



BEVERAGE CONTAINER MANAGEMENT BOARD

Business Plan

2009-2011



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1. 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 of the organization's bylaws. All of the BCMB's existing and proposed policies and procedures as of January 2009, 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

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 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.

3. Mission, Vision, Structure

Vision

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

Mission

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

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 thirteen-member Board of Directors (12 voting and 1 non-voting), composed of four members each from the beverage manufacturing sector and the depot sector, as well as five members from the public sector (4 voting and 1 non-voting), 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.

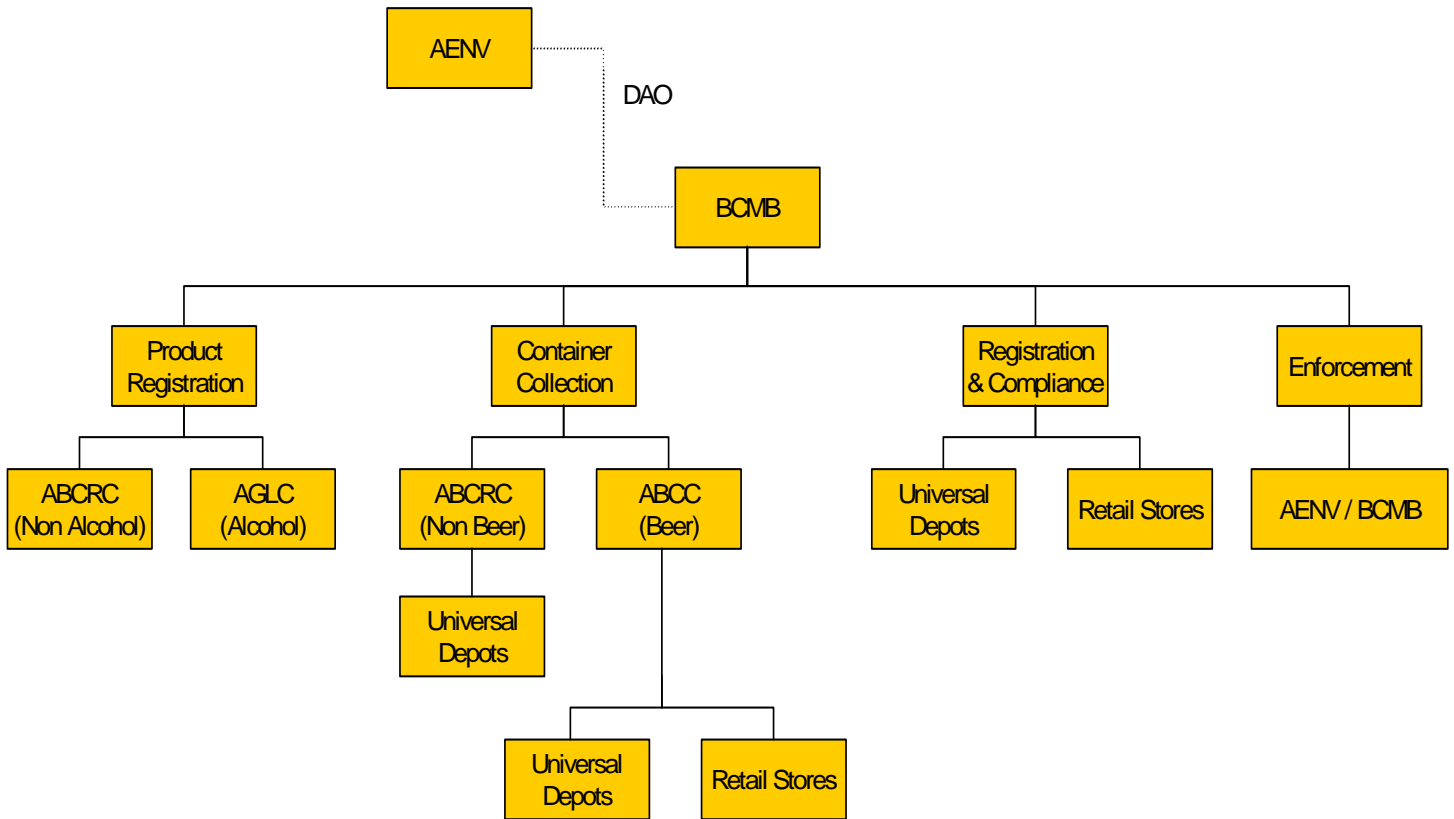
C. Review and amend the fees payable pursuant to the BCMB Administrative Compliance By-Law, as appropriate.

