



BEVERAGE CONTAINER MANAGEMENT BOARD

BUSINESS PLAN 2008 – 2010



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1 ACCOUNTABILITY STATEMENT

The Beverage Container Management Board's (BCMB) Business Plan for the period January 1, 2008 through December 31, 2010 was prepared in accordance with the requirements of the organization's bylaws. All of the BCMB's existing and proposed policies and procedures as of January 2008, and all of the Board's accountability obligations and relationships have been considered in preparing this Budget and Business Plan.

The BCMB is committed to achieving the planned results laid out in this Business Plan.

Approved by the Board of Directors,
Beverage Container Management Board

2 LEGISLATIVE MANDATE

2.1 LEGISLATION

The Beverage Container Management Board was incorporated under the *Societies Act* on October 9, 1997.

The Beverage Container Management Board was established as a management board under the *Beverage Container Recycling Regulation* pursuant to Section 168 of the *Environmental Protection and Enhancement Act* on December 1, 1997.

By Order in Council 355/2001 dated 21 August 2001, the *Beverage Container Recycling Regulation* was extended for five years to expire October 31, 2006. (The regulation has been further extended to expire April 30, 2008.) The regulatory review process is under way at this time with an all party MLA Standing Committee on Resources and Environment.

The BCMB operates in accordance with the above, as well as the following by-laws set by the Board:

Beverage Container Management Board Administrative By-law.

Beverage Container Management Board Fee By-law.

Beverage Container Management Board Administrative Compliance By-law.

3 VISION, MISSION AND STRUCTURE

3.1 VISION

Be the leader in stewarding beverage containers to minimize the impact on the environment.

3.2 MISSION

Govern a leading beverage container management system that is innovative, accessible, and cost effective.

3.3 STRUCTURE

The BCMB, a partnership of representatives from the beverage manufacturers, the container depot industry, environmental organizations, municipalities, the public and the Alberta Government, is responsible for supervising the system of collection and recycling of beverage containers in the province within policy parameters established by the Minister of Alberta Environment.

Since its inception on December 1, 1997, the BCMB has worked to ensure that Albertans have access to an easy to use and cost-effective system of recycling for all used beverage containers. Depot operators and beverage manufacturers fund the administrative costs of the BCMB through a levy based upon the returns of beverage containers.

The twelve member Board of Directors, composed of four members each from the beverage manufacturing sector, the depot sector and the public sector, has the following responsibilities:

A. The Board has the overall responsibility to ensure that it develops and implements a Handling Commission Process consistent with BCMB's *Handling Commissions Procedure*.

B. The Board has the responsibility to approve depot permit suspensions or cancellations under the Uniform Code of Accounts Compliance Policy, as necessary.

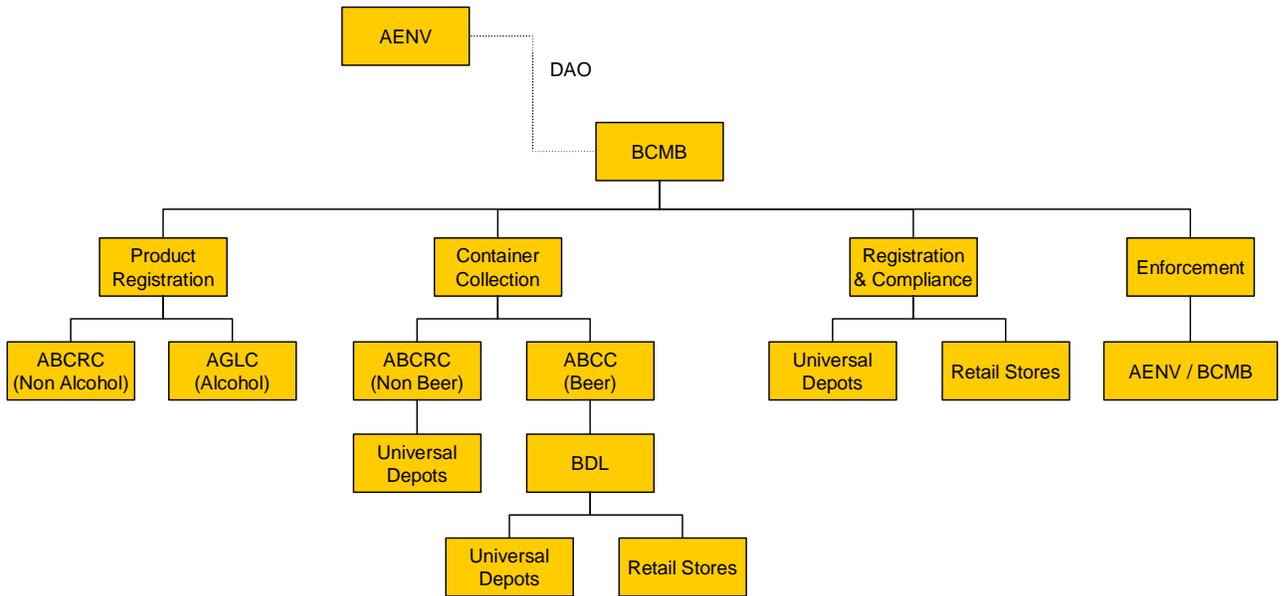
C. Review and amend the fees payable pursuant to the BCMB Administrative Compliance By-Law, as appropriate.

