.
- Review the performance of the external auditor and recommend appointment or discharge.
- Consider any audit issues reasonably within the Committee's jurisdiction.

Members

- Phillip Jensen, Chair
- Murray Driscoll
- Grace Losier
- Grant Mitton

Industry Advisory Committees

Industry stakeholders are encouraged to participate in the management of recycling programs through the tire and paint Industry advisory committees (IACs) chaired by a Board member of Recycle NB. This system of governance allows the Board of Recycle NB the opportunity to benefit from the expertise and advice of stakeholders on various program issues and initiatives in the most efficient and equitable manner possible. Members of the IAC committees meet on a regular basis to assist the board on programs for which Recycle NB has a mandate to provide oversight. These committees offer the board a unique opportunity to communicate bilaterally and directly with the respective industries and their stakeholders. The meetings provide a venue where comments, concerns and suggestions can be discussed openly and innovative solutions can be developed for any current or potential challenges. This cooperative partnership with stakeholders ensures that a variety of perspectives can be regularly heard, evaluated and utilized by the board and staff of Recycle NB.

Tire Stewardship Program Industry Advisory Committee Members

- **Recycle NB**, Paul Després, Chair
- **Recycle NB**, Jamie Seamans, *Tire Stewardship Program Manager*
- **Tire Dealers**, Atlantic Tire Dealers Association, Frank Connor, *Executive Director*
- **Auto Dealers**, New Brunswick Automobile Dealers Association, Jane Young, *Executive Director*
- **Solid Waste Commissions**, Restigouche Solid Waste Commission, Ian Comeau, *Executive Director*
- **Transportation Provider / Processor**
Tire Recycling Atlantic Canada Corporation, Stephen Richardson, *Plant Manager*

Paint Stewardship Program Industry Advisory Committee Members

- **Recycle NB**, Paul Losier, *Chair*
- **Recycle NB**, Pat McCarthy, *Paint Stewardship Program Manager*
- **Brand Owners**, Tim Dietrich, Home Hardware, *Manager Dealer Operations*
- **Paint Agent**, Product Care Association, * Mark Kurschner, *President*
- **Solid Waste Commissions**, Nepisiquit-Chaleur Solid Waste Commission Raymond Bryar, *General Manager*
- **Paint Retailers**, Atlantic Canada, Retail Council of Canada, Jim Cormier, *Director*
- **Processor**, Recycling Division, Société Laurentide, Mario Clermont, *General Manager*
- **Transportation Provider**, Hebert's Recycling Inc,
** Kevin Sargent, *President*

* Mannie Cheung assigned as alternate

** Kevin Landry assigned as alternate

YEAR IN REVIEW

During 2012, Recycle NB continued to focus on its mandate of ensuring that materials designated by the Minister of the Environment are managed in a manner that assures a clean and healthy environment. The tire and paint recycling programs provide an ever-present and accessible recycling solution for all designated materials. They successfully divert these materials from the province's landfills.

Off-The-Road Tire Program

The Atlantic Tire Dealers Association (ATDA), on behalf of New Brunswick's Off-The-Road tire dealers, started an off-the-road tire recycling program on January 1, 2010. This voluntary program charges customers a varied scale of tire recycling fee depending on the combined size and weight of the OTR tire they purchase. TRACC transforms the scrap OTR tires into highly sought after value-added products such as Super Shred Mulch. Recycle NB continues to collaborate with the Atlantic Tire Dealers Association on the development of a comprehensive Extended Producer Responsibility tire program.

New Paint Management Plan

In August, the Board of Recycle NB approved a new paint management plan for the years 2012-2015. The overall program objective is to reduce the environmental impact of leftover paint using the pollution prevention hierarchy of reduce, reuse, and recycle.

Oil and Glycol Now Designated Materials

With the designation of oil and glycol in October, Recycle NB began to prepare for a new oil and glycol waste management plan. Industry selected SOGHU/UOMA to manage the program on its behalf. Work is underway to develop the program that will be implemented in 2014.

Litter Survey Conducted

Recycle NB, in partnership with Encorp Atlantic and the Environmental Trust Fund, undertook the province's first scientifically designed litter survey. A crew conducted the survey throughout New Brunswick. The purpose was to establish province-wide baseline data for visible roadside litter across the province. Four hundred and twenty-four sites were surveyed across more than 8,400 kilometers and the crew found thousands of items.

The survey examined various types of materials as well as the brands discarded most. It provides the baseline for the development of future recycling programs and for benchmarking existing program performance.

The total amount of waste observed was 7,270 items, with an average amount of 17.2 items found per site. Overwhelmingly, the most prolific item of categorized litter was take-out/drive through containers (quick service) at 23.92% of litter collected. Of containers collected, branded cups were the most common item, at 14.17%. A correlation between roadside litter and drive-through/take out service is an obvious conclusion.

Stemming from this baseline litter survey, Recycle NB is encouraging government to involve industry stakeholders in the waste management process. It suggests the development and implementation of Extended Producer Responsibility (EPR) stewardship programs in New Brunswick.



Community Recycling Project

Recycle NB was pleased to continue its partnership with Habitat for Humanity. During the year, it donated roofing shingles and paint for a project in Saint John. The focus of Habitat for Humanity is to build safe, affordable housing and promote homeownership as a means of breaking the cycle of poverty. The primary goal of our partnership is to build affordable housing for low-income families and to provide a new lease on life for recycled products made from waste paint and tires. This year the Saint John region used composite roofing shingles and recycled paint in their construction project.

There are many challenges to overcome when delivering such a complex program and helping those most in need. Recycle NB and its industry stakeholders are very pleased to be able to



Donna Kelly, Miramichi, won the Recycle NB / Canadian Tire Tire Clinic draw for four winter tires.

contribute to such a worthy cause. This is just one more way Recycle NB is continuing to ensure that the true value of "waste" resources is recognized in New Brunswick.

The shingles that TRACC manufactures at its facility in Minto are shipped to each building site just prior to construction. The response and public support for the projects have been overwhelmingly positive. The high quality and attractive appearance of the composite roofing shingles and recycled paint continues to be a positive surprise to people.

A 50-year transferrable shingle warranty from TRACC and durable low Volatile Organic Compounds paint from Société Laurentide reduce future maintenance worries for homeowners.

Public Education

During Waste Reduction Week in October, Recycle NB formed a partnership with Canadian Tire and the Rubber Association of Canada to conduct tire pressure clinics across the province. Our objective was to remind New Brunswickers that maintaining proper tire pressure on their vehicles contributes to waste reduction and vehicle safety. It is a small act with a big impact. The Rubber Association of Canada estimates that Canadians waste about 643 million litres of fuel each year due to improperly inflated tires. The result is that one million tonnes of carbon dioxide - a harmful greenhouse gas - are released into the atmosphere.



