2005-06 ANNUAL REPORT

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GUIDING OUR PROVINCE TO A **GREENER** FUTURE

Environmental responsibility. It's about individual – and group – effort. It's about getting down to earth… and raising our ideals. It's about realizing that we have what it takes to move mountains. MMSB is leading the way for this important work in Newfoundland and Labrador. But we're not doing it alone. We're partnered with hundreds of thousands of individuals, businesses, and organizations who recognize that, at the end of the day, it's all about carrying our weight. Because by working together, everyone benefits. And when you think about it, that's the most natural thing in the world.

2005-06 ANNUAL REPORT

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Never underestimate how much difference little things can make. *Because every small change we make today, will produce significant results tomorrow. And change is at the root of our waste management efforts. Change in what we do – and how we think.*

MESSAGE FROM THE CHAIR & CHIEF EXECUTIVE OFFICER

Newfoundlanders and Labradorians are delivering a strong, positive message about the importance of recycling and waste management in the province. That is why MMSB is working hard to make responsible waste management a priority for every Newfoundlander and Labradorian and why we are working with a multitude of stakeholders to help achieve the waste management goals of the province.

This year's annual report highlights how MMSB is guiding the province to a greener future for all Newfoundlanders and Labradorians. Each year in our province, we generate more than 400,000 tonnes of waste material. That is approximately two kilograms per person per day. We need to and can do better, individually and collectively, as we strive to meet the overall goal of diverting 50 per cent of the waste we presently generate.

The successes we have attained this year have been good for the environment, our economy, and our communities. Here are the highlights for 2005-06:

- **131 million** used beverage containers recycled – a 67 per cent recovery rate;
- 11.8 million used beverage containers recovered through MMSB's school recycling program, **generating $1.2 million in funds for the schools** under the Green School Routine Program;
- **90,000 litres** of household hazardous waste collected from 10 communities through 16 special collection events;
- **over 330,000 used tires collected** and diverted from waste disposal sites;
- **$651,000 invested through the Waste Management Trust Fund** to support the planning and organizational needs of regional waste management authorities to advance the provincial Waste Management Strategy at the local level;
- **$620,000 invested from the Waste Management Trust Fund** in a new Regional-Community Fibre (Cardboard and Paper) Recycling Program that supported five new permanent regional-community cardboard and/or paper recycling initiatives;
- the launch of a new Residential Backyard Composting Program, including the **distribution of 10,000 compost bins to households** across the province;
- the undertaking of **major new public education and awareness campaigns** focusing on backyard composting, cardboard and paper recycling, and the promotion of out-of-home waste reduction activities; and
- sustained employment within the recycling industry estimated at more than **300 jobs** throughout Newfoundland and Labrador.

It matters whether or not a pop can is recycled or an apple core is thrown in the trash instead of being composted. It also matters whether or not a person puts household hazardous waste in the garbage rather than properly disposing of the unwanted product. The way we dispose of our waste today will have a significant impact on future generations in our province. MMSB is committed to working toward positive and lasting environmental change through the adoption of progressive waste management practices. It is a commitment in which we take great personal and corporate pride. We are striving to nurture that same commitment in everyone … because keeping our province green is the responsibility of us all.

On behalf of MMSB, I am proud to present our annual report for the fiscal year ended March 31, 2006 in accordance with the Waste Management Regulations that have been enacted under the Environmental Protection Act.

John D. Scott
Chair & CEO

OVERVIEW OF MMSB

The Multi-Materials Stewardship Board (MMSB) is a Crown agency of the Government of Newfoundland and Labrador, reporting to the Minister of Environment and Conservation. It was established in 1996 to **develop, implement and manage waste diversion and recycling programs on a province-wide basis** as set by the government. Its mandate has expanded over time and now includes the administration of the Newfoundland and Labrador Waste Management Trust Fund (which supports the implementation of the provincial Waste Management Strategy), as well as the development and implementation of province-wide public education initiatives to promote the adoption of more progressive waste management practices in Newfoundland and Labrador generally.

The delivery of this mandate is **achieved in partnership with various departments and agencies of the Government of Newfoundland and Labrador** (primarily through an Interdepartmental Waste Management Steering Committee comprised of the Department of Environment and Conservation, the Department of Municipal Affairs and the Department of Government Services), as well as with key stakeholders such as regional waste management authorities, the Newfoundland and Labrador Federation of Municipalities, and the Newfoundland Environmental Industries Association.

MMSB is governed by a Board of Directors appointed by the Minister of Environment and Conservation. The Board is responsible and accountable for the overall business affairs of MMSB.

The day to day work of MMSB is carried out by management and staff employed by the Board under the direction of a Chief Executive Officer (CEO).

