

Inroads + Impacts

Driving Environmental Change in Nova Scotia's Communities

3
municipal
funding



9
deposit-refund



13
stewardship



17
education
and awareness



21
value-added



Nova Scotia
Resource Recovery Fund Board Inc.

14 Court Street
Suite 305, Truro, Nova Scotia
Canada, B2N 3H7



MAJOR INROADS + IMPACTS IN 2007

Nova Scotians should be proud of their environmental achievements in waste-resource management. Since 1996, more than 2.3 billion beverage containers and 1.3 million litres of leftover paint have been recycled, and 8.7 million used tires have been recovered.

In fiscal 2007, RRFB Nova Scotia-funded programs diverted a wide range of materials from disposal:

BEVERAGE PROGRAM

- Containers on which deposits were received: 350 million (330 million in 2006)
- Redemptions: 268 million containers (259 million in 2006)
- Recovery rate: 76.7 % (78.4 % in 2006)

TIRE PROGRAM

- Tires collected: 1.184 million (1.017 million in 2006)
- Tire recovery rate: 102.3% (91.8% in 2006)

PAINT PROGRAM

- Containers sold: 2.07 million (2.03 million in 2006)
- Containers collected: 260,000 units (279,000 in 2006)
- Paint collected: 268,600 litres (318,000 litres in 2006)
- Used paint container recovery rate: 12.6% (12.7% in 2006)
- Non-program materials: 24,185 units (26,000 in 2006)

MUNICIPAL PROGRAMS

- 83,000 tonnes of organic waste diverted through residential, commercial and institutional collection at municipal composting facilities
- 46,000 tonnes of recyclable material diverted through municipal curbside programs
- 100,000 tonnes of construction and demolition waste diverted from disposal at landfills
- 1,594 derelict vehicles removed from roadsides and properties around the province
- Hundreds of illegal dumpsites cleaned up

RRFB Nova Scotia funding at a glance: 2007

Nearly \$8.3 million (63% of net revenues) to Nova Scotia's 55 municipalities for diversion credits and funding for local recycling, composting and other programs

\$1.4 million to educate Nova Scotians and build ongoing support for environmental action

Paid \$350,000 and approved an additional \$259,000 for private sector projects to support environmental entrepreneurs and encourage innovation in waste reduction

2007 Mobius Environmental Award Winners

Over the past nine years, RRFB Nova Scotia has celebrated the energy and ingenuity of the people and groups that help make Nova Scotia a leader in waste reduction, recycling and composting. The 2007 Mobius Environmental Award winners are:

Business of the Year

White Point Beach Resort, Queens County
Rudder's Seafood Restaurant and Brew Pub, Yarmouth

Honourable Mentions:

Stanfield's Ltd., Truro and ShanDaph Oysters, Pictou County

Institution of the Year

South Shore Regional School Board

Innovation in Waste Reduction

Dan Chassie, President, Halifax C & D Recycling Ltd.

Waste Management Education

Wong International Centre, Acadia University, Wolfville

Honourable Mention: Bayview Community School, Mahone Bay

Individual Excellence in Waste Reduction

Kenneth D'Entremont, Lower West Pubnico

Honourable Mention: Susan Murwin, Bedford

Region of the Year

Halifax Regional Municipality

ENVIRO-DEPOT™ of the Year

Strait Bottle Exchange, Port Hawkesbury

School of the Year

École LeMarchant St. Thomas Elementary School, Halifax

Honourable Mention:

Cambridge & District Elementary School, Kings County

Best Community-Based Project

Pictou County Go Clean – Get Green Community Clean-Up

Honourable Mention:

Cape Forchu Community Clean-Up Project, Yarmouth

Inroads + Impacts

Driving Environmental Change in Nova Scotia Communities

MESSAGE FROM THE CEO

After a year on the job as Chief Executive Officer of RRFB Nova Scotia, I can fully appreciate the planet's growing environmental awareness – and RRFB Nova Scotia's critical role in that trend. We want to highlight that role in this year's annual report – a report which we've decided, for storytelling's sake, to treat as a "magazine" with a single unified theme: the impact that RRFB Nova Scotia is having on businesses, schools, communities and individual Nova Scotians.

In a challenging year, we managed to adopt a whole new corporate governance charter and structure. Early in the coming year, we will unveil our new strategic plan, an approach we believe will ensure that RRFB Nova Scotia's next decade is as memorable and successful as our first one.

The stories that follow are grounded in the here-and-now. They reflect a mission that is as relevant now as it was when we opened our doors in 1996: to work with Nova Scotians to improve our environment, economy and quality of life by reducing, reusing, recycling and recovering resources. And our day-to-day operations guarantee Nova Scotians garner the maximum environmental benefits from responsible solid waste-resource management.

Our mandates continue to steer our course: to develop and run new sustainable industry stewardship programs to increase waste diversion; to help grow new industries built around materials diverted from the waste stream; to raise awareness and increase knowledge of the importance of recycling and waste reduction; and, to provide incentives for Nova Scotians to reduce, reuse, recycle and compost.

In fiscal 2007, we made tangible progress in every direction. Don't just take our word for it. People from around the globe are travelling to Nova Scotia to discover how our little province manages to have one of the world's best records when it comes to reducing waste.

It is people, organizations, and municipalities around Nova Scotia who actually made those programs happen. Just like it was the employees at the province's 83 Enviro-Depots who were ultimately responsible for their success this year. In the pages that follow we put a human face on those programs. I also encourage you to read about the inroads Nova Scotia is making in developing a new system for dealing with electronic waste.

We're equally proud of our role in spurring innovation when it comes to recycling. Read further and you'll learn about companies like Dillon Consulting Ltd., which is taking the province's expertise in waste management to teach the rest of the world. And about Halifax C & D Recycling Ltd., an innovative firm that has discovered a way to recycle roofing shingles into asphalt for road paving.

After a decade of environmental stewardship, we understand change happens incrementally and over time. Getting buy-in from young people is key. So, we're extremely pleased with the success of our school programs, which grew in leaps and bounds over the past year. Inside you'll meet Kolten MacDonnell, a grade 12 student from Cape Breton who won a \$5,000 educational scholarship for writing the province's best student essay on recycling. We'll also introduce you to the students and staff at Halifax's École LeMarchant St. Thomas School, who bring new meaning to the word teamwork.

No magazine dedicated to RRFB Nova Scotia's accomplishments would be complete without a look at our financial results. In fiscal 2007, we generated over \$13 million in net revenue and gave \$8.3 million or (63 per cent of net revenue) to Nova Scotia municipalities. For an in-depth look, turn to page 24.

We're pleased with our financial results because they help lay the foundation for our future plans. Those plans are ambitious; they have to be, now that the Province has set a new target that compels Nova Scotians to reduce their waste from the current 488 kg per person to 300 kg by 2015.

To help meet the 300 kg challenge, RRFB Nova Scotia will develop new programs as the need arises and make them operational with the utmost speed. For example, we're already working on new programs to recycle electronic waste, and strengthen the province's ENVIRO-DEPOT™ system, so that operators get a solid rate of return and customers have a positive experience while recycling.

Ultimately, we're never going to get anywhere without skilled, dedicated employees. At this point I'd like to thank them all for their hard work during the past year. I'd also like to thank our Board of Directors for their guidance throughout fiscal 2007. In particular, I would like to recognize retiring board members: Joann Boudreau, Jennifer Corson, Lloyd Matheson, John O'Donnell and Dwight Whynot for their years of service to our organization.

The biggest round of applause is for everyday Nova Scotians: individuals, teachers, students, business owners and community members. They're the real heroes. We're proud to tell you their stories.

On behalf of RRFB Nova Scotia, I am honoured to present our eleventh annual report, for the fiscal year ended March 31, 2007.