Recycle NB welcomed the support of Canadian Tire and the Rubber Association of Canada for this program. Without their resources and expertise, it would not have been possible to conduct the campaign.

CHALLENGES AND OPPORTUNITIES

EXTENDED PRODUCER RESPONSIBILITY (EPR)

Extended Producer Responsibility (EPR) is not a new concept. It has been used and embraced by many governments around the world for more than a decade. According to the concept, a producer is responsible for a product through its full lifecycle beyond the consumer stage. Therefore, the producer assumes financial and physical responsibility for the waste management of its own products.

Extended Producer Responsibility (EPR) Outlook

The Canadian Council of Ministers of the Environment (CCME) has adopted Extended Producer Responsibility (EPR) as a policy approach. As a result, many provinces are actively looking for ways to explore and promote Extended Producer Responsibility (EPR).

Recycle NB will be looking to translate its successes into new opportunities. In the fall of 2009, the Canadian Council of Ministers of the Environment (CCME) approved in principle a Canada-wide Action Plan for Extended Producer Responsibility (EPR) and established a task group to provide guidance on the development and implementation of Extended Producer Responsibility (EPR).

The approach is to use a phased system of Extended Producer Responsibility (EPR) program adoption for identified priority products and materials. In a complex and competitive national and global business market, signals to producers from a relatively small market like Canada may not be strong enough on their own to influence new environmentally conscious product design and supply chain management.

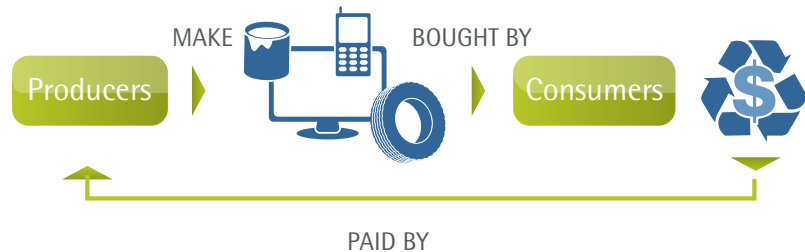
The environmental objectives of Extended Producer Responsibility (EPR) may need to be supported and reinforced by other measures, such as: eco-labelling; restrictions on harmful substances; recycled content standards and regulations; green procurement policies; environmental performance/voluntary agreements and a variety of other potential standards, bans, guidelines and educational tools. Recycle NB continues to focus on, and looks forward to, a future where clean manufacturing, pollution prevention and zero waste are commonplace objectives in all industries.

HOW EXTENDED PRODUCER RESPONSIBILITY WORKS

Typical waste management system
tax payers bear the costs



Extended producer responsibility shifts cost of waste management from tax payers to producers



Application of Extended Producer Responsibility (EPR)

The foundation of Extended Producer Responsibility (EPR) policy is a shift of responsibility from governments and municipalities to the producers of the goods being consumed. Extended Producer Responsibility (EPR) programs change the traditional balance of responsibilities among the manufacturers and importers of consumer goods, consumers, and governments with regard to waste management. All Extended Producer Responsibility (EPR) programs involve producers and importers of manufactured goods in the end-of-life waste management of their products. This form of product stewardship encourages system efficiencies that can have real benefits for New Brunswickers. When developing Extended Producer Responsibility (EPR) regulations, the government of New Brunswick needs to ensure, on a consistent basis, that industry stakeholders remain involved in the process. Each section of a regulation for a particular product needs careful consideration since it will likely set a standard for future initiatives. In the end, Extended Producer Responsibility (EPR) relieves local government authorities and taxpayers from the legal, physical and socio-economic impacts of waste management.

Benefits of Extended Producer Responsibility (EPR)

Extended Producer Responsibility Programs (EPR) are beneficial for New Brunswick because:

- Extended Producer Responsibility (EPR) shifts end-of-life costs to the producers and/or others in the product chain from municipalities and taxpayers.
- Producers with expensive end-of-life management costs have the incentive and opportunity to redesign their products to minimize these costs.
- Extended Producer Responsibility (EPR) creates incentives for producers to remove harmful substances from products and develop greener future designs.
- Extended Producer Responsibility (EPR) promotes innovation in recycling technology thereby potentially reducing consumer product costs.
- Extended Producer Responsibility (EPR) creates a solid framework for continual program development without the need for additional government legislation.
- Extended Producer Responsibility (EPR) helps in reducing the carbon footprint through increased use of recycled materials.
- Extended Producer Responsibility (EPR) programs put New Brunswick on the path toward zero waste.



ELECTRONIC WASTE (E-WASTE)

Electronic waste is any electronic equipment that is useless or near the end of its life. It includes items such as televisions, radios and stereos, faxes, photocopiers, computers and monitors, printers, circuit boards and microwave ovens.

Every year the world dumps 50 million tonnes of electronic waste into landfills. Much of this electronic waste contains harmful materials. Lead, mercury and cadmium are just a few examples of those materials. They pollute the environment and are a health risk. Electronic waste also contains valuable metals such as gold and copper that could be recycled.

New Brunswickers are concerned about the lack of opportunities to recycle their electronic waste and many citizens urge Recycle NB to implement a waste reduction program for electronic waste.

We believe New Brunswickers are ready to support another Extended Producer Responsibility (EPR) program such as the paint program. The great success of the paint recycling program confirms that the public truly understands how EPR programs work. With the cooperation of industries, e-waste recycling will be a success.



PACKAGING AND PRINTED PAPER

In 2005, the Canadian Council of Ministers of the Environment (CCME) established an Extended Producer Responsibility (EPR) Task Group and gave it a mandate to provide guidance on the development and implementation of Extended Producer Responsibility (EPR) programs in Canada.

Packaging makes up a significant portion of the waste stream in Canada and the task group identified it as a first priority for an Extended Producer Responsibility (EPR) program. In fact, the 2009 Canada-wide Action Plan for Extended Producer Responsibility (EPR) commits all jurisdictions to work towards the establishment of operational EPR programs for packaging (among other things) within six years, and sets out general principles and guidance for provincial/territorial regulators and program developers in regulating, developing, designing and implementing consistent EPR programs across Canada.

Manitoba, Ontario, and Quebec operate packaging and printed paper stewardship programs. British Columbia will start its program in 2014.

As the designated materials oversight agency for New Brunswick, Recycle NB will work with the provincial and municipal governments, the other Atlantic Provinces, industry, and stakeholders to assess the best approach to the waste management of packaging and printed paper.



PUBLIC EDUCATION AND AWARENESS

Recycle NB manages recycling programs for materials designated by the Minister of the Environment. The success of these programs depends on New Brunswickers. They must believe that recycling is important to their lives and make it part of their daily routine.

An integrated marketing and communications plan is customer driven. It combines all the elements of communications, social marketing and public relations in one plan. Based on research, it ensures that we send the right message to the right people at the right time. It aligns people and budgets with the best distribution channels to reach our customers. It pinpoints our customers and the key messages we want to communicate.