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

Challenges

The major challenge for the beverage container industry at this time is to develop and implement innovative strategies for improving the overall beverage container return rate. The rate was 76% for 2007 and is projected to remain the same for 2008. The levelling off of return rates is being influenced by:

- a strong economy in Alberta that has resulted in significant increases in beverage container sales
- shifts in consumer patterns leading to more beverages being consumed outside of the home
- growing dissatisfaction with the recycling experience at some bottle depots and
- less than desired access to depot locations in some areas of the province.

The BCMB must work aggressively with consumers, the industry and all stakeholders to develop and implement strategies that will lead to increased return rates.

The BCMB is challenged to ensure that all Bottle Depots meet or exceed established standards and that Albertans have adequate access to depots and/or alternative collection methods. The BCMB, through the Depot Siting Committee and Return Rate Committee will look for ways to make significant improvements to the depot system to increase capacity and address unique regional circumstances.

With overall public demands to improve the environment, there will be a renewed emphasis, beyond traditional means, on the recyclability of beverage containers to ensure that only environmentally friendly containers are registered and that the end uses of all beverage containers are properly handled and accounted for.

The collection system agents are an integral part of the beverage container recycling system and in order for the system to work effectively and efficiently; there is a need to increase communication, transparency and accountability between stakeholders. The BCMB will focus on strengthening operating agreements and reporting requirements of collection system agents to fully align with the goals of the BCMB.

Opportunities

The BCMB was given a new mandate by the Government of Alberta with the announcement on October 22, 2008 of changes to the Beverage Container Recycling Regulation. These changes stemmed from the all-party MLA regulatory review and provided significant changes including the first increase to the deposit levels in 20 years and the inclusion of milk containers in the deposit system for the first time in Alberta.

The renewed mandate provides the BCMB with an opportunity to re-focus energies and provide leadership in making significant improvements to the beverage container recycling system to achieve a return rate of 85%. The BCMB is working collaboratively

with Alberta Environment and all stakeholders to ensure a smooth implementation of the changes.

Awareness of environmental issues has been increasing and a higher political emphasis on the environment will provide an opportunity for all Albertans to work together to find creative solutions for improving beverage container management in the Province.

Building on the governance review conducted last year, the BCMB is in the process of implementing a number of new governance policies and processes including completing a annual governance assessment in the next year that are aimed at improving on the overall performance of the BCMB.

The Board has also identified a need to improve its decision making by ensuring that all decisions are based upon improved analysis and well supported evidence. Attention to a more comprehensive set of performance measures will assist the Board in focussing on evaluating and measuring success of the beverage container system.

In December 2007, the BCMB unanimously accepted recommendations on the handling commission rates by the Handling Commission Review Panel with some small changes. Setting a fair handling commission for the first time was an extremely complex process as the rate set will be precedent setting for future handling commission rates. Recent changes to the BCMB bylaws has had significant impact on how Handling Commission reviews will occur in the future and the BCMB is preparing for the next steps in that process.

Strategic Focus

The BCMB is committed to achieving:

- optimized container return rates of 85% or higher,
- informed and participating consumers,
- meaningful accountability to all stakeholders and
- environmentally responsible management of beverage containers.

In order to meet these outcomes the BCMB relies heavily on all elements of the supply chain working well. Although many components of the chain have been developed and are working satisfactorily, there is an opportunity for a renewed emphasis on the two key elements of the supply chain that focus on access and collection and redeployment of materials.

