



**BC Paint and Household Hazardous Waste (HHW)
2011 Program Year Annual Report for:**

- PAINT CATEGORY
- SOLVENT AND FLAMMABLE LIQUIDS CATEGORY
- PESTICIDE CATEGORY
- GASOLINE CATEGORY

REPORTING PERIOD: JANUARY 1, 2011 TO DECEMBER 31, 2011

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1. Program Outline

The BC Paint and Household Hazardous Waste (HHW) program is operated and managed by Product Care Association. Product Care is a federally incorporated, not for profit product stewardship association formed in response to stewardship regulations and is governed by a multi sector industry board of directors.

Product Care is involved in the following product stewardship programs in BC. Paint (established 1994), flammable liquids, pesticide and gasoline (1997)

- LightRecycle program (2010) for residential-use fluorescent light bulbs and tubes; expansion to include all types of lamp technologies and fixtures from all sectors (July 2012)
- Smoke and CO Alarms (October 1, 2011)

Effective January 1, 2011, the members of the Tree Marking Paint Stewardship Association agreed to join Product Care, and the Tree Marking Paint Stewardship Association (TMPSA) was dissolved.

Product Care also operates or is developing product stewardship programs in seven other Canadian provinces: SK, MB, QC, NS, NB, NL, PEI. Product Care manages other product stewardship programs in BC and in other provinces as contracted program manager.

The members of the BC Paint and HHW program are the “producers” (manufacturers, distributors and retailers) obligated by the Recycling Regulation (B.C. Reg. 449/2004) under the following categories:

- Paint product Category
- Pesticide product category
- Solvent and flammable liquids category
- Gasoline category

The BC Paint and HHW program enables consumers to drop off unwanted program products at depots and collection events across the province at no charge. Leftover paint is also made available to the public, free of charge, for reuse at a number of depots.

The program is funded by membership fees, known as “eco fees”, remitted to Product Care by its members based on the volume of sales of the designated products. In some case, retailers recover the fees as a separate visible eco-fee to consumers. The eco-fee rates are set by Product Care. Program revenues are applied to the operation of the program, including education, collection system, administration, transport, recycling and disposal of collected residual products as well as a reserve fund.

See the Product Care website at www.productcare.org for more information.

This report only covers the paint and HHW program. Other Product Care programs such as LightRecycle will be reported separately.

2. Educational Materials and Strategies

Product Care uses a number of methods to raise consumer awareness of the program. In 2011, these methods included:

- **Program Website** – The BC Paint and HHW program pages received over 41,500 hits in 2011. It provides information to BC residents on:
 - Description of products accepted by the program
 - Depot locations with details on hours of operation and products accepted at each location
 - eco-fee rates
 - Annual reports and other program information
 - Information for consumers on buying the right amount of paint as well as the safe storage and handling of program products
- **Website Linkages** – Product care coordinates with other parties, such as municipalities and regional districts, to establish links to the program’s website.
- **Reuse Websites**- To promote its paint exchange program, Product Care is listed on all relevant Reuse sites such as *Surrey Reuses*.
- **Point of Sale (PoS) Materials** – Program brochures and posters, as well as can-stickers, are regularly distributed to over 3,000 retailers. Orders were replenished upon request in 2011, free of charge. In 2011, over 60,000 brochures were distributed to retailers, depots, municipalities, regional districts and other stakeholders.
- **Yellow Pages** – Advertising was placed in the “recycling services” section of 32 Yellow Pages publications across BC.
- **RCBC Recycling Hotline** – Product Care contracts with the Recycling Council of British Columbia for the RCBC “recycling hotline” service. RCBC hotline operators provide consumers with a convenient “one stop” contact to obtain information about Product Care programs and any other recycling questions. Product Care promotes the RCBC hotline number through its web page, on its signs, brochures, as well as Yellow Pages listings. The RCBC Hotline is open Monday through Friday from 9 am to 4 pm, and is accessible to all BC residents by a toll free telephone number (1-800-667-4321). The following are the numbers of calls received through the hotline during 2011:

| | |
|--------------------|------------|
| Paint: | 4,481 |
| Flammable liquids: | 1,530 |
| Pesticides: | 774 |
| Gasoline: | <u>383</u> |
| Total: | 7,168 |
- **RCBC Recyclepedia** – Product Care collection sites were also listed in the RCBC Recyclepedia search engine <http://rcbc.bc.ca/recyclepedia>, an online province-wide searchable database for disposal options of all residential products. There is also a Recyclepedia “app” for smartphone users.
- **Local Government Partnerships**- Product Care works with municipalities and regional districts (RD) to promote the Product Care program. Specific actions include:
 - Advertising in 14 municipal garbage collection/recycling calendars
 - Local government website linkages
 - Point of purchase consumer information material was also made available to all municipalities free of charge
- **Print Media** – Product Care advertised in a select number of print media such as the Recycling & Waste Management special report in the Vancouver Sun.

3. Awareness Survey

In April 2011, Product Care commissioned McAllister Opinion Research to carry out an online and mobile web survey of 1,015 BC adults regarding paint, smoke alarms, and lights recycling programs. The results show that 67% of residents are aware of a program or service that takes back leftover paint. The margin of error is +/- 3.1%, 19 times out of 20. In 2007, 64% of residents were aware of the program. A 5% increase was achieved in 2011 compared to 2007 awareness

4. Collection System

Product Care does not directly own or manage any depots, but contracts with existing collection sites. Due to the hazardous nature of some the program products, siting new depots presents a significant challenge relative to other stewarded products. Typically, depots are co-located at facilities such as local government recycling centres or transfer stations, bottle depots, non-profit societies and private businesses. In 2011, Product Care significantly expanded the number of return to retail paint collection sites in 2011.

As of December 31, 2011, Product Care operated 172 permanent, year round collection depots in British Columbia to provide convenient locations for consumers to drop off unwanted program products, a significant increase compared to 114 collection locations in the prior year. Of the total of 172 locations, 115 were Paint Depots that collected leftover paint products, including paint aerosols, and 57 were “Paint Plus” Depots that collected leftover paint products as well as flammable liquids, pesticides and gasoline. There is no charge to drop off program products. See **Appendix A** for a complete list of depots as of December 31, 2011. **Table 2** lists the changes in the collection system in 2011.

Product Care also supplements the depot collection system with a number of one day events, often in collaboration with a municipality or regional district. There were 26 collection events d in 2011. A list of collection events can be found under **Table 3**. A direct pick-up service is also provided for large volume users of paint.

Table 1 compares the number of collection sites and one day events for the past four years, to the targets set out in the 2006 Product Care stewardship plan.

Table 1 – Product Care Depots and Targets, 2007-2011

| | 2007 | | 2008 | | 2009 | | 2010 | | 2011 | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| Paint Depot | 60 | 59 | 62 | 61 | 64 | 63 | 66 | 64 | 68 | 115 |
| Paint Plus Depot | 45 | 45 | 47 | 49 | 49 | 50 | 51 | 50 | 52 | 57 |
| Total Permanent Depots | 105 | 104 | 109 | 110 | 113 | 113 | 117 | 114 | 120 | 172 |
| One Day Events | 13 | 19 | 12 | 15 | 12 | 19 | 12 | 16 | 12 | 26 |

Table 2 – Depot Changes in 2011

| Depot Name | Location | Change |
|---------------------------|------------------------------|----------------------|
| Irly Building Centre | Mackenzie | Opened as Paint only |
| RONA | 50 stores, various locations | Opened as Paint only |
| Lorne Street Bottle Depot | Kamloops | Opened as Paint plus |
| Courtenay Return-It Depot | Courtenay | Opened as Paint plus |
| Scotch Creek Bottle Depot | Scotch Creek | Opened as Paint only |
| Lougheed Return-It Depot | Coquitlam | Opened as Paint only |

| | | |
|--------------------------|--------------|----------------------|
| Boucherie Bottle Depot | West Kelowna | Change to Paint plus |
| Gibsons Disposal | Gibsons | Change to Paint plus |
| SLRD – Lillooet Landfill | Lillooet | Opened as Paint plus |
| Merritt Home Hardware | Merritt | Opened as Paint plus |
| Village of Gold River | Gold River | Change to Paint plus |
| Barnhartvale Landfill | Kamloops | Opened as Paint only |

Table 3 – Collection Events in 2011

| Date | Name | Location |
|--------------|-----------------------------------|-----------------|
| Apr 16, 2011 | Sicamous Mobile | Sicamous |
| Apr 30, 2011 | Golden Mobile – Spring | Golden |
| May 7, 2011 | Cache Creek Mobile (TNRD) | Cache Creek |
| May 7, 2011 | Clinton Mobile (TNRD) | Clinton |
| May 7, 2011 | City of Delta | Delta |
| May 8, 2011 | Ashcroft Mobile (TNRD) | Ashcroft |
| May 8, 2011 | Logan Lake Mobile (TNRD) | Logan Lake |
| May 10, 2011 | District of Mission | Mission |
| May 28, 2011 | Chase Mobile (TNRD) | Chase |
| May 29, 2011 | Clearwater Mobile (TNRD) – Spring | Clearwater |
| Jun 1, 2011 | Barriere Mobile (TNRD) | Barriere |
| Jun 4, 2011 | City of Kamloops | Kamloops |
| Jun 4, 2011 | Merritt Mobile (TNRD) | Merritt |
| Jun 18, 2011 | Mackenzie Mobile | Mackenzie |
| Jun 25, 2011 | Galiano Island (CRD) | Galiano Island |
| Jul 19, 2011 | Mayne Island (CRD) | Mayne Island |
| Aug 27, 2011 | Saturna Island (CRD) | Saturna Island |
| Sep 10, 2011 | Cortes Island (SRD) | Cortes Island |
| Sep 11, 2011 | Quadra Island (SRD) | Quadra Island |
| Sep 24, 2011 | Clearwater Mobile (TNRD) – Fall | Clearwater |
| Oct 1, 2011 | Enderby (NORD) | Enderby |
| Oct 1, 2011 | Lumby (NORD) | Lumby |
| Oct 1, 2011 | Vernon Mobile | Vernon |
| Oct 1, 2011 | Chilliwack Mobile | Chilliwack |
| Oct 15, 2011 | Sayward Mobile (SRD) | Sayward |
| Oct 22, 2011 | Township of Langley | Langley |

5. Management of Collected Materials

Product Care utilizes a number of performance measures to track changes in the program's performance year to year. Particularly with consumable, long life products, no single performance measure is considered an accurate indication of the program's performance.

