



BEVERAGE CONTAINER MANAGEMENT BOARD

*January 1, 2009 to December 31, 2011
(updated June 3, 2009)*

Three Year Business Plan

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I

Accountability Statement

The Beverage Container Management Board's (BCMB) Business Plan for the period January 1, 2009 through December 31, 2011 was prepared in accordance with the requirements with the requirements of the *Beverage Container Recycling Regulation*, as amended, which was enacted under the *Environmental Protection and Enhancement Act* and the organization's bylaws. All of the BCMB's existing and proposed policies and procedures as of May 2009, and all of the Board's accountability obligations and relationships have been considered in preparing this Budget and Business Plan. As well, the Government of Alberta's and Department of Environment's Business Plan and priorities were taken into account in the development of the BCMB's 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

Per: Ross Risvold

Chair

//

The BCMB's Contribution To Environmental Quality In Alberta

The BCMB is a not-for-profit association formed by representatives of Alberta beverage manufacturers, container depots and public (environmental organizations, municipalities and interested citizens)¹. It is charged with the responsibility for administering and delivering a system for collecting and recycling 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 a convenient and cost-effective system for recycling used beverage containers. The BCMB exists to:

- Optimize beverage container recycling and through this benefit Albertans by diverting material from landfills, reducing the environmental impacts of beverage container use and providing manufacturers with a source of clean recyclable materials.
- Govern and administer the beverage container recycling system. In this regard the BCMB has the responsibility to:
 - Register all beverage containers sold and or distributed within the province.
 - Set both the criteria for establishing new beverage container depots and depot operating standards.
 - Approve the establishment of new depots, issue permits, monitor ongoing depot operations for their effectiveness and service quality, and cancel or suspend permits for non-compliance with approval conditions or operating standards.
 - Oversee aspects of the agreements between beverage manufacturers or the CSA and depots or retailers related to the manner and frequency of

¹ As of June 2009, the BCMB will have a sixteen member Board of Directors. Fifteen will be voting members – five each from the beverage manufacturing sector, the depot sector, and the public. One will be a non-voting member that represents the Alberta Government.

container collections and the associated payments.

- Assess the operations of the Collection System Agent (CSA) appointed or reappointed by manufacturers and approve their choice.
- Develop and implement a process for setting the amounts that a manufacturer or the CSA pays the depot for container collection (handling commissions).
- Set fees paid by manufacturers or depots for permits, registrations or the operations of the BCMB.

The BCMB's members are dedicated to the overseeing and enhancing Alberta's beverage container management system. In its initial decade of operations the BCMB focused on developing and implementing policies, administrative mechanisms, and program structures to effectively meet its objectives. It will continue to do this; however, the BCMB will also continually review its programs, seek improvements to service and look for innovative ways to benefit the public by:

- Pursuing initiatives that improve container recycling return rates through:
 - Expanding awareness and insight into the role that Alberta consumers, manufacturers and retailers play in beverage container recycling.
 - Improving the beverage container recycling system convenience.
 - Incentives for recycling, including public communications and the use of deposits.
- Reducing the environmental impact or footprint of beverage container use including the choice of container materials and recycling; the diversion of waste; and, the operations of the beverage container recycling system.
- Ensuring that the beverage container recycling system operates in a cost effective and transparent manner – minimizing the net cost to consumers.
- Effectively governing and managing Alberta's beverage container recycling system.
- Improving accountability to the public and the Ministry of Environment (the Ministry) for the BCMB's leadership of the beverage container recycling system through effective measurement and monitoring of performance.

III

Beverage Container Recycling That's Innovative, Convenient and Cost-Effective

A. The BCMB's Vision and Mission

The BCMB's vision is to be "*the leader in stewarding beverage containers to minimize their impact on the environment*". The vision anticipates a beverage container recycling system with:

- Higher return rates (85% or better).
- Stronger public participation.
- Convenient, cost effective container collection.
- Consistent high levels of service from the depots.
- Consistent, fair and firm enforcement of depot and CSA standards.
- Financial transparency.

Consistent with its vision, the BCMB's mission is to "*govern a leading beverage container management system that is innovative, accessible and cost effective*".

B. The BCMB's Mandate

The Beverage Container Management Board was incorporated under the *Societies Act* 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 505/2008 dated October 22, 2008, the *Beverage Container Recycling Amendment Regulation* extended the *Beverage Container Recycling Regulation* for five years expiring October 31, 2013.

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.*

The BCMB's programs and goals contribute to the provincial goal² of *sustaining the high quality of Alberta's environment*. The BCMB is a material example of the shared responsibility of citizens, communities, governments and industry for stewardship of the environment. A key outcome of the stewardship of beverage container recycling is the minimization of waste and recycling leadership in the beverage container sector.