As a result the BCMB is re-focusing its priorities and strategies in the following ways:

- **Increasing return rates** by increasing consumer participation with improved depot siting, additional access points, alternative recycling opportunities, increased awareness with focused educational campaigns and improved website capabilities as well as research into innovative container recovery options.
- **Increasing recyclability** of materials by preventing the registration of containers that are not recyclable and monitoring of **end-uses of recycled materials** within

the system including working with municipalities to capture recycled containers before they go to landfill

- **Improving consumer experiences at Bottle Depots** by reviewing depot criteria, ensuring standards are met with rigorous inspections, Mystery Shopper visits and continuing emphasis on quality control.
- **Improving depot viability** through improved handling commission policies and processes, examination of cost efficiencies, improved depot structures and by encouraging all stakeholders to work together to streamline and invigorate the system.
- **Developing strategic partnerships** with collection system agents, Alberta Bottle Depot Association, ARMA, AUOMA, RCA, Environment, AUMA, Municipalities, Community organizations with improved operating agreements, information sharing and quality of service to meet the goals of the BCMB.
- **Improving Board Governance** through a change in board structure implemented as part of the regulatory review and focusing on best practices with appropriate scientific research for decision-making.

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 2008-2011,

Goal Four: *“Albertans, communities, governments and industry implement 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.

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 212 bottle depots and 57 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 is committed to increasing 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.

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

Core Business 1: System Management

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

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.
- Implement decisions from the Return Rate Committee to increase consumer participation in system.
- Conduct annual consumer surveys to determine awareness, access, quality of depot experience and public satisfaction with the system.
- Liaise with Alberta municipalities to build on partnerships and collaboration opportunities and to encourage zoning improvements to provide better depot siting opportunities.

Strategy: *Research and develop innovative beverage container recovery options with other stakeholders.*

BCMB utilises 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 utilises a Quality Control committee to work with stakeholders to develop and implement improved standards of quality.

Actions:

- Conduct research into and implement innovative recovery solutions such as reverse vending machines, collection bins and encouraging beverage container collection by non-profit groups.
- Conduct research into transportation costs and efficiencies such as densification, and implement system improvements.

- Conduct research into understanding and accounting for landfill diversion with municipalities
- Conduct regular waste audits
- 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:

- Renew emphasis on recyclability of containers during registration process to ensure all beverage containers sold in Alberta are recyclable.
- Evaluate impact of registration system on the end uses of recycled materials.
- 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.
- Liaison with retail associations to distribute information about registration requirements.

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. In addition, the BCMB utilizes a Depot Siting committee to review depot siting issues and make recommendations for improvements.

Actions:

- Increase the minimum number of depot inspections to 2 per year for each depot.
- Implement decisions of the Depot Siting committee to increase access for consumers to recycling opportunities.

- Mystery Shopper Program expanded to include community partnerships with Recycling Council of Alberta – Summer Ambassadors and Air Cadets.
- Review disciplinary policies for depots to ensure improved compliance and consistency with BCMB goals.

Strategy: *Promote Depot Viability 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 depot viability and recognize excellence.

Actions:

- Promote and share best practices for depot operations.
- Continued review of outstanding policy issues
- Explore options for promoting depot viability
- Ongoing recognition of excellence in depot operations.

