



1999 annual report



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June 30, 2000

Honourable Halvar Jonson
Minister of Environment
228 Legislature Bldg.
10800 97 Street
Edmonton Alberta T5K 2B6

letter to the minister

Dear Minister Jonson:

On behalf of the Board of Directors of the Beverage Container Management Board of Alberta, it is a privilege to present to you the Beverage Container Management Board Annual Report for the Fiscal Year January 1 to December 31, 1999 in accordance with section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/97).

Yours truly,



E.R. (Ernie) Patterson
Chairman
Beverage Container Management Board



legislative mandate

The Beverage Container Management Board (BCMB) is a "Delegated Administrative Organization" (DAO). This newer form of governance by the Government of Alberta makes industry and other stakeholders accountable for environmental stewardship of regulated "ready-to-serve beverage containers" in Alberta. The BCMB is a not-for-profit society incorporated under the Societies Act.

The BCMB is mandated under the Environmental Protection and Enhancement Act (the "Act"), and the Beverage Container Recycling Regulation (AR 101/97) (the "Regulation").

Section 4 of the Regulation establishes the BCMB as a management board within the meaning of the section 168 (ff) of the Act and for the purposes of carrying out the powers and duties conferred on it pursuant to the Act, the Regulation, and the By-laws with respect to regulated containers.

Under the Regulations and By-laws, the BCMB has the responsibility to register beverage containers for the purposes of the recycling system (section 7), and to provide permits for bottle depots (section 14).

The BCMB also prescribes various matters relating to the bottle collection and recycling system in Alberta (section 18).

The authority to levy fees or charges is set out in the Beverage Container Recycling Regulation, Section 18, the Beverage Container Management Fee By-law, and the BCMB's Administrative By-law.

The BCMB reports annually to the Minister of Environment, thus fulfilling its regulated mandate to produce a Business Plan and an Annual Report including audited financial statements. The BCMB also reports to the public at large and its stakeholders through distribution of its Annual Report, and other items of significance.

mission statement

The Beverage Container Management Board will work in partnership with Albertans to oversee a leading, innovative, accessible, and cost-effective beverage container management system throughout Alberta.

operating principles

- Beverage container collection performance will meet the expectations of the Minister of Environmental Protection.
- Results are best achieved through the cooperative efforts between bottle depot operators, the common collection system agent, and BCMB staff.
- Industry, Government, and the Public will support fair programs that are efficient and cost effective.
- Stakeholders value ongoing dialogue and active involvement.
- Continuous efficiency improvement makes good business sense and is to be pursued at every opportunity.
- Measurement is necessary to evaluate performance, at all levels.

core business

core business 1: system criteria

- Establish various operating guidelines, policies, procedures, and accountability frameworks to ensure the efficient and effective operation of the entire beverage container recycling system.
- Continuously review and encourage return rates of beverage containers to achieve targets set by the Board of Directors.

core business 2: registering containers

- Manufacturers must ensure all regulated beverage containers offered for sale in Alberta are registered with the BCMB. The staff of the BCMB conduct container registration using by-laws established by the BCMB that describe the form and manner in which containers are to be registered, and the fee payable on registration.

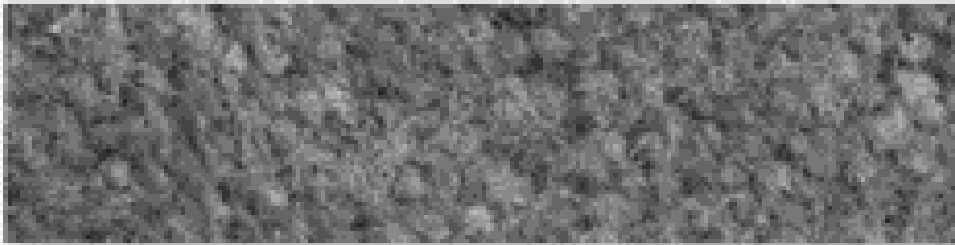
core business 3: permit depots and approve common collection system agent

The BCMB establishes:

- Criteria for the permitting of depots.
- Criteria for approval of the Common Collection System Agents.

core business 4: maintain a system of appeals

- A system for appealing the decisions of the Board or its staff is available to parties affected by BCMB decisions.



carpet

did you know...