While the CEO, management and staff are responsible for the day to day operations, much of the work of the organization is achieved through a range of relationships with other organizations (such as regional waste management authorities and municipalities) and "third-party" contracted service providers (such as Green Depots). In this context, MMSB can be characterized as a management organization in the main. Its corporate structure is made up of an administrative office based in St. John's, as well as four "field offices" that support the Used Beverage Container Recycling Program.

MMSB is a **self-financed Crown agency** that does not receive any funding from the Government of Newfoundland and Labrador. Its revenues are derived from levies applied on various waste streams as authorized and prescribed under provincial legislation (presently beverage containers and tires), as well as from the sale of recyclable materials it collects under its various programs. MMSB's operating revenue stream in 2005-06 was in the order of $19 million. MMSB's operating expenditures in 2005-06 were in the order of $16.2 million.

Any operating surpluses generated by MMSB are held by MMSB and are **invested in the Newfoundland and Labrador Waste Management Trust Fund to support the implementation of the provincial Waste Management Strategy**. Total (accumulated) available resources in the Trust Fund (at April 1, 2005) were approximately $11.4 million for use over a multi-year period.

OVERVIEW OF MMSB *cont'd*

MANDATE

The mandate of MMSB is derived from the ***Environmental Protection Act and accompanying Waste Management Regulations***, as well as from the provincial **Waste Management Strategy** of 2002. MMSB is mandated, through these legislative and policy instruments, to **support and promote modern waste management practices in the province**, with a particular focus on waste reduction and recycling, as a means of helping to ensure a clean and healthy environment throughout the province. The Government of Newfoundland and Labrador, as a key element of the provincial Waste Management Strategy, has set as a long term objective the diversion of 50 per cent of the solid waste stream (as defined in 2002) from disposal in landfills. The target date for achievement of this objective has been set at 2010, but government is presently reviewing whether this date may need to be extended for practical considerations.

VISION

The vision of MMSB is of a **clean and healthy environment throughout Newfoundland and Labrador** founded in part on a progressive waste management system that incorporates effective waste diversion practices and behaviours on the part of all Newfoundlanders and Labradorians.

MISSION

MMSB is an "agent of change" whose fundamental responsibility is to promote and support modern waste management practices in the province, with a particular focus on waste reduction and recycling, as a means of contributing to a cleaner and healthier environment throughout Newfoundland and Labrador. Our mission is founded on MMSB playing a leadership role in guiding regional waste management authorities and other stakeholders toward this goal in keeping with the principles embodied in the provincial Waste Management Strategy and the specific **target of diverting 50 per cent of the solid waste stream** (as defined in 2002) from disposal in landfills.

Complementary to the leadership role to be exercised by MMSB in **helping advance the provincial Waste Management Strategy**, the fifteen (15) regional waste management authorities will play a vital role in moving the agenda forward "on the ground" at the local level. They are responsible and accountable for **designing, implementing and operating comprehensive new waste management systems throughout the province.** These new systems will provide communities in each region with modern waste separation and recycling services (at curbside for households), access to central composting facilities, specific disposal sites for construction and demolition debris and metals, household hazardous waste management and disposal services, and access to centrally located end use disposal facilities (new environmentally engineered landfills) that will accept waste products that are not diverted from the general waste stream.

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GUIDING OUR PROVINCE TO A **GREENER** FUTURE

Positive change... *unlike us, it's something nature does effortlessly. But we're learning too – learning to change for the better.*

LINES OF BUSINESS

In delivering its mandate, MMSB provides the following lines of business:

1. WASTE DIVERSION – RECYCLING

MMSB develops, manages and administers the implementation of provincial waste diversion programs and services in accordance with government priorities as prescribed in the *Waste Management Regulations* or as authorized through policy directives issued by the Minister of Environment and Conservation (arising from recommendations made by the Board of Directors of MMSB or otherwise). Existing waste diversion programs and services provided by MMSB include:

- A province-wide **Used Beverage Container Recycling Program** that is administered in accordance with specific parameters established under the *Waste Management Regulations* and which is financed through consumer-based deposits on beverage containers (collected through beverage distributors) that are specifically prescribed in the *Regulations*.
- A province-wide **Used Tire Recycling Program** that is administered in accordance with specific parameters established under the *Waste Management Regulations* and which is financed through retailer-based levies on the sale of new highway tires that are specifically prescribed in the *Regulations*.
- A **Household Hazardous Waste (HHW) Collection Program** that is delivered in partnership with municipalities in those areas of the province where meaningful volumes of HHW can be diverted and recycled in a cost-effective manner. This program is financed through the Waste Management Trust Fund and from municipal contributions on a cost-shared basis with MMSB. The delivery of this program is set annually by MMSB's Board of Directors based on program criteria approved by the Minister of Environment and Conservation. It is designed as an interim waste diversion measure pending the establishment of permanent HHW collection infrastructure in the province by regional waste management authorities pursuant to the provincial Waste Management Strategy.
- A province-wide **Residential Backyard Composting Program** that provides residential households with the tools and incentives to divert household organic waste through backyard composting. This program is financed through the Waste Management Trust Fund based on criteria set by MMSB's Board and approved by the Minister of Environment and Conservation. It is designed as a limited two-year initiative (from 2005 to 2007) to encourage increased household participation in backyard composting.
- A **Regional–Community Fibre (Cardboard and Paper) Recycling Program** that provides capital financial incentives for municipalities to acquire the necessary infrastructure to introduce sustainable new permanent fibre recycling programs in their communities where meaningful volumes of fiber waste can be diverted and recycled in a cost-effective manner. This program is financed through the Waste Management Trust Fund based on criteria set by MMSB's Board and approved by the Minister of Environment and Conservation. It is designed as an interim waste diversion measure pending the establishment of more broadly based recycling infrastructure throughout the province by regional waste management authorities pursuant to the provincial Waste Management Strategy.

In this province, we throw **300 tonnes of organic waste** into our dumps every day – that's about 30 per cent of all the waste generated in Newfoundland and Labrador.

Each year, **hundreds of thousands of paper towels**, convenience packets, and plastic shopping bags are tossed into our overburdened dumps.

It takes mere drops of HHW to contaminate a drinking water source; and each person generates more than seven litres each year – that's **almost four million litres annually**.

Businesses and offices throw away huge amounts of paper, paper cups, and other disposable items every single day. **One workplace can dispose of hundreds of thousands of such items over the course of a year.**

Each year, Newfoundlanders and Labradorians generate more than **400,000 tonnes of waste materials** – that's approximately two kilograms per person per day.

Newfoundlanders and Labradorians generate approximately **one used tire per person per year.**

We still throw away **160,000 beverage containers** every single day.

LINES OF BUSINESS *cont'd*

2. CAPACITY BUILDING – IMPLEMENTATION OF PROVINCIAL WASTE MANAGEMENT STRATEGY

Through financial resources allocated under the Waste Management Trust Fund and through specialized expertise provided directly by MMSB staff, MMSB provides capacity building support to regional waste management authorities and the Interdepartmental Waste Management Steering Committee to facilitate the implementation of the provincial Waste Management Strategy. Specific activities include the following:

- the **identification of markets** for recyclable waste materials;
- **research into the feasibility and design** of new province-wide waste diversion programs;
- **support for and financing of the development of long-term regional waste management plans** in each of the 15 designated waste management regions of the province;
- **support for and financing of regional waste management coordinators** in each of the 15 designated waste management regions of the province;
- **research into new policy approaches** to achieve the province's waste diversion goals, such as extended producer responsibility (industry stewardship) models;
- **financing formative opportunities** identified by regional waste management authorities and municipalities for the permanent closure of existing waste disposal sites in the province, pursuant to the provincial Waste Management Strategy; and
- **support for and financing of demonstration/pilot projects** for innovative waste diversion initiatives that have potential application throughout the province.

3. PUBLIC EDUCATION

MMSB develops, manages and implements public information and education initiatives to support the goals of the specific waste diversion programs that fall directly under its responsibility. MMSB also develops, manages and implements province-wide public education campaigns to encourage a fundamental shift in public attitudes and behaviours toward the handling and management of waste, focusing in particular on the need to reduce the amount of waste Newfoundlanders and Labradorians generate in the first instance. Complementary to this province-wide effort, MMSB also supports the 15 regional waste management authorities in the development of their own public education campaigns and helps to promote waste reduction and waste diversion initiatives of other stakeholders in the province. These collective efforts are financed through the Waste Management Trust Fund, and from the consumer and retailer levies applied to beverage containers and tires respectively.

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GUIDING OUR PROVINCE TO A **GREENER** FUTURE

Step-by-step... *we're building a greener province. Every day we move forward to make positive changes in all aspects of waste management.*

KEY ACCOMPLISHMENTS

WASTE DIVERSION – RECYCLING

Waste diversion is a key element of the provincial Waste Management Strategy. MMSB plays a leadership role in addressing this challenge through various recycling programs it administers directly or in partnership with regional waste management authorities, municipalities and other stakeholders. Strengthening existing MMSB sponsored recycling programs and developing new provincial recycling initiatives are essential to achieving the waste diversion targets set in the provincial Waste Management Strategy.