We cannot appeal to the entire population in the same way. We must identify our target audiences for each program and build our communications and marketing plan to reach them. We must know how they make their decisions and answer their key questions.

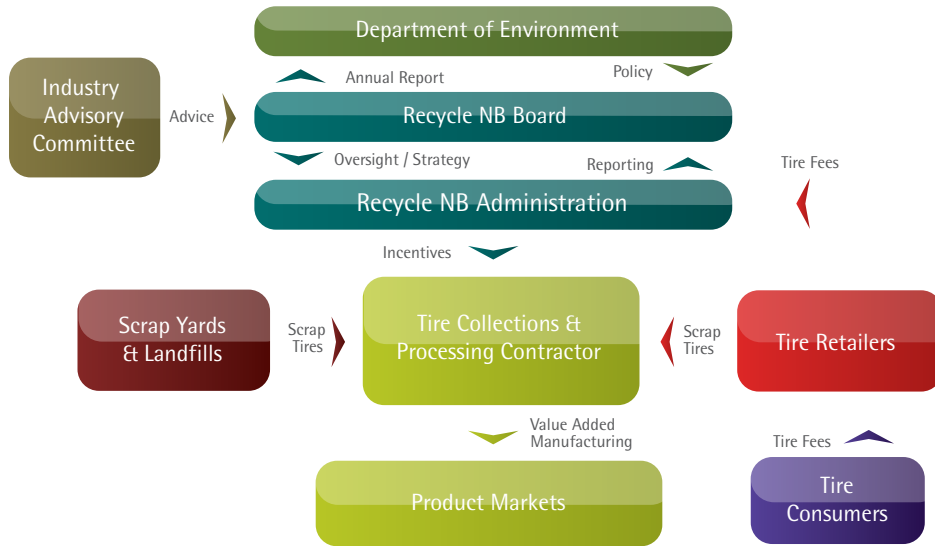
Changing behavior is challenging. Social marketing offers the best chance for success.

STRATEGIC DIRECTIONS

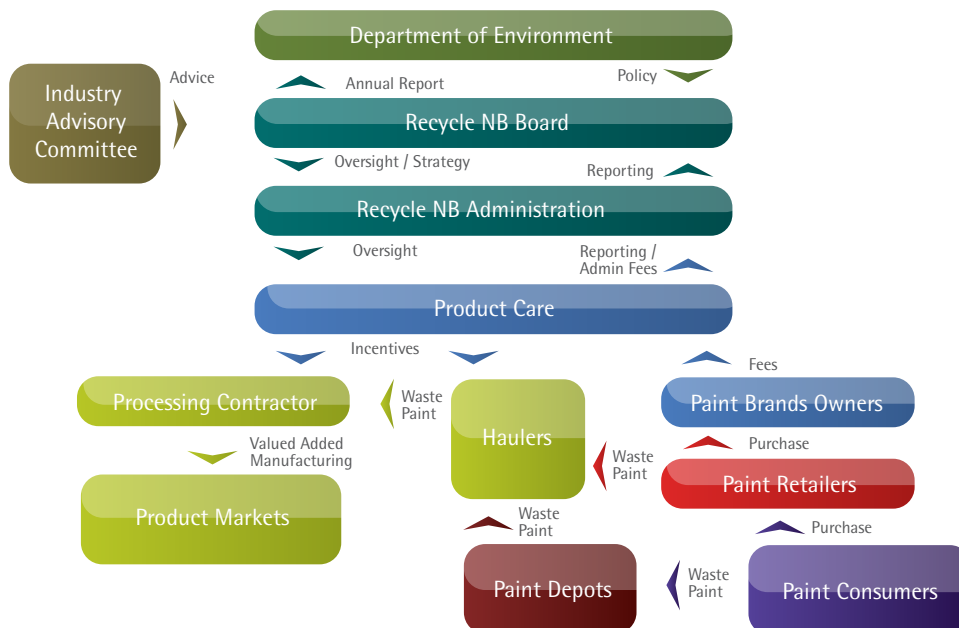
TO FACILITATE WASTE MINIMIZATION

Recycle NB will ensure that its programs provide an ever-present and accessible recycling solution for all designated material programs and will continue to work towards the overall goal of a waste-free New Brunswick.

TSP Stakeholder Model



PSP Stakeholder Model for EPR



TIRE STEWARDSHIP PROGRAM (TSP)

Highlights

The *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the Clean Environment Act came into effect on May 1, 2008. The Regulation created Recycle NB and simultaneously transferred the rights and obligations of the existing New Brunswick Tire Stewardship Board to the new corporate body.

Since the inception of the New Brunswick tire recycling program in 1996, the equivalent of more than 16 million scrap tires have been recycled into new value-added products through the program. A vital component of the continued success of the program is the ability of the Tire Recycling Atlantic Canada Corporation (TRACC) to find and develop new key markets for recycled products, thus requiring additional quantities of rubber to satisfy increasing customer demand. As TRACC uses more rubber for markets each year, there may come a time when rubber from scrap tires in New Brunswick will not be sufficient to meet its needs.

The expansion of the Moderne Slate roofing shingles market by TRACC provides a good example. TRACC produces millions of shingles per year. An agreement signed with a major home product distributor continues to give TRACC unprecedented access to one of the most fully integrated supply networks in North America. This development alone could significantly increase orders for the TRACC shingle products. A direct result of this will be a need to increase both manufacturing capacity and the workforce required to run the newly installed equipment. The major challenge may well be to find the additional materials to be recycled. The Tire Stewardship Program is working for New Brunswickers both to reduce waste and to generate meaningful long-term environmental and economic benefits right here in the province.

This year to meet demand for its products, the company expanded its facility in Minto and increased its workforce by ten employees. The company also focused on growing its market for snowplough blades. Innovations to its rubber mulch will make this product even more sought after as it will not only look like bark mulch but also will smell just like the wood-based mulches.

Extended Producer Responsibility (EPR) and Off-The-Road (OTR) Tires

Off-the-road tires are those found on vehicles such as farm tractors, front-end loaders and giant mining dump trucks. OTR tires are built tough to handle some of the harshest working conditions any piece of equipment might ever see. These tires can be incredibly large in diameter and heavy, making them very difficult to handle and transport. This same toughness also presents some serious challenges when it comes to off-the-road tire recycling. When stockpiled, OTR tires, just like smaller highway tires, can pose an environmental threat for a variety of reasons including fire and West Nile Virus.