W. D. (Bill) Ring,
Chief Executive Officer





Inroads+Impacts: **Municipal Funding**



Recycling Takes Root in Communities

Putting less in landfills – that’s the recipe for a waste-less province. RRFB Nova Scotia provides a variety of funds to municipalities and regions to support their waste diversion programs, and their initiatives to raise awareness and increase education. RRFB Nova Scotia’s funding – and the dedicated efforts of Nova Scotians – have solidified the province’s reputation as a recycling and waste-management innovator.

“ The best waste reduction ideas come from grass-roots organizations and communities throughout Nova Scotia. Our programs provide support to help Nova Scotians reach their potential. ”

Catherine McCarthy,
Director of Communications,
RRFB Nova Scotia

TALK ABOUT IRONIES: Town of Guysborough councillor Vernon Pitts, who caught the recycling bug years ago, was one of the first people ticketed for breaking the rules of Antigonish-Guysborough’s new clear bag garbage program. The whole thing, in fact, was a set up, designed to send out a clear message: the area’s garbage police are serious about implementing the new program. Designed to increase recycling and composting, the program reduces the cost of solid waste management within the six municipalities in the Eastern Region. The pay-off was immediate throughout the Antigonish-Guysborough area: curbside garbage declined by 25 per cent and recycling rose by 15 per cent. What’s more, residents readily bought into the program. “People want to help the environment,” stresses Pitts, even if they sometimes need a little helping hand.

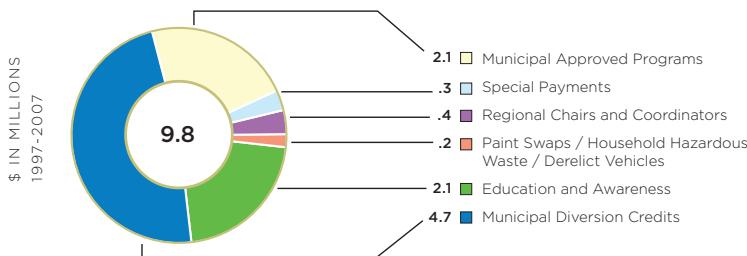
This is precisely where RRFB Nova Scotia comes in. Our province’s people, businesses and communities are the real heroes when it comes to diverting waste from landfills. All the same, by working with our partners, we ensure municipalities have the support they need to keep waste in check.

Recycling 101 for Tourists

Cutting waste requires creative thinking. With tourism an integral industry on Cape Breton Island, finding new ways to handle solid waste at hotels, motels, and inns throughout the island's countryside made perfect sense. The program, run by the Cape Breton Solid Waste-Resource Management Committee, reached its goal: reducing the number of bags of garbage heading to the landfill. Other parts of the island made headway too: Inverness County opened a new organics collection site for commercial organics.

Cape Breton Regional Municipality also made plenty of progress. Last year saw the launch of a curbside green cart collection program for organic waste materials and the opening of the municipality's new state-of-the-art composting facility.

Municipal Funding:



Municipal Funding from RRFB Nova Scotia across our 7 regions, 1997-2007



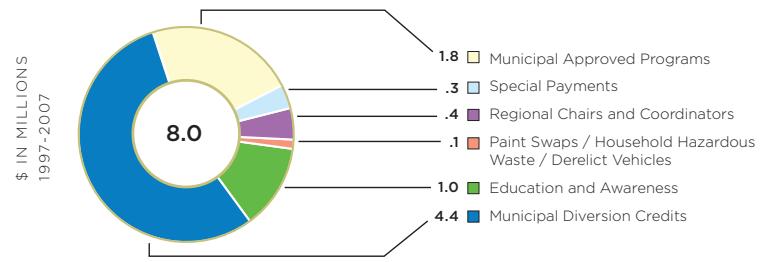
ANTIGONISH-GUYSBOROUGH-PICTOU COUNTY

Municipal Funding:

Spreading the organics message

The clear bag program for garbage launched in 2006 is one of the success stories in this region. The other big news was an organics collection program rolled out to 6,240 permanent and seasonal residences of the Municipality of the County of Antigonish. The people of Antigonish County wholeheartedly embraced the program, which was partially funded by RRFB Nova Scotia. In 2006, approximately 730 tonnes of organic material were pushed to the curb in small green carts which meant that the composting facility had to be expanded to keep up with demand.

Early in 2007, the Antigonish Kinsmen hosted a Christmas Tree Mulching event – supported by RRFB Nova Scotia. Volunteers lugged thousands of trees to a chipper, where they were turned into mulch. As well, the Municipality of the District of Guysborough hosted its 9th Annual Household Hazardous Waste event, allowing residents to drop hazardous materials off at four satellite collection locations.



Eastern Region's clear bag program for garbage boosts recycling and composting rates.

ACTION PLAN 2006-2007

- Pay a minimum of 50% of net revenues to the municipalities or regions based on the amount of solid waste that they divert from disposal.
- Seek out new opportunities to increase net revenues for distribution.

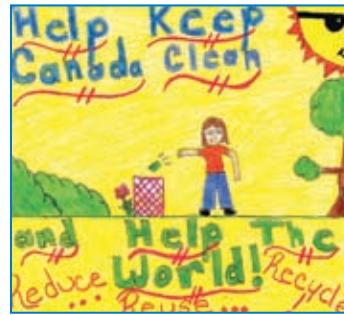
ANTIGONISH-GUYSBOROUGH-PICTOU COUNTY (continued)

REGION 2

A team effort

Talk about a total community effort: for two days the people, businesses and schools of Pictou County decided to join hands and clean up all the litter and debris within a 100-foot radius of their buildings. Pictou County’s “Go Clean-Get Green” program – a 2007 Mobius Award winner for Best Community-Based Project – didn’t stop there: this year the event was even larger in scope, and the enthusiasm has spread to local schools where students have expanded their environmental activities.

Pictou County, with the help of RRFB Nova Scotia, racked up other successes in 2007: Pictou County Solid Waste’s new



Winning Recycles Contest Artwork by Chantal Saulnier, Frank H. MacDonald School in Sutherland’s River.

clear bag garbage program, the construction of a waste transfer Station at Mount William, and a very successful Open House during Environment Week.

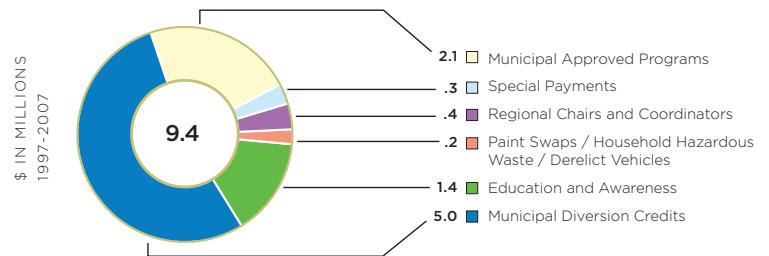
COLCHESTER-EAST HANTS-CUMBERLAND

REGION 3

The strength of community

Thanks to RRFB Nova Scotia funding, a new transfer station – where staff can sort materials and compact loads – opened at the East Hants Waste Management Centre. The upshot: increased diversion and decreased costs to taxpayers. At the same time, Colchester Waste Resource Management staff visited the majority of schools in Colchester County to promote recycling. The local school board also rolled out an enhanced organics diversion program. In Cumberland County, enforcement became a priority as staff conducted over 70 business and 500 residential audits to ensure compliance with solid waste regulations. And the construction of a new leachate/septage facility provided a more efficient solution to dealing with the by-products of Cumberland’s second generation landfill. Residents throughout the entire region also benefited from the derelict vehicle and household hazardous waste programs.