USED BEVERAGE CONTAINER RECYCLING PROGRAM

- **More than 131 million used beverage containers** were collected and recycled in 2005-06 through a province-wide network of Green Depots that accept containers from the public. That's 7.6 million more containers than the year before, a record high since the program started in 1997.
- The **overall recovery rate for used beverage containers also continues to grow** every year and reached 67 per cent in 2005-06, the highest level achieved to date.
- Used beverage containers collected through the Green School Routine Program contributed in a major way to this success – **11.8 million containers were collected through more than 300 schools** – that's up dramatically from the 3.4 million level attained in 2000-01.
- In addition to the important environmental benefits resulting from their efforts, the **schools raised over $1.2 million in recycling refunds and matching grants** provided by MMSB for reinvestment in a wide range of environmental and other educational initiatives within the schools.
- **Over 950 million used beverage containers have now been diverted from waste disposal sites** in all corners of our province since the inception of the program in 1997 – stacked end to end, that's enough beverage containers to circle the earth four times!

USED TIRE RECYCLING PROGRAM

- **Over 330,000 used tires** were collected and diverted from waste disposal sites in Newfoundland and Labrador in 2005-06, bringing the total number from the start of the program in 2002 to 1.2 million tires.
- Following the withdrawal of Newfoundland Envirotire Shreds Incorporated (NETS) from the Used Tire Recycling Program in 2004, MMSB embarked on a three phased approach to the restructuring of the program over the longer term:
  - **The first stage addressed the backlog of used tires** that had accumulated at tire retail outlets, various municipal waste disposal sites and other locations that had been used as collection sites since the commencement of the program. MMSB successfully retrieved all of these tires and secured them in a safe manner at four temporary storage yards in the province - two in Labrador (Wabush and Happy Valley-Goose Bay) and two on the Island (Placentia and Bull Arm). MMSB also secured the stockpile of semi-processed tires that had been abandoned over the 2002 to 2004 period by NETS at its processing facility in Stephenville (estimated at 460,000 passenger tire equivalents).

KEY ACCOMPLISHMENTS *cont'd*

- **The second stage involved the establishment of permanent infrastructure** under MMSB's direct management control for the collection (and temporary storage) of used tires throughout the province. A new dependable, efficient and secure province-wide collection system was put in place in early 2005 and is meeting all of its objectives.
- **The third and final stage was to craft a 'made in Newfoundland and Labrador' business model** for the actual recycling of the used tires, distinct and separate from their collection. A "call for proposal" was issued to the private sector in early 2005 to achieve this objective, emphasizing the need for a sustainable long term solution.
- **Eight proposals** were received and MMSB granted approval-in-principle in the Fall of 2005 to a Newfoundland and Labrador engineering company to establish an innovative technology-based tire recycling venture that would fully utilize the stockpiles at Placentia and Bull Arm as well as the ongoing generation of used tires on the Island. The company worked diligently throughout the balance of 2005-06 to raise the private investment needed to proceed and continued its efforts in this regard into the following fiscal year.

- In the interim, **Quebec-based markets were successfully secured** for the end use recycling of tires that had been temporarily stored in Labrador as well as for the ongoing new supply of tires that are generated annually in this area of the province.

HOUSEHOLD HAZARDOUS WASTE COLLECTION PROGRAM

- From May to October 2005, MMSB partnered with **10 communities and organized 16 special household hazardous waste (HHW) collection events** around the province.
- Almost **3,500 households** participated in the program, dropping off **90,000 litres of HHW** free of charge, including pesticides, lead paint, used oil, propane tanks and a host of other hazardous waste materials. This was up significantly from 2004 when 72,000 litres of HHW were collected through the same number of events.
- Since the inception of the HHW Collection Program in 1998, **over 440,000 litres of HHW have been diverted from landfills** in the province and disposed of in an environmentally responsible manner. This is a significant accomplishment in consideration of the fact that it takes mere drops of hazardous waste to contaminate an entire community's drinking water supply.