The BCMB's programs and goals also contribute to Alberta Environment's (the "Ministry") goal³ of having *Albertans, communities, governments and industry working as good stewards of the environment*.

The BCMB's stated mandate from its incorporating documents is to "*establish, maintain and administer a waste minimization and recycling program for beverage containers*". It achieves this by realizing on its objectives of:

- Improving container recycling return rates.
- Reducing the environmental impact of beverage containers.
- Cost effectiveness and transparency in the beverage container recycling system.
- Governing and administering the beverage container recycling system.

²Goal number three from the Government of Alberta Strategic Business Plan 2009-2012.

³ Goal number four from the Alberta Environment Business Plan 2009-2012.

IV

Operating Principles

In delivering its mandate and objectives, the BCMB adheres to a number of principles, which guide its policies, operations and relations with stakeholders. Following are the BCMB's operating principles:

- **Environmental Protection** – The BCMB is committed to the protection of the environment by removing beverage containers from the waste stream, and by requiring that beverage container manufacturing and recycling activities have a minimal impact on the environment.
- **Public Service** – The BCMB recognizes its obligation to serve the public interest by applying its expertise and knowledge in beverage container recycling and business management to the enhancement of the environment.
- **Accountability** – The BCMB is accountable to the Ministry, beverage container recycling system stakeholders, beverage consumers and Albertans. As a result, the BCMB is committed to processes that are transparent and fair.
- **Excellence in Customer Service** – The BCMB is committed to cost effectiveness in the beverage container recycling system and to service standards for system customers that will encourage participation in container recycling.
- **Innovation** – The BCMB encourages innovation in all aspects of beverage container use and recycling.

V

Today's Environment for Beverage Container Recycling

A. Contributing to a Sustainable Environment

The socio-economic situation facing the BCMB and the beverage container recycling system continues to change – and rapidly! In the long run, beverage container recycling is affected by the public's increasing awareness of the natural environment and our impacts on it as consumers. Issues like climate change are raising environmental awareness and with that there are increasing expectations on government, industry and others for responsible use and recycling of all resources including those that find their way into packaging and beverage containers. The message that our environment has a finite capacity to absorb waste and byproducts has real meaning.

In order to meet its objective of environmental protection the BCMB requires an effective container recycling program – one that is effective in meeting or exceeding the targeted 85% return rate. To be effective, *the BCMB's initiatives, the use of beverage containers and the associated recycling activities must have a minimal impact on the environment.*

B. Enhancing the BCMB's Core Responsibilities

The next few years will be vitally important to the BCMB and to the object of its mission – the existence of a leading beverage container recycling system in Alberta that is innovative, accessible and cost effective. As a starting point the BCMB has:

- A renewed mandate from the Government of Alberta and an improved ability to govern. The mandate and the associated authority are broad enough for the BCMB to fulfill its mandate.
- The core competency required to administer the beverage container recycling system – registering containers and manufacturers, permitting and monitoring depots, setting handling commissions, and overseeing aspects of the relations between manufacturers, depots and the CSA.

With the renewed mandate for the BCMB and the basis for improve governance comes an increased expectation for leadership and accountability. Leadership in beverage container recycling is also a vital component of the follow through on business plan

commitments and strategies. Over the planning period, *the BCMB must focus on:*

- *Improved Board governance – enhancing the BCMB’s capacity to exercise its mandate and leverage its partnerships and particularly its relationship with the CSAs.*
- *Delivering on all process responsibilities but particularly processes involving handling commissions and compliance.*
- *Performance measurement.*

C. Expanding and Strengthening the Beverage Container Recycling System

A key enhancement to the BCMB mandate has been the assignment of a clear target in beverage container recycling return rates – the expectation is that the deposit-refund system will achieve a minimum 85% recovery by the end of this three year business planning period. The return rate is a final, observable measure of a number of economic and social influences:

- The Board expects that the beverage container return rate will increase as a result of the November 2008 increase in deposit rates and the economic slowdown. In the short term, a slower economy has the dual impact of (i) raising the significance of the refund to families and individuals, and (ii) reducing or leveling consumption thus slowing the growth in the inventory of unreturned containers.

In the longer term, growing populations, an expanding economy and an expanded container stream will bring a return to increasing numbers of containers, increasing container inventories and the challenge of catching up with consumers that are new to the system.

In order to achieve the 85% target in this planning period, *the BCMB, the ABCRC and the industry will need to work more closely together, focusing on increasing consumer awareness, improving accessibility for customers, and addressing customer concerns regarding service or other unintended barriers to container recycling.*

- The inclusion of dairy beverage containers starting June 1st, 2009 will bring a new container stream to the system. Initially this may mitigate some of the expected increase in returns due to the increased deposits and the slower economy; however, it will also bring new participants to the system.