5.1 Volume Collected

5.1.1 Residual Recovery Volume

Residual Recovery Volume represents the liquid volume, measured in litres, of program products recovered by the program. Table 4 and Figures 1 and 2 show the volume of program products collected from 2003-2011.

Table 4 – Residual Recovery Volume in Litres, 2003-2011

| | Paint (non aerosol) | Paint Aerosol | Flammable Liquids | Pesticides | Total |
|-------------|----------------------------|----------------------|--------------------------|-------------------|------------------|
| 2003 | 1,637,090 | 15,480 | 45,484 | 8,760 | 1,706,814 |
| 2004 | 1,854,960 | 18,860 | 49,224 | 8,880 | 1,931,924 |
| 2005 | 2,164,042 | 17,360 | 54,386 | 7,656 | 2,243,444 |
| 2006 | 2,164,437 | 15,426 | 58,516 | 10,716 | 2,249,095 |
| 2007 | 2,331,223 | 14,766 | 65,746 | 12,431 | 2,424,166 |
| 2008 | 2,700,416 | 17,226 | 92,872 | 16,076 | 2,826,590 |
| 2009 | 2,869,745 | 14,360 | 87,824 | 16,249 | 2,988,178 |
| 2010 | 2,777,390 | 48,816 | 86,792 | 17,158 | 2,933,758 |
| 2011 | 2,807,027 | 35,216 | 93,980 | 19,022 | 2,955,245 |

Figure 1 – Paint (non-aerosol) Residual Recovery Volume in Litres, 2003-2011

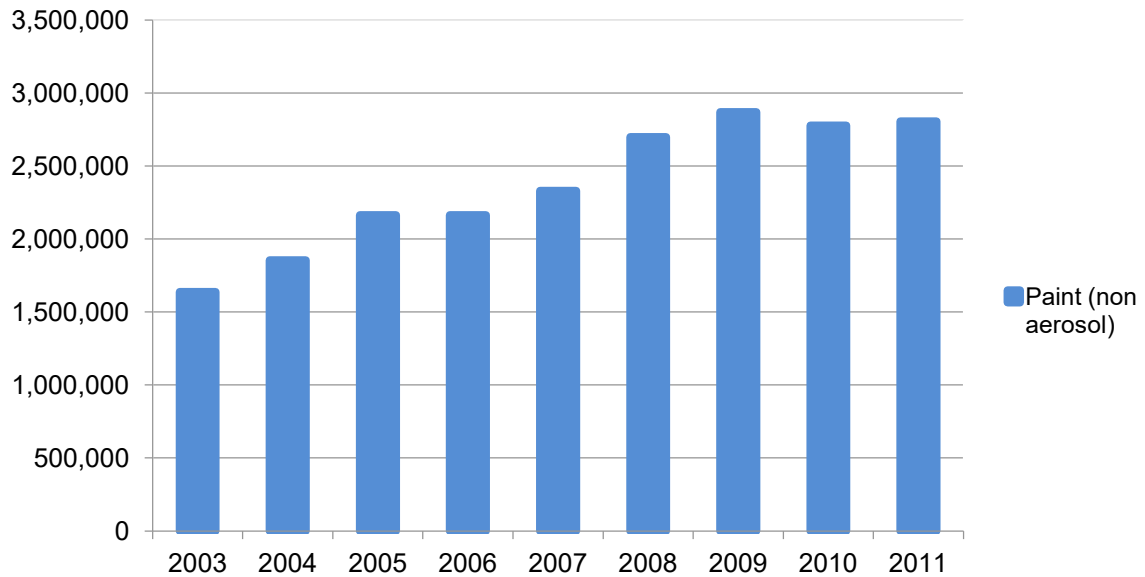
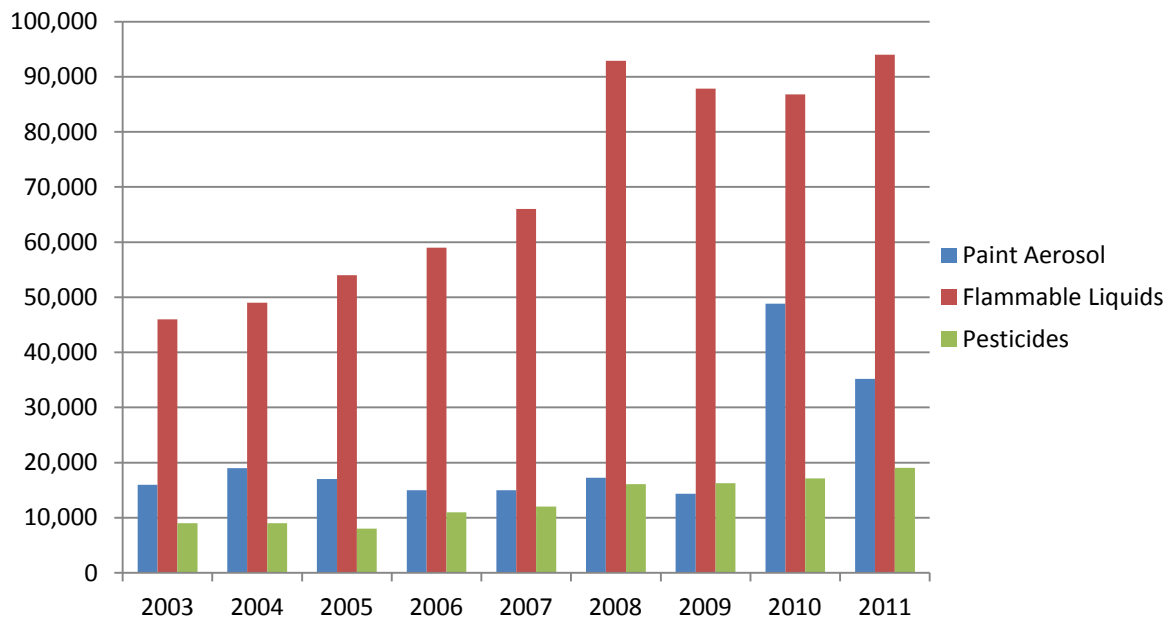


Figure 2 – Aerosol Paint, Flammable Liquids and Pesticides Residual Recovery Volumes in Litres, 2003-2011



5.1.2 Container Capacity Volume

Given the fluctuation in the quantity of liquid residuals contained within containers returned to the program, the aggregate nominal capacity of the program product containers collected is also a meaningful measure of program performance. Container capacity volume, also known as “equivalent litre container” (ELC), is a measure of the capacity of the original containers that are returned through the program. These figures are extrapolated from the number of “tubskids” of program products managed by the program. Tubskids are collection bins used to transport containers of program products from depots to processing facilities.

Table 5 below provides an overview of the container capacity volume, in litres, of program products collected by the program from 2006 to 2011.

Table 5 – Container Capacity Volume in Litres, 2006-2011

| | Paint (non aerosol) | Paint Aerosol | Flammable Liquids | Pesticides |
|-------------|---------------------|---------------|-------------------|------------|
| 2006 | 6,727,968 | 134,978 | 159,840 | 38,578 |
| 2007 | 7,445,870 | 129,202 | 179,092 | 44,020 |
| 2008 | 8,637,266 | 150,728 | 213,408 | 54,259 |
| 2009 | 8,930,736 | 125,650 | 215,568 | 59,486 |
| 2010 | 9,407,232 | 158,200 | 258,345 | 66,182 |
| 2011 | 9,618,048 | 192,588* | 289,930 | 69,638 |

*Note: While there was an increase in container capacity volume collected, the amount of residual on average (Table 4) in the paint aerosols for 2011 was less than in 2010

The 2006 product stewardship plan committed to a minimum 4% annual increase in the total collected volumes for the paint product categories. This target represents an aggregate increase of 20% for the five year period ending 2011 compared to the 2006 baseline. Table 6 illustrates the percent change in container capacity volume collected between 2006 and 2011. As the last row of the table illustrates, the 20% aggregate increase target was exceeded for all Program Product categories.

Table 6 – Percent Change in Container Capacity Volume, 2006-2011 Comparisons

| | Paint (non aerosol) | Paint Aerosol | Flammable Liquids | Pesticides |
|-------------------------------|---------------------|---------------|-------------------|--------------|
| 2006 vs. 2007 | 10.7% | -4.3% | 12.0% | 14.1% |
| 2007 vs. 2008 | 16.0% | 16.7% | 19.2% | 23.3% |
| 2008 vs. 2009 | 3.4% | -16.6% | 1.0% | 9.6% |
| 2009 vs. 2010 | 5.3% | 25.9% | 19.8% | 11.3% |
| 2010 vs 2011 | 2.24% | 21.74% | 12.23% | 5.22% |
| 2011 Cumulative Target | 20% | 20% | - | - |
| 2006 Baseline vs. 2011 | 42.9% | 42.7% | 81.4% | 80.5% |

Table 7 - Tubskids Collected, 2003-2011

| Product Category | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Paint | 12,594 | 13,547 | 14,796 | 15,574 | 17,122 | 19,856 | 20,673 | 21,776 | 22,264 |
| Aerosol Paint | 773 | 943 | 842 | 771.3 | 738.3 | 861.3 | 718 | 904 | 1,100 |
| Aerosol Others | 19 | 21 | 22 | 39.8 | 48.3 | 53.5 | 63.7 | 66.7 | 89.2 |
| Solvents | 274 | 292 | 333 | 370 | 395 | 494 | 499 | 571 | 635 |
| Pesticides | 73 | 74 | 66 | 89.3 | 101.9 | 125.6 | 137.7 | 153.2 | 161.2 |

Table 8 illustrates the number of tubskids collected from each regional district in 2011. A tubskid is a standard size container utilized for the collection and transportation of collection materials. Totals exclude paint given away at depots for Paint Exchange, other than Paint Exchange volumes distributed out of Product Care's Surrey facility.