KEY ACCOMPLISHMENTS *cont'd*

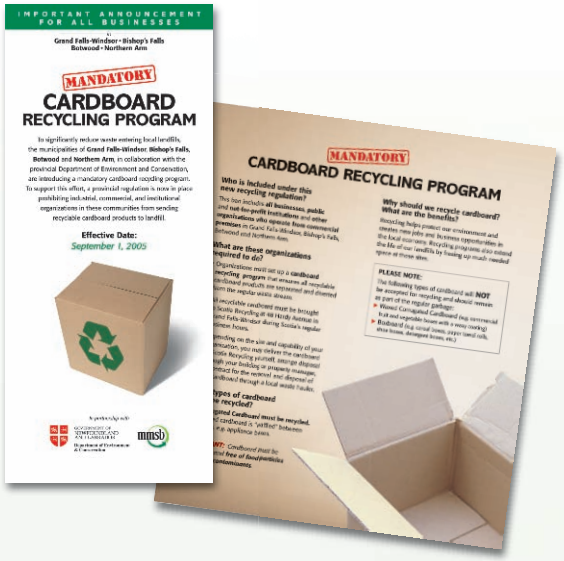
RESIDENTIAL BACKYARD COMPOSTING PROGRAM

- In the Fall of 2005, MMSB launched a new two-year **province-wide Residential Backyard Composting Program**, with a goal of increasing household participation by 50 per cent and diverting 2,000 tonnes of organic waste annually from our landfills in the process. Organic waste makes up approximately 30 per cent of all waste generated in Newfoundland and Labrador and, with modest effort, most households can divert a significant amount of their organic waste through backyard composting.
- Through this program, **MMSB partnered with provincial, regional and community stakeholders** to implement a major public awareness and education campaign to promote the benefits of backyard composting and to give households the knowledge they need to participate in this easy to learn activity. MMSB also made 15,000 compost bins available to interested households at a subsidized price to encourage participation. For those households interested in building their own bins, MMSB made **5,000 free "build your own" plans available** to the public.
- Participation by Newfoundlanders and Labradorians exceeded all expectations. In the first three months of the program, **almost 10,000 compost bins** were distributed and sold throughout the province and thousands of requests were received for MMSB's free "build your own" plans.

KEY ACCOMPLISHMENTS *cont'd*

REGIONAL-COMMUNITY FIBRE (CARDBOARD AND PAPER) RECYCLING PROGRAM

- In early 2005, MMSB launched a new **Regional-Community Fibre (Cardboard and Paper) Recycling Program**, with a goal of partnering with regional waste management authorities and municipalities to introduce sustainable new fibre recycling programs where meaningful volumes of fibre waste can be diverted from landfills and recycled in a cost effective manner.
- Approximately **37 per cent of our waste** is comprised of cardboard and paper and thus it is a strategically important part of the waste stream to recycle as a means of achieving the overall 50 per cent waste diversion target set for the entire province.
- MMSB partnered with the following communities in 2005-06 to support new cardboard and paper recycling initiatives:
  - **City of Corner Brook** – a residential curbside cardboard and paper recycling program was implemented on June 1, 2005, with the benefit of a one-time investment of $178,000 from MMSB to help offset the initial capital and public education start-up costs;
  - **City of St. John's** - **City of Mount Pearl** - **Town of Paradise** - **Town of Conception Bay South** – a mandatory paper recycling program was introduced in these communities on September 1, 2005 for large businesses and institutions and was then extended on March 1, 2006 for small business and institutions, with the benefit of a one-time $115,000 contribution from MMSB to support a public education campaign targeted at these organizations;



  - **Lewisporte** - **Campbellton** – a mandatory cardboard recycling program for businesses and institutions and a voluntary residential cardboard and paper recycling program were introduced on September 1, 2005 in these two communities through a partnership with the Calypso Foundation in Lewisporte. MMSB provided a one-time investment of $85,000 to help offset the initial capital and public education start-up costs.
  - **Exploits Valley Regional Services Board** – a mandatory business and institutional cardboard recycling program servicing the communities of Grand Falls-Windsor, Bishop's Falls, Botwood and Northern Arm was implemented on September 1, 2005, with the benefit of a $7,000 one-time contribution from MMSB to support a public education campaign targeted at these organizations;

KEY ACCOMPLISHMENTS *cont'd*

  - **City of Mount Pearl** – a residential curbside cardboard and paper recycling program was implemented on October 1, 2005, with the benefit of a one-time investment of $235,000 from MMSB to help cover the initial capital and public education start-up costs;
  - **Town of Grand Falls-Windsor** – a residential curbside cardboard and paper recycling program was approved and announced in February 2006, with a one-time commitment of $130,000 being provided by MMSB to help offset the initial start-up costs, but subsequent and unexpected challenges in securing long term markets for these recyclable products on terms acceptable to the Town resulted in the deferral of this initiative until the new regional waste management system being developed in this area under the auspices of the provincial Waste Management Strategy is operational.

- Results from the first full year of these new initiatives were impressive:
  - the City of Corner Brook diverted **154 tonnes** of fibre from its landfill;
  - the City of Mount Pearl, from its residential curbside recycling program alone, recycled **714 tonnes of cardboard and paper**; and
  - Lewisporte and Campbellton diverted **163 tonnes of fibre waste** from the regional landfill at Lewisporte.

- Results from the other initiatives that were supported by MMSB were also substantial, but detailed statistics are not readily available as the recyclable materials diverted through these other projects are collected and marketed by private companies and competitive concerns restrict the release of such information by these companies.

CAPACITY BUILDING – IMPLEMENTATION OF PROVINCIAL WASTE MANAGEMENT STRATEGY

Regional waste management authorities require dedicated resources (staff, operational and research support) and access to specialized expertise in the areas of waste diversion and public education in order to advance the implementation of the provincial Waste Management Strategy at the local level. MMSB supports these needs through its professional staff complement and the Waste Management Trust Fund.