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

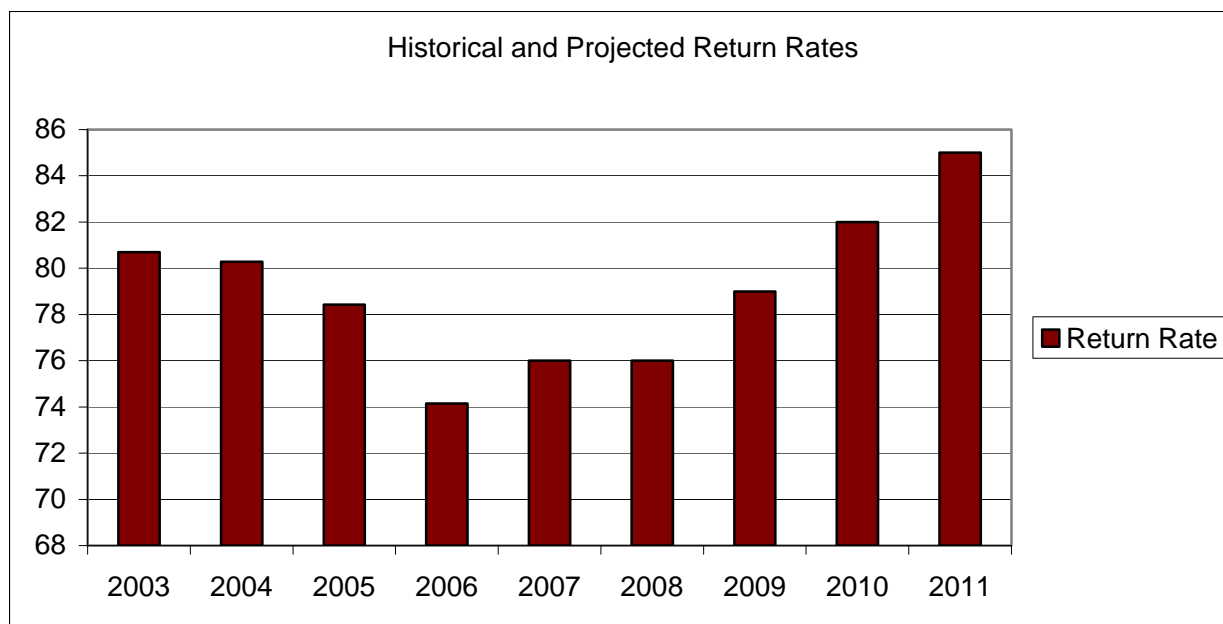
BCMB issues permits for two collection system agents, ABCRC and ABCC, who report to the BCMB through annual operating agreements.

Actions:

- Work in partnership with ABCRC and ABCC to coordinate and consolidate CSA activity to promote cost efficiency.
- Review and analyze effectiveness of ABCRC programs including Winifred Stewart, Roadside and Park bins and Community Champions programs.
- 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.
- Review the financial reporting of both collection agents to ensure transparency.
- Strengthen operating agreements to align the goals of the collection agents with those of the BCMB.

Key Performance Measures for Goal A:

Return rates of beverage containers charted below to reflect historical return rates with projections to hit target rate of 85% by 2011.



Costs per container returned

	2006	2007	2008	2009	2010	2011
Containers Returned/Projected	1.46 Billion	1.57 Billion	1.67 Billion	1.84 Billion	2.02 Billion	2.22 Billion
Total Dollars Spent/Projected	\$72.4 Million	\$78.4 Million	\$83.3 Million	\$91.8 Million	\$101 Million	\$110 Million
Gross Cost per Container	4.95¢	4.99¢	5.00¢	5.00¢	5.00¢	5.00¢
Net Dollars Spent/Projected	\$14.2 Million	\$26.2 Million	\$28 Million	\$30.9 Million	\$33.9 Million	\$37.3 Million
Net System Cost per Container	0.97¢	1.67¢	1.68¢	1.68¢	1.68¢	1.68¢

Cost Per Container returned is reflected as Gross cost and Net System cost – Gross cost is calculated by dividing the total expenses of ABCRC and ABCC by number of containers returned (revenue sources from both scrap values and unredeemed deposits have been excluded). Net System cost to consumers is the total expenses of 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, ABCRC and ABCC. System improvements being implemented as part of the changes to the regulation are expected to offset future increases in costs.

Additional Performance Measures:	Actual for 2007	Target for 2009-2011
Number of depots inspections conducted	216	324
Consumer awareness, participation and satisfaction rates	Actual awareness rate of 90% for top 3 containers	Increase awareness of low return containers
Number of retail inspections	30	50

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 focused and targeted Marketing & Communications plan based on social marketing principles to influence behavior of the public to increase recycling of beverage containers.
- Continue to involve schools, community/service groups, major venues, charities, and sports groups in beverage container recycling.
- Increase and promote recycling of beverage containers at the high school level (Grade 10).
- 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:

- Outline expectations in reporting by the two collection agencies of recycling end use of containers to BCMB including information on benefits derived from recycling.