Table 8- Summary of Collection for 2011 by Regional District in Tubskids

| Regional District | Paint | Aerosols | Solvents | Pesticides | Other Aerosols |
|---------------------------|-------|----------|----------|------------|----------------|
| Alberni Clayoquot | 95 | 16 | 4 | 1 | 0 |
| Bulkley Nechako | 94 | 12 | 0 | 0 | 0 |
| Capital Regional District | 2581 | 82.3 | 83 | 37.3 | 14 |
| Cariboo | 131 | 10 | 2 | 0 | 0 |
| Central Coast | 4 | 0 | 0 | 0 | 0 |
| Central Kootenay | 220 | 12 | 3 | 1 | 1 |
| Central Okanagan | 826 | 37.1 | 17 | 5 | 7.2 |
| Columbia Shuswap | 189 | 7 | 1 | 0 | 0.9 |
| ComoxStrathcona | 489 | 36 | 10 | 4 | 2 |
| Cowichan Valley | 588 | 31.2 | 33 | 6 | 6.4 |
| East Kootenay | 332 | 12 | 5 | 2 | 0.6 |
| Fraser Fort George | 223 | 20 | 8 | 1 | 0 |
| Fraser Valley | 1228 | 53.6 | 34 | 15 | 5.1 |
| GVRD | 11524 | 297.9 | 360 | 65.3 | 29.7 |
| Kitimat Stikine | 42 | 8 | 0 | 0 | 0 |
| Kootenay Boundary | 160 | 8 | 7 | 1 | 2.3 |
| Mt. Waddington | 62 | 8 | 0 | 0 | 0 |
| Nanaimo Regional District | 1128 | 49 | 31 | 13 | 4.5 |

| | | | | | |
|---|---------------|--------------|------------|--------------|-------------|
| North Okanagan | 401 | 24 | 4 | 1 | 1 |
| Northern Rockies | 16 | 1 | 0 | 0 | 0 |
| Okanagan Similkameen | 409 | 16.1 | 3 | 3.6 | 0 |
| Peace River | 217 | 14 | 6 | 1 | 0 |
| Powell River Regional District | 83 | 3 | 5 | 1 | 0 |
| Skeena-Queen Charlotte | 35 | 12 | 3 | 0 | 0 |
| Squamish Lillooet | 278 | 10 | 0 | 0 | 0 |
| Sunshine Coast | 273 | 20.3 | 12 | 2 | 1.5 |
| Thompson Nicola | 499 | 12 | 4 | 1 | 1 |
| Large Volume Paint Users ¹ | 130 | 3 | 0 | 0 | 0 |
| Large Volume Paint Aerosol Users ¹ | 7 | 285 | 0 | 0 | 12 |
| TOTAL² | 22,264 | 1,100 | 635 | 161.2 | 89.2 |

¹ Material collected directly from generator at various locations in BC

² Volumes shown do not include volume of paint given away through "Paint Exchange" program, except those distributed from the Product Care's Surrey facility.

5.2 Product Sales

The quantity sold annually of program products varies with market conditions, but is an important reference for the quantity of products available for collection in the future. **Table 9** and Figures 3 and 4 illustrate the quantity in litres sold of program products from 2003-2011.

Table 9 – Sales Volume in Litres, 2003-2011

| | Paint (Non Aerosol) | Paint Aerosol | Flammable Liquids | Pesticides |
|-------------|---------------------|---------------|-------------------|------------|
| 2003 | 30,059,254 | 861,425 | 3,508,158 | 220,914 |
| 2004 | 33,132,411 | 950,091 | 3,505,961 | 154,056 |
| 2005 | 34,704,008 | 929,981 | 4,308,371 | 185,882 |
| 2006 | 37,007,180 | 944,963 | 4,576,310 | 181,732 |
| 2007 | 36,169,248 | 946,941 | 4,366,434 | 177,055 |
| 2008 | 35,564,330 | 975,329 | 3,940,716 | 189,178 |
| 2009 | 31,356,165 | 845,428 | 3,404,010 | 159,428 |
| 2010 | 33,003,735 | 892,913 | 3,310,459 | 188,649 |
| 2011 | 29,292,683 | 979,216 | 3,368,510 | 175,535 |

Figure 3 – Sales Volume of Non-Aerosol Paint in Litres, 2003-2011

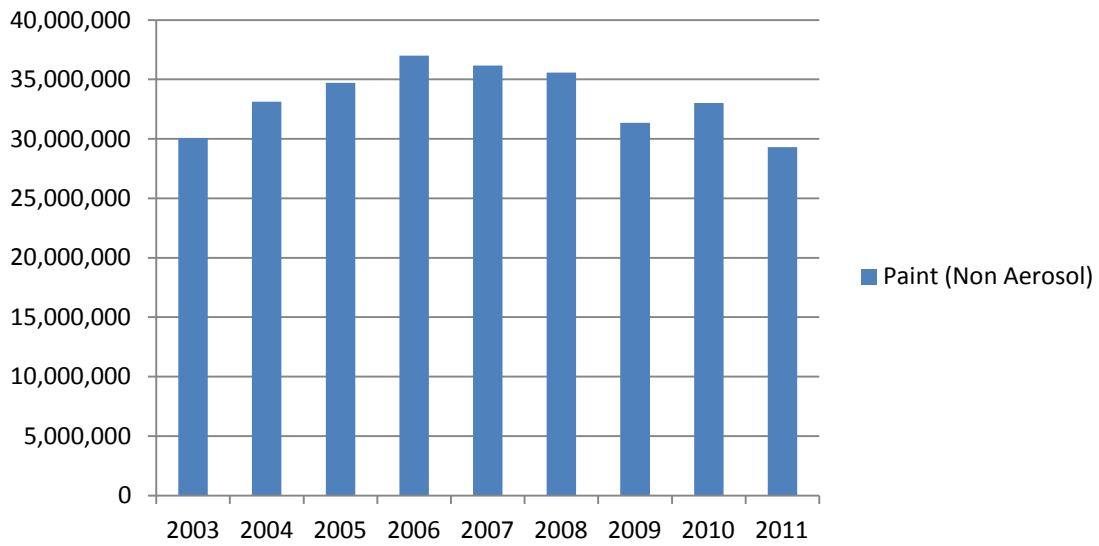
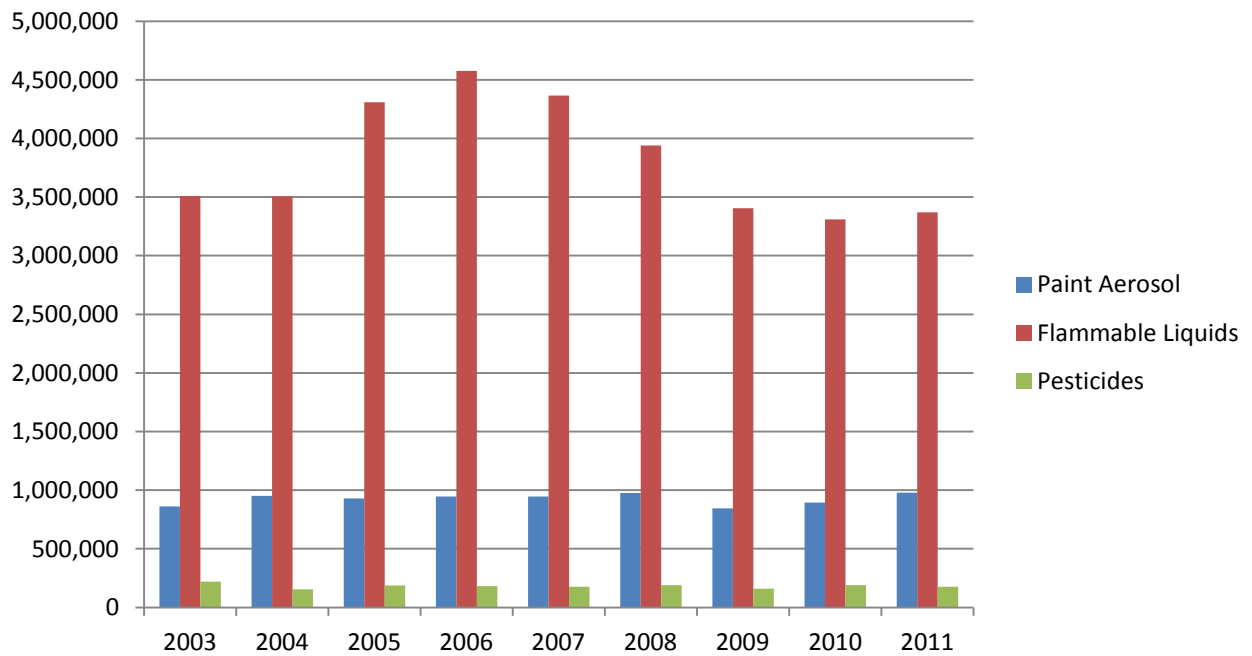


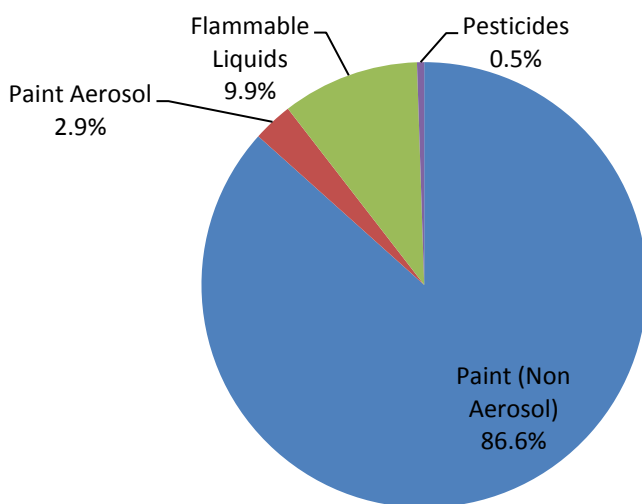
Figure 4 – Sales Volume of Aerosol Paint, Flammable Liquids and Pesticides in Litres, 2003-2011



Program Product Sales:

Figure 5 illustrates the relative quantity of sales in 2011 for each of the program product categories.

Figure 5 – Share of Program Product Sales - 2011



5.3 Recovery Rate

The products managed in the program can be stored for long periods and are designed to be consumed. While the amount recovered can be determined, it is difficult to determine the total amount of the product “available for collection.” In addition, the lag time between purchase of a product and the decision that the leftover program product is unwanted varies. A recovery rate compares the volume of products sold in a year to the quantity of products collected by the program in that same year. As such, fluctuations in the volume of products sold can cause changes in the recovery rate.

Subject to these limitations, the recovery rates for the program’s products are shown in Table 10 below. The recovery rate is calculated by dividing the volume of residuals collected (from Section 5.1.1 above) by the volume sold (from Section 5.2 above) for each year.

A report prepared for RECYC-QUÉBEC, the regulator of product stewardship programs in Québec and Eco-Peinture, the paint stewardship program in Québec, determined that 6.71% is the proportion of architectural paint sales that will eventually be available for collection. Product Care program’s recovery rates in recent years compare favourably, however it must be noted that in calculating the recovery rate, the “denominator”, which is the quantity of paint sold in the year, has declined significantly from prior years due to economic conditions, which has the effect of increasing the recovery rate.