- The Newfoundland and Labrador Waste Management Trust Fund was fundamentally realigned in 2004 to **support the core goals and objectives** of the provincial Waste Management Strategy and a "rolling" three year investment plan has been developed each year thereafter to facilitate the regional capacity building needs of the Strategy.

- In 2005-06, $6.7 million was allocated to the "rolling" three year regional capacity building investment plan and MMSB committed $651,000 toward its implementation in the 2005-06 fiscal year, as follows:
  - $456,000 was invested to support the permanent closure of seven waste disposal sites in the communities of Harbour Grace, Port au Port East, Englee, Conche, Main Brook, Ship Cove and Burnt Point-Gull Island-Northern Bay.

KEY ACCOMPLISHMENTS *cont'd*

- $50,000 each for a total of **$100,000 was provided to two regional waste management authorities** (Green Bay Waste Authority and NorPen Waste Management Authority) **to support the ongoing activities** of their regional waste management coordinator positions so that these organizations could maintain momentum in the implementation of their regional waste management plans.
- **Over $75,000 was provided to three regional waste management authorities to pursue regional demonstration-pilot projects** in their respective areas (Central Newfoundland Regional Waste Management Committee, Greater Avalon Regional Waste Management Committee and Green Bay Waste Authority).
- **$20,000 was invested** by MMSB to support the costs of holding a forum for the 15 regional waste management authorities to facilitate information exchange and communication among the authorities.

- A new **"business development unit"** was formed within MMSB to provide professional support and specialized expertise to the regional waste management authorities on the waste diversion and recycling front, among other responsibilities and roles it carries out.

PUBLIC EDUCATION

Achieving modern waste management in the province will require a significant change in attitude and behaviour among Newfoundlanders and Labradorians with regard to the handling and management of waste. A strong and ongoing education and awareness program, focusing in particular on the need to reduce the amount of waste we generate in the first instance, is required to achieve these changes and is being targeted at individuals, communities, businesses and other institutions alike.

- Through its **ongoing public education activities** in 2005-06, MMSB provided Green Depots, schools, businesses, retailers, households and the general public with information about Newfoundland and Labrador's current waste disposal practices and the many things we can do collectively and individually to help improve our environment through the adoption of more progressive waste management practices.

KEY ACCOMPLISHMENTS *cont'd*

- To reach these target groups, MMSB made **extensive use of television, radio, newspapers, brochures, posters, recycling contests, trade shows, a web site, and a toll free telephone call in service.** Particular emphasis was given to the promotion and encouragement of new ways to reduce the amount of waste we generate in the first instance.
- **Our public education efforts were successful in increasing awareness** of MMSB programs and in providing information and practical solutions to important waste management issues in our province. New initiatives worthy of note that were launched in 2005-06 included:
  - a major province-wide public information and awareness campaign on backyard composting;
  - cardboard and paper recycling education programs in those communities who participated in the Regional-Community Fibre (Cardboard and Paper) Recycling Program;
  - a point-of-purchase marketing and promotion initiative for the used beverage container recycling program at Newfoundland Liquor Corporation stores and supermarkets to encourage consumers to recycle "underperforming" used beverage containers; and
  - a revitalized out-of-home public awareness campaign on opportunities to reduce waste and to recycle in the workplace and in public places.

- **MMSB also worked with the regional waste management authorities** to help develop and implement regional public education initiatives and activities. Over $30,000 was provided to three regional waste management authorities (Green Bay Waste Authority, NorPen Waste Management Authority and Central Newfoundland Regional Waste Management Committee) to advance various public education initiatives related to their own regional waste management plans.

OPPORTUNITIES AND CHALLENGES AHEAD

In 2003-04, the Board of Directors and staff of MMSB embarked upon a strategic planning process for the organization to **chart new priorities and measures to advance the goals and objectives** of the provincial Waste Management Strategy and, in particular, to bring the province closer to its 50 per cent waste diversion target.

Considerable progress has been made on this front, as outlined in this annual report, and key priorities have been established by MMSB for the next several years to advance the agenda even further, including the following measures:

Increasing recovery rates in the beverage container and used tire recycling programs, and examining opportunities for expanding the scope of each of these programs to capture additional recyclable products in each of them.

Extending the reach of the HHW program to include more communities and to encourage greater participation by households wherever feasible until the regional waste management authorities are in a better position, financially and organizationally, to establish permanent HHW infrastructure throughout the province.

Investing in the Newfoundland and Labrador Waste Management Trust Fund to support the core goals and objectives of the provincial Waste Management Strategy. Priority and emphasis will be given to strengthening the planning and organizational capacity of regional waste management authorities to advance the implementation of the Waste Management Strategy on a regional basis.

Examining the best way of implementing new province-wide waste diversion programs to address particular waste streams that are significant in terms of their impact on the environment and/or their special handling needs. Products including lead acid batteries, medical sharp products, propane tanks, electronics waste, and paint products will receive particular attention by MMSB in this regard.