In the longer term the combined impact of (i) the additional containers (impact on container handling and system complexity), and, (ii) resumed economic growth (impact on depot cost, labor availability and the business model) will affect the system. In order to achieve system improvements and overcome

increasing system complexity and operating costs *the BCMB will need to focus on improving cost effectiveness and on simplifying or eliminating process.*

- The BCMB’s approach to container handling fees has been strictly cost based – it’s often been referred to as a “utility-based pricing model”. Given this structure, it is inherently difficult to reward or incent cost reducing innovations in the depots. Innovation can be difficult.

It is in the long term interest of consumers to have a cost effective beverage container recycling system. Given the challenges faced by depots in an Alberta economy that despite the current slowdown will feature continued growth, depots also have a long term interest in cost effectiveness. To address these aspects of its mandate, *the BCMB must focus on business innovation and the use of new technologies in beverage container recycling.*

- More municipalities are introducing “blue box” or curbside recycling programs (Calgary, St. Albert). In addition, the Alberta Dairy Council container recycling program has offered a significant municipal component.

These changes (curbside recycling and the transition of dairy containers) will be significant for consumers and municipalities. Curbside collection adds convenience but *it requires that the BCMB focus on beverage containers in the municipal recycling stream and on new relationships with the municipalities.*

VI

2009 – 2011 BCMB Strategies and Actions

Goal 1 – Improve container recycling return rates

The BCMB's members and stakeholders have committed to a minimum of 85% container return rate through the beverage container recycling system. This is the most fundamental of measures of the program's achievements and will drive many of the Board's actions over the coming three years.

As a starting point the Board needs to "get informed" on the specific issues and barriers that currently affect the return rate – issues that may keep us from achieving the 85% target. Once this occurs we will be aggressive in the development of actions that will close the gap. The actions are expected to include the development and implementation of:

- Awareness and education programs.
- Depot service standards and convenience.
- Retailer messaging.
- Innovations in container collection.

Strategies:

- A. Re-establish the "Return Rate" sub-committee of the Board to take the lead in identifying and planning for implementation of specific strategies to improve container recycling return rates. The membership will include representation from the CSAs⁴ as well as depots and beverage manufacturers.
- B. Get informed. The Board will work with the CSAs and depots in an analysis of the existing return rates by segment – geography, container stream, consumer group or other criteria – to identify specific weaknesses in the program.

⁴ The Alberta Beverage Container Recycling Corporation (ABCRC) is the main recycling agent for the BCMB. The Alberta Beer Container Corporation (ABCC) also acts as a CSA in regard to the return and reuse of certain glass beer bottles.

- C. Undertake an internal and external analysis and benchmarking of best practices in beverage container recycling. The analysis will provide options for the Board, the CSAs and depots to consider for Alberta's container recycling system.

Goal 2 – To reduce the environmental impact or footprint of beverage container use

The BCMB recognizes the overriding importance of protecting and enhancing Alberta's environment through minimizing the contribution of beverage containers to litter, diverting beverage containers from the waste stream, and enabling the recycled use of container materials – all in a manner that is environmentally responsible.

Aside from general, national analyses of the impacts of container recycling, the Board has little past work to serve as a reference in its decision making in respect of any consequent environmental impacts. The first step in reducing the environmental impact of beverage containers and container recycling is a baseline analysis that is broad enough to consider the lifecycle impact of the various container materials as well as the impacts of container recycling itself. It also needs to prioritize environmental issues and refine measures of program impacts.

Strategies:

- A. The BCMB will undertake an environmental footprint analysis that considers the life cycle impacts (material sourcing through manufacture, use and recycling) of different containers on the environment.

Goal 3 – To ensure that the beverage container recycling system operates in a cost effective manner

The BCMB recognizes that it must operate in a cost effective manner in order to minimize the program cost to consumers and minimize any unintended impact on the shelf price of beverages and therefore on the business of beverage manufacturers. This requires that the costs of collection be reduced – likely through innovations that involve (i) the simplification of collection processes (e.g. less handling, fewer sorts, compaction) and (ii) the use of technology that may be new to the depots or CSAs. While the Board has a general direction in regard to cost effectiveness again there is little past work to guide specific actions. Our starting point involves organizing resources and a baseline analysis of practices that affect beverage container recycling costs.

Strategies:

- A. The BCMB will engage a cost effectiveness sub-committee of the Board to take the lead in identifying and planning for specific strategies to improve cost effectiveness in container recycling. The membership will include representation from the CSAs as well as depots and manufacturers.

- B. Undertake an internal and external analysis and benchmarking of best practices in beverage container recycling. Analysis will provide options for improving cost effectiveness that the Board, CSAs and depots may apply to the system.
- C. The BCMB will commence an initiative to advance implementation of computer technologies in depots including the use of “Point of Sale” systems to encourage improved customer service, speed and accuracy as well as the use of standardized accounting systems to improve tracking of depot costs.