Table 10 - Percentage Recovery Rate (Residual Recovery Volume/Sales), 2003-2011

| | Paint (non aerosol) | Paint Aerosol | Flammable Liquids | Pesticides |
|-------------|---------------------|---------------|-------------------|------------|
| 2003 | 5.4% | 1.8% | 1.3% | 4.0% |
| 2004 | 5.6% | 2.0% | 1.4% | 5.8% |

| | | | | |
|-------------|------|------|------|-------|
| 2005 | 6.2% | 1.9% | 1.3% | 4.1% |
| 2006 | 5.8% | 1.6% | 1.3% | 5.9% |
| 2007 | 6.4% | 1.6% | 1.5% | 7.0% |
| 2008 | 7.6% | 1.8% | 2.4% | 8.5% |
| 2009 | 9.2% | 1.7% | 2.6% | 10.2% |
| 2010 | 8.4% | 5.5% | 2.6% | 9.1% |
| 2011 | 9.6% | 3.6% | 2.8% | 10.8% |

5.4 Product Life Cycle Management and Environmental Impacts

The ability of a stewardship program of this scope to influence product design is limited. The paint industry is a consolidating industry and most brand owners manufacture for a market area that includes more than one province or country. The overall program objective is to reduce the environmental impact of leftover paint through the application of the pollution prevention hierarchy of reduce/reuse/recycle.

Many of the paint products covered by the program have changed over time as a result of design for environment activity. In particular:

- There has been a steady shift in the marketplace from oil based (alkyd) paints to water based latex paints. This trend is expected to continue as the consumer preference for latex paint increases and technical specifications improve.
- Federal regulations relating to volatile organic compounds and the composition of surface coatings are hastening the process of reducing the environmental impact of paint products.

Tools used by Product Care Association that may have an impact on product life cycle and reduction of environmental impact include:

- Variable fees paid to the program by brand owners which increase with the size of the container
- Promotion to the consumer of the “B.U.D.” rule, i.e. **B**uy what you need, **U**se what you buy and **D**ispose of the remainder responsibly
- Educating the consumer on the proper storage of leftover paint
- Research development into alternative management options for collected materials

5.5 Management in Accordance with the Pollution Prevention Hierarchy

Product Care endeavours to manage collected products in accordance with the “pollution prevention hierarchy”.

5.5.1 Paint

Leftover paint is the largest volume of the residual products managed by the Product Care program and of the HHW category in general. Leftover paint is managed in a number of ways.

Reuse:

Reusable paint is given away at no charge through the Paint Exchange program to members of the public and to non-profit organizations to be used for its originally intended purpose. The Paint Exchange option is offered at most Product Care depots outside Metro Vancouver. Within Metro Vancouver, the paint exchange program is centralized at Product Care's facility in Surrey with three other paint exchange locations in Vancouver, North Vancouver and Maple Ridge.

In 2011 there were 90 paint exchange depots (out of 172 depots). This accounts for 52% of all the depots offering paint exchange. Users of the program included individuals, community organizations, theatres and anti-graffiti programs. Many participants obtain information about the Paint Exchange program through the RCBC Materials Exchange program. During 2011, 2.1% of the volume of paint collected by Product Care was reused through the paint exchange program.

Recycling:

The 2011 target for the combined reuse and recycling of paint was 85%. In 2011, 66% of the paint collected by the program in 2011 was latex paint and the remaining 34% was oil based paint.

Product Care utilizes a number of options for paint recycling including:

- Reprocessing leftover paint into paint and coatings products.
- Latex paint as raw material incorporated in the manufacture of recycled concrete, and in the manufacture of Portland cement.

During 2011, although 100% of the latex paint collected by the program was recycled by one of these methods, the recycling option for oil based paint continues to be unavailable as the demand for recycled oil based paint remains limited. The combined total of paint reused (2.1%) and paint recycled (66%) was 68.1% of all paint collected (latex or oil-based). Accordingly the 2011 target for the combined reuse and recycling of paint was 85% was not met. In Product Care's program plan for 2012-2017, there are differentiated targets for the two paint types.

Energy Recovery:

Due to the high solvent content of alkyd (oil based) paints; alkyd paints are suitable for energy recovery. Through the process of fuel blending, 100% of the oil based paint and 100% of the flammables and gasoline collected by Product Care during 2011 were used as an alternative energy source in applications such as permitted incinerators. Product Care continues to search for recycling options for oil based paint. This is generally more difficult due to hazardous waste and transportation regulations which limit the movement of this kind of material, also the chemistry of alkyd paints makes it more difficult to recycle into paint and coating products, and the market for the recycled alkyd products is significantly smaller than that for the water based products and continues to diminish. In addition, regulations such as the Federal VOC Regulations, required tighter limits on certain chemical constituents, which tend to be higher in older paints.

5.5.2 Flammables

As a result of the nature of flammable products, and the fact that many flammable products are sold as fuels, leftover flammables are managed for energy recovery as alternative fuels in permitted facilities which comply with all air quality regulations.

5.5.3 Pesticides

Due to the nature of pesticides, there is no reuse or recycling option available, and all pesticides are incinerated at high temperature government regulated and permitted incinerators.

5.5.4 Gasoline

Due to the nature of gasoline, which is intended to be used as a fuel, waste gasoline is managed as an alternative fuel for energy recovery at permitted facilities.

5.5.5 Containers

Metal Container Recycling:

The market for metal containers is highly dependent on commodity prices. The 2011 market was an improvement over 2010 and, all metal containers were recycled as scrap metal.

Plastic Container Recycling:

All plastic paint pails (5 gal. size) and plastic gasoline containers continue to be recycled. Plastic from solvents and pesticide processing are triple rinsed and sent for plastics recycling.

Plastic Containers Energy Recovery:

Plastic (polypropylene) one US gallon size paint cans were managed in one of three ways in 2011:

- Plastics to plastics recycling (12%) plastic to 'plastic wood' recycling (39%)
- Utilized for energy value as solid fuel in permitted waste to energy incinerators or cement kilns (49%).

5.5.6 Summary and Targets

Table 11 provides a summary of the management options for residuals collected through the program in 2011.

Table 11 – Summary of Management Options for Residuals and Containers Collected, 2011

| | Method | Example | Paint | Paint containers | Flammables | Pesticides | Gasoline |
|---|-----------------|--|---------------------|------------------------------|-----------------------------|----------------------------|---------------------------|
| 1 | Reuse | Given to a consumer in original condition through "paint exchange" | 2.1% | -- | -- | -- | -- |
| 2 | Recycling | Reprocessed as paint, used in concrete manufacture, cement manufacture | 100% of latex paint | 100% of metal cans and pails | 100% of containers | 100% of plastic containers | 100% of containers |
| | | | | 100% of plastic pails | | | |
| | | | | 51% of polypropylene cans | | | |
| 3 | Energy recovery | Fuel blending | 100% of oil based | 49% of polypropylene cans | 100% of flammable residuals | -- | 100% of residual gasoline |

| | | | | | | | |
|---|----------|--------------|-------|----|----|----------------------------|----|
| | | | paint | | | | |
| 4 | Disposal | Incineration | -- | -- | -- | 100% of residual pesticide | -- |
| 5 | Landfill | | -- | -- | -- | -- | -- |

5.6 Greenhouse Gas (GHG) Emissions and Reductions

Product Care has not yet obtained information regarding the GHGs associated with the reprocessing of post-consumer paint. Data related to the generation of CO2 gas from the manufacturing of paint has been obtained. Note that the data provided is only meant to provide an estimate and may vary from manufacture to manufacture, geographic location and may vary based on the type of paint manufactured. On average approximately 2.4 tonnes of CO2 gas equivalence is generated per 1000 litres of paint manufactured and produced with the following approximate breakdown:

| | |
|-----------------------------|-----|
| Raw materials | 76% |
| Packaging | 10% |
| Manufacturing and transport | 11% |
| Administrative operations | 3% |

6. Fee Information

Product Care pays all of the costs of collecting leftover products (including historic products i.e. products sold before the programs began for which no eco fee was collected) and of managing the products collected including all related program expenses. This cost is funded by eco fees paid to Product Care by its members. For many, but not all, products the eco fee is recovered at the time of retail sale as a separate charge. This is at the option of the retailer. Eco fee rates are established by analyzing and allocating program costs among product types and container sizes. There is no charge to drop off program products at any Product Care collection site.

| Paint Product Size | Eco Fees |
|--------------------------|----------|
| 100 ml to 250 ml | \$0.20 |
| 251 ml to 1 L | \$0.25 |
| 1.01 L to 5 L | \$0.60 |
| 5.01 L to 23 L | \$1.50 |
| Aerosol paint (any size) | \$0.25 |

7. Performance Measures Summary

Table 12 - Performance Targets Summary

| Planned Target Set in Approved Stewardship Plan | 2011 Report on the Planned Target |
|--|---|
| Public Awareness Target from 2007 to 2011: 50% increase in public awareness of the program compared to 2007 awareness. | In 2011, 67% of BC residents aware of a program or service that take and recycle paint compared to 64% awareness in 2007. This resulted in a 5% awareness increase. |
| Distribute Point of Sale materials to applicable retailers | Distributed over 60,000 brochures in 2011 to retailers and other stakeholders. |
| Contact a minimum 20 municipalities/brand owners to request website link. | 22 municipalities have Product Care linked on their websites. |
| Advertise in 5 Yellow Pages publications. | Advertised in 32 Yellow Pages publications. |
| Continue to promote paint can stickers to retailers. | Ongoing. |
| Identify and participate in Reuse websites. | To date, PCA participates in 7 Reuse websites. |
| Continue to partner with RCBC for 800-hotline service and other services. | Continued partnership. |
| Advertise in all available municipal waste calendars. | Advertised in all available (14) 2011 municipal calendars. |
| Continue to partner with all municipalities willing to distribute consumer program brochures to householders. | Ongoing. Municipalities regularly requested brochure/poster/stickers to replenish their stock. |
| Collection System Access | |
| 2011 target of 68 Paint Only depots, 52 Paint Plus Depots and 12 one day events. | 115 Paint Only depots, 57 Paint Plus depots and 26 one day events. |
| Management of Collected Materials | |
| Increase volume of paint managed by reuse or recycling by 4% per year to 85% in 2011 (2005= 65%). For 2010 the target was 81%. | Achieved 68.1% in 2011. See explanation in Section 5.5.1. |
| Maintain policy of no program products going to landfill. | Maintained throughout 2011. |
| Increase number of depots offering “paint exchange” by 4 per year. | 90 depots offered paint exchange in 2011, up four from 2010. |
| Collection of Containers | |
| Maintain rate of 100% recycling of metal and #2 plastic paint containers. | Target maintained throughout 2011. |
| Maintain rate of 95% of #5 plastic paint containers and flammables plastics containers managed for energy recovery. | 51% of the containers recycled, 49% managed as energy recovery in 2011. |
| Maintain rate of 100% of plastic and metal gasoline containers being recycled. | Target maintained throughout 2011. |
| Identify options/technology for recycling pesticide | All Pesticide containers recycled as plastic in 2011. |