As a proactive initiative, the Atlantic Tire Dealers Association (ATDA), on behalf of New Brunswick's OTR tire dealers, started an OTR tire recycling program on January 1, 2010. This voluntary Extended Producer Responsibility (EPR) program charges customers a varied scale of tire recycling fee depending on the combined size and weight of the OTR tire they purchase. Dealers use the funds to supplement the costs of recycling at the Tire Recycling Atlantic Canada Corporation's Minto plant. TRACC transforms the scrap OTR tires into highly sought after value-added products such as superShred Mulch. Recycle NB continues to collaborate with the Atlantic Tire Dealers Association on the development of a comprehensive Extended Producer Responsibility (EPR) tire program.

Achievements

The New Brunswick Department of Environment gave Recycle NB the mandate to organize 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 comply with the *Designated Materials Regulation*. The regulation applies to anyone selling new tires within the province.

Tire Sales in 2012

There are more than 700 registered tire retailers in New Brunswick. Each retailer is responsible for collecting tire recycling fees at the point-of-sale for each new tire sold. Retailers remit the fees to Recycle NB, which in turn funds the scrap tire collection, transportation and recycling operations.

The program is entirely self-supporting, receiving no financial support from the Government of New Brunswick.

Tires Sold (Passenger Tire Equivalent): 1,062,00 (1,088,000 in 2011)

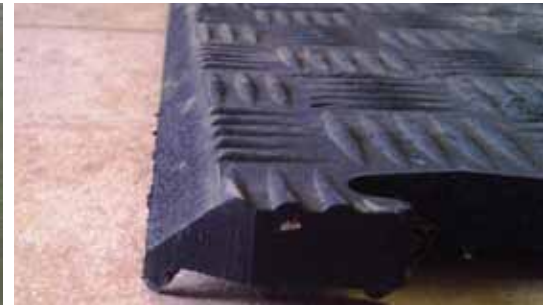
Tire Collections in 2012

Every scrap tire collected by any tire retailer location throughout New Brunswick must be collected and sent to the TRACC recycling plant in Minto for making into value-added products. Recycle NB carefully monitors the collection rates to ensure a level playing field for all tire retailers across the province.

Tires collected (Passenger Tire Equivalent): 1,063,000 (1,074,000 in 2011)

Tire recovery rate: 100.1% (98.7% in 2011)





Tire Processing in 2012

Under the tipping fee-based system developed between TRACC and the Province of New Brunswick the processing costs for the tires are paid once the collected scrap tires enter the

TRACC inventory. The advantages of this system include a reduction in administrative costs and the elimination of the need to maintain frequent inventory audits. In addition, the agreement

is a positive first step towards establishing an Extended Producer Responsibility (EPR) program for the Tire Stewardship Program.

Year	2010	2011	2012
Tires Sold *	1,125,000	1,088,000	1,062,000
Tires Collected *	1,149,000	1,074,000	1,063,000
Recovery Rate	102.1%	98.7%	100.1%

**Refers to passenger tire equivalents (PTEs) where 1 PTE is equal to approximately 10 KGs.*

Quality Assurance

Recycle NB is committed to ensuring that the quality of services provided by the program is at a level, which meets the needs of New Brunswickers.

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

- Analyzing feedback and taking action to improve programs.
- Analyzing the management plan to improve program delivery.
- Analyzing trends and patterns.
- Benchmarking with similar programs in other jurisdictions.

Recycle NB continues to focus its efforts and resources more effectively by collaborating with other provinces on the delivery of tire retailer audits through its membership in the Canadian Association of Tire Recycling Agencies (CATRA).

During the year, Recycle NB performed 14 tire dealer audits and no significant finding resulted from those audits.

Recycle NB developed a draft Management Plan for the Tire Stewardship Program that it submitted to the Tire Industry Advisory Committee for comment prior to review by the Board of Recycle NB. The Minister of the Environment and Local Government approved the Tire Program Management Plan on October 24, 2011. The approved Tire Management Plan is available online at www.recyclenb.com



PAINT STEWARDSHIP PROGRAM (PSP)

Historical Perspective

The Designated Materials Regulation (New Brunswick Regulation 2008-54 under the *Clean Environment Act*) came into effect on May 1, 2008. The Regulation created Recycle NB and made it responsible for the Paint Stewardship Program, the first Extended Producer Responsibility (EPR) program in New Brunswick.

With the approval of the stakeholder-based Paint Industry Advisory Committee of the Board in June of 2008, Recycle NB accepted Product Care Association as the paint agent for brand owners registered under the program. Product Care Association developed the New Brunswick Paint Recycling Program Plan on behalf of the paint industry in response to the New Brunswick Designated Materials Regulation. Recycle NB approved the first program plan April 1, 2009 for a three-year period.

The Paint Management Plan was renewed in August, 2012 and is online at www.recyclenb.com.

The first phase of the implementation of the Paint Stewardship Program consisted of shifting the financial responsibility from the New Brunswick Solid Waste Commissions to the paint brand owners by the end of 2008. The second phase of the Paint Stewardship Plan was the establishment of a network of collection depots throughout the province. The network of collection depots was in place by April 2009. As of that date, homeowners and businesses could drop off without charge, leftover household paint at paint collection depots throughout New Brunswick.

The second phase of the implementation included a public awareness media campaign organized through the combined efforts of Product Care and Recycle NB. The biggest change for homeowners was the large increase in the number of locations where they could drop off leftover paint for recycling. Through this sharp increase in accessibility, the number of people making use of the new program skyrocketed. Feedback from residents and businesses alike was most encouraging.

Eco-Logo Certification

Building green is more than just using recycled products in the construction process; it is about using certified recycled products. Certification helps consumers identify the safest, most environmentally preferable products. There are several internationally recognized marks of environmental quality. However, in North America, there are only two major certifications: Eco-Logo and Green Seal. Industry considers both labels marks of environmental leadership.

Recycled paint products such as Boomerang and Rona Eco paint are made from unused portions of recovered domestic paint and stain remains. In order to guarantee the quality of these products, about 1% of new material is added to the remains provide adequate and consistent lustre levels, viscosity and drying time.

Boomerang and Rona Eco products have a very low level of Volatile Organic Compounds (VOCs), thus making it possible for them to become Eco-Logo certified. Everything about the products is environmentally friendly. The containers are made from recyclable plastic and the labels are printed on Forest Stewardship Council certified paper. It's no surprise these products continue to garner well-deserved interest and attention through their progressive regular certification processes.

Achievements

The paint stewardship plan provides industry stakeholders the framework necessary to operate a recycling system that is both accountable and transparent to all stakeholders.

Based on the Extended Producer Responsibility (EPR) model, any expenses incurred by the Paint Stewardship Program for oversight, communications, auditing, general administration or any other cost related to the program are reimbursed fully on a cost-recovery basis by Product Care. Recycle NB receives no direct funding from the government for the Paint Stewardship Program.

Paint Sales and Collections

The paint sales and paint collections data for the calendar year 2012 are provided by Product Care Association as required under the Designated Materials Regulation of the *Clean Environment Act*.