Municipal Funding:



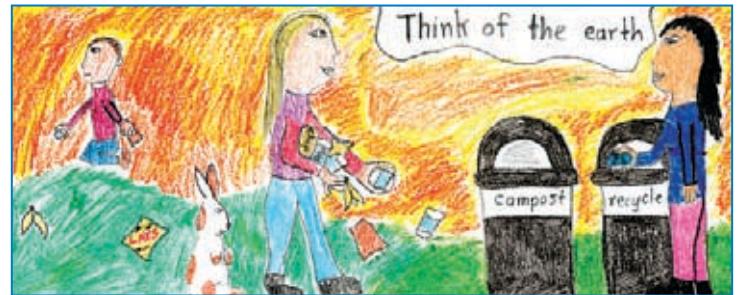
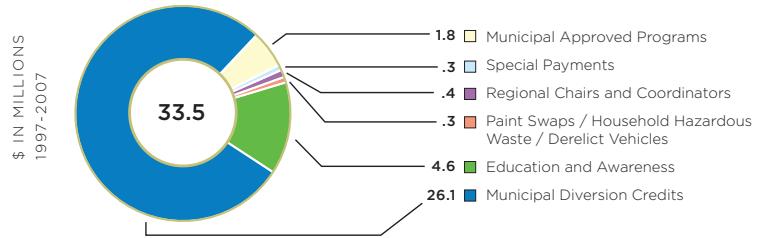
Deborah Searle, waste reduction educator for Colchester, checks on vermicomposting project.

INITIATIVES: RRFB Nova Scotia funds a wide variety of municipal waste diversion programs and initiatives that promote participation in waste diversion. For information on eligible projects please visit: www.rrfb.com

Hitting litter where it hurts

It was a no-brainer: polls showed that 84 per cent of people in Halifax Regional Municipality thought cleaning up litter was an important priority. The numbers also demonstrated that most residents believed that fines were the most effective tool in dealing with litterbugs. With funding from RRFB Nova Scotia, HRM staff worked with police forces and other partners to deliver a two-pronged approach: raising awareness through a “Can you afford to litter?” multi-media campaign; and hitting litterbugs with a whopping \$387.50 fine. The reaction: unflagging support from the entire community. HRM also initiated the “20 Minute HRMakeover,” as a component of its Litter Prevention and Education Campaign. The event brought together over 7,200 participants who cleaned up litter on the downtown streets.

Last year, HRM’s education officers contacted 16,000 residents through outreach programs. And its lone enforcement officer conducted 1,035 commercial property inspections which resulted in fines for some businesses that didn’t separate their waste properly. With the booming economy in Nova Scotia’s capital, HRM’s construction and demolition (C&D) bylaw makes sure that up to 75 per cent of C&D debris is diverted from landfill. For all these efforts, HRM was honoured with the 2007 Mobius Environmental Award for Region of the Year.



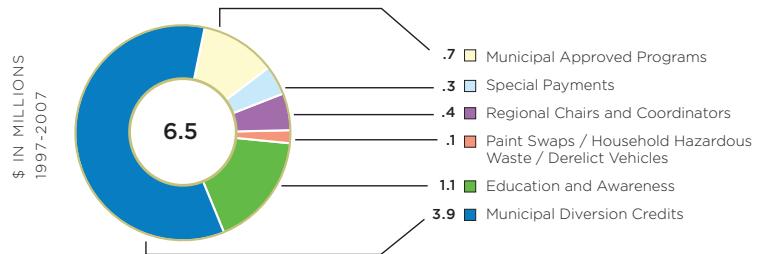
Winning Recycles Contest Artwork by Erin Yeadon, Westmount Elementary School in Halifax.

ANNAPOLIS VALLEY

Municipal Funding:

Waste reduction with international flare

Sometimes a little knowledge goes such a long way. A case in point: the apartment dwellers of the Annapolis Valley who had been reluctant to accept the concept of source separation. Getting buy-in from international students – particularly those from countries where recycling is a foreign concept – was particularly troublesome. Valley Waste’s proposed solution was an intensive education program in which their staff worked closely with apartment owners and with staff and students at the Wong International Centre at Acadia University. This partnership - which won the 2007 Mobius Award for Waste Reduction Education - resulted in the translation of education materials into Mandarin.



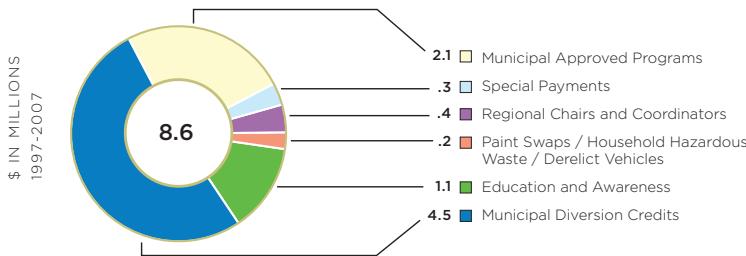
Valley Waste-Resource Management was busy in other ways: providing a new program for the processing of the popular compact fluorescent bulbs; and finalizing the details for a new material recovery facility for the region which will be built in 2007.

Getting youth buy-in

It's clear: if you want people to be dedicated recyclers as adults, the easiest way is to convince them while they're young. The South Shore Regional School Board certainly understands this. In 2005, it adopted a comprehensive waste management policy. In 2007, the Region 6 Solid Waste Management Committee worked closely with the schools as they implemented the policy, providing public multi-sort bins inside and outside all schools. And they worked to raise awareness through classroom presentations, many of which included Moby S. Loop, RRFB Nova Scotia's Recycling Robot.

Last year, Region 6 maintained the lowest waste disposal rate in the province and likely the entire country – 340 kg/per capita – which gives the region a head start in meeting the new provincial target of 300 kg/person. At the same time, Region 6 welcomed Barrington and Clark's Harbour into the fold, bringing the number of municipalities it now services to thirteen.

Municipal Funding:



FUNDING: This year RRFB Nova Scotia distributed nearly \$8.3 million (63% of net revenues) to Nova Scotia's 55 municipalities for diversion credits and funding for local recycling, composting and other programs.

PROGRAMS: In fiscal 2007, RRFB Nova Scotia-funded municipal programs helped remove 1,594 derelict vehicles from roadsides and properties around the province.

MOBIUS ENVIRONMENTAL AWARDS: The Halifax Regional Municipality won Region of the Year for its activities to support diversion and its focus on cutting litter. Pictou County won for Best Community-Based Project for its "Go Clean-Get Green" program which mobilized 1,400 volunteers to collect 14 tonnes of litter and garbage within a single week. Acadia University's Wong International Centre in Wolfville, won for best Waste Reduction Education.

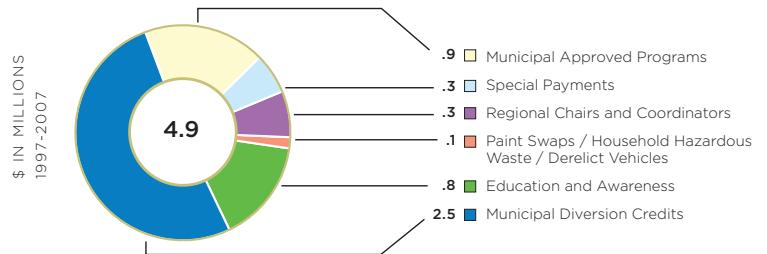
WESTERN REGION

New programs, new facilities

When it comes to waste reduction, there's no such thing as too much information. During the summer of 2006, Waste Check surveyed 100 households in the Western Region to gauge participation in a new program to separate recyclables into two bags. Their conclusion: less than 43 per cent of residents were participating. So, Waste Check began extensive advertising and door-to-door visits to increase program participation before their new recycling facility opened in 2007.

This year, the region also achieved its highest diversion rate ever – 40 per cent – second best in the province. Though that's good, Waste Check wants to do even better: loads of planning went into developing the Yarmouth County Solid Waste Park which includes a transfer station and compost facility along with a C&D debris

Municipal Funding:



site which is expected to open in 2007. The Authority signed a five-year contract with Scotia Recycling for processing recyclables at a new material recovery facility in Yarmouth. Meanwhile, the Municipality of Clare began operation of its new transfer station and C&D debris site. Another example of the way local communities, with RRFB Nova Scotia's help, are making a difference.



Inroads+Impacts: the Deposit-Refund System



Communities Rally Through Recycling

Nova Scotia has one of the most successful beverage container recycling programs in North America. Our 83 Enviro-Depots are the backbone of that Deposit-Refund System. Every year, RRFB Nova Scotia helps keep millions of beverage containers out of landfills and converts them into new valuable products.