D. Assess and approve Collection System Agents.

E. The BCMB has the responsibility to:

- i) set criteria for the system;
- ii) conduct inspections;
- iii) register beverage containers;
- iv) issue operating permits for container depots.; and
- v) oversee the agreements between manufacturers and the depots.

Beverage Container System Chart



AENV – Alberta Environment
 AGLC – Alberta Gaming & Liquor Commission
 ABCC – Alberta Beer Container Corporation
 ABCRC – Alberta Beverage Container Recycling Corporation
 BCMB – Beverage Container Management Board
 BDL – Brewers' Distributor Ltd.

4 ENVIRONMENTAL ASSESSMENT

4.1 CHALLENGES

The BCMB strives for optimized container return rates of 85% or higher, informed and participating consumers, meaningful accountability to all stakeholders and environmentally responsible management of beverage containers. However, there are a number of challenges facing the BCMB at this time.

The main challenge for the beverage container industry is falling return rates. The return rate for 2006 was 74% and is projected to remain at that rate in 2008. Several contributing factors have been noted, such as:

- Increase in containers sold by 12% leading to record sales of containers.
- Increase in container returns by 6%, which equates to the highest number of containers returned in one year. However, the return rate is not keeping pace with the sales rate.
- Strong economic and population growth in province.
- Changing consumer patterns in where beverages are consumed (i.e.: more bottled water being consumed out of the home).

The BCMB has formed a Return Rate Committee to analyze the issue of declining return rates of beverage containers and make recommendations to reverse the trend and improve return rates to **85% or higher**. The BCMB will work with the public and stakeholders to develop and implement strategies to increase consumer participation and awareness to achieve that target.

Another factor in declining return rates includes the customer experience at the bottle depot itself. Feedback from the public indicates that in some instances there are long wait times, lack of cleanliness or access to a depot in their area. The BCMB will focus on ensuring that all Bottle Depots meet or exceed established standards and will strive to ensure that consumers have adequate access to depots.

The collection system agents are an integral part of the container recycling system and in order for the system to work effectively, there has to be transparency and accountability between parties. The BCMB will focus on strengthening operating agreements and reporting requirements of collection system agents to fully align with the goals of the BCMB.

4.2 OPPORTUNITIES

A review of the Beverage Container Recycling Regulation has commenced with an all party MLA review and input is being sought not only from the current body of stakeholders including depots and manufacturers, but also from the public. We are expecting favourable results through the Regulatory Review Committee, which may also strengthen our ability to not only meet but to exceed performance targets. Awareness of

environmental issues has been increasing, leading to a higher political profile and providing an opportunity for all Albertans to work together to find solutions.

The Government of Alberta has encouraged all Boards & Agencies to review their governance procedures. The BCMB implemented a governance review in consultation with Patrick O'Callaghan, a leading governance expert and the Board will be reviewing a new draft Governance manual in the Fall of 2007. The BCMB is pleased to be making progress in its review of board governance with a number of positive changes being proposed to improve overall governance.