Paint Sales

Most paint purchased is used for its intended purpose; there are times when a consumer must dispose of a portion of leftover product. To fund the recycling activities of the Paint Stewardship Program, the price of each container of paint includes a provision for recycling the paint bought at any of the more than 500 paint retailers in the province. As of December 31, 2012, there were 55 brand owners registered with the Paint Stewardship Program. This is an increase of seven during the year. The brand owners remit the funds collected for recycling to Product Care based on their product sales volumes. Product Care manages the ongoing operations according to the approved business plan.

Program members reported the sale of 2,023,822 units of program products for an estimated liquid volume of 5,212,841 litres of program product. That amounts to the sale of an average of more than 14,281.75 litres of paint per day. The corresponding sales in the 2011 reporting period were 1,888,405 containers and 5,129,399 litres.

Year	Paint Sold (units)	Estimated Liquid Volume
2012	2,023,822	5,212,841
2011	1,888,405	5,129,399
2010	2,028,487	5,725,316



Paint Collections

The Paint Stewardship Program allows homeowners and businesses to bring their leftover paint and many types of stains, varnishes and aerosols to the many collection points across the province. At the launch of the paint recycling program on April 1, 2009, there were 46 paint drop-off depots available to accept paint under the program. By December 31, 2012, there were 62 drop-off depots. The number of drop-off depots shows that the program continues to provide

accessibility for paint recycling throughout the province. It makes it easy for all New Brunswickers to become involved in protecting the environment by recycling their unused paint.

The collection sites include retailers, Solid Waste Commissions (including events) and Redemption Centres (bottle return depots). The program supplies collection sites with standard reusable collection bins and other containers such as drums. A hauler contracted to the program

collects the filled bins from the collection sites and replaces them with empty bins. The hauler consolidates the filled bins at the warehouse and ships full loads to processors for recycling.

289,202 litres of paint were collected during the year. The volume of leftover paint processed during the year and the method of disposal is as follows:

Percentage of Leftover Paint by Disposal Method

Method	Volume (litres)	Percentage
Reuse (through paint exchange program)	1,229	0.4%
Recycle	233,653	72.0%
Landfill	34,645	10.7%
Energy Recovery	54,883	16.9%
Total	324,410*	100%

**Total volume includes paint collected during the year and paint that was in inventory*



The paint recyclability / reuse rate dropped to 72.4% in 2012 compared to 87.7% in 2011. This was because Laurentide was no longer able to recycle and market alkyd (oil) paints.

Recycle NB was aware of the situation and approved the change to disposal in 2011.

In 2012, 72.0% of paint went to be recycled into new paint while 0.4% was reused through the paint exchange portion of the Paint Stewardship Program. The amount of waste paint that went to energy recovery increased to 54,883 litres, which is a large increase over the 9,550 sent in 2011.

The results from the Paint Stewardship Program Key Performance Indicators (KPIs) show that the program is running efficiently. The amount of paint collected is much higher than expected for a new program, irrefutable proof that combined communications efforts are having an impact. The Victoriaville, Quebec-

based paint recycler, Laurentide has remarked on the excellent quality (and thus recyclability) of paint received by program participants. Non-program materials, which typically consist of Household Hazardous Waste (HHW) products, can add significant operational costs that are passed on to consumers of paint. Drop-off depots and program participants can take pride in maintaining one of the lowest rates of non-program material for any paint recycling program in Canada.

Recycled Paint Markets

New Brunswickers are continually seeking more ways to avoid waste and consume in a responsible manner. As an example, many conscientious consumers are seeking recycled paints for their decorating needs.

The market for recycled paint is developing at a very rapid pace particularly in the area of green procurement for businesses. Environmentally responsible or "green" procurement refers to the selection of products and services that minimize environmental impacts. With an eye towards preventing waste and pollution, a business should consider environmental impacts, along with price, performance, and other traditional factors, when making purchasing decisions. As part of its purchasing policy, an organization should

carry out an assessment of the environmental consequences a product may pose at each stage of its lifecycle. The assessment should consider the costs of securing raw materials, manufacturing, transporting, storing, handling, using and disposing of the product.

In addition to providing exceptional value and environmental benefits, the value-added aspect of the recycled paint plays a growing role in the developing "green economy". Recycle NB has confidence in the future prospects of recycled paint. It will continue to encourage consumers to decorate in environmentally friendly ways. Most of the waste going to landfills is generated by the institutional, commercial and industrial (ICI) sectors. Recycle NB will be looking to promote the need for the ICI segments to adopt an appropriate green procurement policy.



OIL AND GLYCOL PROGRAM

Highlights

Used oil and glycol are a major source of liquid waste in New Brunswick. One litre of oil could contaminate one million litres of water. However, when recycled, most of these products can be used repeatedly. By properly recycling and disposing of these products, we protect our environment and reduce the amount of waste in our landfills.

As part of the continuing effort to protect our province's clean, safe environment, the Government introduced a new recycling program for oil and glycol. On October 24, 2012, it approved REGULATION 2012-92 under the *Clean Environment Act*. Under the regulation oil, oil filters, oil containers, glycol and glycol containers are designated materials and require a stewardship plan.

Achievements

Like the paint program, the Oil and Glycol recycling program is an Extended Producer Responsibility (EPR) program. Therefore, producers manage and pay directly for the end-of-life waste management of their products. In addition to shifting the costs of recycling from municipalities and taxpayers, Extended Producer Responsibility (EPR) programs give industry an incentive to design products that reduce waste disposal costs and recycling risks.

Recycle NB is working with industry to develop the waste management plan and program that will come into effect in 2014. There will be one agent to manage the New Brunswick program on behalf of industry. Instead of every brand owner setting up a recycling program, there will be one program for the province. Having one program

and agent has many benefits. It will produce cost savings, a level playing field for industry, and province-wide recycling depots for consumers.

TO INCREASE PUBLIC EDUCATION AND AWARENESS

Recycle NB will focus on educating New Brunswickers about the environment by promoting an understanding of waste as a valuable resource, while emphasizing that recycling presents a viable option to disposal.

Achievements

Recycle NB carried out a number of marketing and communications plans during 2012. Our goal is to encourage New Brunswickers to make recycling part of their daily routine and to give them easy access to recycling information.

Community Outreach

We continued to take our message about recycling to community leaders at Trade Shows across the province. Visitors to the Recycle NB booth expressed interest in the paint recycling program and electronic waste recycling.

Environment Week

During Environment Week, a radio, newspaper and Facebook advertising campaign encouraged New Brunswickers to recycle their waste paint.

Waste Reduction Week

Since 2001, a coalition of non-government, not-for-profit environmental groups, and governments across Canada has organized Waste Reduction Week (WRW).