“ It’s one of the gems of our program - recycling resources to protect the environment and creating jobs and opportunities at the same time. ”

Jerome Paris,
Director of Operations,
RRFB Nova Scotia

SOMETIMES A BUILDING IS MORE THAN JUST BRICKS AND MORTAR. Take the elementary school in Middle Stewiacke, which closed down a few years back due to the school’s declining enrolment. Middle Stewiacke, however, isn’t the kind of place to just give up on the future. In 2002, the villagers decided that the vacant school would make a perfect recreation centre. Finding enough money to keep the lights on was the problem. Then someone had the bright idea of launching a bottle drive and using the refund money to help maintain the facility. Now, on any given day or night, it’s easy to see those funds at work: the Middle Stewiacke Recreation Facility hosts dances, wedding receptions, card games, meetings and a variety of youth sports. The local recreation association also recently built hiking trails, and outdoor basketball and ground hockey courts. “For a very small community we’ve done a lot,” says recreation board member, Michelle Wilson. “Without the bottle drives it just couldn’t happen.”

TOP PHOTO: Michelle Wilson and her son play some hoops at the Middle Stewiacke Recreation Facility thanks to profits from bottle drives.
BOTTOM LEFT: Wayne DeWolfe welcomes customers to Strait Bottle Exchange in Port Hawkesbury. BOTTOM RIGHT: Beverage containers baled and ready for market.

ENVIRO-DEPOT™ FACILITIES:

The frontline recyclers

Nova Scotia's Deposit-Refund System makes success stories like that possible. There's nothing complex about how the system works: beverage containers – whether cartons, tetra packs, bottles or cans – can be returned to any ENVIRO-DEPOT™ in Nova Scotia for a refund. RRFB Nova Scotia administers the collection, transportation and marketing of the empty beverage containers for recycling into new value-added products. The men and women who operate Nova Scotia's 83 Enviro-Depots are on the frontline in the province's campaign against waste.

They can't do it alone. That's why in late 2006, RRFB Nova Scotia approved new guidelines to provide additional infrastructure funding for improvements to any ENVIRO-DEPOT™ facility. Eligible for funding: everything from new buildings, equipment and software, to studies designed to improve efficiency or enhance occupational health and safety training. As it now stands, RRFB Nova Scotia would contribute up to 80 per cent of these costs in the form of an interest-free loan.

Clear bags make a clear difference

In 2006, Nova Scotia's Deposit-Refund System received help from an unexpected source: the new clear garbage bag program introduced in thirteen municipalities throughout the province. This measure allows municipalities to inspect garbage bags to make sure that recyclables are not being thrown in with the garbage. As a result, recycling rates through municipal curbside recycling programs increased. So did returns on empty beverage containers, whether at Enviro-Depots or municipal recycling facilities. Although the overall provincial return rate for beverage containers has dropped slightly, the return rate in some regions that have adopted clear bag garbage programs has jumped by 17 per cent. As more and more municipalities roll-out clear bag garbage programs, recycling rates should continue to increase.

ACTION PLAN 2006-2007

- Administer a cost-effective deposit-refund system that maximizes the recycling of redeemable beverage containers in Nova Scotia.
- Ensure that beverage distributors comply with Solid Waste-Resource Management Regulations to provide the maximum environmental and economic benefits for the people of Nova Scotia.

Strait Bottle Exchange:

Friendly, neat and ready with information

Ultimately, the province's ENVIRO-DEPOT™ facilities are the focal point of the Deposit-Refund System. Strait Bottle Exchange is a perfect example. Around 100 customers come through its Port Hawkesbury depot in the run of a day. Al Proctor, who grew up in the area and makes up half of the two-man crew who work there, probably knows 98 of them. "He's a real people person," says Maria DeWolfe, who runs the depot with her husband Wayne. "Al's got all the energy in the world and he just loves to help customers." When a senior citizen drives up, Proctor rushes out to help them with their recyclables. If a customer has other things to do, they can just drop their empty containers and leftover paint off with Proctor. Then they can go about their shopping while he tallies up the total refund.



"Recycle for a Refund" decals were mailed to retailers in 2006.



Dan Chassie tours Caribbean delegates through his construction and demolition recycling site in Halifax.

STATS: Last year 268 million containers were returned for a refund across the province.

STATS: Last year, the beverage container return rate jumped by 17% in some regions that adopted clear bag garbage programs.

AWARDS: Its attention to detail and willingness to go the extra mile for customers helped Strait Bottle Exchange win the 2007 Mobius Environmental Award for ENVIRO-DEPOT™ of the Year.

Proctor's not the only reason Strait Bottle Exchange took home the 2007 Mobius Environmental Award as ENVIRO-DEPOT™ of the Year. They're also great at educating customers. Newcomers are usually invited for a tour through the operation – so they can see, first hand, the kind of work that goes on. In fairness, it probably helps that the people of Richmond County are already good at sorting and recycling; they're well aware of the "Garbage Police," who follow collection trucks and put a sticker on any bag containing improperly sorted waste.

Dillon Consulting Ltd.: **Riding Nova Scotia's recycling wave**

It's that kind of dedication which is making Nova Scotia synonymous with recycling excellence. Scott Kyle, a partner in Dillon Consulting Ltd., understands this fact as well as anyone. His firm has been involved in waste management projects in Nova Scotia since the mid-1970s. The province's global reputation for innovative waste management solutions makes it easy for Dillon to capitalize on Nova Scotia's brand recognition.

In 2006, for instance, representatives from Saint-Pierre et Miquelon visited Halifax to talk with Dillon about adopting the Nova Scotia waste reduction model for their French islands. Dillon, by then, was a well-known player in the global market.

In the 1990s, as part of a World Bank project, it took the Nova Scotia waste reduction model and designed a recycling system for six Caribbean states; in early 2007 it completed a similar job for the city of Edmonton and won a contract to play a critical role in helping the Greater Vancouver Regional District revamp its waste management system. "Our track record working with RRFB Nova Scotia and other Nova Scotia agencies – along with the success they've had – enhances our competitive advantage," says Kyle.

In 2007, Caribbean delegations returned to Nova Scotia. The reason: the long-established trading pattern between this province and that region now includes environmental technologies developed right here in Nova Scotia. Our model for waste reduction is helping Caribbean islands deal with the mountains of tourist waste taking its toll on sensitive island ecosystems. The solution: whenever possible reduce, reuse and recycle.



Inroads+Impacts: Stewardship



Showing the Recycling Way

Companies need to manage the waste created throughout the entire lifetime of the products they produce. RRFB Nova Scotia plays an important role in promoting and encouraging innovative ways for individuals and businesses to divert as much waste as possible. By working with the provincial government and municipalities to negotiate stewardship agreements, RRFB Nova Scotia ensures diversion is top of mind at the beginning of a product's consumer cycle – and also a priority into the future.

“ Our aim is simple: to do our best to make sure that industry accepts responsibility for their waste using a cradle-to-cradle approach. ”

Dale Lyon,
Project Manager,
Electronics Recycling Program,
RRFB Nova Scotia

YOU CAN TELL A LOT ABOUT A GUY FROM HOW HE SPENDS HIS FREE TIME; Pierre Landry likes to roll up his sleeves and restore old homes. “Taking something old and making it new gives me a thrill,” says Landry, who is onto his 20th vintage house renovation. That passion carries over into his day job too. It always bothered him that the old, half-empty paint cans that sat in Nova Scotian garages and basements were gathered up and trucked to Ontario for disposal. So, he came up with a local solution to this problem. Now, each year The Paint Recycling Company in Springhill ships nearly 270,000 litres of leftover paint to Quebec for final processing. The paint bears the Boomerang brand name and is sold from coast to coast. “We’ve found a way to entirely eliminate a waste stream,” says Landry, who is also part of a pilot project to bring a similar system to the State of Minnesota. And he’s found a way to translate his “everything old is new again” mantra into the greater recycling good.

