



Multi-Materials Stewardship Board 2017-18 Annual Report

Table of Contents

Message from the Chair	2
Overview of MMSB	3
Background	3
Governance	3
Operations and Finance	3
Highlights and Partnerships	4
Report on Performance	6
Issue 1 – Waste Diversion Program Performance Growth	6
Issue 2 – Shared Responsibilities and Partnerships	11
Issue 3 – Knowledge and Information Enhancement	18
Opportunities and Challenges Ahead	23
Appendix A	25
Board of Directors 2017-18	
Appendix B	
Financial Statements	26

Message from Chair

On behalf of the Board of Directors of the Multi-Materials Stewardship Board (MMSB), I am pleased to present the Annual Report for the 2017-18 fiscal period in accordance with the **Transparency and Accountability Act**. This report outlines MMSB's achievements from April 1, 2017 to March 31, 2018, which is the first reporting period of MMSB's 2017-20 Strategic Plan.

In a busy world where convenience comes above all else, it is important to be reminded of where all the things we consume actually come from and where they retire. By recycling, we reduce the need to extract virgin resources from the earth, which requires less energy and reduces greenhouse gas emissions. By composting, we reduce methane and return vital nutrients back to the soil – nutrients that are needed for the soil to grow new food. By recycling and composting, we keep valuable materials out of our landfills, ultimately extending the lives of those landfills. The way we choose to dispose of our waste today will have a significant impact on future generations in our province.

In celebration of reaching a 20 year milestone with MMSB's Beverage Container Recycling Program, we would like to recognize the increasing importance of climate change and MMSB's role in mitigating its impacts. During the past 20 years of the Beverage Container Recycling Program alone, greenhouse gases were reduced by 156,372 metric tonnes, equivalent to removing almost 26,056 cars off the road, which I would consider a notable accomplishment.

MMSB and its partners are proud of the contribution they make each year to waste management and remains focused on cultivating and nurturing partnerships with regional waste management authorities, municipalities, schools, waste management service providers and suppliers as well as the general public to achieve waste diversion and reduction goals in support of the Provincial Solid Waste Management Strategy.

As Chair of the Board, my signature below is indicative of the Board's overall accountability for the actual results reported within the 2017-18 Annual Report.

Sincerely,



Jamie Chippett
Chair

Overview

Background

The Multi-Materials Stewardship Board (MMSB) is a Crown agency of the Government of Newfoundland and Labrador that reports to the Minister of Municipal Affairs and Environment (Minister). Established in 1996, MMSB supports and promotes sustainable waste management on a province-wide basis through the development and implementation of waste diversion programs and public education, in accordance with provincial legislation.

The delivery of this mandate is achieved through collaboration with the Department of Municipal Affairs and Environment (MAE), Service NL and third-party contracted service providers such as Green Depot operators, as well as with stakeholders such as regional waste management authorities, municipalities and environmental industry associations.

Information on MMSB's mandate, vision and lines of business can be found online at www.mmsb.nl.ca.

Governance

MMSB is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board is comprised of representatives from stakeholder groups, as well as members at-large; additional information on the Board of Directors is provided in Appendix (A). The Board is responsible and accountable for the overall business affairs of MMSB and performs three fundamental roles:

- Sets direction for achieving the mandate of the organization;
- Develops strategic policy that ensures the organization fulfills its mandate and key responsibilities; and
- Provides general oversight of the organization.

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). Its current corporate structure consists of a head office located in Mount Pearl with fifteen professional and administrative employees and a field office, also in Mount Pearl, with two employees. Of the seventeen MMSB employees, eight are male and nine are female.

Operations and Finance

As a self-financed Crown Agency, MMSB does not receive funding from the Government of Newfoundland and Labrador. In accordance with provincial legislation, its revenues are derived from deposits applied on the sale of ready-to-serve beverage containers and environmental fees applied on the sale of new highway tires, as well as from the sale of recyclable materials collected through its waste diversion programs.

MMSB's operating revenue in 2017-18 was approximately \$29.3 million. Operating expenditures were approximately \$27.3 million with an additional \$1.0 million allocated to the Waste Management Trust Fund, which helps advance sustainable waste management in Newfoundland and Labrador (see Appendix B for audited financial statements). Total committed assets in the Trust Fund as of March 31, 2018 were approximately \$1.8 million.

Highlights and Partnerships

Highlights

MMSB is committed to educating, enabling and motivating Newfoundlanders and Labradorians to reduce and recycle waste as a means of protecting the environment. Success achieved in the following areas indicates that continued efforts are having a positive impact on advancing sustainable waste management in the province:

- **Waste Diversion Programs** – Over the last 20 years we have accomplished many impressive milestones with our Used Beverage Container Recycling Program. We are the only province in Canada to establish a license arrangement with our Green Depots based on standards; the only province that has a provincewide management information system where the public can forego lines by simply tagging their bags and going; the only province who has a *Get Matched* program with schools where they receive double the consumer refund; and we continue to be one of the least expensive deposit bearing programs in the country.

In 2017-18, more than 187 million used beverage containers were collected through the Used Beverage Container Recycling Program, which works out to each person recycling 354 beverage containers on average. By recycling 354 containers per year, you save the equivalent amount of CO₂ as planting about 18 trees a year. Through their commitment to recycling, Green Depot customers really are making a difference and helping MMSB achieve a greener future one beverage container at a time.

In-depot Xpress service provides a superior level of consumer convenience by removing the need for customers to wait in line for the refund. Customers just tag their bags, drop them off and are on their way within minutes. Xpress service in 2017-18 accounted for 35.3 million units, which is a 4 million unit increase over the previous year.

Approximately 496,000 used tires were collected and diverted from waste disposal sites in Newfoundland and Labrador in 2017-18.

In the search of diversification of end markets, MMSB embarked upon a tire derived aggregate (TDA) demonstration project in 2017-18 whereas approximately 2,000 tonnes of tires were processed into TDA for future use in civil engineering projects in the Province.

In 2017-18, approximately 12.3 million beverage containers were diverted from landfills across Newfoundland and Labrador through the efforts of 250 schools province-wide that have participated in MMSB's *Get Matched* program. Through the program, schools raised approximately \$1.3 million in recycling refunds and matching grants.

- **Public Education** – In 2017-18, MMSB delivered 160 presentations/consultations to business, community, school and youth audiences throughout Newfoundland and Labrador, including composting workshops, and/or consultations with businesses, government, and organizations to educate employees about sustainable waste management practices and help implement waste management programs.