Waste Reduction Week's "take action" message calls on all Canadians to adopt environmentally conscious choices. Reducing waste is one solution to the many environmental challenges such as climate change, water pollution and preservation of natural resources.

To mark Waste Reduction Week, we conducted three advertising campaigns.

Too Good to Waste

A campaign to encourage the recycling of paint used radio advertising, newspaper ads, website promotion, web advertising and direct mail to encourage homeowners to recycle their leftover paint. The ads and the direct mail card featured a Quick Response (QR) Code so that readers could easily connect to the Recycle NB website to learn where to recycle waste paint. Potential reach for the campaign was approximately 14,500 households.

Recycle My Cell

With the permission of the Department of Education, Recycle NB distributed information and posters on the Recycle My Cell Challenge to schools, colleges and universities in New Brunswick. The national Waste Reduction Week coalition posted the New Brunswick poster on its website for use across the country. The campaign had a potential reach of more than 100,000 students.

Under Pressure Tire Clinics

Maintaining the recommended tire pressure for vehicle tires is a smart move! Low tire pressure threatens the safety of vehicles, contributes to global warming, and increases fuel bills. Measuring tire pressure monthly helps to reduce global warming and saves on fuel costs.

Recycle NB, Canadian Tire and the Rubber Association of Canada formed a partnership to sponsor Tire Pressure Clinics at Canadian Tire Stores across the province during Waste Reduction Week.



TO ADD VALUE

Recycle NB strives to add value to all waste materials and develop long-term stability in the process through technological innovation and emerging markets for recycled products.



Value-Added Recycling

Recycle NB is very interested in getting the full value out of recycled resources such as scrap tires or leftover paint. The Tire Stewardship Program is known nationally and internationally for its success in doing this. Countries from around the world contact Recycle NB in an effort to adapt this success to their own situation. So how is it that a tire recycling program from a small Canadian province is able to attract such widespread interest? The reason is very simple, value-added recycling.

A manufacturer of goods needs raw materials in order to make its products. The manufacturer transforms those raw materials into finished goods. Those goods have a market demand. They are sold to industrial, commercial or residential consumers.

Value-added recycling reverses that process. Innovation, collaboration, and creative solutions transform end-of-life materials into new products. For example, it moves beyond paint and tires filling up our landfills to recognize the true value of New Brunswick's waste resources.

Market development is a crucial pillar to the long-term success of Recycle NB programs.

Another pillar is the engagement and actions of individual New Brunswickers. The public response and support for the programs through daily sorting of recyclables has a direct impact on the bottom line of the programs. Recycle NB has seen a shift in the level of interest in the proper

preparation and sorting of recyclable materials. Residents understand there is a growing correlation between the prices of the goods they buy and their recycling efforts. The growing number of Extended Producer Responsibility (EPR) programs across Canada strengthens this connection.

Value-added recycling is a system under which nature and commerce fruitfully co-exist. The Extended Producer Responsibility (EPR) approach to program design calls for the transformation of industry through ecologically intelligent design. When done right, it creates a synergy that encourages industries to be more sustainable while remaining prosperous. The products that TRACC makes, at least partially from scrap tires, are tangible results of this approach. Similarly, Société Laurentide continually pioneers innovative recycled paint products.

An approach which has worked for New Brunswick programs is the concept of developing markets to "pull" for recycled products. This means that product ideas are produced in response to market forces such as a demand from consumers or a manufacturer's desire to increase its market share.

In the last century, many recycling efforts ended with the development of subpar products. However, modern day recycled products are gaining recognition as legitimate alternatives to products made from new materials. Several forces, including the new sustainable

development and green building movement, are strengthening the demand for resource-friendly products. Also, Government can encourage markets through policies such as green procurement. Recycle NB sees this as a key area for future development.

Today's consumers weigh many factors before buying products. Environmental concerns play an important part in their choices. From safer rubberized playground surfaces in schoolyards and parks, to low-maintenance landscape mulch that uses water more efficiently to low Volatile Organic Compound (VOC) recycled paint, conscientious consumers lean more towards recycled goods. Recycling an end-of-life product is attractive to them. It provides a way to protect the environment for future generations.

The encouraging results from the paint and tire programs clearly show that New Brunswickers support the value-added approach to recycling. Residents want to take ownership of their waste issues and see value-added recycling as benefitting all New Brunswickers.

TO REMAIN TRANSPARENT AND ACCOUNTABLE

Recycle NB is committed to maintaining accountability and transparency in its processes and will continue to seek ways to improve its performance in these areas.

Accountability

The commitment of Recycle NB to accountability is assured through a continual review of the policies and practices of the Board. A fundamental portion of this exercise is performed through key reporting mechanisms such as the approval by the Board of the annual report and the Designated Materials management plans. In addition, an independent auditing firm performs an audit of the financial statements. This audit process ensures that the organization is following generally accepted accounting principles (GAAP) and all findings are presented to the Finance and Audit Committee prior to consideration by the full Board. The Board continues to search for ways to improve its accountability through ongoing dialogue with its industry advisory committees. The results and recommendations emerging from these discussions are then considered for adoption in internal governance practices.

Transparency

Recycle NB continues to provide comprehensive public explanation of its activities by means of its annual report, the active involvement of its industry advisory committees and a wide variety of communication tools at its disposal. This transparency exceeds the requirements of the Designated Materials Regulation and is designed to provide as much information as possible to New Brunswickers at all times. The engagement of New Brunswickers is essential in order to make it possible for Recycle NB to fulfill its mission and to meet its goals.

Recycle NB strongly believes and adheres to the Designated Materials Regulation, a principle prohibiting the cross subsidization of material management from one waste stream to another. Recycle NB understands the importance of ensuring that New Brunswick consumers only pay the actual costs of the waste streams that are created and managed.

TO BE FINANCIALLY SUSTAINABLE

Recycle NB is dedicated to earning public confidence through financial sustainability despite challenging economic times.



ACRONYMS AND GLOSSARY

The following list of acronyms and the glossary are designed to facilitate the understanding of the annual report of Recycle NB

Acronyms

- ATDA** - Atlantic Tire Dealers Association
- CATRA** - Canadian Association of Tire Recycling Agencies
- CCME** - Canadian Council of Ministers of the Environment
- EPR** - Extended Producer Responsibility
- FSC** - Forest Stewardship Council
- GAAP** - Generally Accepted Accounting Principles
- HHW** - Household Hazardous Waste
- IAC** - Industry Advisory Committee
- KPI** - Key Performance Indicator
- LEED** - Leadership in Energy & Environmental Design
- MBW** - Moving Beyond Waste (Recycle NB Education Campaign)
- NBADA** - New Brunswick Auto Dealers Association
- NBSWA** - New Brunswick Solid Waste Association
- OTR** - Off-the-road tires
- PSP** - Paint Stewardship Program
- PTE** - Passenger Tire Equivalent (1PTE =10kg)
- TRACC** - Tire Recycling Atlantic Canada Corporation
- TSP** - Tire Stewardship Program
- VOC** - Volatile Organic Compounds

GLOSSARY

Designated Materials are waste streams identified by the New Brunswick government under the provisions of the Clean Environment Act. The management of a waste stream is entrusted to a Stewardship Board by the government. A board may be responsible for one or more Designated Materials. The Stewardship Board for both tires and paint in New Brunswick is Recycle NB.