Strengthening and expanding public education and awareness activities, with a particular focus on waste reduction themes. Success in reducing the amount of waste we generate in the first instance will pay enormous dividends for our environment and also generate significant savings to individuals, municipalities and businesses from the avoided cost of otherwise having to dispose of our waste through conventional means.

Our goals for the coming years are aggressive, yet achievable. MMSB looks forward to working with its stakeholders and partners as we continue to guide our province to a greener future.

AUDITORS' REPORT

To the Directors of the
MULTI-MATERIALS STEWARDSHIP BOARD

We have audited the consolidated statement of financial position of the **Multi-Materials Stewardship Board** at March 31, 2006, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2006, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

St. John's, NL
June 1, 2006

Multi-Materials Stewardship Board
CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended March 31	**2006**	2005
Revenue		
Gross revenue from deposits	**$17,491,352**	$16,714,651
By-product revenue	**2,231,464**	1,943,612
Residential Backyard Composting Program	**186,427**	-
Household Hazardous Waste Program	**56,092**	-
Grant Revenue, Environment Canada	**55,000**	-
	20,020,335	18,658,263
Cost of sales (Note 8)	**15,841,715**	14,148,197
Gross margin	**4,178,620**	4,510,066
Miscellaneous income	**369,862**	346,407
Income before expenses	**4,548,482**	4,856,473
Expenses		
Administrative (Page 10)	**2,294,574**	2,085,429
Grant disbursements	**1,663,928**	1,205,745
	3,958,502	3,291,174
Excess of revenue over expenses	**$ 589,980**	$ 1,565,299

See accompanying notes to the non-consolidated financial statements.

Multi-Materials Stewardship Board
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31			**2006**	2005
	Invested in Capital Assets	Unrestricted Net Assets	**Total**	Total
Net assets, beginning of year	$ 356,176	$14,580,480	**$14,936,656**	$13,371,357
Adjustment for opening net assets of the Household Hazardous Waste Program	-	10,881	**10,881**	-
Excess of revenue over expenses (expenses over revenue)	(117,625)	707,605	**589,980**	1,565,299
Investments in capital assets	205,405	(205,405)	-	-
Net assets, end of year	$ 443,956	$ 15,093,561	$ 15,537,517	$ 14,936,656

Multi-Materials Stewardship Board
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31	**2006**	2005
Assets		
Current		
Cash and cash equivalents	**$15,338,743**	$14,827,328
Short term investments	**421,029**	408,646
Receivables (Note 4)	**2,242,042**	1,672,4
Inventories	**226,726**	70,355
Prepaids	**57,382**	55,132
	18,285,922	17,033,954
Note receivable	**60,000**	-
Property and equipment (Note 5)	**443,956**	356,176
	$18,789,878	$17,390,130
Liabilities		
Current		
Payables and accruals	**$ 709,755**	$ 439,831
Grants payable	**563,809**	174,650
Unearned revenue (Note 3(i))	**1,557,768**	1,433,328
	2,831,332	2,047,809
Performance bonds payable	**421,029**	405,665
	3,252,361	2,453,474
Net Assets		
Net assets invested in capital assets	**443,956**	356,176
Unrestricted net assets	**15,093,561**	14,580,480
	15,537,517	14,936,656
	$18,789,878	$17,390,130

Commitments (Note 7)

On behalf of the Board

Chairperson

Director

See accompanying notes to the non-consolidated financial statements.

Multi-Materials Stewardship Board
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended March 31	**2006**	2005
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses	**$ 589,980**	$1,565,299
Depreciation	**117,625**	130,530
	707,605	1,695,829
Change in non-cash operating working capital (Note 6)	**42,970**	240,162
	750,575	1,935,991
Financing		
Increase (decrease) in performance bonds payable	**15,364**	(67,224)
Adjustment for opening net assets of the Household Hazardous Waste Program	**10,881**	-
	26,245	(67,224)
Investing		
Purchase of property and equipment	**(205,405)**	(55,814)
Increase in note receivable	**(60,000)**	-
	(265,405)	(55,814)
Net increase in cash and cash equivalents	**511,415**	1,812,953
Cash and cash equivalents		
Beginning of year	**14,827,328**	13,014,375
End of year	**$15,338,743**	$14,827,328

See accompanying notes to the non-consolidated financial statements.

Multi-Materials Stewardship Board
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board, the Residential Backyard Composting Program, and the Multi-Materials Stewardship Board Waste Management Trust Fund.

The Multi-Materials Stewardship Board-Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Effective April 1, 2005, the accounts of the Household Hazardous Waste Program were combined with the accounts of the Newfoundland and Labrador Waste Management Trust Fund. Separate audited financial statements have been issued for this restricted fund, with an audit report date of June 1, 2006.