The BCMB is responsible for the setting of handling commissions which are the rates that a bottle depot is paid by the beverage manufacturers to handle a returned empty beverage container. The BCMB has met this challenge by ensuring a fair and transparent process was established to ensure all stakeholder interests were heard and accounted for. Setting a fair handling commission for the first time is an extremely complex process as the rate that is set will be precedent setting for future handling commission rates. The Handling Commission panel has heard all of the stakeholder submissions and the panel has made a commitment to deliver its recommendations to the BCMB on November 2, 2007, achieving another key milestone towards the setting of the new handling commission rate(s). While the BCMB remains optimistic that the Handling Commission issue will soon be resolved, it is also equally important to ensure that the handling commission process has been properly followed with the outcome being fair and just.

4.3 STRATEGIC FOCUS

The BCMB business plan is organized around the following **areas of focus**:

- Increase return rates by increasing **consumer participation** and awareness with focused campaigns, improved website capabilities, consumer satisfaction surveys and research into innovative container recovery options.
- Improving **Bottle Depots** for the public by reviewing depot criteria , ensuring standards are met with inspections and Mystery Shopper visits. Encouraging depot owners with consistent UCA requirements, improved interaction with collection systems agents and recognition of excellence.
- Transparency and accountability of **Collection System Agents** with improved operating agreements, information sharing and quality of service to meet the goals of the BCMB.
- Proactive preparation to implement changes of the **regulatory review**.
- Improving **board governance** with the implementation of governance review recommendations.
- Completing the **Handling Commission** process.

5 BUSINESS PLAN OVERVIEW

This business plan outlines the direction the BCMB will follow over the next three years. All three goals listed below are linked directly to the Ministry of Environment's Business Plan 2007-2010 - **Goal Four** "*Communities, governments and industry support stewardship of the environment through innovative initiatives.*" The strategies, actions and performance measures are outlined in the following pages under each core business with the associated goal to allow us to objectively assess if goals are being achieved.

5.1 CORE BUSINESSES

Core Business 1: System Management

The Beverage Container Management Board governs a system comprised of registration and compliance for all beverage containers sold in Alberta as well as licensing and compliance of 216 bottle depots and 60 class D retail stores. In addition, the BCMB oversees container collection through two collection system agents, Alberta Beverage Container Recycling Corporation (ABCRC) and Alberta Beer Container Corporation (ABCC).

Core Business 2: Environmental Stewardship

BCMB's main focus is to reduce the impact of beverage containers on the environment. BCMB strives to increase the return rate for beverage containers and works with the public and all stakeholders provincially, nationally and internationally to find innovative ways to achieve this aim.

Core Business 3: Governance

The BCMB is a management board responsible for the collection and recycling of beverage containers throughout Alberta within the policy parameters set out by the Minister of Alberta Environment.

5.2 GOALS

- A. To continually improve the success of the beverage container recovery system in the most cost effective way.
- B. To reduce the environmental impact of beverage containers in Alberta.
- C. To administer the Beverage Container Recycling Regulation in an increasingly effective, efficient and collaborative manner.

6 CORE BUSINESSES IN DETAIL

6.1 CORE BUSINESS 1: SYSTEM MANAGEMENT

Goal A: To continually improve the success of the beverage container recovery system in the most cost effective way.

Consumers:

Strategy:

Encourage Consumer Participation to Increase Recovery Rates.

BCMB works closely with Alberta Bottle Depot Association (ABDA), the two collection agents, ABCC and ABCRC, and other stakeholders to develop innovative ways to encourage consumer participation in the system.

Actions:

- Review guidelines on existing depot criteria to determine if more access points or depots are needed in markets not adequately serviced and site depots as needed.
- Review recovery rates in all zones of the province to develop strategies on a regional basis.
- Implement decisions from the Return Rate Committee to increase consumer participation in system.
- Conduct annual consumer surveys to determine public satisfaction with the system.
- Liaise with Edmonton and Calgary Planning & Development departments to encourage zoning improvements to provide better depot siting opportunities.

Strategy:

Research and develop innovative beverage container recovery options

BCMB has formed a Return Rate Committee to study the issue of declining return rates and make recommendations to improve return rates to meet or exceed 85%. In addition, BCMB has completed a research study into Quality Control of beverage container management and will work with stakeholders to develop improved standards of quality.

Actions:

- Utilize Return Rate committee to research innovative solutions.

- Continued utilization of the Quality Control committee to explore quality control options.