Goal 4 – To effectively govern and manage Alberta’s beverage container recycling system

The BCMB cannot lose sight of its core responsibilities under the regulation. In this respect the Board has solid processes and competent people in place to manage and act on its registration, compliance and handling commission responsibilities. There have been changes to system in the past few years including a renewed handling commission process and expansions in the numbers of containers handled – the system has grown in size and complexity. In the coming planning period the BCMB will need to address handling commissions based on a successful and fair process and augment its capacity to ensure compliance.

Strategies:

- A. The BCMB will conduct and complete its second handling commission review, the first to take place under a process that has been revised to address specific deficiencies.
- B. The BCMB will develop CSA performance criteria.
- C. The BCMB will implement an enhanced compliance program that is aimed at helping to standardize performance and service at the province’s 212 depots⁵.

Goal 5 – To ensure full accountability and transparency to all Albertans

The BCMB recognizes that for delegated authorities, accountability to the Ministry, public and stakeholders is paramount. Accountability requires clear measurement of progress and achievements and transparent and thorough reporting. In this regard the Board plans to place renewed emphasis the quality of its business plans and annual reports and on establishing solid measures for performance that are consistent with

⁵ This is the number of depots as of May 2009.

those identified in the Environment Canada October 2007 document “Performance Measurement and Reporting for Extended Producer Responsibility Programs”.

Strategies:

- A. The BCMB will implement a comprehensive Balance Scorecard for the beverage container recycling system. Details on the framework follow in Section VIII.

VII

Financial Plan

A. Description and Status of Revenue Sources

The expected 2009 to 2011 (three year) operating revenue for the BCMB is summarized in Exhibit VII-1. The BCMB receives its operating revenue from four sources:

- A fee (surcharge) is collected on each container returned. In 2009 this is set at \$0.000012 per container⁶ – given CSA estimates of the anticipated volume of returned containers this amounts to between \$2.2 million and \$2.5 million annually.
- Product registration fees are between \$5 and \$20 annually per container. Based on the numbers of registered containers it's expected that the BCMB revenue from these sources will total \$30,000 annually.
- New depot permit applicants are charged a fee of \$600 per application. The fee for permit issuance, transfer or annual renewal is \$500. Given the number of depots planned and in existence it's expected that BCMB revenue from these sources will total \$21,500 annually.
- Interest and other revenue for the BCMB is expected to range from \$42,000 to \$46,300 annually over the 2009 to 2011 fiscal years.

Exhibit VII-1 BCMB revenue projections

	Actual 2008	Planned 2009	Planned 2010	Planned 2011
Container fees	2,155,816	2,260,000	2,373,000	2,491,000
Product registration fees	35,330	30,000	30,000	30,000
Depot fees	55,500	21,500	21,500	21,500
Interest and other	42,399	42,000	44,500	46,300
	<hr/>	<hr/>	<hr/>	<hr/>
	2,289,045	2,353,500	2,469,000	2,588,800

⁶ The CSAs and the depots each pay 50% of this amount.

B. Program delivery and administrative expenditures

Expenses will be incurred for the activities required to support the BCMB's programs and pursue its mandate and objectives. The 2009 through 2011 annual expenditures are provided in Exhibit VII-2 and Exhibit VII-3. The projection shows the Board's intent to operate in a deficit over the planning period in order to reduce a historic surplus to a level adequate to cover: (i) \$400,000 of operating reserve (covering potential wind-up costs), and a \$600,000 reserve for unexpected handling fee commission hearings. Once the system is at the 85% recovery level and the reserve has been established, the BCMB's fee will be adjusted to a level that only supports the projected expenditures.

Exhibit VII-2 2009 – 2011 expenditures

	Actual 2008	Planned 2009	Planned 2010	Planned 2011
Administrative and Management Expenses				
Payroll	518,168	662,700	875,500	1,032,000
Staff training	7,265	26,000	19,500	20,000
Directors' honoraria and expense	79,375	102,900	128,100	140,800
Audit fees	8,478	8,800	9,100	9,400
Legal fees	127,894	150,000	160,000	170,000
Consulting	99,239	185,000	173,600	176,400
Advertising	112,074	200,000	210,000	220,500
Travel	46,456	90,000	94,500	99,200
Office	111,205	168,800	177,300	186,100
Insurance and licenses	12,700	10,700	11,200	11,700
Interest on capital lease obligation	327	200	50	-
Miscellaneous	5,847	2,000	2,000	2,000
Depreciation	47,699	34,200	27,800	13,900
Refund Compliance	59,473	100,000	105,000	110,300
Depot Information System		20,000	20,000	20,000
Total Administrative and Management	1,236,200	1,761,300	2,013,650	2,212,300
Project Expenses				
Improve return rates	0	100,000	150,000	175,000
Reduce environmental impact	0	0	100,000	0
Operate cost effectively	29,054	90,000	330,000	330,000
Effective governance	58,921	165,000	665,000	140,000
Ensure accountability	0	75,000	50,000	50,000
Total Project	87,975	430,000	1,295,000	695,000
Excess Revenue[1] over Expenditures[2]	964,870	162,200	(839,650)	(318,500)
Accumulated Surplus	1,732,299	1,894,499	1,054,849	736,349
Restricted Cash (operating reserve)	400,000	400,000	400,000	400,000
Unrestricted Cash	1,332,299	1,494,499	654,849	336,349