| | |
|---|--|
| container. | |
| | |
| Program Performance | |
| Maintain a minimum 4 % increase per year of total collected volumes for the paint product categories. | Achieved 2.24% increase in non-aerosol paint and 21.74% increase in aerosol paint from 2010 (container capacity volume). |
| Participate in available Product Stewardship Institute studies regarding life cycle management of paint and other HHW. | Ongoing. |
| Review allocation of eco fee rates based on life cycle and other factors every two years beginning in 2007. | Paint fee was adjusted February 1, 2010 and deemed sustainable and equitable for 2011 |
| Recovery rate of products: litres recovered compared to litres sold in each calendar year. | Program achieved a recovery rate of 9.6% for non-aerosol paint, 3.6% for paint aerosols, 2.8% for flammable liquids and 10.8% for pesticides in 2011. All increases with exception of paint aerosols |
| Historical comparison: recovery rate data presented on a year to year comparative basis. | Continued comparison of historical recovery rate data. See Table 10. |
| Waste audit participation: participate in at least one municipal waste audit annually and report available data regarding program products. | PCA did not participate in a waste audit. PCA is working with BC Stewards in conjunction with BC product Stewardship Council and the MOE to create a standardized waste characterization tool for waste audits. Upon completion of the tool, PCA will participate in waste audits as agreed between BC Stewards and the BCPSC. |
| Continue efforts to identify local alternatives for container recycling. | Ongoing search for new alternatives. In 2011, PCA was able to recycle the plastic pesticide containers |
| Identify potential synergies with other programs for collection, transportation and consumer awareness. | Participated in BC Stewards' reprint of Recycling Handbook and included in their website. Participated in a number of joint collection events with other stewardship program as a pilot project |
| Amendments to the plan's performance target/goal: | None at this time. |
| Confirming next year's strategies projects/research. | 2012 strategies will include working with BCPSC on common initiatives, increasing program awareness, opening more depots and expanding services at existing ones, fostering relationships with regional districts and moving material up the pollution prevention hierarchy. |

Appendix A – 2011 Collection Sites

| Depot Name | City | Regional District | Paint Plus | Paint Exchange |
|---|----------------|--------------------------------|------------|----------------|
| Abbotsford Bottle Depot | Abbotsford | Fraser Valley | Y | |
| Abbotsford Community Services Recycling | Abbotsford | Fraser Valley | Y | Y |
| Aldergrove Return-It | Aldergrove | Fraser Valley | | Y |
| Alpine Disposal & Recycling | Langford | Capital Regional District | Y | |
| Area 'D' Transfer Station (formerly Fraser Lake Landfill) | Fraser Lake | Bulkley Nechako | | Y |
| Armstrong Collision | Armstrong | North Okanagan | | Y |
| Augusta Recyclers Ltd. | Powell River | Powell River Regional District | Y | Y |
| B&D Bottlers Ltd dba Revelstoke Bottle Depot | Revelstoke | Columbia Shuswap | | Y |
| Barnhartvale Landfill | Kamloops | Thompson Nicola | | |
| Battery Doctors | Kelowna | Central Okanagan | Y | Y |
| Beaverdell Landfill | Beaverdell | Kootenay Boundary | Y | Y |
| Bella Coola Recycling Depot | Bella Coola | Central Coast | | Y |
| Biggar Bottle Depot | Port Coquitlam | GVRD | Y | |
| Bill's Bottle Depot | Salmon Arm | Columbia Shuswap | Y | Y |
| Bings Creek Solid Waste Management Complex | North Cowichan | Cowichan Valley | Y | Y |
| Boucherie Self Storage & Bottle Depot | Kelowna | Central Okanagan | Y | Y |
| Burnaby Recycling Depot | Burnaby | GVRD | Y | |
| Burns Lake Transfer Station | Burns Lake | Bulkley Nechako | | Y |
| Campbell Mountain Landfill | Penticton | Okanagan Similkameen | Y | Y |
| Campbell River Bottle Depot | Campbell River | Comox Strathcona | Y | Y |
| Carney's Waste Systems - Pemberton Waste & Recycling Facility | Pemberton | Squamish Lillooet | Y | Y |
| Carney's Waste Systems - Squamish | Squamish | Squamish Lillooet | Y | Y |
| Carney's Waste Systems - Whistler | Whistler | Squamish Lillooet | | Y |
| Central Cariboo Disposal Services | Williams Lake | Cariboo | Y | Y |
| Chasers Bottle Depot | Vernon | North Okanagan | Y | Y |
| Chetwynd Lions Recycling | Chetwynd | Peace River | | Y |
| Chilliwack Bottle Depot | Chilliwack | Fraser Valley | Y | |
| Columbia Bottle Recycling | Creston | Central Kootenay | | Y |
| Comox Return Centre | Comox | Comox Strathcona | | Y |
| Courtenay Return-It Depot | Courtenay | Comox Strathcona | Y | Y |
| Cowichan Valley Bottle Depot | Duncan | Cowichan Valley | Y | Y |
| Cranbrook Bottle Depot | Cranbrook | East Kootenay | Y | Y |
| D.C. Recycling & Bottle Depot | Dawson Creek | Peace River | | Y |
| East Van Bottle Depot | Vancouver | GVRD | Y | |
| Ellice Recycle Ltd. | Victoria | Capital Regional District | Y | |

| | | | | |
|--|----------------|---------------------------|---|---|
| Fernie Bottle Depot | Fernie | East Kootenay | | Y |
| Fleetwood Bottle Return Depot Ltd. | Surrey | GVRD | | |
| Fort St. James Transfer Station | Fort St. James | Bulkley Nechako | | Y |
| FSJ Bottle Drop | Fort St. John | Peace River | Y | Y |
| Gibsons Recycling Depot | Gibsons | Sunshine Coast | Y | Y |
| Go Green Depot & Recycling | Vancouver | GVRD | | |
| Gold Trail Recycling | 100 Mile House | Cariboo | | Y |
| Grand Forks Regional Landfill | Grand Forks | Kootenay Boundary | Y | Y |
| Greenheart Ventures (formerly International Fibre Recycling) | Agassiz | Fraser Valley | | Y |
| GRIPS Recycling | Madeira Park | Sunshine Coast | | Y |
| Hartland Recycling Depot | Victoria | Capital Regional District | Y | Y |
| Interior Freight & Bottle Ltd. | Vernon | North Okanagan | | Y |
| Invermere Fire Department | Invermere | East Kootenay | | Y |
| Irly Building Center - Mackenzie | Mackenzie | Fraser Fort George | | |
| Islands Regional Landfill Depot | Port Clements | Skeena-Queen Charlotte | | Y |
| J&C Bottle Depot (formerly Penticton Recycling & Bottle Depot) | Penticton | Okanagan Similkameen | Y | Y |
| Joe's Bottle Depot | Vancouver | GVRD | | |
| Junction Bottle Depot Ltd. | Ladysmith | Cowichan Valley | | Y |
| Kaslo Building Supplies | Kaslo | Central Kootenay | Y | |
| KBM Autoworks | Lumby | North Okanagan | | Y |
| Kitchener Bottle Depot Ltd. | Burnaby | GVRD | | |
| Kitimat Recycling Depot | Kitimat | Kitimat Stikine | | Y |
| Knockholt Sub-Regional Landfill | Houston | Bulkley Nechako | | Y |
| Ladner Bottle Depot | Delta | GVRD | | |
| Lakelse Holdings Ltd. | Terrace | Kitimat Stikine | Y | Y |
| Langley Bottle Depot | Langley | GVRD | | |
| Lee's Bottle Depot | Burnaby | GVRD | | |
| Lillooet Glass & Tire | Lillooet | Squamish Lillooet | | Y |
| Lorne Street Bottle Depot | Kamloops | Thompson Nicola | Y | Y |
| Lougheed Return-It Depot | Coquitlam | GVRD | | Y |
| McKelvey Creek Landfill | Trail | Kootenay Boundary | Y | Y |
| Meade Creek Recycling Drop-Off Depot | Lake Cowichan | Cowichan Valley | Y | Y |
| Merritt Home Hardware | Merritt | Thompson Nicola | Y | |
| Merritt Machine Works Ltd. | Merritt | Thompson Nicola | | Y |
| Mission Flats Landfill | Kamloops | Thompson Nicola | Y | Y |
| Mission Recycling Depot | Mission | Fraser Valley | Y | Y |
| Nakusp Landfill Site | Nakusp | Central Kootenay | | Y |
| Nanaimo Recycling Exchange Society | Nanaimo | Nanaimo Regional District | Y | Y |
| Nechako Bottle Depot | Prince George | Fraser Fort George | Y | |
| Nechako Valley School Bottle Depot | Vanderhoof | Bulkley Nechako | | Y |