Strategy:

Continue to bring awareness of container registration requirements to retailers and consumers.

It is important that the beverage container manufacturers are complying with registration requirements and the general public are aware of deposit rates. Retail inspections are being increased with the use of electronic scanning technology to ensure that all beverage containers are registered.

Actions:

- Conduct retail inspections and follow up to ensure all beverage containers sold in Alberta are registered.
- Develop communications plan to target consumers to increase awareness of deposit rates.
- Train all compliance officers to be able to complete retail inspections.

Depots:

Strategy:

Enforce existing Depot Standards to improve compliance.

All depots in Alberta are required to comply with established depot criteria and operating standards and are monitored through depot inspections, a Mystery Shopper program and data collected in Uniform Code of Accounts.

Actions:

- Increase the minimum number of depot inspections to 2 per year for each depot.
- Mystery Shopper Program expanded to include community partnerships with charitable organizations such as 4H and Scouts with 1 visit per year per depot.
- Review disciplinary policies for depots to ensure better compliance and consistency with BCMB goals.

Strategy:

Promote and Recognize Excellence in Depot Operations.

BCMB works closely with ABDA to raise standards of excellence in depot operations and looks for ways to promote and recognize excellence.

Actions:

- Develop and implement a depot recognition program.

Collection System Agents:

Strategy:

Ensure transparency and accountability of collection system agents to the BCMB.

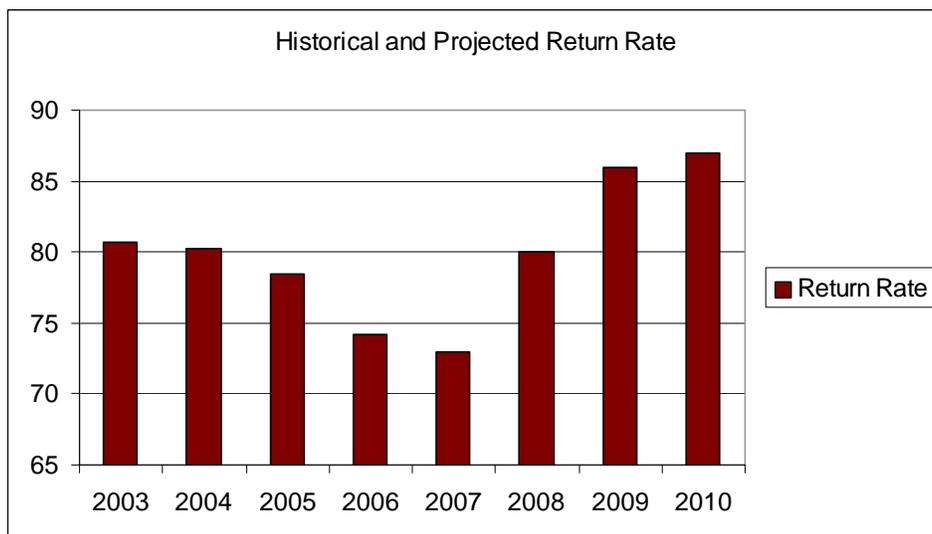
BCMB issues permits for two collection system agents, ABCRC and ABCC, who report to the BCMB through annual operating agreements.

Actions:

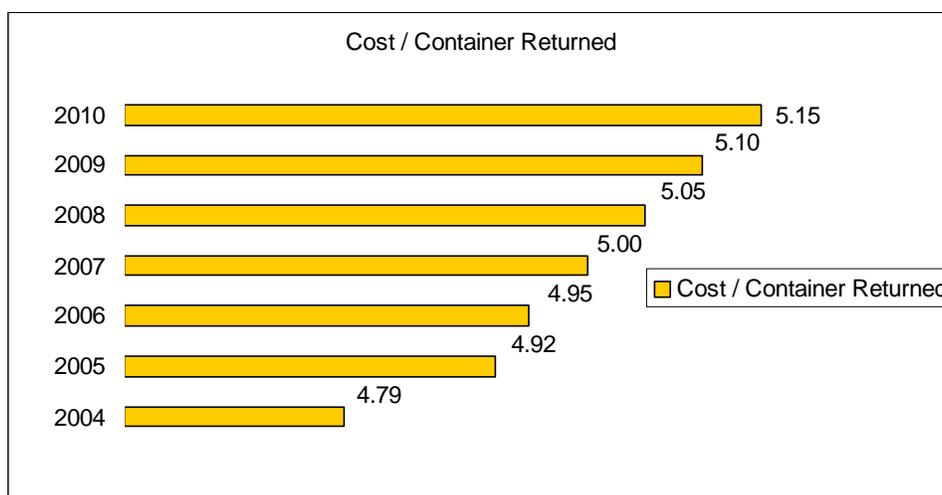
- Increase involvement with ABCRC and ABCC at the committee level with disbursement of discretionary spending.
- Develop and implement collection system standards to ensure effective & responsive collection system.
- Increase detail in reporting by the two collection agencies of recycling end use of containers to BCMB.
- Increase transparency of the financial reporting of both collection agents.
- Strengthen operating agreements to align the goals of the collection agents with those of the BCMB.