Exhibit VII-3 Project expenditure detail

	Actual 2008	Planned 2009	Planned 2010	Planned 2011
1. Improve return rates				
a. Return Rate Projects	\$ -	\$ -	150,000	150,000
b. Best Practices and Benchmarking		100,000	0	25,000
Total		100,000	150,000	175,000
2. Reduce environmental impact				
a. Environmental Footprint Analysis		-	100,000	0
b. Best Practices and Benchmarking		Incl. in #1b	Incl. in #1b	Incl. in #1b
Total		0	100,000	0
3. Operate cost effectively				
a. Best Practices and Benchmarking		Incl. in #1b	Incl. in #1b	Incl. in #1b
b. Standardized POS system		-	150,000	150,000
c. Cost Effectiveness Projects		0	100,000	100,000
d. Depot Training and Recognition	14,537	60,000	30,000	30,000
e. Quality Control Project	14,517	30,000	50,000	50,000
Total	29,054	90,000	330,000	330,000
4. Effective governance				
a. Handling commission review	45,127	100,000	600,000	100,000
b. CSA Performance Criteria		25,000	50,000	-
c. Governance Project	9,935	5,000	5,000	5,000
d. Appeals Committee		10,000	10,000	10,000
e. HR Review		25,000	0	25,000
f. Regulatory Review	3,859	0	0	0
Total	58,921	165,000	665,000	140,000
5. Ensure accountability				
a. Monitoring and Reporting	0	25,000	-	-
b. Consumer Survey	0	50,000	50,000	50,000
Total	0	75,000	50,000	50,000
Total Projects	87,975	430,000	1,295,000	695,000

C. Fiscal responsibility and efficiency

All BCMB expenses not directly allocated to projects are considered administration expenses. Minimizing administrative expenses is an important goal for the BCMB. The BCMB retains small surplus funds (if any) to offset future deficits. The available funds are retained as cash and are therefore invested conservatively – as a result capital has been preserved even in light of unprecedented capital market volatility in 2008/2009.

VIII

Monitoring and Evaluation

A. Monitoring and Evaluation Overview

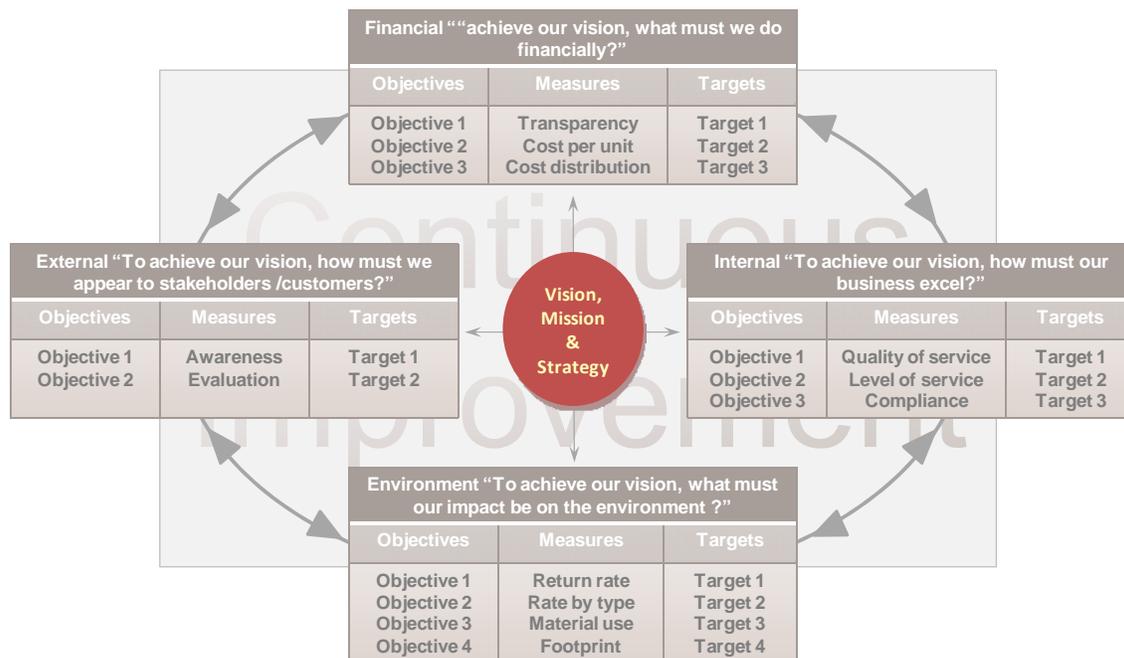
The BCMB will constantly monitor its actual results and compare them to the accountability targets or performance measures established for each facet of the beverage container recycling system where the BCMB must have success:

- Positively impacting on the environment.
- Transparently and responsibly managing financial performance.
- Meeting stakeholder and consumer expectations.
- Providing quality and convenient service that meet provincial standards.

The BCMB will identify performance gaps and achieve improvements through specific initiatives and actions. Exhibit VIII-1 provides a conceptual model of the BCMB balanced scorecard.

The measures identified in the Exhibit provide the intended scope of the measures – these are based on the Environment Canada October 2007 document “Performance Measurement and Reporting for Extended Producer Responsibility Programs”. While the high level measures and the framework have been agreed on by the Board, many of the specific objectives, measures and targets are under consideration or are being measured for the first time. The following sections provide more detail on the measures.

Exhibit VIII-1 The BCM B balanced scorecard



B. Environmental Measures

The key measure of environmental performance is the beverage container return rate (Exhibit VIII-2 – 2011 target 85%). In the past the BCMB has also measured the environmental impact of the beverage container recycling system as an indication of the outcomes. The BCMB has used:

- Barrels of oil conserved (2011 target 413,000 barrels)⁷.
- Cubic meters (M³) of landfill conserved (2011 target 404,000 M³)⁸.
- Tonnes of carbon dioxide equivalent (MTCO₂) – a measure of greenhouse gas emissions avoided (2011 target 151,000 tonnes)⁹.
- Waste diversion per capita (2011 target 26 kilograms/capita)¹⁰.

⁷ Calculations for Barrels of oil saved, MTCO₂E (GHG), Cubic meters of landfill saved and Diversion per capita are based on the metric tonnes of recycling material diverted as reported by ABCRC and ABCC.

⁸ Reference calculation above.

⁹ Reference calculation above.

¹⁰ Reference calculation above.

Exhibit VIII-2
BCMB historical and targeted beverage container return rate



Exhibits VIII-3 through VIII-5 reflect historical rates and projections for each of these measures (projections are based on the targeted container returns for each year). Over the period, as the numbers of containers returned through the beverage container recycling system has increased, the environmental benefits have also increased. Note that:

- As of 2007 they are based on actual metric tonnage of units recycled, as reported by ABCRC and ABCC.
- The increase in waste diversion of 3 kilograms of per capita will contribute directly to the overall reduction of waste to landfill targeted at 150 kilograms per capita from 2009 to 2011 in Goal 4 of the Ministry of Environment Business Plan.

Exhibit VIII-3
M³ of landfill avoided and barrels of oil saved through beverage container recycling