The common collection system agent for the BCMB received enough PET last year to

produce 2.25 million square meters of carpet - enough to cover 378 Canadian football fields, or a strip of carpet 7.5 meters wide stretching from Calgary to Edmonton.

The Beverage Container Management Board (BCMB) took over responsibility for the regulation and supervision of the beverage container management system from Alberta Environment on December 1, 1997. In 1998 the Board spent time on organizational matters. The completion of the organizational work established a foundation for the operational mandate of the BCMB.

As a Delegated Administrative Organization, BCMB made a commitment to the Minister of Environment to complete a public review of its policies and depot application guidelines. This public review was completed in 1999 through:

- a) Well attended Public Hearings in Calgary and Edmonton
- b) An Exit Survey of clients leaving bottle depots
- c) A Telephone Poll of randomly selected Alberta households
- d) A Stakeholder Survey of Manufacturers and Depots

The two Public Hearings allowed the BCMB to hear from operators of bottle depots, representatives of community organizations, members of the general public and representatives of organizations concerned with recycling. Those in attendance were encouraged to make recommendations and to ask questions about the operations of the BCMB.

The Survey of Clients was completed at twenty bottle depots randomly selected across the province. More than 400 clients were interviewed and the results indicated that over 86% of clients were either satisfied or very satisfied with the services they received. The major issues identified through these surveys centered on improved service standards for depots in the areas of cleanliness, lighting and visibility, and improved access to depots in non-metropolitan areas with populations greater than 40,000. The BCMB responded to these issues by reconsidering its depot standards and criteria and is making substantial amendments to meet the concerns of depot clients.

An external consulting firm conducted a telephone poll of Alberta households. No attempt was made to stratify respondents based on origin, recycling behaviour or any other characteristic. A random sample of 1,105 households were contacted to provide an accuracy of $\pm 3\%$, nineteen times out of 20. The response rate was very high at 68 percent. The poll indicated that 94 percent of Albertans usually return beverage containers for a refund.

The major findings identified in this poll included the following:

- a) People were not aware of the refund for specific types of containers.
- b) The age of people plays an important role in participation in beverage container recycling. Families with children recycle more.
- c) The presence of school aged children in a household appears to have a significant positive impact on recycling beverage containers.
- d) Those who recycle beverage containers are three times more active in recycling other materials such as paper and plastic.

This poll information will be utilized by the BCMB in further developing and refining its communication plans to increase return rates for all types of containers.

The Stakeholder Survey indicated that there was a high level of support for the standards governing this industry. The average level of support for the standards was 81% for the responding depot operators and 80% for the beverage manufacturers who responded to the survey.

All four studies¹ showed strong support for the Beverage Container Management System in Alberta and above average satisfaction with the service provided. The surveys will assist the BCMB in finding new and productive ways of improving return rates over the next business planning cycles.

The BCMB utilized survey and polling results in designing advertising campaigns with Alberta Beverage Container Recycling Corporation (ABCRC) and Alberta Bottle Depot Association (ABDA) to increase public awareness of the beverage container recycling system. The financial commitments of ABCRC to implement the advertising campaigns was very much appreciated. It should also be mentioned that the BCMB designed, printed and distributed 500,000 leaflets. These pamphlets were distributed to all municipalities, schools and Welcome Wagon Agencies in the province. In addition our staff participated in trade shows, at teacher conventions and agricultural fairs throughout the province. The cumulative effect of these campaigns meant that the majority of various types of containers had increased return rates and especially so for polycoat containers which are relatively new to the system. This meant that the return rate increased from 74.13% in 1998 to 78.45% in 1999.

The BCMB also undertook a new project that had not been carried out previously of having "secret shoppers" take known amounts of containers to depots in order to check the amount and correctness of deposit returned. This pilot project was viewed by the Board as providing useful information and will be repeated periodically in the future. In addition, the BCMB continued the practice of surveying retail stores to ensure that all ready-to-serve beverages were registered by the manufactures and are taking part in the common collection system.