TOP PHOTO: Pierre Landry at the paint recycling plant in Springhill.
BOTTOM LEFT: Solid Waste Manager Gary Cleary at the Guysborough Household Hazardous Waste Depot. BOTTOM RIGHT: Computer circuit boards recovered for recycling.

ACTION PLAN 2006-2007

- Administer the Used Tire Management and Paint Recycling Programs to ensure compliance with the Solid Waste-Resource Management Regulations and ensure that Nova Scotians receive maximum environmental and economic benefits.
- Work together with industry, municipalities and the Province to develop, implement and administer industry stewardship programs for the Province.



Leftover paint is made new again in Nova Scotia.

Turning problems into solutions

Each year, over two million containers of paint are purchased in Nova Scotia. Some 25 per cent of it is never used. Enter the Enviro-Depots. Nova Scotians can return leftover paint to any of the province's 83 depots at no charge. From there it goes to the paint recycling plant in Springhill for processing. The benefits are obvious: paint stays out of the landfills, and jobs are created. Best of all – a waste becomes a resource.

It's a formula that RRFB Nova Scotia is certain can be applied to other products and materials. So – as an organization devoted to helping individuals, businesses and communities manage their waste – we're committed to doing our part.

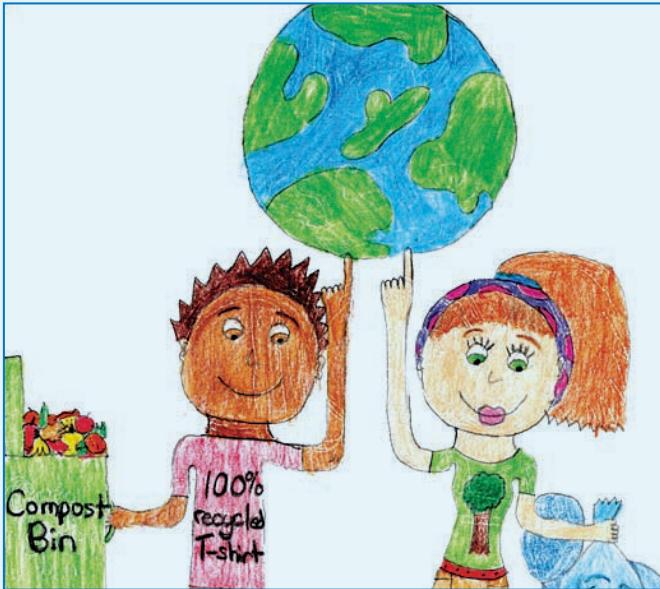
Tires are a good example. In 2006, RRFB Nova Scotia issued a request for proposals, and subsequently selected Lafarge Canada and its partner Systech Environmental to collect and process the over 900,000 used tires generated each year in the province. However, Lafarge must first meet provincial government approval before it can proceed with the contract. In the interim, RRFB Nova Scotia is collecting tires from the nearly 800 tire retailers around the province and shipping them to Quebec for recycling or cement manufacturing.

Taking the hazard out of the home

RRFB Nova Scotia is dealing with household products that present a hazard to humans and the environment. Though they represent just a small percentage of the waste stream, keeping these materials out of the landfill is critical. Every year, RRFB Nova Scotia provides \$100,000 in funding to municipalities to capture hazardous products – everything from pesticides, to old gasoline and roofing tar. Many municipalities also received funding through Municipal Approved Programs to establish or expand their permanent hazardous waste depots. Some municipalities even took their show on the road – offering hazardous waste collection events in the furthest corners of their regions.

Curbing electronics waste

Our waste stream reflects our society. Remember when the personal computer was a novel thing? Well, Canadians now own around 4 million of them, each of which will likely have to be disposed of sometime within the next seven years. And that's just one component of a burgeoning waste-management problem: how to keep all those used computers, televisions, fax machines and other electronic equipment out of the landfills. "It's not a huge percentage of the solid waste stream," explains Jay



Recycles Contest Artwork by Autumn Rafuse,
Northeast Kings Education Centre, Canning.

STATS: 4,500 tonnes of E-waste is generated each year in Nova Scotia.

STATS: This year 268,600 litres of leftover paint collected at Enviro-Depots and municipal facilities were recycled into new Boomerang paint.

FUNDING: Every year, RRFB Nova Scotia provides \$100,000 in funding to municipalities to capture household hazardous waste products.

Illingworth, vice-president of Electronics Product Stewardship Canada, (EPSC) which promotes sustainable solutions for recycling end-of-life electronics. “But these products need to be recycled responsibly. While the valuable metal, plastic and glass components in electronic products offer a significant incentive to recover these resources, there is a cost to doing it right.”

Some 4,500 tonnes of E-waste is generated in Nova Scotia each year, which explains why RRFB Nova Scotia is working with EPSC to develop an End-of-Life Electronics Recycling Program by the time Nova Scotia’s new electronic waste regulation kicks in February 1, 2008. At that point, a province-wide collection system will be in place, allowing consumers and businesses to drop off certain products at designated collection sites free of charge, knowing that these items will be recycled responsibly.

The new system will be phased in: starting February 1, 2008, collection sites will accept laptop and desktop computers, printers, monitors and televisions. A year later, computer scanners, telephones, fax machines, cell phones, DVD players, VCRs, and other audio and video playback and recording systems will also be returnable. The point is clear: with the help of RRFB Nova Scotia, residents will have new ways to keep their electronic products out of landfill sites.



Old computers will be recycled through a new end-of-life electronics stewardship program in 2008.



Inroads+Impacts: Education & Awareness



Keeping Recycling on the Radar

Environmental education and awareness is a key component in the journey toward a waste-less society. RRFB Nova Scotia provides ongoing educational resources and training for the team of waste reduction educators who travel the province. Thanks to RRFB Nova Scotia and its partners, recycling and composting are now an integral part of daily life in Nova Scotia.

“ We’re working with municipalities, the Province and other stakeholders to promote the kind of education and awareness that encourages waste reduction, reuse, recycling and composting. ”

Alanna McPhee,
Education Officer,
RRFB Nova Scotia

THE RIGHT TEACHER CAN CHANGE A CHILD’S LIFE. Susan Murwin, who teaches at École LeMarchant St. Thomas (LMST) School in Halifax, is a case in point. Like most Nova Scotia elementary schools, LMST has always tried to teach its students the importance of being environmentally responsible. Then in 2006 along came Murwin, the school’s newest teaching recruit, with a whole new definition of what going green actually means. Under her direction – and with assistance from Clean Nova Scotia – members of LMST’s newly-struck “Green Energy Team” were suddenly everywhere: running energy conservation workshops; putting “Energy Matters” stickers by light switches; ensuring the school’s computers use power savers; and checking garbage cans to ensure LMST recycles right.

“What I really like about the Green Energy Team is that the students are taking a leadership role,” says Moira Kavanaugh, vice-principal of LMST, which won the 2007 Mobius Environmental Award for School of the Year. More than that: in many cases the students are even challenging their parents to follow suit - irrefutable proof that ordinary people are the ones who really make a difference when it comes to waste reduction. RRFB Nova Scotia plays a vital role in supporting environmental education and increased awareness about the value of a waste-less province.



École LeMarchant St. Thomas School Green Energy Team spreads the recycling message.



Dr. Mathis Wackernagel, Executive Director of the Global Footprint Network discusses Nova Scotia's ecological footprint with the Hon. Mark Parent, Minister of Environment and Labour at the 2007 Mobius Environmental Awards.

Engaging our youth

The schools, naturally, are where RRFB Nova Scotia's involvement starts. Our website includes a teacher's page that provides resources for teaching the 3R's and composting.

But RRFB Nova Scotia helps build buzz around recycling in other ways too. A good example: our annual Nova Scotia Recycles Contest, open to students from primary to grade 12, is designed to get students thinking hard about waste reduction. The contest, supported in part by MEC and Empire Theatres, attracted a record 9,400 entries this past year.