Performance Measures for Goal A:

- Return rates of beverage containers



- Total volume of containers sold.
- Number of depot inspections conducted.
- Number of depots in compliance with depot standards.
- Number of depots in compliance after Mystery Shopper visits.
- Consumer awareness, participation and satisfaction rates.
- Number of containers unregistered at retail inspections.
- Cost per container returned.



6.2 CORE BUSINESS 2: ENVIRONMENTAL STEWARDSHIP

Goal B: To reduce the environmental impact of beverage containers in Alberta.

Strategy:

Develop and implement a focused public awareness and education program.

A focused marketing and communications plan is important to raise public awareness of the system and increase promotion of recycling of beverage containers within Alberta's communities.

Actions:

- Develop a Communication Plan to involve schools, community/service groups, major venues, charities, and sports groups in beverage container recycling. Work closely with the two collection agents in our advertising program.
- Increase and promote recycling of beverage containers at the school level (add higher grade levels not just grade 4).

- Develop and implement a Marketing Plan to raise awareness of the beverage container recycling system.
- Improve on website capabilities for a more informative and interactive site.

Strategy:

Encourage manufacturers to include an evaluation of recycling end market of container with container registration.

Actions:

- Identify how collection agents conduct post-collection management.
- Explore life cycle analysis as well as BCMB policy direction related to influencing types of containers and recyclability.

Strategy:

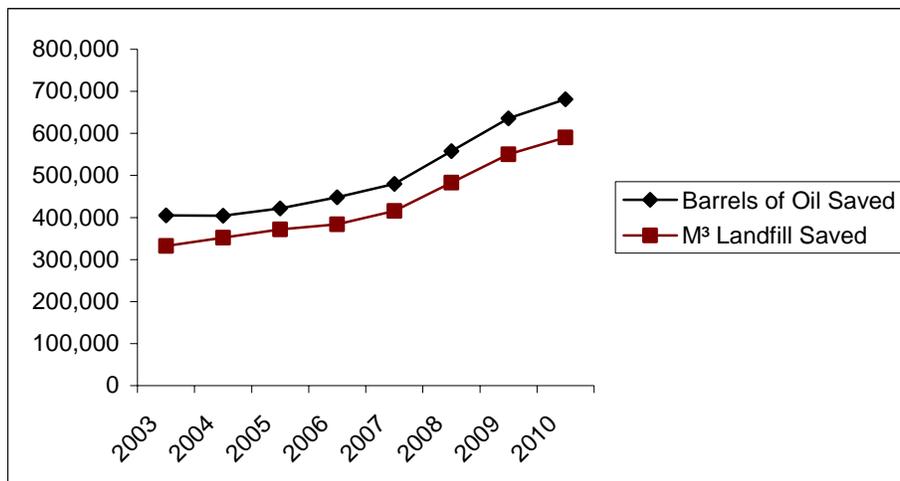
Build network of contacts of provincial and inter-provincial counterparts.