These four surveys will give the BCMB excellent input for the rewriting of the Bottle Depot Application Criteria and the Bottle Depot Operation Standards in the year 2000. In addition, the information gathered was of great assistance in updating the BCMB's three-year business plan.

To ensure that objectivity was maintained in the process the BCMB hired an external-consulting firm² to do the surveys and polling. The final report³ was also prepared by the external consultants.

The Beverage Container Management Board will continue to work to improve the system to create a healthier environment for all Albertans. In 1999, container recycling initiatives resulted in the return to bottle depots of more than 700 million containers such as polycoat, plastic, glass and aluminum cans. This saved precious room in landfills and made good use of materials returned by using them to create other products such as carpet, fleece for clothing, rebar, new aluminum cans and fine papers. In addition, some \$46 million dollars was returned to individuals and community groups who participated in recycling.

I would like to thank the public, our Board and staff, and the Boards and staff of Alberta Beverage Container Recycling Corporation (ABCRC) and the Alberta Bottle Depot Association (ABDA) for making the Alberta beverage container recycling system so successful.

¹ Praxis Report, Survey of Stakeholders, Survey of Clients, Province Wide Telephone Survey of Albertans, Public Meetings

² Praxis Incorporated

³ Beverage Container Management Board Strategic Review

On behalf of the BCMB Board of Directors, I am proud to present our 1999 Annual Report. This report is part of the process of the BCMB's accountability framework and helps to ensure that the BCMB carries out its mandate for the regulation and supervision of the beverage container recycling system. The BCMB continues to be committed to achieving the planned results as set out in its most recent Business Plan.

Full credit has to be given to the Government of Alberta and the Minister of Environment for establishing and enabling the BCMB through legislation and regulation to operate the best beverage container recycling system in the world.

Yours truly,

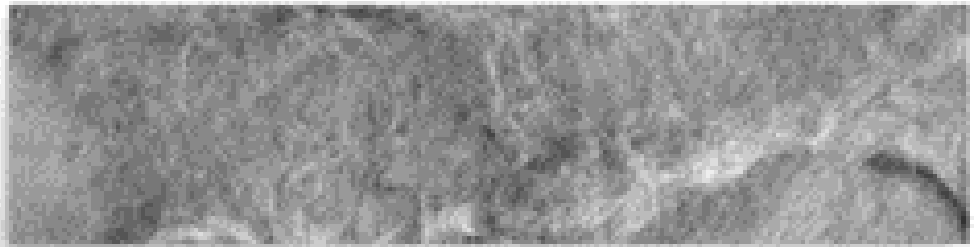


E.R. (Ernie) Patterson
Chairman
Beverage Container Management Board

did you know...

Recycled glass can be used to create fiber glass insulation, which is used to keep our

buildings warm in the winter and cool in the summer.



insulation

The balanced, nine-member board represent three distinct sectors: three beverage manufacturers, three depot operators, and three public representatives. Each of the seven member organizations of the Beverage Container Management Board (BCMB) appoints a representative to sit on the Board of Directors. Terms of appointment are up to three years.

The seven member organizations and their directors for the 1999 term were:

Alberta Urban Municipalities Association and
Alberta Association of Municipal Districts and Counties