Extended Producer Responsibility (EPR) is a strategy designed to promote the integration of environmental costs associated with goods throughout their life cycles into the market price of the products. EPR encourages manufacturers to design environmentally-friendly products by holding producers liable for the costs of managing their products at end of life. This approach persuades manufacturers to internalize the cost of recycling within the product price. The rationale of EPR is that producers (usually brand owners) have the greatest control over product design and marketing and therefore have the greatest ability and responsibility to reduce toxicity and waste.

Household Hazardous Waste (HHW) is the term for common household chemicals and substances for which the owner no longer has a use. These substances exhibit many of the same dangerous characteristics as fully-regulated hazardous wastes due to their potential for reactivity, ignitability, corrosivity, toxicity, and persistence. Paints, pesticides, propane tanks, batteries, syringes, used motor oil and many cleaning products are just some examples of household hazardous wastes, that are used daily by residents. These items should be used and disposed of responsibly.

Moving Beyond Waste (the Recycle NB Education Campaign) is an approach in managing hazardous and solid waste that has a clear and simple goal: reducing wastes and toxic by-products whenever possible while using the remaining materials as a resource, thus contributing to economic, social, and environmental health.

OTR (Off-the-Road) tires are generally used by the agriculture, forestry, construction and mining sectors. These tires are difficult to manage due to their size, weight and durability.

PTE (Passenger Tire Equivalent) is an industry accepted method for allowing comparison between tires which are sold and tires which are collected under the program. By transforming tire counts into weights, the program can efficiently track KPI statistics over time.

Product Stewardship is a concept whereby environmental protection centers around the product itself, and everyone involved in the lifespan of the product is called upon to take responsibility to reduce its environmental impact. For manufacturers, this includes planning for and, if necessary, paying for the recycling or disposal of the product at the end of its useful life. This may be achieved, in part, by redesigning products to use fewer harmful substances, to be more durable, reuseable and recyclable, and to make products from recycled materials. For retailers and consumers, this means taking an active role in ensuring the proper disposal or recycling of an end-of-life product

Volatile Organic Compounds (VOCs) refer to organic chemical compounds which are emitted as gases from certain solids or liquids. VOCs include a variety of chemicals, some of which may have short or long-term effects on the the environment and human health.

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Chartered Accountants

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To the Board of Directors of Recycle New Brunswick

We have audited the accompanying financial statements of Recycle New Brunswick, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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, 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 our 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, we consider internal control relevant to the entity'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 entity'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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The entity derives a portion of its revenue from the collection of tire recycling fees 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 amount recorded in the records of the entity 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.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Recycle New Brunswick as at December 31, 2012, and its remeasurement gains and losses, its results of operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Accountants

May 16, 2013
Fredericton, Canada
KPMG LLP

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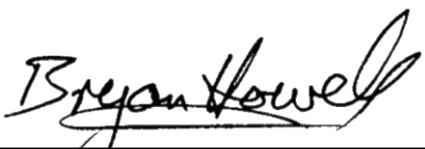
RECYCLE NEW BRUNSWICK

Statement of Financial Position
December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 247,047	\$ 389,306
Accounts receivable (note 2)	760,790	859,097
Prepaid expenses	3,247	3,247
EPR receivable (note 3)	-	24,330
	1,011,084	1,275,980
Capital assets (note 4)	79,975	103,844
Investments (note 5)	531,323	525,330
	\$ 1,622,382	\$ 1,905,154
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 392,635	\$ 436,514
EPR payable (note 3)	1,039	-
Employee future benefits (note 7)	33,198	26,799
	426,872	463,313
Fund balances:		
Invested in capital assets	79,975	103,844
Unrestricted	1,115,535	1,337,997
	1,195,510	1,441,841
Contractual obligations (note 9)		
Contingencies (note 10)		
	\$ 1,622,382	\$ 1,905,154

See accompanying notes to financial statements.

On behalf of the Board:



Director

RECYCLE NEW BRUNSWICK

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenues:		
Paint Program	\$ 124,632	\$ 127,884
Tire Program	4,190,306	4,442,767
Other	26,798	-
	4,341,736	4,570,651
Expenses:		
Tire Program, Schedule 1	4,422,664	4,465,127
Paint Program, Schedule 2	124,632	127,884
Oil and Glycol program, Schedule 3	26,494	-
Other	26,798	-
	4,600,588	4,593,011
Deficiency of revenues over expenses before the undernoted items	(258,852)	(22,360)
Other income:		
Investment income	12,349	13,974
Other income	172	-
	12,521	13,974
Deficiency of revenues over expenses	\$ (246,331)	\$ (8,386)

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Changes in Net Assets

Year ended December 31, 2012, with comparative figures for 2011

	Invested in capital assets	Unrestricted	Accumulated remeasurement gains	Total 2012	Total 2011
Balance, beginning of year	\$ 103,844	\$ 1,337,997	\$ -	\$ 1,441,841	\$ 1,450,227
Deficiency of revenues over expenses	(33,811)	(212,520)	-	(246,331)	(8,386)
Net change in investment in capital assets	9,942	(9,942)	-	-	-
Balance, end of year	\$ 79,975	\$ 1,115,535	\$ -	\$ 1,195,510	\$ 1,441,841

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (246,331)	\$ (8,386)
Items not involving cash:		
Amortization of capital assets	33,811	27,608
Employee future benefit expense	6,399	8,169
	(206,121)	27,391
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	98,307	(151,025)
Decrease (increase) in EPR receivable	24,330	(24,330)
Decrease in accounts payable and accrued liabilities	(43,879)	(11,591)
Increase (decrease) in EPR payable	1,039	(39,276)
	(126,324)	(198,831)
Investments:		
Increase in investments	(5,993)	(5,812)
Capital activities:		
Capital assets acquired	(9,942)	(93,378)
Decrease in cash	(142,259)	(298,021)
Cash, beginning of year	389,306	687,327
Cash, end of year	\$ 247,047	\$ 389,306

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements
Year ended December 31, 2012

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. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The Company has elected to apply the Section 4200 series for government not-for-profit organizations.

(a) Fees and levies:

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

(b) Paint program:

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

(c) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Asset	Rate
Building - Leasehold Improvements	5 years
Furniture and fixtures	5 years
Computer equipment	3 years
Operational equipment	3 years

(d) Use of estimates:

The preparation of the financial statements in conformity with public sector accounting standards 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. Areas of significant estimate include capital assets and employee future benefits. Actual results could differ from those estimates.