To celebrate 20 years of recycling with the Used Beverage Container Recycling Program and as a way of saying thank you to community groups that had embraced recycling, MMSB launched the *Community Counts* contest and awarded \$20,000 in cash prizes.

MMSB launched www.greendepotnl.ca, a dedicated website for the Used Beverage Container Recycling Program. The new site features information on the deposit refund system; what's accepted in the program; Xpress registration; and a complete listing of contact information and hours of operation for each Green Depot in the province.

MMSB assisted the 45 Sisters and staff of the Presentation Convent in St. John's with a waste audit, which indicated that close to 40 per cent of the waste they generated was organic, and resulted in a new composting program being brought forward.

Partnerships

Fulfilling MMSB's mandate requires partnerships with multiple government departments; regional waste management authorities; businesses; communities and schools. Collaboration in the following areas has helped address challenges and identify opportunities associated with managing solid waste and protecting our environment and communities.

- **Waste Diversion Program Performance and Growth** – In pursuit of a new end market for plastic commodities, an extensive review of Eastern Canadian and US Market buyers/processors was carried out which lead to a new contract with Hebert's Recycling Incorporated for the purchase of these commodities. This new contract included the establishment of a new grinding facility in Mount Pearl, adopting new innovative technologies, reducing greenhouse gas emissions, the creation of new jobs and significant savings to MMSB.

Phase 2 of the TDA demonstration project is to partner with Memorial University's Engineering Department in 2018-19 to educate and put into practice small scale civil engineering projects utilizing the TDA for the beneficial properties it contains.

- **Changing Attitudes and Behaviours** – MMSB continued to take a leadership role in research and knowledge mobilization of data pertaining to roadside litter in Newfoundland and Labrador. In 2017, MMSB's Newfoundland and Labrador Roadside Litter Audit Report was peer reviewed by Dr. Max Liboiron (MUN) and Mark McKenny (national Litter Audit Consultant). The report has been sent to municipalities, Regional Authorities, government departments both inside and outside the province, Hospitality NL and graduate and doctoral level researchers which has informed new research into waste management. In May 2017, MMSB presented the report to the Board of Clean St. John's with multiple stakeholders indicating interest in pursuing recommendations contained within the report. In July, MMSB presented the report to staff of the City of Mount Pearl.

MMSB works closely with the Atlantic provinces in the harmonization of existing stewardship programs. In the pursuit of harmonization, the Atlantic Canada's beverage container recycling program exclusionary policies were reviewed and it has been determined that Newfoundland and Labrador has the most comprehensive policy for harmonization. To refine an Atlantic harmonized approach, key stakeholders will be solicited for feedback with a goal of developing a harmonized decision-making approach to exclusion when new products are being introduced into individual provinces.

As a member of the Canadian Council of Ministers of the Environment's Waste Management Task Group, MMSB worked with private sector and provincial, territorial and federal jurisdictions to help advance the Canada-wide Action Plan for EPR and continues to explore opportunities that identify further consistencies of EPR programs across the country.

Report on Performance

March 31, 2018 marks MMSB's initial year of a new three year strategic plan for 2017-20. The plan identifies three priority issues, which reflect consideration for government's Provincial Solid Waste Management Strategy, including: waste diversion program performance and growth; shared responsibility and partnerships; and knowledge and information enhancement. This section reports on the objectives for 2017-18.

Issue 1

Waste Diversion Program Performance and Growth

MMSB develops, manages and administers provincial waste diversion programs and services in accordance with government direction as prescribed in the Waste Management Regulations. Existing waste diversion programs provided by MMSB include the Used Beverage Container Recycling Program and the Used Tire Management Program. MMSB strives to strengthen existing recycling and waste diversion programs by achieving operational and administrative efficiencies; expanding customer engagement and program steward/brand owner communications, and increasing recovery.

The following section outlines how waste diversion and recycling programs are continuously contributing to solid waste management by addressing the Provincial Solid Waste Management Strategy and management of MMSB's 2017-20 Strategic Plan.

Report on Performance

Goal 1:	By March 31, 2020, MMSB will have improved performance of the Used Beverage Container Recycling Program and the Used Tire Management Program.
Objective 1.1	By March 31, 2018, MMSB will have identified and commenced implementation of new initiatives to strengthen the Used Beverage Container Recycling Program and Used Tire Management Program.
Indicators Planned for 2017-18	Actual Performance for 2017-18
Reviewed operational and public education plans as well as administrative processes.	<p>MMSB developed a new three-year (2017-20) public education and marketing strategy for the Used Beverage Container Program with a focus on achieving a 70 per cent recovery goal by building upon the current strategic platform and motivational levers (financial, social and environmental) to deploy a customer engagement strategy targeting residents throughout Newfoundland and Labrador with an enhanced call to action across multiple customer touch point including <i>Recycle for All it's Worth</i> and <i>Make it Count</i> campaigns.</p> <p>MMSB continued its commitment to improving its management information system by adding value to built-in reports and finalizing its Green Depot website accounting module. These measures allow Green Depots to obtain valuable metrics from the management information system and if desired, to integrate their accounting software via web based resources for invoice and payment processing.</p> <p>Inspections were performed at 55 Green Depots to ensure that MMSB Standards are being followed. These standards enable the beverage program to run smoothly allowing for favorable public experiences. Inspections also lead to feedback which results in improvements to the technological platform, customer service, workflow and third party service provider contracts.</p> <p>Potential end markets for the Used Tire Management Program were reviewed in 2017-18 resulting in a new five year Agreement with the Quebec based end market.</p> <p>Contingency plans for MMSB's Used Tire Management Program were reviewed and resulted in budgetary adjustments for the continued operation and maintenance of the temporary storage yard in Norris Arm.</p> <p>Cont'd</p>