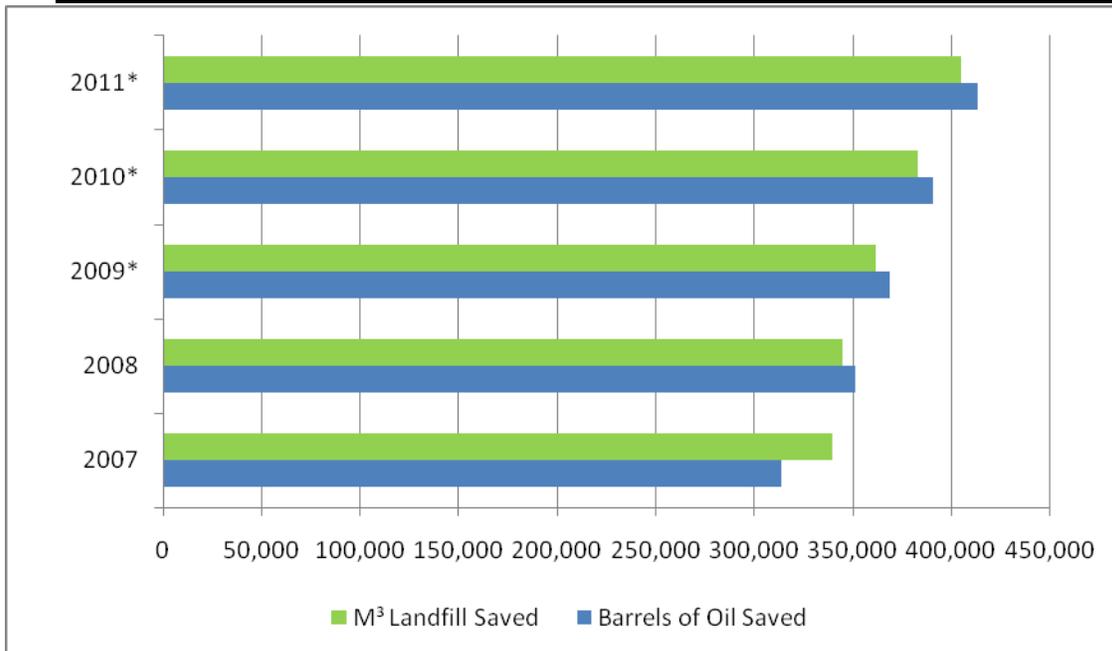
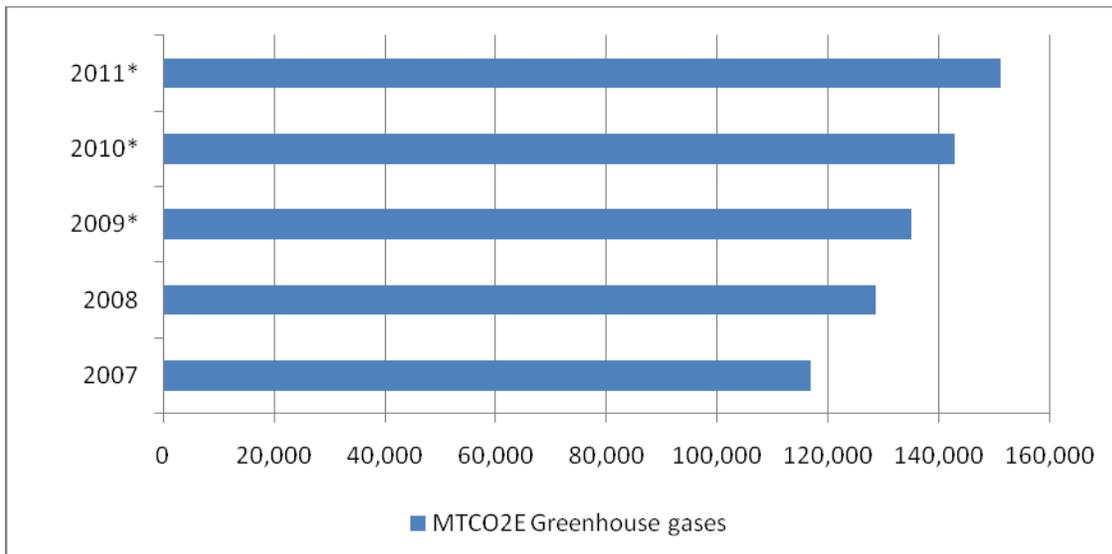
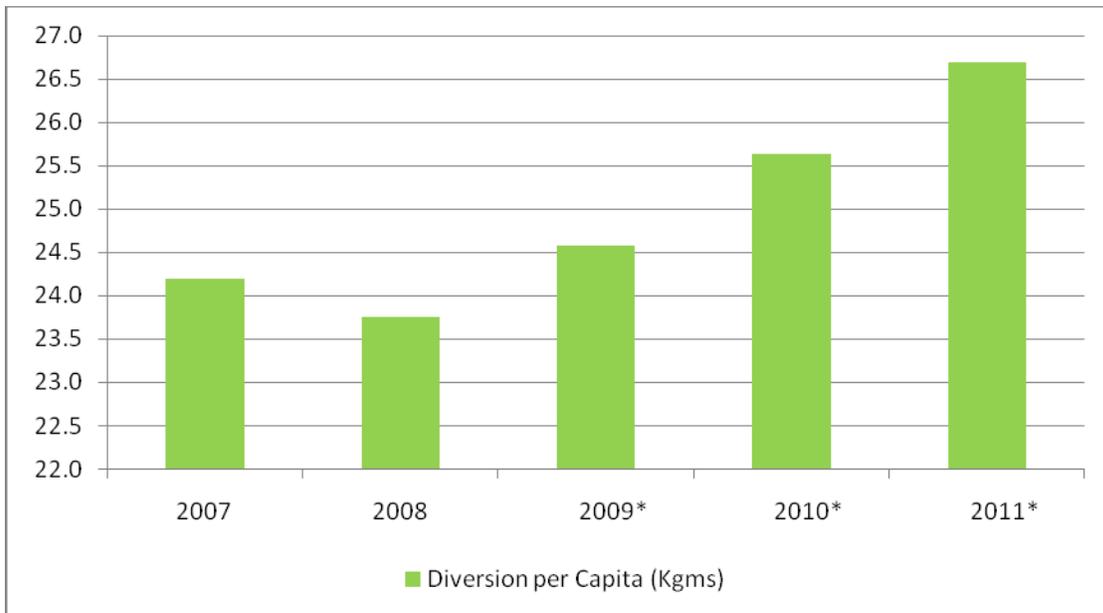


Exhibit VIII-4
MTCO₂E avoidance through beverage container recycling



**Exhibit VIII-5
Waste diversion through beverage container recycling**



This area of measure requires additional work. In the coming years we will want to improve our measure of return rate and define a measure of return rate by segment that can measure the results of improvement initiatives and guide future program decisions. We'll add a measure of the extent and impact of the use of recycled material. Our analysis of environmental impact will also guide us in the development of measures that can replace or supplement those noted above. Over the coming year we will be preparing the measures and conducting the analysis or surveys required to baseline performance.