(e) Financial assets and liabilities:

Cash and investments are classified in the fair value category. The unrealized gains or losses arising from changes in the fair value of these financial assets are recognized through the statements of remeasurement gains and losses at each period end.

Fair value is determined by reference to their quoted bid price. Sales and purchases of investments are recorded on the trade date, transactions costs are expenses.

(f) Sick pay:

Employees of the Company are entitled to sick pay benefits which accumulate to a maximum of 240 days, but do not vest. In accordance with public sector accounting standards for post-employment benefits and compensated absences, the Company recognizes the liability in the period in which the employee renders the service.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements

Year ended December 31, 2012

2. Accounts receivable:

	2012	2011
Trade	\$ 606,047	\$ 691,671
Sales taxes	154,743	167,426
	\$ 760,790	\$ 859,097

3. EPR receivable/payable:

Under the terms of the Extended Producer's Responsibility (EPR) agreement, costs incurred by the Company while administering the EPR program will be charged to the producers annually. Any excess of monies received from the producer over costs incurred have been recorded as a liability at year end, as the excess amount will be credited toward future producer payments in the next fiscal year. Any excess costs over monies received have been recorded as a receivable at year end.

4. Capital assets:

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Building - Leasehold Improvements	\$ 70,935	\$ 21,280	\$ 49,655	\$ 63,841
Furniture and fixtures	71,435	52,750	18,685	26,241
Computer equipment	107,067	96,209	10,858	13,762
Operational equipment	933	156	777	-
	\$ 250,370	\$ 170,395	\$ 79,975	\$ 103,844

Amortization expense for the year is \$33,811 (2011 - \$27,608).

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2012

5. Investments:

	Fair market value	2012 Cost	Fair market value	2011 Cost
Altamira High Interest Cashperformer	\$ 103,196	\$ 103,196	\$ 101,957	\$ 101,957
Manulife Bank Investment Savings Account	103,512	103,512	102,218	102,218
Renaissance High Interest Savings Account (5000)	120,264	120,264	118,938	118,938
RBC Investment Savings Account Series A (2001)	102,581	102,581	101,301	101,301
TD Premium Money Market Fund I Series	101,770	101,770	100,916	100,916
	\$ 531,323	\$ 531,323	\$ 525,330	\$ 525,330

With the exception of the money market funds which are level 2, all investments are considered level 1 as their value can be based on quoted prices in active markets.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2012

6. Financial risks:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board of Directors has identified its major risks and concerns, and has approved investment policy guidelines. Managements monitors the risk and adherence to the policy guidelines.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of cash, EPR receivable, and investments.

The Company manages its credit risk surrounding its cash and investments by investing in well established financial institutions and governments. Management has assessed credit risk as low with respect to accounts receivable given the demonstrated collection after year end.

The maximum exposure to credit risk of the Company at December 31, 2012 is the carrying value of these assets.

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings in the financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

7. Employee future benefits:

The Company employees receive sick leave that accumulates. Unused hours can be carried forward for future paid leave. An estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

	2012	2011
Accrued sick pay obligation at January 1	\$ 26,799	\$ 18,630
Current service cost	11,733	8,169
Benefit payments	(5,334)	-
Accrued sick pay obligation at December 31	\$ 33,198	\$ 26,799

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)
Year ended December 31, 2012

8. Allocation of expenses:

All expenses which can be directly attributed to one of the Company's designated materials programs have been allocated accordingly. General expenses totalling \$678,600 relating to human resources, finance, communications, office and facilities expenditures have been allocated 78%/18%/4% (2011 - 80%/20%/0%) or \$516,632, \$119,223, and \$26,494 to the tire, paint, and oil programs, respectively.

9. Contractual obligation:

During fiscal 2010, the Company entered into a premises lease. Annual repayments are as follows:

2013	\$ 44,910
2014	44,910
2015	44,910
	\$ 134,730

10. Contingencies:

The Province of New Brunswick has a signed contract with Tire Recycling Atlantic Canada Corporation (TRACC), where payments are made based on a weight-based tipping fee model. Payments are made monthly for \$330 per ton for scrap tires received at their processing facility. Annually, a comparison between the weight of scrap tires calculated using weigh scale confirmation slips versus collection receipt slips is completed. If the difference is less than 4.5%, no adjustments to TRACC payments are made. If the difference exceeds 4.5% an additional payment is made or refund received from TRACC. The Company administers remuneration for this contract on behalf of the Province of New Brunswick and will pay or receive any adjustments accordingly.

11. Related party transactions:

Recycle New Brunswick is an agent of the Province of New Brunswick. In the year, Recycle New Brunswick recorded a receivable of \$26,798 in funding to be used towards the Company's Moving Beyond Waste Litter Survey project (2011 - nil).

RECYCLE NEW BRUNSWICK

Schedule 1 - Tire Program

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue	\$ 4,190,306	\$ 4,399,367
Environmental Trust Fund		43,400
	4,190,306	4,442,767
Expenses:		
Scrap tire processing costs	3,871,655	3,895,769
Salaries and employee benefits	299,226	319,449
Board	51,663	51,681
Office	44,867	49,042
Communication and translation	38,065	30,871
Rent	31,690	27,859
Amortization of capital assets	26,373	22,086
Professional services	19,227	19,714
Travel	16,212	24,924
Telephone	12,853	12,232
Insurance	6,948	6,930
Interest and bank charges	1,756	1,383
Repairs and maintenance	1,499	2,489
Training and subscriptions	630	698
	4,422,664	4,465,127
-	\$ (232,358)	\$ (22,360)

RECYCLE NEW BRUNSWICK

Schedule 2 - Paint Program

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue	\$ 124,632	\$ 127,884
Expenses:		
Salaries and employee benefits	66,230	72,366
Board	12,712	13,641
Communication and translation	10,136	8,621
Office	8,979	7,504
Rent	7,313	6,965
Amortization of capital assets	6,086	5,522
Professional services	4,437	4,391
Travel	3,273	2,814
Telephone	2,966	3,236
Insurance	1,603	1,709
Bank charges and interest	405	346
Repairs and maintenance	346	622
Training and subscriptions	146	147
	124,632	127,884
	\$ -	\$ -

RECYCLE NEW BRUNSWICK

Schedule 3 - Oil and Glycol Program

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Salaries and employee benefits	\$ 14,718	\$ -
Board	2,617	-
Office	1,995	-
Rent	1,625	-
Communication and translation	1,421	-
Amortization of capital assets	1,352	-
Professional services	986	-
Telephone	659	-
Travel	565	-
Insurance	356	-
Bank charges and interest	90	-
Repairs and maintenance	77	-
Training and subscriptions	33	-
	\$ 26,494	\$ -



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