This year's provincial winner in the grade 12 research essay category – Kolten MacDonell, a graduating student from Port Hood – didn't know a lot about the environment when he decided to enter. So the 18-year-old – who plays the piano and fiddle and also speaks Gaelic – hit the books and the Internet. Then he sat down and proposed a new approach to teaching younger students to reduce their waste. "It's sparked an interest," explains MacDonnell, who plans to use the \$5,000 scholarship to study science at university in the fall of 2007. "I'm a lot more environmentally conscious now and I advocate that to everyone I meet."

Taking the word on the road

The Nova Scotia Recycles Contest was part of a bigger initiative: Waste Reduction Week (Oct. 16-22, 2006), a partnership between RRFB Nova Scotia, Clean Nova Scotia and the province's 55 municipalities, keeps the environment top-of-mind. Educators hit the road hard during those seven days, promoting waste reduction throughout their communities and to businesses through "lunch and learn" sessions. Throughout the year, in fact, RRFB Nova Scotia's waste reduction educators were a busy bunch – holding open houses during Environment Week and making presentations to schools, businesses and community groups wherever they could.

Keeping it at the community level

In fiscal 2007, RRFB Nova Scotia helped dozens of community groups through its Community Sponsorship Program, which provides funding to support environmental initiatives at the local level. Funding is provided to community organizations that purchase waste separation containers, festivals that need help going "green", and schools carrying out environmental education initiatives.

ACTION PLAN 2006-2007

- Work with municipalities, the Province and other stakeholders to promote education and awareness programs that encourage waste reduction, reuse, recycling and composting.
- Provide a clear and consistent message so stakeholders understand the Solid Waste-Resource Management Strategy.

One community that took advantage of the funding program was East Ferry in Digby County. Diane Theriault and her family operate the Petite Passage Whale Watch and Café there. It’s an environmentally responsible enterprise – run in a sustainable way that minimizes waste, reduces energy costs and protects nature. What’s more, thanks to a grant from RRFB Nova Scotia, the café now operates a community composting bin where organic waste is transformed into “black gold” compost.

Getting schooled on waste diversion

The South Shore Regional School Board, winner of the 2007 Mobius Award for Institution of the Year, also broke new ground. After a year of hard work and consultation it adopted what’s considered to be the province’s first comprehensive waste diversion policy. They did more than just roll out the document. The board, with the support of RRFB Nova Scotia, set aside \$50,000 to buy waste sorting stations. It also dedicated staff to raise awareness of the initiative. Regional educators went into schools to ensure the policy was a success. “We’ve been letting the schools know that this is just the beginning of building a stronger program,” declares Paul Rand, the South Shore Regional Board’s Director of Operations.

STATS: A record 9,400 entries were received in RRFB Nova Scotia’s Recycles Contest, open to students from primary to grade 12.

STATS: Moby S. Loop toured the province, delivering 172 presentations to schools, and communities from Cape Breton to Yarmouth.

FUNDING: RRFB Nova Scotia invested \$1.4 million to educate Nova Scotians and build ongoing support for environmental action.

AWARDS: Halifax’s École LeMarchant St. Thomas School won the 2007 Mobius Environmental Award for School of the Year. The school is a leader in recycling, composting and energy conservation education.



Nova Scotia Recycles Contest Artwork by Alexa Shearer from Weymouth Consolidated School.



Inroads+Impacts: Value-Added Manufacturing



A New Approach To Community Values

Solid waste presents opportunities along with challenges.

RRFB Nova Scotia is always looking for ways to help companies and individuals add more value to products in the waste or recycling stream. Along the way, RRFB Nova Scotia supports business growth in the province through research and development of new technologies that use materials recovered from the waste stream.

“ Our job is to foster innovation – to help companies and people find new ways to turn waste into something valuable. ”

Rick Ramsay,
Chair of RRFB Nova Scotia

DAN AND LEE-ANNE CHASSIE own the largest construction and demolition recycling facility in Nova Scotia. With an eye forever on the bottom-line, it seems to defy all reason that their company, Halifax C&D Recycling Ltd., would spend the better part of a decade coming up with a way to stem the flow of material into their site. But the Chassies believe it's possible to do your part for the environment and still make money. Hard to fault their logic: every year Nova Scotia generates over 30,000 tonnes of asphalt shingles, making it a major component in the provincial waste stream. So when the Chassies weren't busy with the day-to-day operations of running a C&D recycling facility they worked on finding a way to separate the shingles into two products: asphalt flake, an alternate energy source to coal; and asphalt grit, which they now sell to hot-mix asphalt producers for use in pavement. The Chassies aren't stopping there: they're going through the licensing process to protect this value-added innovation and hope to sell the technology elsewhere.

ACTION PLAN 2006-2007

- Support the re-processing and re-manufacturing of materials recovered from municipal waste disposal.
- Provide financial assistance to develop value-added products from these recovered materials.



PET and HDPE plastic are recycled into clothing, carpet and other products.

A Constructive use of waste

It's not easy being an innovator. Helping grow new industries built around processing materials diverted through the waste stream is a big part of RRFB Nova Scotia's mandate. In a field changing seemingly by the minute, innovation is the key. We do our part, in a wide range of ways, to spur originality.

One of the downsides of a booming economy, for example, is the mountain of construction and demolition waste generated. In 2006, Dillon Consulting Ltd. carried out a study commissioned by RRFB Nova Scotia and Nova Scotia Environment and Labour which laid out a course of action to improve the effectiveness of managing construction and demolition (C&D) debris in the province. In the consultant's view, several C&D materials like shingles and gyprock could be transformed into something of value.

Enriching the soil with gyprock

Some enterprises are further along when it comes to adding value to materials diverted from the waste stream. Reading the Dillon Consulting Ltd. C&D report gave Dr. Paul Arnold, P.Eng., an Acadia University professor and composting researcher, an idea: could something be done with the drywall or gyprock that was ending up in the landfill? It's a question worth pondering – since every square foot of covered wall produces roughly a pound of drywall waste. By Arnold's calculations drywall makes up roughly 20 per cent of the C&D waste stream. In Nova Scotia, that translates into 2,500 tonnes of drywall waste each year.

Arnold was already looking into new ways to process organic material into soil compost. So he decided to consider gyprock as a compost feedstock. This year Arnold is running a small pilot project to determine just how much gyprock – which seems to be good for the soil since it reduces acidity and provides a source of calcium and sulphur – can be added to the compost mix without upsetting the delicate micronutrient balance. As well, Arnold has approval to run a larger scale study at two compost facilities in the province.



Construction and demolition debris doesn't go to waste in Nova Scotia.

STATS: Composting drywall from C&D debris could keep 2,500 tonnes of gyprock out of Nova Scotia's landfills each year.

FUNDING: RRFB Nova Scotia invested \$350,000 and approved an additional \$259,000 for private sector projects to support environmental entrepreneurs and encourage innovation in waste reduction in Nova Scotia.

AWARDS: Dan Chassie, president of Halifax C&D Recycling, won the 2007 Mobius Environmental Award for Innovation in Waste Reduction.

Spinning glass and plastic into gold

Another niche market possibility: all those tonnes of post-consumer glass sorted at the province's Enviro-Depots and municipal recycling facilities that are shipped out of Nova Scotia for processing. RRFB Nova Scotia retained SNC-Lavalin Inc. to study the best way to turn post-consumer glass into cullet – waste glass – or glass sand, and the potential markets for those materials. The news was encouraging: the glass sorted at Nova Scotia's recycling facilities has such a low level of contamination that it doesn't need much to make it ready for sale. And possible markets for glass sand throughout Nova Scotia, and even the United States, abound.

In 2006, RRFB Nova Scotia also commissioned a study, which is still underway, to consider the collection, processing and sale of post-consumer plastics. For now, most beverage container plastics are processed at NovaPet in Amherst, while other types of plastics collected at municipal recycling plants are shipped out of Nova Scotia to market. The next step in the plastics study is a feasibility analysis, with recommendations to follow.