Report on Performance

<p>Objective 1.1</p>	<p>By March 31, 2018, MMSB will have identified and commenced implementation of new initiatives to strengthen the Used Beverage Container Recycling Program and Used Tire Management Program.</p>
<p>Identified waste diversion opportunities and action items.</p> <p>Enhanced program steward communications and resources.</p> <p>Increased public awareness and engagement.</p>	<p>For the purpose of ensuring accuracy of the counting and sorting carried out by Green Depots, bulk containers are randomly selected and checked by MMSB staff. In the pursuit of improving on this labour intensive process, a jurisdictional review was undertaken of similar beverage programs who have incorporated an automated counting system into their operations. This review substantiated that these systems lead to greater throughput and accuracy as well being cost effective.</p> <p>MMSB reviewed, updated, and distributed its Licensing Standards and Best Practices Manual to all Green Depot operators with a focus on sections related to the subdepot incentive fee, transportation subsidy, insurance requirements, licensing agreement and the subdepot agreements.</p> <p>Since 1998, Green Depots have been compensated \$1 per kilometer for the movement of beverage containers through the depot network of sub-depots and mobile services. In order to deliver on the provincial mandate to provide reasonable access, an extensive review of this offering was carried out and resulted in a subsidy increase to \$1.50 per kilometre plus fuel surcharge, which largely supports the sustainability of services in rural areas of the province.</p> <p>Communication documents were issued to Distributors registered with MMSB's Used Beverage Container Recycling Program outlining the definition changes of nutritional products. The communications supported the policy update which was required due to the increasing variety of nutritional products entering the marketplace and to further support Distributors in meeting program obligations in accordance with the Provincial Waste Management Regulations.</p> <p>Promoted the Used Beverage Container Program's twentieth anniversary milestone and unveiled the "Make it Count" slogan with a Community Counts Video Contest for community groups throughout the province. A dedicated landing page was created for the contest through the new Green Depot NL website. During the campaign dates, there were a total of 83,950 visits to the contest landing page, a total of 13 video submissions from community groups which were voted on by the public. The video entries received 57,948 votes and were shared 923 times on social media platforms.</p> <p>Cont'd</p>

Report on Performance

Objective 1.2	By March 31, 2019, MMSB will have advanced implementation of new initiatives to strengthen its Used Beverage Container Recycling Program and Used Tire Management Program.
Indicators Planned for 2018-19	<ol style="list-style-type: none">1. Continued implementation of operational and public education plans.2. Continue with waste diversion opportunities and action items.3. Enhanced program steward communications and resources.4. Increased public awareness and engagement.5. Program recovery improvements.

Issue 2 Shared Responsibility and Partnerships

Residents, communities, industries, regional waste management authorities and government all share responsibilities advancing the implementation of the Provincial Solid Waste Management Strategy and achieving sustainable waste management. As such, MMSB is working collaboratively with these stakeholders in an effort to effectively manage solid waste and ensure a cleaner and healthier environment. This work includes proactive and coordinated communications with stakeholders; advancing product stewardship by industry; waste diversion policy and program development; providing strategic counsel and support to help with the implementation of community, regional, provincial and national plans; and ensuring stakeholders work together to make decisions to deliver enhanced and new solid waste management services and programs.

The following section outlines how MMSB has aligned, developed, and commenced implementation of initiatives to enhance stakeholder participation in sustainable waste management activities of MMSB's 2017-20 Strategic Plan.

Report on Performance

<p>Goal 2:</p>	<p>By March 31, 2020, MMSB will have advanced sustainable waste management through increased stakeholder engagement.</p>
<p>Objective 2.1</p>	<p>By March 31, 2018, MMSB will have developed and commenced implementation of initiatives to enhance stakeholder participation in sustainable waste management activities.</p>
<p>Indicators Planned for 2017-18</p>	<p>Actual Performance for 2017-18</p>
<p>Worked with stakeholders to assess and identify opportunities to establish new and strengthen existing partnerships and initiatives.</p>	<p>MMSB held a regional forum in March 2018 with representatives from ten waste management regions, as well as government departments and agencies involved in advancing the goals of the Provincial Solid Waste Management Strategy. The forum provided attendees with an opportunity to share key insights and best practices in advancing modern waste management and to discuss opportunities and challenges going forward. This forum featured updates from each region, presentations from each government department/agency and site tours.</p> <p>MMSB conducted research into wood waste grinding for the Central Regional Service Board to help inform strategic planning and options for managing this waste stream.</p> <p>As part of the 2017 Municipal Enforcement Conference in Deer Lake (June 2017), MMSB delivered an update on the Indiscriminate Dumping Surveillance Assistance Program and surveillance training to ten communities.</p> <p>MMSB consulted with more than 50 businesses, municipalities and organizations to provide information and advice on implementing waste diversion activities and help educate employees and residents on sustainable waste management practices. For example, MMSB worked with the Central Regional Service Board to conduct a waste audit of 100 households and develop a report on the efficiency of the residential curbside recycling program. MMSB has also used this report to counsel other regions on curbside sorting policies and procedures.</p> <p>MMSB engaged in discussions on the strategic direction of future programs with current partners such as Crime Stoppers Newfoundland and Labrador and Memorial University's Harris Centre.</p> <p>Cont'd</p>

Report on Performance

<p>Objective 2.1</p>	<p>By March 31, 2018, MMSB will have developed and commenced implementation of initiatives to enhance stakeholder participation in sustainable waste management activities.</p>
<p>Developed and commenced implementation of required activities to enhance stakeholder participation in sustainable waste management.</p>	<p>MMSB consulted with and/or delivered more than 50 presentations to businesses, municipalities and government departments to provide information and strategic counsel on the development and implementation of waste diversion initiatives and programs. For example, MMSB has been closely working with and providing counsel to the Sisters and staff of Presentation Convent on the progression of their waste diversion programs and the St. John's Farmer's Market on the roll-out of their waste reduction and diversion programs in the new building slated to open in the summer of 2018.</p> <p>MMSB worked with private enterprises and local recycling haulers to create and enhance waste diversion services offered on the Northeast Avalon. This included needs assessments from property management firms such as East Port Properties and Colliers and local restaurants such as Adelaide Oyster House and St. John's Fish Exchange to stimulate business opportunities to divert food waste and other materials from the landfill.</p> <p>MMSB enhanced its online digital library offering free recycling signs for the Industrial, Commercial, and Institutional (ICI) sector.</p> <p>Following a waste audit of 100 households and commercial waste assessments in Labrador West in 2016, MMSB completed a waste diversion strategy report for the Labrador West waste management region in 2017-18. This report outlines diversion and capture rates of recyclable materials and highlights opportunities and challenges in the region.</p> <p>MMSB supported the Greening Government Action Plan by working with three provincial government offices to improve the management of solid waste. MMSB conducted a second waste audit of the Office of the Chief Information Officer to monitor progress of its diversion program which MMSB helped launch in 2016-17. In August of 2017, programs for paper, organics and mixed containers also commenced at 30 Strawberry Marsh Road (the Petten Building) and the Department of Tourism, Culture, Industry and Innovation. Presentations on how to use the new programs were delivered at both locations, in addition to ongoing counsel.</p> <p>Cont'd</p>