Strategy: *Build stronger partnerships with provincial and inter-provincial counterparts.*

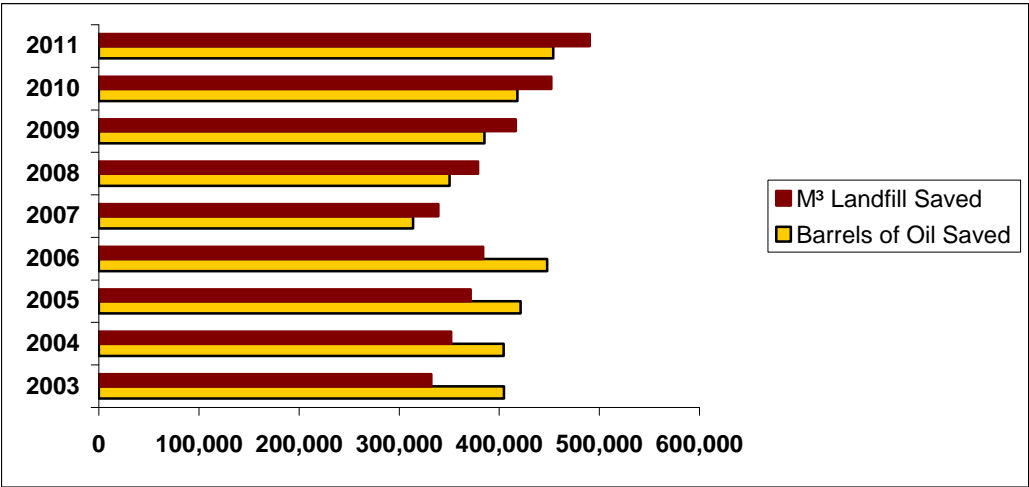
Actions:

- Develop new partnerships and strengthen network of industry stakeholders to enable/enhance information sharing.
- Work in partnership with DAO's and other stakeholders in Waste Education Initiatives.
- Attend industry relevant conferences to increase knowledge of leading edge technology and best practices.

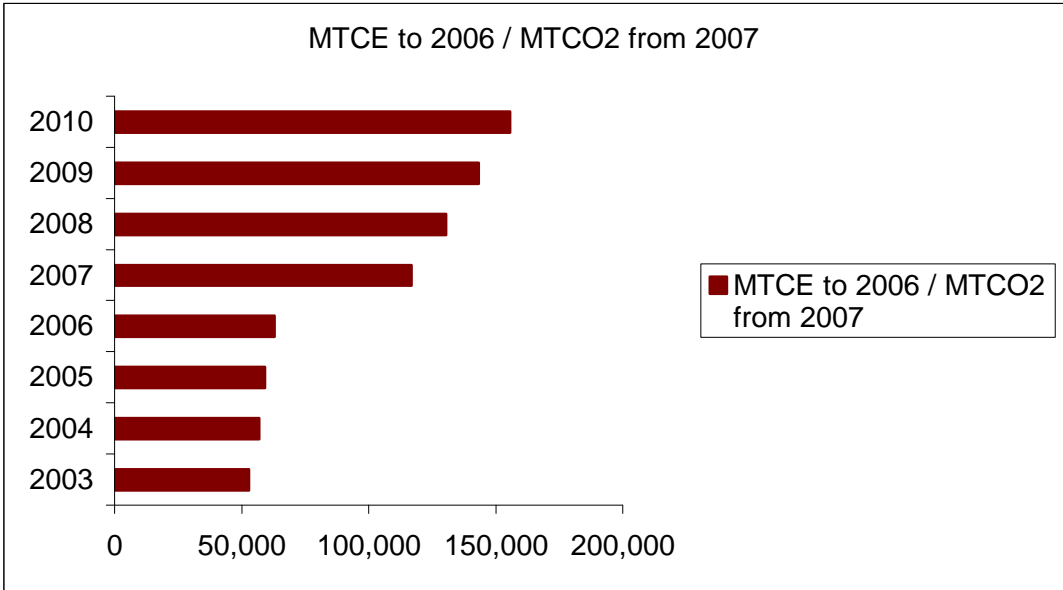
Key Performance Measures for Goal B:

** Note: There have been significant changes in calculation methods that are reflected in marked changes between 2006 and 2007 in the following graphs. Prior to 2007, avoided Greenhouse Gases (GHG), shown as Metric Tonnes Carbon Equivalent (MTCE), were calculated using **unit-weight averages** for the total units redeemed. As of 2007 avoided GHG calculations are based on **actual metric tonnage** of units recycled, as reported by ABCRC and ABCC and are calculated as Metric Tonnes Carbon Dioxide Equivalent (MTCO₂).