The accounts of the Residential Backyard Composting Program have also been grouped in these financial statements for consolidated purposes. Separate audited financial statements have also been issued for this Program with an audit report date of June 1, 2006.

3. Summary of significant accounting policies

(a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

i) property and equipment are recorded at cost;
ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
iii) depreciation of property and equipment is included in the net assets invested in capital assets account.

(b) Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

Multi-Materials Stewardship Board
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

3. Summary of significant accounting policies (cont'd.)

(d) Short term investments

Short term investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

(e) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Miscellaneous income including interest income is recognized as earned.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Revenue from the sale of compost bins is recognized when the bins are sold by the depots or to municipalities.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value.

(g) Depreciation

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

Leasehold improvements	20%, straight line
Office furniture and equipment	20%, declining balance
Tire equipment	20%, declining balance
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

(h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Multi-Materials Stewardship Board
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

3. Summary of significant accounting policies (cont'd.)

(i) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2005 – 67%).

4. Receivables

	2006	2005
Deposits	**$ 2,038,740**	$ 1,638,276
Trade and other	**203,302**	34,217
	$ 2,242,042	$ 1,672,493

5. Property and equipment

	Cost	Accumulated Depreciation	**Net Book Value**	2005 Net Book Value
Leasehold Improvements	$ 26,160	$ 26,160		$ 12,489
Office furniture and equipment	78,580	42,746	**$ 35,834**	43,739
Tire Equipment	150,000	10,922	**139,078**	-
Computer hardware	227,740	157,546	**70,194**	83,424
Computer software	203,482	114,990	**88,492**	67,001
Bags and tubs	263,758	160,816	**102,942**	139,488
Vehicle	24,093	16,677	**7,416**	10,035
	$ 973,813	$ 529,857	**$ 443,956**	$ 356,176

6. Supplemental cash flow information

Change in non-cash operating working capital	**2006**	2005
Short term investments	**$ (12,383)**	$ 150,693
Receivables	**(569,549)**	(102,300)
Inventories	**(156,371)**	90,515
Prepaids	**(2,250)**	(14,388)
Payables and accruals	**269,924**	(112,582)
Grants payable	**389,159**	20
Unearned revenue	**124,440**	228,204
	$ 42,970	$ 240,162

See accompanying notes to the non-consolidated financial statements.

Multi-Materials Stewardship Board
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

7. Commitments

The Board is committed to minimum annual lease payments for equipment for the next two years of: 2007 - $5,467 and 2008 - $399.

The Board has entered into an agreement for processing and transportation of beverage containers to March 2009. The Board has also entered into an agreement for the collection and transportation of used tires in the Province of Newfoundland and Labrador to February, 2010.

8. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the collection and storage of used tires. Included in the cost of sales is $587,485 (2005 - $1,311,532) for labour, storage, transportation and disposal costs of the used tires under the responsibility of the Board. The costs will be incurred until the Board is able to make arrangements with another contractor under the Used Tire Recycling Program.

9. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ materially from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

See accompanying notes to the non-consolidated financial statements.

Multi-Materials Stewardship Board
CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

Year Ended March 31	**2006**	2005
Advertising	**$ 152,412**	$ 8,307
Depreciation	**117,625**	130,530
Directors' remuneration	**22,425**	19,540
Dues, licenses and education	**13,326**	16,067
Equipment rental	**5,976**	9,075
Insurance	**12,030**	8,990
Interest and bank charges	**10,960**	7,143
Marketing and communications	**674,618**	565,425
Meetings and entertainment	**3,300**	2,496
Miscellaneous	**7,446**	7,022
Professional fees	**110,994**	64,104
Rent	**81,829**	82,861
Repairs and maintenance	**-**	28,531
Rocaps supplies	**35,586**	35,476
Stationery and office supplies	**31,856**	34,112
Telecommunications	**22,124**	23,450
Travel – board and staff	**82,583**	67,868
Vehicle operating	**20,158**	11,096
Wages and benefits	**889,326**	963,336
	$ 2,294,574	$ 2,085,429

See accompanying notes to the non-consolidated financial statements.

BOARD OF DIRECTORS

John Scott
Chair and CEO

John Patten
St. John's
Beverage Industry Representative

Edward Delaney
Bay Roberts
Member-at-large

Catherine Barrett
Goulds
Member-at-large

Derm Flynn
Appleton
Member-at-large

Don Hann
Port-aux Basques
Member-at-large

Bassem Eid
St. John's
Newfoundland and Labrador Environmental Industry Association Representative

Hal Cormier
Corner Brook
Member-at-large

Paul Hanlon
St. John's
Member-at-large

Maisie Clark
Campbellton
Consumer Representative

Brenda Caul
Deputy Minister
Department of Environment and Conservation

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