ernie patterson

Alberta Environment

pat kane

Toxics/Waste Avoidance Caucus of Alberta Environmental Network

myles kitagawa

Alberta Gaming and Liquor Commission

alain maisonneuve

Alberta Beverage Council

derek brown

Alberta Soft Drink Council

john nixon

Fir Street Bottle Depot

tim mastel-marr

Fish Creek Bottle Depot

dave custer

Sundre Container Depot

don dewinetz

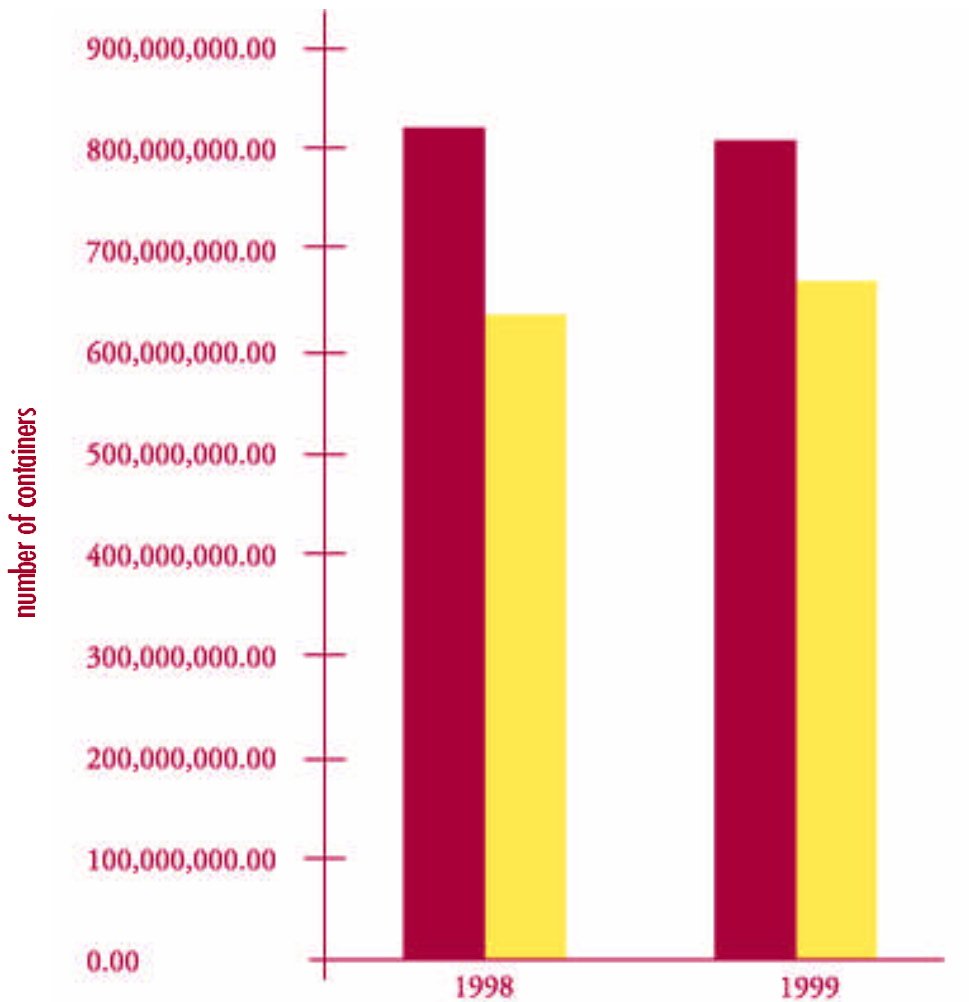
board of directors

1999 beverage container recovery highlights

The past year has been one of stabilization of existing programs and processes along with new initiatives, such as the public reviews of depot standards and Albertans' understanding of the deposit system. The establishment of refund compliance checks ensures that depots pay the correct deposit back to Albertans. The introduction of retail compliance checks not only ensures that retailers do not sell unregistered products, but also verifies that manufacturers are responsible for the cost of recycling their containers through the common collection system by registering all of their regulated "ready-to-serve" beverages.

In the past year a great deal of work has been carried out on the validity of the return rates and the overall accountability of the system. This work has resulted in improvements at ABCRC in their computer system and in the manner in which container counts are conducted.