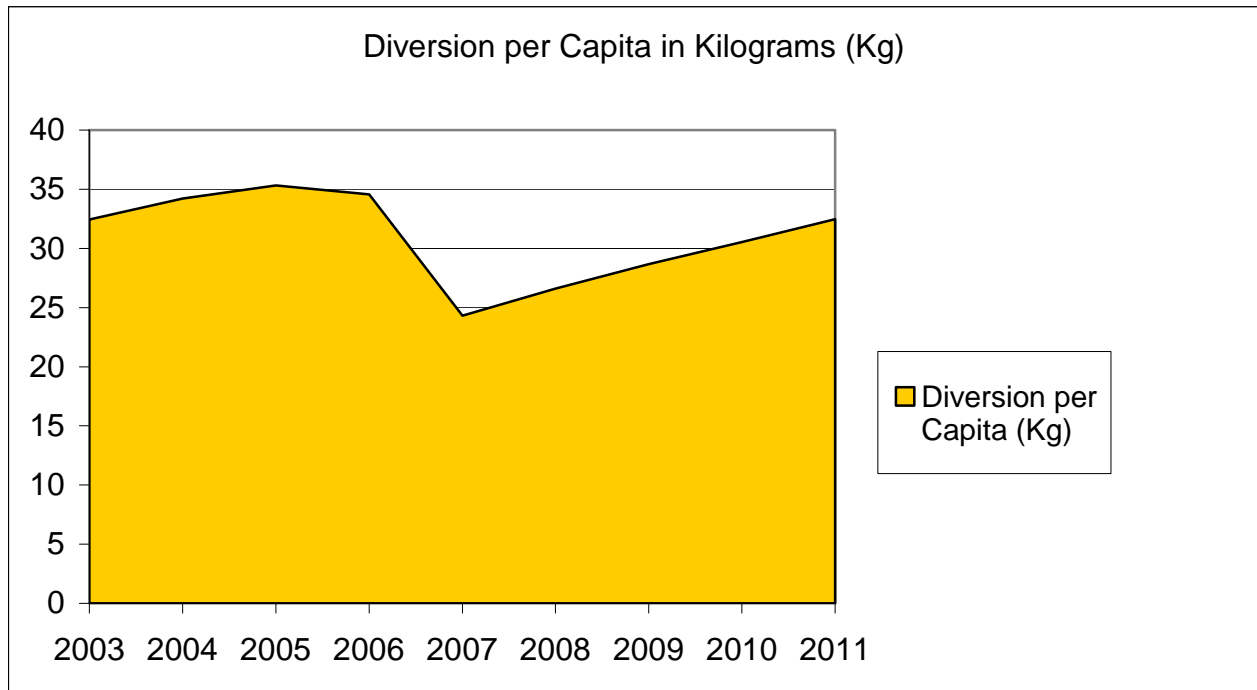
Barrels of Oil conserved and Cubic Metres (M³) of Landfill conserved – chart below reflects historical rates and projections are calculated based on the targeted container returns for each year.



Greenhouse Gas Emissions avoided - [Shown as Metric Tonnes Carbon Equivalent (MTCE) until 2006 and as Metric Tonnes Carbon Dioxide Equivalent (MTCO₂) from 2007 onwards]– chart below reflects the historical rates and projections are based on the targeted container returns for each year.



Diversion per Capita – chart below reflects the number of kilograms per capita that have been diverted from landfill historically and the projections are based on targeted container returns for each year. This diversion contributes to the overall reduction of waste to landfill targeted at 800 kilograms per capita for 2008 in Goal 4 of the Ministry of Environment Business Plan.



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 of the Beverage Container Recycling system.*

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.
- Improve decision-making processes by ensuring that all board issues are supported by factual, well-researched information.

- Engage in collaborative activities with all stakeholders to strengthen and improve partnerships.
- Implement new Board governance manual and conduct Board evaluation.
- Improve the BCMB's FOIPP and records management procedures to meet or exceed with legislative requirements and board policy.
- Conduct orientation and training for new board directors.
- 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:

- Work collaboratively with the Ministry of Environment and all stakeholders to successfully implement the changes to the Beverage Container Recycling Regulation.
- Prepare for future Handling Commission reviews.