Report on Performance

<p>Objective 2.1</p>	<p>By March 31, 2018, MMSB will have developed and commenced implementation of initiatives to enhance stakeholder participation in sustainable waste management activities.</p>
<p>Developed and commenced implementation of required activities to enhance stakeholder participation in sustainable waste management.</p> <p>Continued work with provincial and territorial jurisdictions to advance sustainable waste management policy in Newfoundland and Labrador that is consistent with national direction.</p>	<p>Supported Western Regional Waste Management in the design, development and distribution of marketing and public education materials to support the launch of Sort-it Western, the region's new recycling and garbage program.</p> <p>MMSB continued to work with industry partners to advance new Extended Producer Responsibility (EPR) programs for oil and glycol as well as consulted with stakeholders in Saskatchewan and New Brunswick on the development and implementation of an EPR program for printed paper and packaging waste.</p> <p>Representing Newfoundland and Labrador on the Canadian Council of the Ministers of the Environment's (CCME's) Waste Resource and Recovery Committee, provided oversight to advance EPR research and development in accordance with government direction and through a shared commitment to the Canada-Wide Action Plan on EPR.</p> <p>Representing Newfoundland and Labrador on a Committee led by Environment and Climate Change Canada, assisted in developing a National Strategy for the end-of-life management of mercury containing lamps.</p> <p>Oversight of existing EPR programs for waste paint and electronic waste to ensure compliance. The latest information available on the industry-led program for waste paint saw a 5.1% recovery rate with over 200 tonnes of waste paint and containers collected from 38 drop-off locations and collection events. For the same period, the industry-led program for electronic waste collected over 970 tonnes from 52 drop-off locations and collection events. Another 10,900 cell phones were collected through the Canadian Wireless Telecommunications Association's recycling program.</p> <p>Cont'd</p>

Report on Performance

Objective 2.2	By March 31, 2019, MMSB will have advanced implementation of initiatives to enhance stakeholder participation in sustainable waste management.
Indicators Planned for 2018-19	<ol style="list-style-type: none">1. Continue to work with stakeholders to assess and identify opportunities to establish new and strengthen existing partnerships and initiatives.2. Continued with activities enhancing stakeholder participation in sustainable waste management.3. Worked with provincial and territorial jurisdictions in advancing sustainable waste management policy in Newfoundland and Labrador consistent with national direction.4. Enhanced targeted communications outreach about funding opportunities.5. Continue with ongoing support to regional waste management authorities, supporting the development and implementation of regional plans with an emphasis on public education.

Report on Performance

Issue 3 Knowledge and Information Enhancement

MMSB always strives to advance sustainable waste management with a focus on improving waste reduction and diversion – knowledge and information are essential to achieving this. In an effort to inform the development of programs, services and resources, MMSB needs to fully understand waste generation, composition, reduction and diversion as well as associated attitudes and behaviours. Newfoundlanders and Labradorians also need to be knowledgeable about sustainable waste management practices and have access to information to become engaged and take action. Research, data collection and analysis are key components to improving our understanding of sustainable waste management and to helping identify best practices and solutions. Proactive, sustained and targeted communication and distribution of information are also critical to achieving waste diversion goals.

The following section outlines how MMSB has enhanced its knowledge and information sharing methods for the promotion of waste management practices and programs in public wide education initiatives to support the Provincial Solid Waste Management Strategy of MMSB's 2017-20 Strategic Plan.

Report on Performance

Goal 3:	By March 31, 2020, MMSB will have increased knowledge and awareness of sustainable waste management practices and programs.
Objective 3.1	By March 31, 2018, MMSB will have developed and commenced implementation of new research and data collection initiatives as well as new province-wide public education initiatives.
Indicators Planned for 2017-18	Actual Performance for 2017-18
<p>Assessed and identified province-wide and stakeholder-specific research and data collection requirements.</p> <p>Developed required research and data collection initiatives.</p> <p>Collected and distributed waste generation, disposal and diversion data and also provided strategic counsel to stakeholders.</p>	<p>MMSB developed a Target Market Segmentation Analysis based on survey data collected in the previous year. This groups together survey respondents who are most similar across a combination of variables. The analysis produces segments that are internally homogenous and as distinct as possible from each other. The analysis helped inform the Used Beverage Container (UBC) Recycling Program strategy development and awareness campaign and helped generate relevant content to inform further development for the Rethink Waste NL public education platform.</p> <p>MMSB developed new creative concepts for the Used Beverage Container Recycling program with the objectives to deepen loyalty among existing Green Depot customers and expand the overall customer base as well as increase UBC program engagement.</p> <p>MMSB expanded its data call to include more regional and municipal waste management facilities as well as private entities involved in recycling or composting. This information is aggregated to inform waste generation and diversion figures for Newfoundland and Labrador. Currently, the province is at 24 per cent waste diversion from landfill with a goal of 50 per cent by 2020. As examples, Central Waste Management provides a monthly production report on all materials moving through the material recovery facility and all regions report to MMSB on their annual household hazardous waste collections.</p> <p>MMSB continued to take a leadership role in research and knowledge mobilization of data pertaining to roadside litter in Newfoundland and Labrador. In 2017, MMSB's Newfoundland and Labrador Roadside Litter Audit Report was peer reviewed by Dr. Max Liboiron (MUN) and Mark McKenny (national Litter Audit Consultant). The report has been sent to municipalities, Regional Authorities, government departments both inside and outside the province, Hospitality NL and graduate and doctoral level researchers which has informed new research into waste management. In May 2017, MMSB presented the report to the Board of Clean St. John's with multiple stakeholders indicating interest in pursuing recommendations contained within the report. In July, MMSB presented the report to staff of the City of Mount Pearl.</p> <p>Cont'd</p>