yearly sales vs. historical returns *

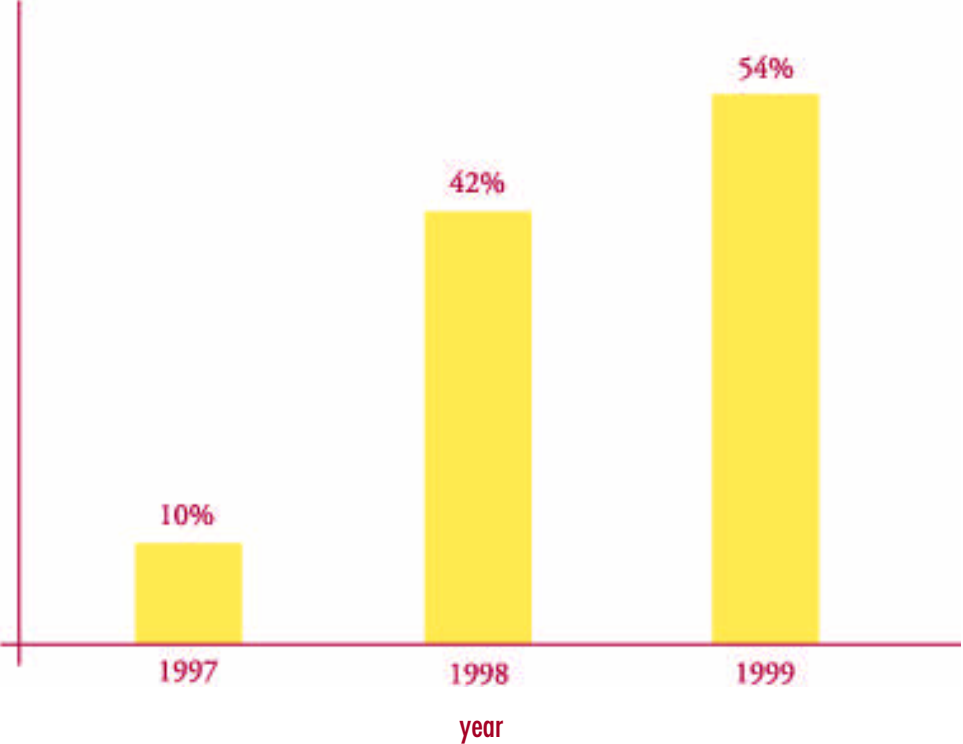


■ Sales	819,215,261.00	804,446,033.00
■ Historical Returns	641,335,528.00	656,894,991.00
□ Return Rates	78.29%	81.66%

* Historical Returns do not include aseptic containers. Aseptic containers came into system October 1997.