Actions:

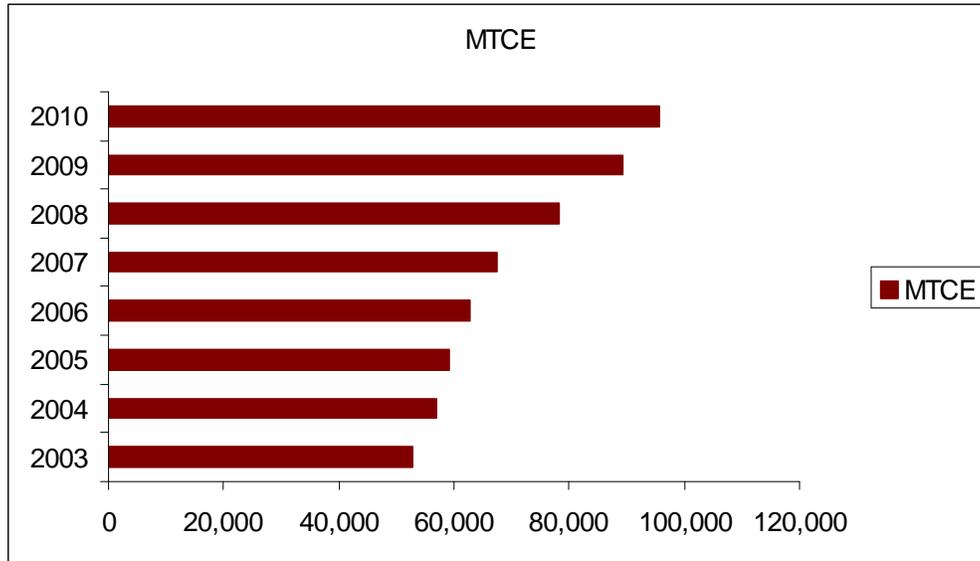
- Increase network of industry stakeholders to enable/enhance information sharing.
- Attend industry relevant conferences to be aware of leading edge technology and programs.

Performance Measures for Goal B:

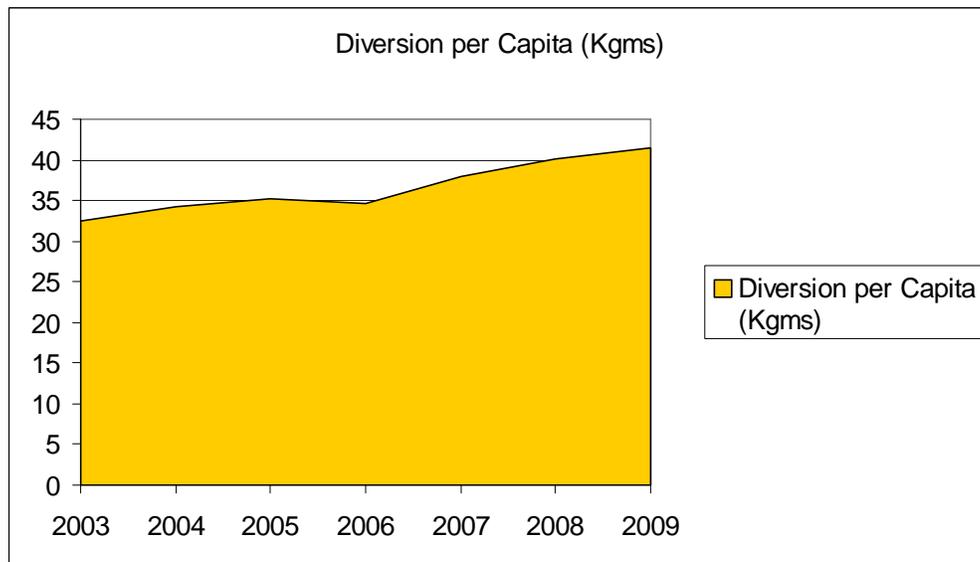
- Provide report on exploration of use of life cycle analysis.
- Barrels of oil conserved.
- Volume of landfill conserved.



- Greenhouse gas emissions avoided. (MTCE)



- Diversion per capita.



6.3 CORE BUSINESS 3: GOVERNANCE

The BCMB will fulfill its responsibility to deliver effective and efficient administration and meet its obligations associated with sound governance through stakeholder consultation and participation, solid financial planning and the implementation of Board improvement opportunities.

Goal C: To administer the Beverage Container Recycling Regulation in an increasingly effective, efficient and collaborative manner.

Strategy:

Effective governance.