The future of composting

The folks at Halifax-based Soil FoodWeb Canada East Ltd. are also finding ways to do things differently. Their lab allows clients to enhance and fine-tune soil ecology via composting to match the crop they're growing. Their client list includes strawberry, blueberry and potato growers along with vineyards and apple orchards. "We think we are the future of composting," says Glenn Munroe, a partner in the company. "Composting used to be a way to get rid of something. Now we're helping to design high quality horticultural products." At RRFB Nova Scotia we call that adding value.



Curbside organics collection is spreading around the world.

Auditors' Report

To the Board of Directors of the **Resource Recovery Fund Board Inc.**

We have audited the combined statement of financial position of the **Resource Recovery Fund Board Inc.** as at March 31, 2007 and the combined statement of operations, changes in net resources and cash flows for the year then ended. These combined financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the **Resource Recovery Fund Board Inc.** as at March 31, 2007 and the combined results of its operations, changes in net resources and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Truro, Nova Scotia
May 11, 2007

Grant Thornton LLP
Chartered Accountants

Combined Statement of Operations

Year Ended March 31, 2007	Budget 2007	2007	2006
Revenues			
Deposits	\$ 32,669,100	\$ 34,511,326	\$ 32,198,896
Sales of recyclable materials	4,689,700	5,337,300	4,478,523
Tire program	3,393,000	3,307,443	3,309,572
Stewardship	997,400	980,608	968,461
Rental income	201,600	201,600	201,600
Investment and other income	418,400	695,594	469,807
Total revenues	42,369,200	45,033,871	41,626,859
Expenses			
Operating	29,727,500	30,342,078	29,197,638
Administrative	1,767,100	1,538,155	1,384,779
Other expenditures and allocations			
Approved program grants	1,911,200	1,167,895	816,406
Education and awareness	1,691,000	1,393,802	1,522,619
Regional committees	250,000	296,893	242,178
Derelict vehicle program	100,000	32,806	59,863
Household hazardous waste program	100,000	100,000	69,443
Municipal Solid Waste Diversion	5,502,800	6,695,000	5,491,000
Special municipal allocation	-	-	700,000
Province of Nova Scotia	1,100,600	1,339,000	1,098,000
Research, development and special projects	350,000	-	-
	42,500,200	42,905,629	40,581,926
Net revenue before equity earnings	(131,000)	2,128,242	1,044,933
Equity in net profit of a business enterprise	-	-	38,564
Gain on sale of interest in a business enterprise	-	-	52,507
Excess of revenues over expenditures	\$ (131,000)	\$ 2,128,242	\$ 1,136,004

See accompanying notes to the combined financial statements

Combined Statement of Changes in Net Resources

Year Ended March 31					2007	2006
RESOURCE RECOVERY FUND						
	Invested in Capital Assets	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total	Total
Balance, beginning of year	\$ 2,012,599	\$ 2,371,594	\$ 6,933,899	\$ -	\$ 11,318,092	\$ 10,182,088
Excess (deficiency) of revenue over expenses	(361,243)	-	-	2,489,485	2,128,242	1,136,004
Investment in capital assets	123,268	-	-	(123,268)	-	-
	1,774,624	2,371,594	6,933,899	2,366,217	13,446,334	11,318,092
Internal transfers from (to)	-	-	6,696,613	(6,696,613)	-	-
Payment of approved programs	-	-	(1,167,895)	1,167,895	-	-
Education and awareness program	-	-	(1,393,802)	1,393,802	-	-
Regional committees	-	-	(296,893)	296,893	-	-
Nova Scotia Department of Environment and Labour	-	-	(1,339,000)	1,339,000	-	-
Household hazardous waste program	-	-	(100,000)	100,000	-	-
Derelict vehicle program	-	-	(32,806)	32,806	-	-
Balance, end of year	\$ 1,774,624	\$ 2,371,594	\$ 9,300,116	\$ -	\$ 13,446,334	\$ 11,318,092
Restricted for approved programs represented by:						
Committed funds (Note 8 (b))			\$ 1,508,127			
Uncommitted funds			7,791,989			
			\$ 9,300,116			

See accompanying notes to the combined financial statements

Combined Statement of Financial Position

March 31	2007	2006
Financial assets		
Cash and cash equivalents	\$ 11,661,846	\$ 8,786,942
Receivables	3,414,251	3,229,451
Accrued receivables	597,497	320,681
Notes receivables (Note 3)	120,612	32,507
Investments, at cost (market value - \$8,067,511; 2006 - \$8,026,479)	8,051,382	8,000,000
	<u>23,845,588</u>	<u>20,369,581</u>
Financial liabilities		
Payables and accruals	1,390,622	1,791,110
Municipal solid waste diversion credits payable	6,695,000	5,491,000
Unearned revenue	4,378,200	4,036,800
	<u>12,463,822</u>	<u>11,318,910</u>
Net financial resources	<u>11,381,766</u>	<u>9,050,671</u>
Non-financial assets		
Inventory	192,270	129,573
Prepays	97,674	125,249
Property and equipment (Note 4)	1,767,386	1,978,865
Organizational costs, net of accumulated amortization	7,238	33,734
	<u>2,064,568</u>	<u>2,267,421</u>
Net resources (Note 8 and Page 25)	<u>\$ 13,446,334</u>	<u>\$ 11,318,092</u>

Commitment (Note 6)
Contingency (Note 9)

On Behalf of the Board



Lloyd Matheson, Director



Richard G. Ramsay, Director

Combined Statement of Cash Flows

Year Ended March 31	2007	2006
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenditures	\$ 2,128,242	\$ 1,136,004
Equity in net profit of a business enterprise	-	(38,564)
Gain on sale of interest in a business enterprise	-	(52,507)
Depreciation and amortization	361,038	360,249
Gain on sale of property and equipment	(1,495)	(11,694)
	<u>2,487,785</u>	<u>1,393,488</u>
Change in non-cash operating working capital		
Receivables	(461,616)	(274,775)
Inventory	(62,697)	11,735
Prepays	27,575	65,489
Payables and accruals	803,512	749,531
Unearned revenue	341,400	188,300
	<u>3,135,959</u>	<u>2,133,768</u>
Investing		
Proceeds from sale of:		
Property and equipment	1,700	36,000
Interest in a business enterprise	-	376,250
Investments	1,200,000	-
Purchase of:		
Property and equipment	(123,268)	(446,768)
Investments	(1,251,382)	(8,000,000)
Issue of note receivable	(111,600)	-
Repayment of notes receivable, net	23,495	152,638
	<u>(261,055)</u>	<u>(7,881,880)</u>
Net increase (decrease) in cash and cash equivalents	2,874,904	(5,748,112)
Cash and cash equivalents, beginning of year	8,786,942	14,535,054
Cash and cash equivalents, end of year	<u>\$ 11,661,846</u>	<u>\$ 8,786,942</u>

See accompanying notes to the combined financial statements

1. NATURE OF OPERATIONS

The Resource Recovery Fund Board Inc. is a not-for-profit organization established by the Nova Scotia government to develop and administer industry stewardship programs that increase waste diversion, enable the establishment of new industries based on the processing of materials diverted from the waste stream, and provide incentives to the people of Nova Scotia to reduce, reuse, recycle and compost.

Under regulation, all revenues earned are deposited to the Resource Recovery Fund, which is the property of the Province of Nova Scotia. All expenditures incurred by the Resource Recovery Fund Board Inc. to operate, administer and fulfil the mandates of the Province of Nova Scotia Solid Waste Management Strategy are expenditures of the Resource Recovery Fund. Accordingly all assets, liabilities and net resources reported in these financial statements are the property of the Resource Recovery Fund and are held on behalf of the Province of Nova Scotia by the Resource Recovery Fund Board Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation**

The combined financial statements include the accounts of the Resource Recovery Fund Board Inc. and the Resource Recovery Fund. Significant inter-entity loans and transactions have been eliminated in these combined financial statements. These combined financial statements are the representations of management prepared in accordance with generally accepted accounting principles for provincial governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires the organization's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Actual results could differ from those reported.