Report on Performance

<p>Objective 3.1</p>	<p>By March 31, 2018, MMSB will have developed and commenced implementation of new research and data collection initiatives as well as new province-wide public education initiatives.</p>
<p>Evaluated the impact of the Rethink Waste public education program and identified opportunities with a focus on household hazardous waste (HHW), food waste reduction and the K-12 school program.</p> <p>Developed province-wide public education initiatives to further support the Rethink Waste program and build on momentum achieved to date.</p> <p>Increased public awareness and engagement.</p>	<p>With a continued focus on educating and motivating youth across the province to change their daily waste management behaviours, in 2017-18, MMSB delivered 80 presentations in 22 schools. Presentations were provided to primary level students on Waste Free Lunch illustrations and Vermicomposting.</p> <p>As part of MMSB's digital marketing strategy, the www.mmsb.nl.ca and www.RethinkWasteNL.ca websites were refreshed with the goal to enhance the online and mobile experience for MMSB's public and stakeholder audiences.</p> <p>To support the digital marketing strategy, MMSB developed a new logo and color palette for the Rethink Waste public education platform to create a unified identity and presence for the public education platform that could be applied across all touchpoints moving forward. This level of consistency will ensure consumers rely on Rethink Waste as the trusted source of sustainable waste management information and education.</p> <p>Updated and expanded an online library of downloadable recycling signs targeting businesses, restaurants and schools. Signs were revised to support workplaces, public spaces and schools.</p> <p>MMSB presented to business and government departments and provided information and advice on implementing waste diversion activities and helped educate employees on sustainable waste management practices. For example, MMSB worked with Ronald McDonald House Newfoundland and Labrador Charities to enhance their internal recycling program. MMSB provided direction on best practices, developed a sorting guide template for the project that could be used in future projects and a letter for residents of RMHC NL and installed signage and infrastructure.</p> <p>MMSB also assisted the 45 Sisters and staff of the Presentation Convent in St.John's with a waste audit, which indicated that close to 40 per cent of the waste they generated was organic, and resulted in a new composting program being brought forward.</p> <p>Cont'd</p>

Report on Performance

Objective 3.1	By March 31, 2018, MMSB will have developed and commenced implementation of new research and data collection initiatives as well as new province-wide public education initiatives.
Increased public awareness and engagement.	<p>Continued to deliver backyard composting workshops and public education training and resources to community groups, regional authorities and organizations.</p> <p>MMSB recognized International Compost Awareness Week from May 7 to 13 with the launch of a Compost Week Facebook Promotion Contest which profiled restaurants across the province that were composting onsite and offered sustainable culinary experiences.</p> <p>In celebration of Canadian Environment week, June 4-10, MMSB launched an online photo contest on World Environment Day, <i>Be Captured By Nature</i>. The contest, which closed on July 1, Canada's 150th Birthday, captured photos inspired by nature, for a chance to win nature inspired prizes.</p> <p>MMSB supported Waste Reduction Week in Canada during Waste Reduction Week, October 16-22 through MMSB's social media channels. With a call to action of reuse, repair and recycle, MMSB supported and promoted educational content which encouraged daily waste reduction.</p>

Objective 3.2	By March 31, 2019, MMSB will have advanced implementation of new research and data collection initiatives as well as new province-wide public education initiatives.
Indicators Planned for 2018-19	<ol style="list-style-type: none"> 1. Continued implementation of provincewide and stakeholder-specific research and data collection requirements. 2. Continue with research and data collection initiatives. 3. Collected and distributed waste generation, disposal and diversion data and also provided strategic counsel to stakeholders. 4. Evaluate the impact of the Rethink Waste public education program and identified opportunities with a focus on household hazardous waste (HHW), food waste reduction and the K-12 school program. 5. Developed provincewide public education initiatives to further support the Rethink Waste program and build on momentum. 6. Increased public awareness and engagement.

Opportunities and Challenges Ahead

Advancing sustainable waste management and ensuring a healthy and clean environment presents challenges and opportunities that require continued collaboration between many stakeholders. In addition, identifying economically viable and environmentally sound solutions are moving targets that are essential in addressing waste generation and diversion issues, and in encouraging Newfoundlanders and Labradorians to actively participate in waste management practices that will help reach our provincial diversion goals. The following factors and trends have been identified as opportunities and challenges in the advancement of MMSB's mandate.

Operational Efficiencies

MMSB will continue to maximize operational efficiencies to achieve further cost savings, increase recovery volumes, improve customer service and reduce environmental impacts. This requires continuous improvements in the Green Depot network, identifying and diversifying sustainable end-market solutions for recyclable materials collected through the Beverage Container Recycling Program and Used Tire Management Program, along with research on emerging trends and innovations in waste management.

MMSB is completely self-sustaining through the levies collected from our Used Tire Recycling Program, deposits collected from the Beverage Container Recycling Program, and through the recycled materials we sell to markets. There are key elements of its business that are not adequately being dealt with and can only be addressed by increasing the deposit on beverage containers and the levies on program tires. Advancing such increases will result in increased recovery, increased diversion, better ability to handle escalating operational expenses, and greater advances in the provincial waste management strategy.

Waste Diversion

While increases in waste diversion rates have been achieved, reaching a 50 per cent diversion goal requires the implementation of province-wide infrastructure to manage organic waste and recyclable materials, along with the introduction of disposal bans and new diversion and recycling programs. Therefore, MMSB, in partnership with regional waste management authorities and provincial and municipal governments must continue to collectively work towards establishing province-wide waste management infrastructure along with recycling and composting programs in all regions of the province. In addition, through improved access to waste generation and diversion data, MMSB must continue its work with regional waste management authorities and industry stakeholders to provide insights and guidance on opportunities to increase waste diversion.

Attitudes and Behaviours

Achieving sustainable waste management in Newfoundland and Labrador requires a fundamental shift in attitudes and behaviours towards waste management. To affect change, MMSB must continue to partner with regional waste management authorities to strengthen public education activities that will motivate residents and businesses to participate in waste diversion programs. In addition, as advancements in technology continue to change the way Newfoundlanders and Labradorians receive, consume and interact with information, digital and social media plans must continue to be implemented to reach an increasingly connected and mobile audience. Additional strategies and guidance may also be identified through collaboration and shared experience with other Canadian jurisdictions.

Each year in our province, we generate more than 500,000 tonnes of waste material with 24 per cent of it being diverted from landfills. We need 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.

APPENDIX A BOARD OF DIRECTORS 2017-18

Established in 1996, the Multi-Materials Stewardship Board (MMSB) is a Crown Agency that operates arms-length from government with an independent Board of Directors appointed by the Lieutenant Governor in Council. The Board is presently comprised of 12 members.