| | | | | |
|---|-----------------|--------------------------------|---|---|
| Nelson Paint Depot | Nelson | Central Kootenay | Y | Y |
| New & Nearly New | Kimberley | East Kootenay | | Y |
| New Hazelton Bottle Depot | New Hazelton | Kitimat Stikine | | Y |
| New Westminster Recycling | New Westminster | GVRD | | |
| Norbert Salvage | Bridesville | Kootenay Boundary | | Y |
| North Shore Bottle Depot | North Vancouver | GVRD | | Y |
| North Van. Transfer Station | North Vancouver | GVRD | Y | |
| Oak Bay Recycling Depot | Victoria | Capital Regional District | | |
| Oliver Sanitary Landfill | Oliver | Okanagan Similkameen | | Y |
| Ootischenia Landfill | Castlegar | Central Kootenay | | Y |
| Osoyoos Bottle Depot | Osoyoos | Okanagan Similkameen | | Y |
| Parksville Bottle & Recycling Depot | Parksville | Nanaimo Regional District | Y | Y |
| Peerless Road Recycling Drop-Off Depot | Ladysmith | Cowichan Valley | Y | Y |
| Pender Island Recycling Society | Pender Island | Capital Regional District | | Y |
| Qualicum Bottle Depot | Qualicum | Nanaimo Regional District | | Y |
| Quality Glass Ltd. | Ashcroft | Thompson Nicola | | Y |
| Quesnel Landfill Site | Quesnel | Cariboo | | |
| Regional Recycling - Prince Rupert | Prince Rupert | Skeena-Queen Charlotte | Y | Y |
| Rex's Recycling Centre | Valemount | Fraser Fort George | | Y |
| Richmond Recycling Depot | Richmond | GVRD | Y | |
| Ridge Meadows Recycling Society dba Maple Ridge Recycling Depot | Maple Ridge | GVRD | Y | Y |
| Rona - Arrow Building (Castlegar) | Castlegar | Central Kootenay | | |
| RONA - Baywest Hardware Ltd. (Victoria) | Victoria | Capital Regional District | | |
| RONA - BH Allen Building Centre (North Vancouver) | North Vancouver | GVRD | | |
| Rona - Capital Building Supplies (Prince George) | Prince George | Fraser Fort George | | |
| Rona - Cranbrook Building Centre | Cranbrook | East Kootenay | | |
| RONA - GA Hardware Ltd. (Port Coquitlam) | Port Coquitlam | GVRD | | |
| Rona - Glacier Building Supplies (Revelstoke) | Revelstoke | Columbia Shuswap | | |
| Rona - Interlakes Building Supplies Ltd. (Lone Butte) | Lone Butte | Cariboo | | |
| RONA - Mack Foster Building Materials (Richmond) | Richmond | GVRD | | |
| Rona - North Valley Supply Ltd. (Clearwater) | Clearwater | Thompson Nicola | | |
| RONA - Northstar Hardware & Building Supplies (Invermere) | Invermere | East Kootenay | | |
| Rona - Powell River Building Supply | Powell River | Powell River Regional District | | |
| RONA - RA Rosback Enterprises (Alert Bay) | Alert Bay | Mt. Waddington | | |
| RONA - RA Rosback Enterprises (Port McNeill) | Port McNeill | Mt. Waddington | | |
| Rona - Shuswap Building Supplies (Scotch Creek) | Scotch Creek | Columbia Shuswap | | |
| Rona - Terrace Builders | Terrace | Kitimat Stikine | | |
| Rona - Tye Building Supplies (Prince Rupert) | Prince Rupert | Skeena-Queen Charlotte | | |
| RONA Building Centre (Campbell River) | Campbell River | Comox Strathcona | | |
| RONA Building Centre (Cobble Hill) | Cobble Hill | Cowichan Valley | | |

| | | | | |
|--|-------------------|---------------------------|---|---|
| RONA Building Centre (Duncan) | Duncan | Cowichan Valley | | |
| RONA Building Centre (Nanaimo) | Nanaimo | Nanaimo Regional District | | |
| RONA Building Centre (Fort St. John) | Fort St. John | Peace River | | |
| RONA Home & Garden (Abbotsford) | Abbotsford | Fraser Valley | | |
| RONA Home & Garden (Grandview) | Vancouver | GVRD | | |
| RONA Home & Garden (Kelowna) | Kelowna | Central Okanagan | | |
| RONA Home & Garden (Langford) | Victoria | Capital Regional District | | |
| RONA Home Centre (Austin) | Coquitlam | GVRD | | |
| RONA Home Centre (Burnaby - Edmonds) | Burnaby | GVRD | | |
| RONA Home Centre (Chilliwack) | Chilliwack | Fraser Valley | | |
| RONA Home Centre (Clearbrook) | Abbotsford | Fraser Valley | | |
| RONA Home Centre (Coquitlam) | Coquitlam | GVRD | | |
| RONA Home Centre (Fleetwood) | Surrey | GVRD | | |
| RONA Home Centre (Hope) | Hope | Fraser Valley | | |
| RONA Home Centre (Kamloops) | Kamloops | Thompson Nicola | | |
| RONA Home Centre (King George) | Surrey | GVRD | | |
| RONA Home Centre (Kingsway) | Vancouver | GVRD | | |
| RONA Home Centre (Madeira Park) | Madeira Park | Sunshine Coast | | |
| RONA Home Centre (Maple Ridge) | Maple Ridge | GVRD | | |
| RONA Home Centre (Mission) | Mission | Fraser Valley | | |
| RONA Home Centre (North Vancouver-Tilford) | North Vancouver | GVRD | | |
| RONA Home Centre (Penticton) | Penticton | Okanagan Similkameen | | |
| RONA Home Centre (Quesnel) | Quesnel | Cariboo | | |
| RONA Home Centre (Salmon Arm) | Salmon Arm | Columbia Shuswap | | |
| RONA Home Centre (South Surrey) | Surrey | GVRD | | |
| RONA Home Centre (Squamish) | Squamish | Squamish Lillooet | | |
| RONA Home Centre (Vernon) | Vernon | North Okanagan | | |
| RONA Home Centre (Versatile) | Kamloops | Thompson Nicola | | |
| RONA Home Centre (Whistler) | Whistler | Squamish Lillooet | | |
| RONA Home Centre (Williams Lake) | Williams Lake | Cariboo | | |
| RONA Pemberton Valley Hardware | Pemberton | Squamish Lillooet | | |
| Rosebery Transfer Station | New Denver | Central Kootenay | Y | Y |
| Saanich Recycling Depot | Saanich | Capital Regional District | | |
| Saltspring Island Recycling | Saltspring Island | Capital Regional District | Y | |
| Sardis Bottle Depot | Chilliwack | Fraser Valley | | Y |
| Scotch Creek Bottle Depot | Scotch Creek | Columbia Shuswap | | |
| Scott Road Bottle Depot | Surrey | GVRD | Y | |
| Sechelt Landfill | Sechelt | Sunshine Coast | Y | Y |
| Semiahmoo Bottle Depot | Surrey | GVRD | | |
| Seven Mile Recycling Centre | Port McNeil | Mt. Waddington | Y | Y |
| Sidney Bottle Depot | Sidney | Capital Regional District | | Y |
| SLRD Lillooet Landfill | Lillooet | Squamish Lillooet | Y | Y |
| Smithers/Telkwa Transfer Station | Smithers | Bulkley Nechako | Y | Y |

| | | | | |
|--|--------------|---------------------------|---|---|
| Sooke & District Garbage Depot | Sooke | Capital Regional District | | |
| South Van Bottle Depot | Vancouver | GVRD | Y | Y |
| Starlite Auto Wrecking & Repair | Sorrento | Thompson Nicola | | Y |
| Summerland Bottle Depot | Summerland | Okanagan Similkameen | | Y |
| Super Save Bottle Depot | Clearwater | Thompson Nicola | | Y |
| The Bottle Depot | Port Alberni | Alberni Clayoquot | Y | Y |
| Tidewater Equipment | Stewart | Kitimat Stikine | | Y |
| Town of Princeton | Princeton | Okanagan Similkameen | | Y |
| Trail Bottle Depot (0933258 BC LTD) | Trail | Kootenay Boundary | | Y |
| Village of Gold River | Gold River | Comox Strathcona | Y | Y |
| Walnut Grove Bottle Depot | Langley | GVRD | Y | |
| West Boundary Regional Landfill (formerly Greenwood Regional Landfill) | Greenwood | Kootenay Boundary | Y | Y |
| Wide Sky Disposal | Fort Nelson | Northern Rockies | Y | Y |
| Willowbrook Recycling Depot | Langley | GVRD | | |

PRODUCT CARE ASSOCIATION

**NON-FINANCIAL AUDIT OF
BC PAINT AND HOUSEHOLD HAZARDOUS
WASTE PROGRAM**

31 DECEMBER 2011



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11 July 2012

To: British Columbia Ministry of Environment

As specifically agreed, we have performed test procedures at Product Care Association (“the Agency”) for the BC Paint and Household Hazardous Waste program as described in this letter for the year ended 31 December 2011 over certain non-financial information related to:

1. BC Reg449/2004, Section 8 (2) (b) - the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report;
2. BC Reg449/2004, Section 8 (2) (d) - a description of how the recovered product was managed in accordance with the pollution prevention hierarchy; and,
3. BC Reg449/2004, Section 8 (2) (e) - the total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate.

The results of applying the procedures are detailed in the attached Appendix. These procedures do not constitute an audit of the Agency's non-financial information and therefore, we express no opinion on the overall accuracy or completeness of the non-financial information of the Agency for the year ended 31 December 2011.

This letter is for use solely by the British Columbia Ministry of Environment in connection with their consideration of the accuracy and completeness of certain non-financial information as reported by Product Care Association for the year ended 31 December 2011.

Rolfe, Benson LLP

CHARTERED ACCOUNTANTS

Vancouver, BC



For the following procedures, test samples were selected from the year ended 31 December 2011, unless otherwise noted.

Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2) (b) - the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report;

| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|--|---|---|
| 1.1 | To obtain comfort over the existence and accuracy of the collection facilities reported in the Agency's annual report. | <ol style="list-style-type: none"> 1. For the period under review, obtain a listing of all Collection Facilities from the Agency broken out by type (if applicable). 2. Compare total count of collection facilities from the listing with the annual report; investigate any discrepancies with the Agency as applicable. 3. Randomly select a sample of 20 Collection Facilities and obtain the business file for each. Review each file to determine that a registration form meets the following criteria: <ol style="list-style-type: none"> a. A registration form exists for the Collection Facility. b. The registration form lists contact information and location, which agrees with the detailed listing. c. The registration form is signed by the Collection Facility. d. Using contact information on the Facility listing provided in #1 above, phone each randomly selected Collection Facility to verify their existence and that they have an adequate understanding of the program. | <ol style="list-style-type: none"> 1. Received a listing of collection facilities from Product Care Association's ("PCA") Service Coordinator. 2. The listing stated 172 Paint and Paint Plus facilities 3. Selected a sample of 20 depots from the listing: <ol style="list-style-type: none"> a-d: For all sites, procedure 3a) to 3d) were completed without exception. |

| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|--|---|---|
| 1.2 | To obtain comfort over the completeness, consistency, and validity of the number of Collection Facilities. | <ol style="list-style-type: none"> 1. Obtain the historical data for the total number of collection facilities for the past 3 years as reported by the Agency in their annual reports. 2. Investigate any fluctuations greater than 5% to understand the reason for the fluctuation in the number of collection facilities. | <ol style="list-style-type: none"> 1. Rolfe, Benson LLP reviewed data from 2009 - 2011 for any fluctuations greater than 5%. 2. From 2010 to 2011 the number of Paint and Paint Plus collection facilities increased 52% from 114 to 172 as reported in that year. Per discussion with PCA management, the majority of the depots opened during 2011 related to a contract signing with a member where existing retail locations would also be used as collection facilities. |



Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2)(d) - A description of how the recovered product was managed in accordance with the pollution prevention hierarchy

| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|--|--|--|--|
| <i>[Where Processors/Manufacturers etc. are subject to audit around their product management practices, only Step 2.1 as well as sub-steps 1 – 3 in test 2.2 should be completed. Where Processors/Manufacturers etc. are not subject to audit, Test 2.1 is not relevant, but Test 2.2 should be completed in its entirety.]</i> | | | |
| 2.1 | To obtain comfort over the effective weight ¹ of end-use product collected and the accuracy of the manufacturer's receipt of weight of product. | <ol style="list-style-type: none"> 1. Where available, obtain the 3rd party auditors opinion over registered processors/manufacturers compliance with waste management or program specific guidelines for managing product appropriately. 2. Ensure the auditor's opinion is unqualified. | N/A - Product Care Association's financial statement auditors do not perform testing over registered processors/manufacturers compliance with the program; therefore this test does not apply to this agency. |
| 2.2 | To obtain comfort over the accuracy, completeness and existence of end-use of the product collected and the accuracy of the manufacturer's or processor's receipt of weight of product, test on a sample basis the deliveries of product recovered to their end-use (or next along the custody chain). | <ol style="list-style-type: none"> 1. Obtain a schedule/listing of products shipped to processors/manufacturer for the period under review. The listing should provide: <ol style="list-style-type: none"> a. The processor/manufacturer name/address. b. The total weight of the product weighed at the collection site or consolidation site (where applicable). c. The total weight of the product weighed at the processor/manufacturer. d. The date of delivery to the processor/manufacturer. 2. Obtain a listing of all registered processors/manufacturers. | 1-3. Obtained a listing of all product shipped to processors in 2011 and a listing of all processors used in 2011. There were 715 paint and household waste shipments to processors in 2011. Confirmed with the CFO that PCA does not register its processors. Confirmed through inquiry with the CFO that all processors used in 2011 were at arm's length. Reviewed PCA website and noted that none of the processors used in 2011 were listed as being associated with PCA. Additionally, a Google© search was performed on the listing of processors. No conflicts were detected. |

¹ The term "weight" includes "volume" or "quantity," respective to the type of product managed by the Agency.

| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|-------------------|--|--|
| | | <ol style="list-style-type: none"> 3. Scan listing to ensure that all receivers of product were approved processors/ manufacturers. If there is not a listing of approved manufacturers/processors, ensure that the manufacturer is not a related party to the processor by researching the related parties of each organization and ensuring that the transaction was made at arm's length. 4. Randomly select 25 shipments and obtain a copy of the invoice or other supporting documentation. 5. Verify that each invoice or other supporting document has evidence of the weight of the product shipped by the Processor and received by the customer. 6. Compare the total weight listed on the invoice or other supporting documentation with the weight listed on the detailed listing received in #1 and note any discrepancies. | <p>4-6. Selected a sample of 25 shipments. Reviewed the documents for:</p> <ul style="list-style-type: none"> • Evidence of review performed over processors/manufacturers prior to product being shipped • Supporting documentation is present to support the total product being shipped • Product shipped as noted on the invoice/supporting documentation matches the product shipped as per the schedule/listing supplied by the agency in step 2.2 #1 <p>No discrepancies were noted.</p> |



Non-Financial Information Requirement: BC Reg449/2004, Section 8 (2) (e) - The total amount of the producer's product sold and collected and, if applicable, the producer's recovery rate.

| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|--|--|---|
| 3.1 | To ensure that there were no qualifications within the auditor's opinion over the schedule of product recovered. | <ol style="list-style-type: none"> 1. Obtain the Auditor's Opinion over the Schedule of Product Recovered for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Check the mathematical accuracy of the calculated recovery rate (where applicable), as reported in the audited financial statements. 4. Compare calculated recovery rate to the recovery rate reported by the agency in their annual audited report. Note any discrepancies. | <p>N/A - Product Care Association's financial statement auditors do not perform testing over the Schedule of Product Recovered; therefore this test does not apply to this agency.</p> |
| 3.2 | To ensure the accuracy and completeness of total product sold. | <p>Note that the financial statements, in the case of most agencies, include revenues from eco-fees which are tied to the total product sales.</p> <ol style="list-style-type: none"> 1. Obtain the Financial Statement Auditor's Opinion for the most recent fiscal year. 2. Review the opinion to ensure that there are no qualifications. 3. Obtain a schedule of eco-fees by product type from the agency (in total and by unit). 4. Compare the total eco-fees collected from the above | <p>1-2. Obtained the Financial Statement Auditor's Opinion for 2011 noting an unqualified opinion.</p> <p>3-4. Obtained from the Agency a schedule of total volume of product sold in litres. Rolfe, Benson LLP compared the total volumes listed on the schedules to</p> |

[If a 3rd party audits the Agency's schedule of product collected (recovery rate), complete only step 3.1: If no audit is performed, complete steps 3.2 through 3.4]



| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|---|--|---|
| | | <p>schedule to the total reported in the Agency's financial statements (as opined by the financial statement auditor).</p> <ol style="list-style-type: none"> 5. Obtain the listing of tubs collected and the schedule of average drums produced from processed tubs. 6. Recalculate the total product recovered by multiplying tubs collected, as per the listing obtained in #5, by the average drums produced per tub, as per the schedule obtained in #5. Multiply this result by 200L per drum to obtain total litres recovered. 7. Obtain a listing of drums shipped to producers for the period under review. Multiply the total drums shipped by 200L per drum. Compare the results to the recovered litres determined in #6 above. | <p>the amounts listed in the annual report. No discrepancies were noted.</p> <p>5-7. Rolfe, Benson LLP obtained the information as outlined in procedure 5-7 for the paint and household waste program. Management was able to provide reasonable explanation for any discrepancies noted.</p> |
| 3.3 | <p>To obtain comfort over the completeness, accuracy, cut-off and validity of the total product recovered, test on a sample basis, the collection of product recovered.</p> | <ol style="list-style-type: none"> 1. Obtain a listing of product shipments (for each product the Agency manages) from collection facilities for the period under review with the following details: <ol style="list-style-type: none"> a. The Collection Facility name/address. b. The date of collection from the facility. c. The consolidation site or processor to which the product was delivered. d. The date of delivery to the consolidation site or processor. e. The amount of product collected (in units and in weight, where applicable). | <p>1-2. Obtained a listing of product shipped from collection sites. Confirmed with the CFO that PCA monitors product shipped from Paint and Paint Plus depots in the number of tubs delivered. There were 4,869 shipments from depots for 2011.</p> <p>Rolfe, Benson LLP recalculated tubs shipped to litres and compared total litres shipped to total litres recovered per the annual report. No discrepancies were noted.</p> |



| Testing Procedure # | Objective/Purpose | Testing Procedures | Results |
|---------------------|--|--|---|
| | | <ol style="list-style-type: none"> 2. Compare the total weight of product collected from the detailed listing to the report total of product recovered from the Agency's annual report. 3. Scan the detailed listing to ensure that there were no collections that were outside of the organization's fiscal year. 4. Randomly select shipments and obtain the supporting document (bill of lading or other support) to verify the amount of product shipped. 5. Verify that each of the supporting documents received has appropriate evidence of the total product shipped and weight of product received by the consolidation site supported by a scale ticket or like support, and signatures by the collection facility, consolidation site and hauler/transporter. 6. Confirm that the total product (in units/weight etc.) listed on the supporting document matches the total listed on the detailed listing. | <ol style="list-style-type: none"> 3. Rolfe, Benson LLP confirmed through a scan of the listing that all shipments were completed in 2011. 4-6. Selected a sample of 25 shipments and obtained the supporting documentation. Reviewed the support documentation for evidence of total product shipped and confirmed that the number of tubs listed on the supporting document matches the listing generated by PCA. No exceptions were noted. |
| 3.4 | To obtain comfort over the calculated recovery rate, by product type (where applicable). | <ol style="list-style-type: none"> 1. Check the mathematical accuracy of the calculated recovery rate (where applicable) by dividing product recovered by product sold, as reported in the audited financial statements. 2. Compare calculated recovery rate to the recovery rate reported by the Agency in their annual report. Note any discrepancies. | <ol style="list-style-type: none"> 1. Recalculated the recovery rates reported in the annual report for 2011. 2. No discrepancies were noted. |



PRODUCT CARE ASSOCIATION

FINANCIAL STATEMENTS

31 DECEMBER 2011

PRODUCT CARE ASSOCIATION

Financial Statements

For the year ended 31 December 2011

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INDEPENDENT AUDITORS' REPORT

To the Members,
Product Care Association

Report on the Financial Statements

We have audited the accompanying financial statements of Product Care Association, which comprise the statement of financial position as at 31 December 2011, and the statements of net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



INDEPENDENT AUDITORS' REPORT - Continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Product Care Association as at 31 December 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rolfe, Benson LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
17 May 2012

PRODUCT CARE ASSOCIATION
Statement of Financial Position
31 December 2011

| | 2011 | 2010 |
|------------------------------------|---------------|---------------|
| Assets | | |
| Current | | |
| Cash and short-term investments | \$ 2,233,650 | \$ 2,036,120 |
| Accounts receivable | 2,096,064 | 1,591,524 |
| Prepaid expenses and deposits | 68,145 | 66,737 |
| | 4,397,859 | 3,694,381 |
| Reserve - at market value (Note 3) | 8,437,175 | 8,439,952 |
| Capital assets (Note 4) | 205,744 | 210,750 |
| | \$ 13,040,778 | \$ 12,345,083 |

Liability

| | | |
|--|--------------|--------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 1,279,854 | \$ 1,724,030 |

Commitments (Note 5)

Members' Equity

| | | |
|--|---------------|---------------|
| Unrestricted | 3,118,005 | 1,970,351 |
| Invested in capital assets | 205,744 | 210,750 |
| Reserve - internally restricted (Note 3) | 8,437,175 | 8,439,952 |
| | 11,760,924 | 10,621,053 |
| | \$ 13,040,778 | \$ 12,345,083 |

APPROVED BY THE DIRECTORS:

| | | |
|----------------------------------|--|--------------------------------|
| <u>"J.D. Glassford"</u> Director | | <u>"Dave Russell"</u> Director |
|----------------------------------|--|--------------------------------|

The accompanying notes are an integral part of these financial statements.