Revenue recognition

Resource Recovery Fund follows the deferral method of accounting for revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**Depreciation**

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Building	5%, straight line
Field equipment	20%, straight line
Leasehold improvements	14.2%, straight line
Office and warehouse equipment	20%, straight line
Computer hardware and software	33 1/3%, straight-line
Containers	
- Bags	33 1/3%, straight-line
- Tubs	10%, straight-line
Vehicles	33 1/3%, straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight line basis over five years.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, receivables, accrued receivables, notes receivable, investments, payables and accruals, municipal solid waste diversion credits payable and unearned revenue. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments are at least equal to their carrying values.

Income taxes

The organization is exempt from income taxes under Section 149(I)(d) of the *Canadian Income Tax Act*.

3. NOTES RECEIVABLES

Non-interest bearing notes receivable due in equal monthly instalments of \$1,535 and \$1,860, maturing in 2008 and 2012.

2007	2006
\$ 120,612	\$ 32,507

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 282,000	\$ -	\$ 282,000	\$ 282,000
Field equipment	380,716	179,605	201,111	243,102
Building	969,431	137,216	832,215	880,686
Office and warehouse equipment	102,713	98,285	4,428	6,418
Containers	1,307,685	983,463	324,222	427,126
Leasehold improvements	14,250	13,195	1,055	1,123
Computer hardware and software	575,805	499,716	76,089	58,318
Vehicles	130,640	84,374	46,266	80,092
	\$ 3,763,240	\$ 1,995,854	\$ 1,767,386	\$ 1,978,865

5. BANKING FACILITIES

The Fund has an operating line of credit of \$2,500,000, all of which is unused at March 31, 2007.

6. COMMITMENT

The Resource Recovery Fund has entered into agreements with specific organizations and businesses to provide funding for various recycling programs across Nova Scotia. At March 31, 2007, \$1,508,127 of the restricted for approved programs resources has been committed under these agreements.

7. RELATED PARTY TRANSACTION

The Fund reimburses the Nova Scotia Department of Environment and Labour for services and expenses incurred on the Fund's behalf. During the year, costs of \$1,339,000 (2006 - \$1,098,000) were incurred, of which \$539,000 (2006 - \$298,000) is included in payables and accruals.

8. RESTRICTIONS ON NET RESOURCES

Net resources under the Resource Recovery Fund have been internally restricted for the following purposes:

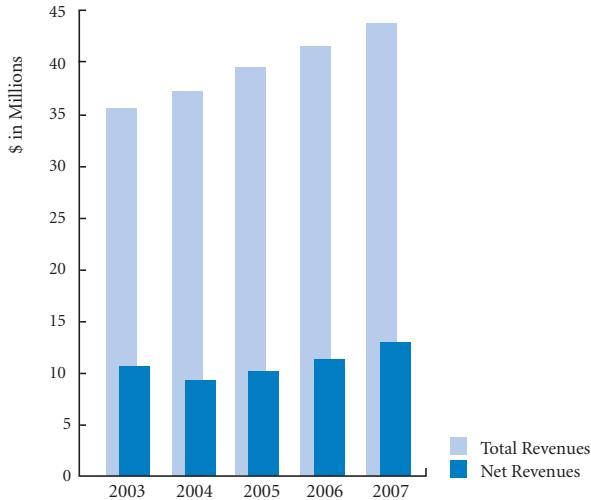
- (a) Restricted for future projects – represents the amount internally restricted for funding various future projects as approved by the Board and in accordance with the goals and objectives of the Resource Recovery Fund.
- (b) Restricted for approved programs – represents the amount internally restricted for various recycling programs and initiatives in accordance with the goals and objectives of the Resource Recovery Fund. Of the amount internally restricted, \$1,508,127 has been committed by the board to assist in the funding of various recycling programs across Nova Scotia.

9. CONTINGENCY

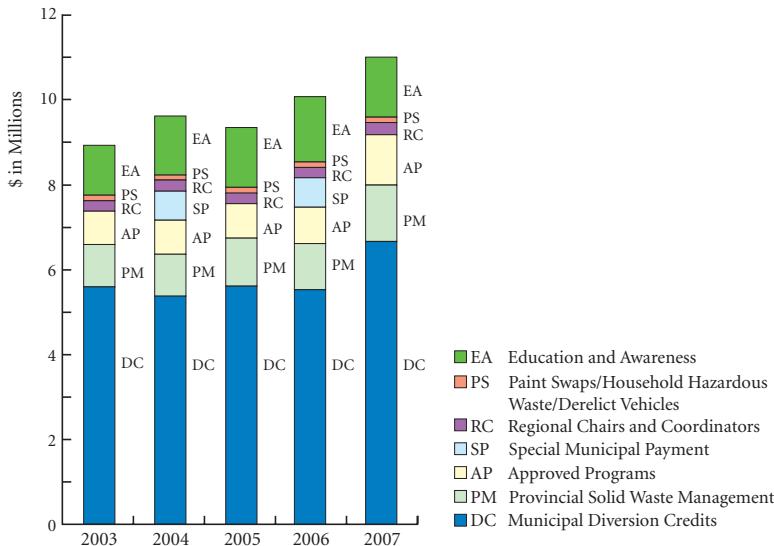
The Board has been unable to determine with reasonable certainty if HST should have been charged to the Resource Recovery Fund on some of its operating costs incurred and withdrawn from the Fund. Due to the uncertainty around this matter, the Board intends to request an HST Ruling from the Canada Revenue Agency (CRA). If CRA were to rule that certain amounts were subject to HST, the Board would be required to recognize a liability on these amounts relating to the period from July 1, 2004 to March 31, 2007. Management believes it is likely that any amount of HST assessed as a result of the proposed ruling, would be fully recoverable and accordingly, there is no net impact anticipated on the statements of financial position or operations, related to this uncertainty.

Operating Results & Distribution of Net Revenues

Operating Results



Distribution of Net Revenues



BOARD OF DIRECTORS

Richard G. Ramsay
 President, Richard G. Ramsay Management
 Consultants Inc.
Chair

Gerard MacLellan
 Executive Director of Environmental
 Monitoring and Compliance Division
 Nova Scotia Environment and Labour
Member of the Executive Committee

Lloyd Matheson
 Councillor, Municipality of East Hants
Member of the Executive Committee

Dwight Whynot
 President, Scotia Recycling Ltd.
 Executive Vice-President
 Minas Basin Pulp & Power Co. Ltd.
Member of the Executive Committee

Joann Boudreau
 Regional Circulation Sales Manager
 Eastern Canada, The Globe and Mail

Einar Christensen, P. Eng., LEED AP
 Principal, Abercrombie Engineering

Richie Cotton
 Chair
 Nova Scotia Solid Waste-Resource Management
 Regional Chairs' Committee

Tim Dietrich
 Dealer Operations
 Home Hardware Stores Limited

Brian Miller
 President
 Miller Tire Services Ltd. and
 Fleet Retreading Services Ltd.

John O'Donnell, C.A.
 President
 Copol International Ltd.

CODE OF CONDUCT COMPLIANCE

The Resource Recovery Fund Board Inc.'s Board of Directors and Management have reviewed the Company's Code of Conduct and are satisfied that the Board of Directors' approach to corporate governance is consistent with the Code.



www.rrfb.com

14 Court Street
Suite 305, Truro, Nova Scotia
B2N 3H7

Telephone
(902) 895-RRFB (7732)

Toll Free
1-877-313-RRFB (7732)

Fax
(902) 897-3256

Email
info@rrfb.com

Printed in Nova Scotia by
Bromoc Print, an FSC-Certified Printer.



RRFB NOVA SCOTIA'S MISSION:

To work with Nova Scotians
to improve our environment,
economy and quality of life
by reducing, reusing, recycling
and recovering resources.