Board Member	Affiliation
Mr. Jamie Chippett	Chair Deputy Minister, MAE
Mr. John Patten	Beverage Industry Representative President, Browning Harvey
Ms. Catherine Barrett	Member-at-large Goulds
Mr. Edward Delaney	Member-at-large Bay Roberts
Mr. Derm Flynn	Member-at-large Appleton
Mr. Don Hann	Member-at-large Port-Aux-Basque
Mr. Hal Cormier	Member-at-large Corner Brook
Ms. Jocelyn Perry	Member-at-large Conception Bay South
Ms. Maisie Clark	Consumer Representative Campbellton
Mr. Reg Bowers	Member-at-large Labrador
Mr. Neville Greeley	Municipalities Newfoundland and Labrador Representative
Mr. David Robbins	Newfoundland Environmental Industry Association

Remuneration of Board Members has been set by the Lieutenant Governor in Council at \$145/full day meeting and \$70/half-day meeting, plus travel expenses, consistent with MMSB's designation as a Level 1 Board/Commission/Agency. The current chair is an employee of the Government of Newfoundland and Labrador and therefore does not receive remuneration.

**APPENDIX B
FINANCIAL STATEMENTS**

Consolidated Financial Statements of

**MULTI-MATERIALS
STEWARDSHIP BOARD**

Year ended March 31, 2018



KPMG LLP
TD Place
140 Water Street, Suite 1001
St. John's Newfoundland A1C 6H6
Canada
Telephone (709) 733-5000
Fax (709) 733-5050

INDEPENDENT AUDITORS' REPORT

To the Directors of Multi-Materials Stewardship Board

We have audited the accompanying consolidated financial statements of Multi-Materials Stewardship Board, which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Multi-Materials Stewardship Board as at March 31, 2018, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
St. John's, Canada
July 24, 2018

MULTI-MATERIALS STEWARDSHIP BOARD

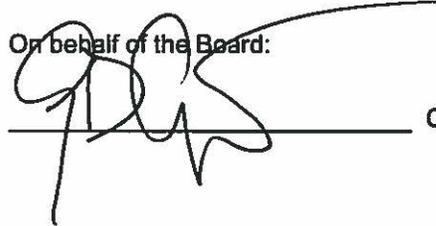
Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 5)	\$ 10,444,265	\$ 11,297,544
Accounts receivable net of allowance for doubtful accounts of \$51,550 (2017 - \$51,550)	2,840,426	2,983,169
HST receivable	247,201	285,304
Notes receivable at amortized cost of non-interest bearing notes, repayable over the next four years, utilizing an interest rate of prime plus 1%	29,331	30,376
Inventory for resale (note 6)	64,636	88,576
Investments	2,430,382	377,438
	<u>16,056,241</u>	<u>15,062,407</u>
Liabilities:		
Accounts payable	299,796	543,839
Other payables and accrued liabilities (note 7)	1,499,164	1,563,870
Grants payable	692,353	645,830
Unearned revenue (note 8)	2,441,664	2,434,995
Performance bonds payable	417,623	380,592
	<u>5,350,600</u>	<u>5,569,126</u>
Net financial assets	10,705,641	9,493,281
Non financial assets:		
Tangible capital assets (schedule 3)	1,635,816	1,804,473
Prepaid expenses	86,059	90,569
	<u>1,721,875</u>	<u>1,895,042</u>
Commitments (note 12)		
Accumulated surplus	\$ 12,427,516	\$ 11,388,323

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Chairperson Catherine Barrett Director

MULTI-MATERIALS STEWARDSHIP BOARD

Consolidated Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018 Actual	2018 Budget	2017 Actual
Revenue:			
Used beverage program deposits	\$ 22,905,792	\$ 22,729,546	\$ 22,820,306
Used tire program deposits	3,037,023	2,943,617	2,935,753
Used beverage container by-product revenue	2,794,227	2,440,079	2,107,384
Milk packaging program	158,977	-	151,662
Provincial Solid Waste Management Strategy	140,453	-	55,236
Interest income	124,578	115,000	93,578
Handling fees	100,742	89,045	69,247
Miscellaneous income	43,431	90,000	2,699
Waste Management Trust Fund Program	9,626	-	4,565
	<u>29,314,849</u>	<u>28,407,287</u>	<u>28,240,430</u>
Expenses:			
Used beverage container program	21,933,193	21,143,929	20,848,277
Used tire program	2,656,214	2,912,093	2,236,917
Administrative expenses (schedule 1)	2,022,770	2,457,974	2,183,226
Grant disbursements	979,210	2,030,000	2,801,765
Public education expenses (schedule 2)	387,567	530,000	722,865
Program operations	155,995	280,000	1,061,540
Provincial Solid Waste Management Strategy	140,453	-	55,236
Other recycling programs	254	90,000	80
	<u>28,275,656</u>	<u>29,443,996</u>	<u>29,909,906</u>
Annual surplus (deficit)	\$ 1,039,193	\$ (1,036,709)	\$ (1,669,476)

See accompanying notes to consolidated financial statements.

MULTI-MATERIALS STEWARDSHIP BOARD

Consolidated Statement of Changes in Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	Actual 2018	Budget 2018	Actual 2017
Accumulated surplus, beginning of year	\$ 11,388,323	\$ 11,388,323	\$ 13,057,799
Annual surplus (deficit)	1,039,193	(1,036,709)	(1,669,476)
Accumulated surplus, end of year	\$ 12,427,516	\$ 10,351,614	\$ 11,388,323

See accompanying notes to consolidated financial statements.

MULTI-MATERIALS STEWARDSHIP BOARD

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	Actual 2018	Budget 2018	Actual 2017
Annual surplus (deficit)	\$ 1,039,193	\$ (1,036,709)	\$ (1,669,476)
Acquisition of tangible capital assets	(48,963)	(62,000)	(1,148,717)
Amortization of tangible capital assets	217,620	243,873	198,201
Loss on disposal of tangible capital assets	-	-	21,302
Decrease (increase) in prepaid expenses	4,510	(1,000)	(1,075)
Increase (decrease) in net assets	1,212,360	(855,836)	(2,599,765)
Net financial assets, beginning of year	9,493,281	9,493,281	12,093,046
Net financial assets, end of year	\$ 10,705,641	\$ 8,637,445	\$ 9,493,281

See accompanying notes to consolidated financial statements.