Strategy: *Improve the BCMB's operational efficiency.*

Actions:

- Review staffing to determine requirements for operational efficiency.
- Review and identify staff training and development opportunities including cross training for combined inspections.
- Review and update Human resource processes.

Key Performance Measures for Goal C:

Annual governance assessment conducted as outlined in Governance Manual.

Track progress of board objectives against business plan goals.

All audit recommendations reviewed by Board.

7. Financial Overview

Operating Budget 2009-2011

	Projected 2008	Planned 2009	Planned 2010	Planned 2011
Revenue				
Container fees	\$ 2,271,007	\$ 2,259,572	\$ 2,372,551	\$ 2,491,179
Product registration fees	25,239	30,000	30,000	30,000
Depot fees	52,110	21,500	21,500	21,500
Interest and other	51,079	42,079	44,533	46,267
	\$ 2,399,435	\$ 2,353,151	\$ 2,468,584	\$ 2,588,946
Expenditures				
Payroll	\$ 532,852	\$ 662,716	\$ 786,701	\$ 938,843
Staff training	12,297	26,000	19,000	19,000
Directors' honoraria and expense	74,105	89,500	98,500	108,300
Audit fees	8,500	8,800	9,100	9,400
Legal fees	123,198	131,000	144,100	158,500
Consulting	120,371	185,000	173,600	176,400
Advertising	174,983	200,000	210,000	220,500
Travel	61,356	90,000	94,500	99,200
Office	123,511	168,802	177,258	186,077
Insurance and licenses	10,124	10,700	11,200	11,700
Interest on capital lease obligation	352	188	46	-
Miscellaneous	407	2,000	2,000	2,000
Depreciation	47,675	34,200	27,800	13,900
	\$ 1,289,731	\$ 1,608,906	\$ 1,753,805	\$ 1,943,820
Excess of revenues over expenditures before projects				
Total Handling Commission**	\$ 43,501	\$ 100,000	\$ 100,000	\$ 100,000
Total Projects	\$ 256,873	\$ 920,000	\$ 850,000	\$ 855,300
Capitalized*	\$ (14,835)	\$ (20,000)	\$ (20,000)	\$ (20,000)
Excess Revenue over Expenditures***	\$ 824,165	\$ (255,755)	\$ (215,221)	\$ (290,174)

* Capitalized from Projects - BCMB Information Systems

** intend to increase restricted cash based on unused portion of budget for Handling Commission.

*** Deficit spending being used to reduce BCMB surplus

Note: Budget excludes any implications from the addition of dairy containers and will be reviewed and adjusted throughout the year to respond to changes implemented

Projects

	Projected 2008	Planned 2009	Planned 2010	Planned 2011
Depot Criteria Review	\$ -	\$ -	\$ -	\$ -
BCMB Information Systems*	14,835	20,000	20,000	20,000
Depot Training and Recognition	31,737	60,000	60,000	60,000
Regulatory Review	40,000	-	-	-
Quality Control Project	11,326	100,000	50,000	50,000
Succession Planning	-	-	-	-
Return Rate Project	70,000	100,000	100,000	100,000
Governance	9,522	5,000	5,000	5,000
Appeals Committee	-	10,000	10,000	10,000
Refund Compliance	79,453	100,000	105,000	110,300
Consumer Survey	-	50,000	50,000	50,000
HR Projects	-	25,000	-	-
	\$ 256,873	\$ 470,000	\$ 400,000	\$ 405,300
Special Projects				
Viability Study	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Reverse Vending	-	\$ 100,000	\$ 100,000	\$ 100,000
Ongoing Research Projects (Reg Review)	-	\$ 50,000	\$ 50,000	\$ 50,000
Best Practices study	-	\$ 200,000	\$ 200,000	\$ 200,000
	\$ -	\$ 450,000	\$ 450,000	\$ 450,000
Total Projects	\$ 256,873	\$ 920,000	\$ 850,000	\$ 855,300

*Capitalized in Budget Summary