Actions:

- Ensure documents required as part of the corporate governance framework are prepared, reviewed and reported annually in conjunction with the BCMB's annual report.
- Complete and implement Board governance review in consultation with a governance expert.
- Review the BCMB's FOIPP and records management procedures to ensure compliance with legislation and board policy.
- Orientation and training for new board directors.
- Continued improvements to Board administration procedures for meetings and distribution of information.
- Ensure resources are in place to meet the goals of the Beverage Container Management Board and ensure sufficient funding in place to provide for adequate wind up.

Strategy:

Implement changes from the Regulatory Review and Handling Commission process.

Actions:

- Position the BCMB to implement changes determined by the Regulatory review.
- Prepare for next steps in the Handling Commission process.

Strategy:

Improve the BCMB's operational efficiency.

Actions:

- Review staff training opportunities.
- Cross-training of staff to allow for combined depot and retail inspections.
- Improve office administration procedures to ensure consistency in sharing of information and ease of access to information.
- Common filing system for organizational materials.

Performance Measures for Goal C:

- Annual governance assessment
- All audit recommendations reviewed by Board

7 FINANCIAL OVERVIEW

7.1 OPERATING BUDGET 2008-2010

Beverage Container Management Board

2008 to 2010 Budget

	Projected 2007	Planned 2008	Planned 2009	Planned 2010
Revenue				
Container fees	\$ 1,934,866	\$ 2,149,456	\$ 1,984,113	\$ 2,083,319
Product registration fees	21,829	22,600	22,600	22,600
Depot fees	38,198	21,500	21,500	21,500
Interest and other	12,838	10,070	12,982	13,623
	\$ 2,007,731	\$ 2,203,626	\$ 2,041,195	\$ 2,141,042
Expenditures				
Payroll	\$ 436,129	\$ 608,095	\$ 650,241	\$ 680,589
Staff training	8,138	15,000	20,000	25,000
Directors' honoraria and expense	83,179	90,000	94,500	99,300
Audit fees	8,000	8,240	8,500	8,800
Legal fees	42,417	70,000	73,500	77,175
Consulting	71,004	80,000	83,000	86,151
Advertising	57,659	175,000	133,600	139,900
Travel	40,000	63,200	66,400	69,800
Office	102,867	125,000	131,300	137,900
Insurance and licenses	10,799	11,400	11,900	12,400
Interest on capital lease obligation	463	328	188	46
Miscellaneous	3,423	5,600	5,710	5,820
Depreciation	16,728	27,600	49,800	64,200
	\$ 880,806	\$ 1,279,463	\$ 1,328,639	\$ 1,407,081
Excess of revenues over expenditures before project expenditures				
	\$ 1,126,925	\$ 924,163	\$ 712,556	\$ 733,961
Total Handling Commission	\$ 1,044,984	\$ 450,000	\$ 200,000	\$ 200,000
Total Projects	\$ 96,119	\$ 434,500	\$ 339,200	\$ 344,200
Excess Revenue over Expenditures	\$ (14,178)	\$ 39,663	\$ 173,356	\$ 189,761

7.2 PROJECTS

Handling Commission and Projects	Projected 2007	Planned 2008	Planned 2009	Planned 2010
Handling Commission				
Legal	\$ 175,307			
Data Collection Process	169,607			
Review Panel	690,070			
Arbitration selection process	10,000			
Specialized Consultants				
Total	\$ 1,044,984	\$ 450,000	\$ 200,000	\$ 200,000
Projects				
Depot Criteria Review	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Quality Control Project	-	100,000	50,000	50,000
Depot Training and Recognition	10,000	60,000	60,000	60,000
Regulatory Review	39,300	40,000	40,000	40,000
Specialized Projects	4,491	30,000	10,000	10,000
Succession Planning	17,600	-	-	-
Return Rate Project	-	70,000	50,000	50,000
Governance	24,728	15,000	5,000	5,000
Refund Compliance	-	74,500	78,200	82,100
Appeals Committee	-	20,000	21,000	22,100
Judicial Review	-	-	-	-
Total	\$ 96,119	\$ 434,500	\$ 339,200	\$ 344,200
Total H/C and Projects	\$ 1,141,103	\$ 884,500	\$ 539,200	\$ 544,200
Capital Expenditures				
Information System Project	-	20,000	20,000	-
Office Equipment, Computers, Server	-	26,000	27,300	28,700
Total	\$ -	\$ 46,000	\$ 47,300	\$ 28,700