PRODUCT CARE ASSOCIATION
Statement of Net Assets
For the year ended 31 December 2011

| | Unrestricted | Invested in Capital Assets | Internally Restricted Reserve | Total 2011 | Total 2010 |
|--|---------------------|----------------------------------|-------------------------------------|----------------------|----------------------|
| Net assets - beginning of year | \$ 1,970,351 | \$ 210,750 | \$ 8,439,952 | \$ 10,621,053 | \$ 9,246,588 |
| Excess of revenues over expenses for the year | 1,139,871 | - | - | 1,139,871 | 1,374,465 |
| Transfer to reserve | 2,777 | - | (2,777) | - | - |
| Transfer to invested in capital assets, net | 5,006 | (5,006) | - | - | - |
| Net assets - end of year | \$ 3,118,005 | \$ 205,744 | \$ 8,437,175 | \$ 11,760,924 | \$ 10,621,053 |

The accompanying notes are an integral part of these financial statements.

PRODUCT CARE ASSOCIATION
Statement of Operations
For the year ended 31 December 2011

| | 2011 | 2010 |
|--|----------------------------|----------------------------|
| Revenues | \$ 9,251,748 | \$ 7,875,857 |
| Operating expenses | | |
| Collection, disposal, transportation and event advertising | <u>6,891,169</u> | <u>6,200,620</u> |
| Gross margin | <u>2,360,579</u> | <u>1,675,237</u> |
| Administrative expenses | | |
| Technical, professional, management and communication | 892,972 | 669,505 |
| Office, rent and travel | 221,445 | 211,656 |
| Association and depot start up costs | <u>116,434</u> | <u>247,535</u> |
| | <u>1,230,851</u> | <u>1,128,696</u> |
| Excess of revenues over expenses from operations | <u>1,129,728</u> | <u>546,541</u> |
| Other income (expenses) | | |
| Investment income | 207,358 | 196,645 |
| Interest income | 10,919 | 6,236 |
| Gain on disposal of capital assets | 2,000 | - |
| Gain (loss) on sale of investments | (8) | 873 |
| Unrealized gain (loss) on investments | <u>(210,126)</u> | <u>624,170</u> |
| | <u>10,143</u> | <u>827,924</u> |
| Excess of revenues over expenses for the year | <u>\$ 1,139,871</u> | <u>\$ 1,374,465</u> |

The accompanying notes are an integral part of these financial statements.

PRODUCT CARE ASSOCIATION
Statement of Cash Flows
For the year ended 31 December 2011

| | 2011 | 2010 |
|---|---------------------|---------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Excess of revenues over expenses for the year | \$ 1,139,871 | \$ 1,374,465 |
| Items not involving cash | | |
| Gain on disposal of capital assets | (2,000) | - |
| Loss (gain) on sale of investments | 8 | (873) |
| Market value adjustment to reserve | 210,126 | (624,170) |
| Amortization | 137,853 | 105,979 |
| | 1,485,858 | 855,401 |
| Changes in non-cash working capital balances | (950,131) | (566,655) |
| | 535,727 | 288,746 |
| Investing activities | | |
| Transfer to reserve | (207,350) | (197,517) |
| Purchase of capital assets | (132,847) | (105,640) |
| Proceeds on disposal of capital assets | 2,000 | - |
| | (338,197) | (303,157) |
| Net increase (decrease) in cash and short-term investments | 197,530 | (14,411) |
| Cash and short-term investments - beginning of year | 2,036,120 | 2,050,531 |
| Cash and short-term investments - end of year | \$ 2,233,650 | \$ 2,036,120 |
| Cash and short-term investments consist of: | | |
| Cash | \$ 1,209,579 | \$ 1,019,396 |
| Term deposits | 1,024,071 | 1,016,724 |
| | \$ 2,233,650 | \$ 2,036,120 |
| Supplemental Cash Flow Information: | | |
| Interest received | \$ 10,919 | \$ 6,236 |

The accompanying notes are an integral part of these financial statements.

PRODUCT CARE ASSOCIATION
Notes to the Financial Statements
For the year ended 31 December 2011

1. Incorporation of Product Care Association

On 7 May 2001, Letters Patent were obtained for the creation of Product Care Association (the "Association"). The new entity is the result of the amalgamation of PPC Paint and Product Care Association with Product Care Association on 1 July 2001. The Association is a not-for-profit organization and as such, the Association is not subject to income taxes.

The Association was created to collect and dispose of paint, aerosols, solvents, pesticides, gas and other household waste in an environmentally safe manner as mandated by various provinces.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Cash and cash equivalents

Short-term fixed income investments that either mature within 90 days of the balance sheet date or can be readily redeemed for cash are considered cash equivalents.

(b) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

| | |
|------------------------|---------------|
| Storage Depots | 5 years |
| Office Equipment | 2 years |
| Depot Equipment | 3 and 5 years |
| Leasehold Improvements | 5 years |

(c) Revenue recognition

Revenue from eco-fees is recognized at the time an eco-fee applicable product is sold by a member of the Association, and the eco-fee becomes due and payable.

Investment income includes interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are reported in the statement of operations. Unrestricted investment income is recognized as revenue when earned.

PRODUCT CARE ASSOCIATION
Notes to the Financial Statements
For the year ended 31 December 2011

2. Summary of significant accounting policies - Continued

(d) Investments

The Association has elected to classify all of its investments as held-for-trading, and accordingly they are recorded at fair value. Changes in fair values during the year are reported in the statement of operations.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Future accounting changes

Changes in accounting framework

The Association is classified as a not-for-profit organization. The Association will be required to adopt a new accounting framework and the options are Canadian Accounting Standards for Not-for-Profit Organizations or International Financial Reporting Standards (IFRS), effective for fiscal years beginning on or after 1 January 2012. The Association is in the process of reviewing the potential impact of these two accounting standards on its reporting framework and financial statements.

3. Reserve

The reserve fund was established to (1) respond to environmental impairment liability exposures and director and officers liability exposures up to predetermined levels in conjunction with the overall insurance program and (2) to fund the ongoing operations and various other projects of the Association from time to time. The amount is internally restricted and expenditures from the reserve are at the discretion of the Board of Directors. Transfers to the reserve fund are made upon resolutions passed by the Board of Directors. During the year there were no transfers to the reserve fund.

The assets in the reserve fund consist of cash and investments in fixed income and equity securities and are independently managed. All income earned on these investments are initially reported in the unrestricted fund and then transferred to the reserve fund. During the year, \$2,777 was transferred from the reserve fund to the unrestricted fund, which consisted of an unrealized loss of (\$210,127) at 31 December 2011 and realized investment income of \$207,350. In the prior year, \$821,688 was transferred from the unrestricted fund to the reserve fund, which consisted of an unrealized gain of \$624,170 at 31 December 2010 and realized investment income of \$197,518.

PRODUCT CARE ASSOCIATION
Notes to the Financial Statements
For the year ended 31 December 2011

4. Capital assets

| | Cost | Accumulated Amortization | 2011 Net | 2010 Net |
|------------------------|---------------------|-----------------------------|-------------------|-------------------|
| Depot equipment | \$ 955,070 | \$ 756,158 | \$ 198,912 | \$ 194,266 |
| Office equipment | 81,658 | 74,826 | 6,832 | 16,484 |
| Storage depots | 576,096 | 576,096 | - | - |
| Leasehold improvements | 483,749 | 483,749 | - | - |
| | <u>\$ 2,096,573</u> | <u>\$ 1,890,829</u> | <u>\$ 205,744</u> | <u>\$ 210,750</u> |

5. Commitments

The Association has a lease agreement for a 60 month lease term on the Surrey office and building facility which expires on 31 January 2016. The lease includes a clause that the Association can terminate the lease with six months notice.

During the year, the Association entered into a lease agreement for a 36 month lease term on the Vancouver office building which expires on 31 January 2015. The Association has the option to renew the lease term for an additional 36 months.

The annual lease payments are as follows:

| | |
|------|-------------------|
| 2012 | \$ 198,238 |
| 2013 | 204,571 |
| 2014 | 204,571 |
| 2015 | 134,905 |
| 2016 | <u>10,714</u> |
| | <u>\$ 752,999</u> |

Additionally, at year end the Association had unprocessed product on hand with an estimated cost to process, transport and recycle of \$75,919 which will be incurred during 2012.

6. Management of capital

The Association considers its capital to be its net assets invested in capital assets and its unrestricted and restricted net assets. The Association manages its capital primarily through its investments and adheres to the guidelines of the Association's investment policies. There have been no changes to these guidelines during the year. In addition, the Association's capital is restricted for the purposes as described in Note 3.

PRODUCT CARE ASSOCIATION
Notes to the Financial Statements
For the year ended 31 December 2011

7. Financial instruments

The Association has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply the CICA Handbook Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments – Presentation" which would otherwise have applied to the financial statements. The Association applies the requirements of Section 3861 of the CICA Handbook.

The Association's financial instruments consist of cash and short-term investments, accounts receivable, reserve and accounts payable and accrued liabilities.

(a) Fair value

Cash and short-term investments are classified as held for trading, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other liabilities and are measured at their carrying amounts since it is comparable to their fair value due to the approaching maturity of these financial instruments.

The reserve is classified as a held-for-trading financial asset. It is measured at fair value, determined on the basis of market value.

(b) Credit risk

The Association's financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. Cash is in place with major financial institutions. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers. The Association has evaluation and monitoring processes in place and writes off accounts when they are determined to be uncollectible.

8. New Brunswick Paint Recycling Program

The New Brunswick Paint Recycling Program was developed by Product Care Association on behalf of the paint industry in response to the New Brunswick "Designated Materials Regulation". The program has been approved by the government agency, Recycle New Brunswick, for a three year period commencing 1 April 2009. The Association operates the New Brunswick Paint Recycling Program on behalf of the paint industry "brand owners" who are the manufacturers and retailers of household paint in New Brunswick ("NB").

2011 Results:

The Association collects the eco fees from the NB members and subsequently pays the depots and processors for collection and disposal of paint. In 2011, eco fee revenue relating to the NB program was \$953,465 (2010 - \$1,038,929) and expenses relating to collection, processing, and administration for the NB program were \$776,073 (2010 - \$743,231).