MULTI-MATERIALS STEWARDSHIP BOARD

Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 1,039,193	\$ (1,669,476)
Items not involving cash:		
Amortization	217,620	198,201
Loss on disposal of tangible capital assets	-	21,302
	<u>1,256,813</u>	<u>(1,449,973)</u>
Changes in non-cash operating working capital:		
Decrease in accounts receivable	142,743	238,538
Increase (decrease) in HST receivable	38,103	(36,260)
Decrease in notes receivable	1,045	9,244
Decrease (increase) in prepaid expenses	4,510	(1,075)
Decrease (increase) in inventory for resale	23,940	(9,229)
Decrease in accounts payable	(244,043)	(695)
Decrease in other payables and accrued liabilities	(64,706)	(153,569)
Increase (decrease) in grants payable	46,523	(229,210)
Increase (decrease) in unearned revenue	6,669	(119,331)
Increase (decrease) in performance bonds payable	37,031	(48,183)
	<u>1,248,628</u>	<u>(1,799,743)</u>
Capital:		
Tangible capital asset purchases	(48,963)	(1,148,717)
Investing:		
Purchase of investments	(6,299,417)	48,184
Redemption of investments	4,246,473	-
	<u>(853,279)</u>	<u>(2,900,276)</u>
Decrease in cash and cash equivalents	(853,279)	(2,900,276)
Cash and cash equivalents, beginning of year	11,297,544	14,197,820
Cash and cash equivalents, end of year	<u>\$ 10,444,265</u>	<u>\$ 11,297,544</u>

See accompanying notes to consolidated financial statements.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements

Year ended March 31, 2018

Multi-Materials Stewardship Board (the "Board") is a statutory corporation established pursuant to The Environmental Protection Act. The Board manages the Used Beverage Container Recycling Program, the Used Tire Management 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 Board is a government organization and reports to the Minister of Municipal Affairs and Environment. The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

1. Financial statements:

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board and the Newfoundland and Labrador 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 consolidated financial statements for consolidation purposes. Separate audited consolidated financial statements have been issued for this Trust Fund, with an audit report date of XXXXX

2. Significant accounting policies:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the CPA, Canadian Public Sector Accounting Board (PSAB) and reflect the following significant accounting policies.

(a) Use of estimates:

In preparing the Board's consolidated financial statements in conformity with the Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of estimates include the accrual for deposits outstanding at year end, useful life of tangible capital assets, rates of amortization and impairment of long-lived assets, accrued stockpile costs, unearned revenue and accrued severance pay.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(b) Foreign currency translation:

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the year end date. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents also include a balance of \$5,654 and \$237,535 (2017 - \$3,154 and \$350,273) in restricted cash related to the performance bonds payable and funds received for the Provincial Waste Management Strategy respectively.

(d) Investments:

At March 31, 2018, \$411,969 (2017 - \$377,438) of these investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

Included in the investments balance is \$2,018,413 (2017-\$0) invested by the board in a GIC maturing September 2018. The rate of return on this investment is 1.60% per annum. The remaining balance is invested in GICs for purposes of satisfying performance security requirements with respect to contracts the board has entered into. These investments are due to mature at varying dates ranging from July 2018 to January 2023 at rates of return ranging from 0.50% to 2.20% per annum.

(e) Inventories for sale:

Inventories, which are comprised of aluminium beverage containers and PET beverage containers, are valued at the lower of cost and net realizable value, with net realizable value being current market prices.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Used beverage equipment	Declining balance	30%
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight line	5 years
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
CRM software and development	Declining balance	10%
MIS software	Declining balance	30%
Bags and tubs	Declining balance	30%
Infrastructure assets	Straight line	20 years

(h) Impairment of long-lived assets:

When a tangible capital asset no longer has any long-term service potential to the Board, the excess of its net carrying amount over any residual is recognized as an expense in the consolidated statement of operations.

(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 67% (2017 - 64%).

Unearned revenue also includes funds received in relation to the Provincial Waste Management Strategy related to expenditures for strategic communications development, the Green Depot Management Information System (MIS) related to customization, installation, training, licences and support for the system, and restricted grant contributions. The funding is recognized as revenue as the expenditures are incurred and repayable if not fully spent on the projects.

(j) Accrued severance pay:

Severance pay is accounted for on an accrual basis and is recognized when an employee joins the Board, and is calculated based upon years of service, current salary levels and assumptions with respect to retention. Severance pay is payable when the employee ceases employment with the Board and has achieved nine years of continual service.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(k) Revenue recognition:

Deposit revenue (both beverage and tire) is recognized when remittances are collected plus an estimated accrual based on subsequent receipts, as well as historical data.

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

Other income is recognized as earned.

(l) Expenses:

The Board recognizes expenses on an accrual basis. The cost of all goods consumed and services received during the period is expensed. Grant disbursements to third parties are accounted for as government transfers. Grant disbursements that are financing arrangements are recorded as expenses when they are approved by the Minister. Grant disbursements that are reimbursement arrangements are recorded as expenses when the expenditures have been incurred by the recipient and the eligibility criteria have been met.

(m) Financial instruments:

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments: cash and cash equivalents, receivables, notes receivable, investments, payables and accruals, grants payable and performance bonds payable.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual deficit.

Financial assets measured at fair value include cash and cash equivalents and investments; financial assets measured at cost include receivables; and financial assets measured at amortized cost include notes receivable.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(m) Financial instruments (continued):

Financial liabilities measured at cost include payables and accruals, grants payable and performance bonds payable.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

3. Adoption of accounting policies:

On April 1, 2017, the Board adopted Canadian public sector accounting standards PS 2200 Related party disclosures, PS 3420 Inter-entity transactions, PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual rights. The adoption of these standards did not result in an accounting policy change for the entity, and did not result in any adjustments to the financial statements as at April 1, 2017.

4. Future adoption of accounting policies:

Restructuring Transactions

This new section establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The entity does not anticipate that the adoption of this section will have a material impact on the financial statements.

It is not anticipated that any material changes will result from the adoption of these standards.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

5. Cash and cash equivalents:

	2018	2017
Cash and cash equivalents	\$ 10,201,076	\$ 10,944,117
Restricted cash deposits	243,189	353,427
	<u>\$ 10,444,265</u>	<u>\$ 11,297,544</u>

6. Inventory for resale:

	2018	2017
Aluminium beverage containers	\$ 59,456	\$ 58,999
PET beverage containers	5,180	29,577
	<u>\$ 64,636</u>	<u>\$ 88,576</u>

7. Other payables and accrued liabilities:

	2018	2017
Accrued liabilities	\$ 823,150	\$ 729,413
Tire stockpile accrual	200,000	225,000
Wages and benefits	230,779	263,479
MIS deferred handling fee	245,235	345,978
	<u>\$ 1,499,164</u>	<u>\$ 1,563,870</u>

8. Unearned revenue:

	2018	2017
Provincial Solid Waste Management Strategy	\$ 212,209	\$ 349,818
Used beverage container deposits	2,209,081	2,055,177
Grant contributions	20,374	30,000
	<u>\$ 2,441,664</u>	<u>\$ 2,434,995</u>

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

9. Related party transactions:

The Board is related to the Newfoundland and Labrador Liquor Corporation (NLC) as both organizations are Government Reporting Entities established by the Provincial Government of Newfoundland and Labrador.