C. Business (Internal) Measures

The BCMB currently has two measures of business (internal) performance – the number of depot and retail inspections. The actual for 2008 and targets for 2009 -2011 are summarized in Exhibit VIII-6.

**Exhibit VIII-6
BCMB business (internal) measures**

Performance Measures	Actual for 2008	Target for 2009-2011
Number of depots inspections conducted	238	324
Number of retail inspections	76	80

This area of measure also requires additional work. In the coming years we will want to measure quality of service and level of service from the stakeholder's (depot's, CGA's, government, NGO's) perspectives as well as compliance in terms of measures like the frequency of inspections and the incidence of non-compliance. Over the coming year we will be preparing the measures and conducting the analysis or surveys required to baseline performance.

D. Public and Consumer (External) Measures

At this point, there is limited historical data regarding the public's knowledge of and response to the beverage container recycling system. The BCMB conducted an initial survey of consumer and stakeholder satisfaction in 2007 that provides a basis for the measure. This survey indicated that the population is broadly aware of the system – 90% of respondents are aware of the top 3 containers. We are planning to begin benchmarking public awareness and participation in the program, as well as consumer and stakeholder satisfaction all through a periodic public survey.

E. Financial Measures

The sole current financial measure is the net system cost per container defined as the total expenses of the ABCRC and ABCC less material revenues and unredeemed deposits divided by the number of containers returned. The number of containers returned is compiled from monthly statistics provided by the two collection system agents.

Exhibit VIII-7 shows the calculation of net cost per container and the actual and projected values. The BCMB expects both efficiencies from the cost effectiveness initiatives and potentially increased costs as initiatives are undertaken to target the 85% recovery rate. At this time our forecast is for consistent net system cost per container over the planning period.

Exhibit VIII-7
BCMB financial measures

	2007	2008	2009	2010	2011
Containers Returned/Projected	1.57 Billion	1.67 Billion	1.84 Billion	2.02 Billion	2.22 Billion
Gross Cost per Container	4.99¢	5.00¢	5.00¢	5.00¢	5.00¢
Net System Cost per Container	1.67¢	1.68¢	1.68¢	1.68¢	1.68¢

Future plans are to supplement net system cost per container as a measure of financial performance with details on the cost distribution and full reporting of system costs (i.e. reflecting the handling of deposits and costs of the CSAs and the depots).

F. BCMB Leadership and Governance

In addition to the aforementioned measures of performance, the BCMB will measure its leadership in the beverage container recycling sector and the quality of its governance. The measures in this regard are:

- The results of the annual governance assessment conducted as outlined in the BCMB Governance Manual.
- The progress of the BCMB against its business plan goals.
- The audit recommendations and the BCMB action in addressing them.

Attachment A – Summary of BCMB Goals and Performance Measures

Exhibit A-1
BCMB goals and performance measures

Goal	2009 Measures	2008 Actual	2011 Target	Future Directions in Performance Measurement
Improve container recycling return rates	Return rate	76.8%	85.0%	Return rate Inventory adjusted return rate Return rate by segment (e.g. container type or geography)
Reduce the environmental impact or footprint of beverage container use	Barrels of oil conserved M ³ of landfill avoided MTCO ₂ Avoidance Per capita waste diversion	351,000 bbls. 345,000 M ³ 128,000 tonnes 23.7 kg.	413,000 bbls. 404,000 M ³ 151,000 tonnes 26.7 kg.	Existing measures supplemented by: (i) life cycle measures that account for the impact of manufacturing and recycling different containers, and (ii) the extent and impact of the use of recycled materials.
Ensure that the beverage container system operates in a cost effective manner	Net system cost per container	1.68¢	1.68¢	Cost per container Cost distribution (e.g. consumer vs. recycler vs. unreturned containers)
Effectively govern and manage Alberta's beverage container recycling system	None	N/A	N/A	Depot, CSA and manufacturer awareness and evaluation Consumer/public awareness and evaluation Sector financial disclosure and reporting
Ensure accountability and transparency to all Albertans	Number of depot inspections Number of retail inspections	238 76	324 80	Compliance and frequency of non-compliance Level and quality of service Consumer/public awareness and evaluation