The NLC collects and remits Used Beverage Program deposits to the Board. Included in Used Beverage Program deposits for 2018 is \$2,841,835 (2017-\$2,974,088) from the NLC. The organizations enter into transactions in the normal course of business and on normal trade terms. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Stockpile costs:

In the 2017 fiscal year, the Board implemented a new contingency plan for the management of used tires. A decision was made to store a portion of collected tires in an efforts to undertake a Tire Derived Aggregate (TDA) Demonstration Project. As at March 31, 2018, total expected costs relating to the tires stored for purposes of undertaking the TDA Demonstration Project were \$200,000.

11. Employee future benefits:

The Board participates in the Government Money Purchase Pension Plan which is a defined contribution pension plan. The plan is mandatory for all employees, with the exception of the CEO, from date of employment. Employees contribute 5% of regular earnings and the Board matches these contributions. Contributions made prior to January 1, 1997 are fully vested and locked-in after the completion of 10 years of continuous service and the employee has attained the age of 45 or after the completion of 5 years of plan participation. Contributions made on or after January 1, 1997 are fully vested and locked-in after the completion of 2 years of plan participation. Contributions paid and expensed by the Board during the year totaled \$59,247 (2017 - \$62,584).

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

12. Commitments:

The Board is committed to minimum annual lease payments for property, equipment and service agreements for the next three years as follows: 2019 - \$215,401; 2020 - \$34,275; and 2021 - \$7,521.

The Board is also committed to funding the following Waste Management Trust Fund projects for the next two years as follows: 2019 - \$1,250,000; and 2020- \$256,197.

The Board has entered into the following agreements:

- (i) processing and transportation of beverage containers up to July, 2019;
- (ii) collection of used tires in Labrador West area to April, 2020;
- (iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to February, 2018;
- (iv) collection of used tires in Happy Valley-Goose Bay area to February, 2020; and
- (v) transportation of used tires collected in Labrador to May, 2020.

MULTI-MATERIALS STEWARDSHIP BOARD

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

13. Financial risks:

(a) Market risk:

Market risk is the risk that the fair value of marketable securities or investments will change as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Board is mainly exposed to currency risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investments are not subject to interest rate risk as they are at fixed interest rates risk.

The Board is exposed to other price risk through its sale of by-products.

(b) Credit risk:

Credit risk is the risk of loss if a customer or counterparty cannot meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The Board's credit risk is attributable to receivables and cash. The accounts receivable represent a large number of small balances owed by its customers, and no one customer or group of customers represents a significant risk. Management reviews receivables on a case by case basis to determine if an allowance is necessary to reflect impairment in collectability.

(c) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its payables and accruals. The Board reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management the liquidity risk exposure to the Board is low.

There is minimal liquidity risk associated with the bonds payable as they are held in guaranteed investment certificates with a stated interest rate.

MULTI-MATERIALS STEWARDSHIP BOARD

Schedule 1 - Consolidated Administrative Expenses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Wages and benefits	\$ 1,501,109	\$ 1,639,070
Rent	148,295	151,420
Professional fees	68,364	76,591
Staff travel	54,672	51,500
Amortization	50,263	57,228
Software support	48,976	48,032
Telecommunications	43,041	41,120
Board member expenses	25,280	51,624
Vehicle expenses	22,675	24,079
Office supplies	12,613	12,730
Training	11,990	228
Insurance	9,391	9,153
Bank charges	9,353	9,008
Subscriptions, memberships and conferences	6,241	888
Equipment lease and support	4,158	4,708
Postage and courier	3,486	4,604
Miscellaneous	2,863	1,243
	\$ 2,022,770	\$ 2,183,226

MULTI-MATERIALS STEWARDSHIP BOARD

Schedule 2 - Consolidated Public Education Expenses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Campaigns:		
Used beverage container program	\$ 164,876	\$ 287,906
Indiscriminate dumping	33,550	53,901
Used tire program	25,235	44,768
HHW	50,601	24,400
Total campaigns	274,262	410,975
Corporate:		
Owned Media	17,280	41,553
Media monitoring	20,540	30,733
Account management and miscellaneous	2,376	-
Total corporate	40,196	72,286
Public Education Programs	73,109	239,604
Total public education	\$ 387,567	\$ 722,865

Multi-Materials Stewardship Board
Schedule 3 - Consolidated Schedule of Tangible Capital Assets
Year ended March 31, 2018 with comparative information for 2017

	Used beverage equipment	Office furniture and equipment	Leasehold improvements	Computer hardware	Computer software	CRM software and development	MIS software	Bags and tubs	Infrastructure assets	2018	2017
Cost											
Cost beginning of year	\$ 186,671	\$ 168,306	\$ 8,913	\$ 177,098	\$ 325,570	\$ 445,488	\$ 768,215	\$ 328,924	\$ 998,382	\$ 3,407,567	\$ 2,408,423
Additions during the year	7,309	1,299	-	-	-	-	31,113	-	9,232	48,953	1,148,717
Disposals during the year	-	-	-	-	-	-	-	-	-	-	(149,573)
Cost, end of year	\$ 193,980	\$ 169,605	\$ 8,913	\$ 177,098	\$ 325,570	\$ 445,488	\$ 799,328	\$ 328,924	\$ 1,007,614	\$ 3,456,520	\$ 3,407,567
Accumulated amortization											
Accumulated amortization, beginning of year	\$ 158,636	\$ 130,136	\$ 7,712	\$ 141,313	\$ 299,608	\$ 177,608	\$ 361,128	\$ 318,623	\$ 8,320	\$ 1,603,084	\$ 1,533,164
Amortization	8,288	7,440	219	8,916	6,802	26,886	106,104	2,699	50,266	217,620	198,201
Reversal of accumulated amortization relating to disposals	-	-	-	-	-	-	-	-	-	-	(128,271)
Accumulated amortization, end of year	166,924	137,576	7,931	150,229	306,410	204,494	467,232	321,322	58,586	1,820,704	1,603,094
Net book value of tangible capital assets	\$ 27,056	\$ 32,029	\$ 982	\$ 26,869	\$ 19,160	\$ 240,994	\$ 332,096	\$ 7,602	\$ 949,028	\$ 1,635,816	\$ 1,804,473