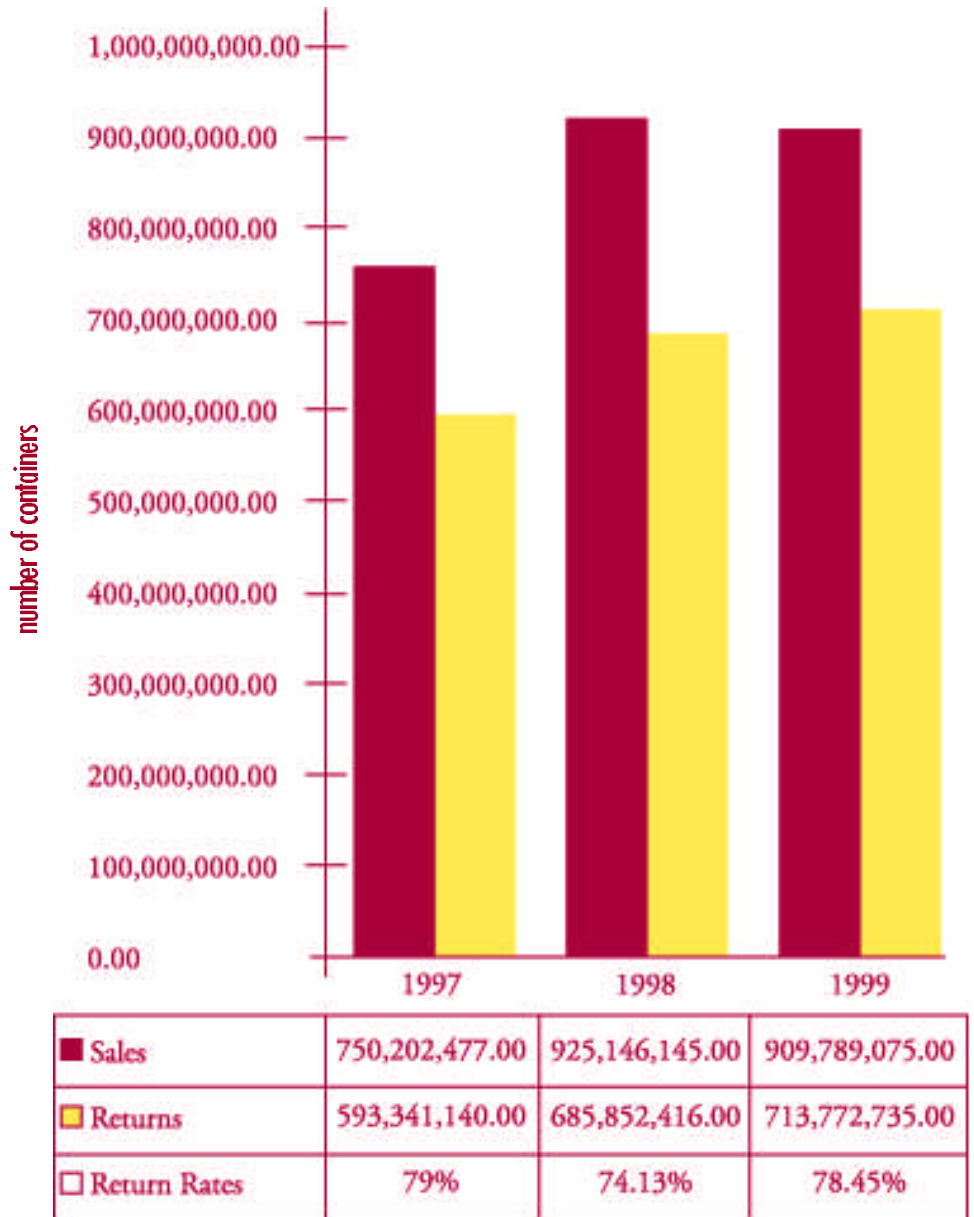
In 1999, the BCMB, ABDA, and ABCRC launched a joint initiative to improve the return rates of beverage containers. It was determined from the public input that the general public was unaware that polycoat containers such as juice boxes and gable-top containers are part of the deposit system. Consequently, an advertising campaign was launched with a focus on juice boxes. This campaign was designed to inform the public of all the "new" containers in the system and thereby increase the return rate on the "low return" containers in order to bring up the overall return rate. The "historic containers," i.e. excluding polycoats, were being returned at a rate of 78.29% in 1998. By the end of 1999 this had risen to 81.66%.

return rates - polycoat



In 1999, the beverage container return system was very successful in the handling of 714 million containers. This is an increase of 121 million containers per year or 17% over 1997 when the Government of Alberta introduced aseptic packaging into the system. This large increase in the volume of containers being handled has occurred without difficulty for the system as a whole. The volume of containers flowing through the system will continue to increase as the return rate increases. Therefore, plans were put in place in 1999 to ensure future increases in volumes will be accommodated without any disruption of service to the public.

yearly sales vs. return



* The Aseptic containers came into system October 1997.

container recovery

			Twelve Months Ending			
december 1998			december 1999			
Sales	Recovered	Return Rate		Sales	Recovered	Return Rate
474,772,717	386,698,740	81.45%	Aluminum	471,827,052	396,647,607	84.07%
199,740,348	147,636,888	73.91%	Plastics	196,976,250	151,262,604	76.79%
139,422,042	104,267,628	74.79%	Glass	130,743,083	106,313,064	81.31%
106,545,699	44,696,148	41.95%	Polycoat	106,020,395	57,117,468	53.87%
4,665,339	2,553,012	54.72%	Bi-Metal	4,222,295	2,431,992	57.60%
<u>925,146,145</u>	<u>685,852,416</u>	<u>74.13%</u>	Total	<u>909,789,075</u>	<u>713,772,735</u>	<u>78.45%</u>
<u>819,215,261</u>	<u>641,355,528</u>	<u>78.29%</u>	Pre-1997	<u>804,446,033</u>	<u>656,894,991</u>	<u>81.66%</u>

The recycling of the end products from the beverage container system has changed dramatically over the past three years. Previously, most of the products were sold to the States for re-use.

In 1999, the majority of the items were sold into Western Canada, and in the year 2000, all of the items will be sold into Alberta or British Columbia. The volumes of materials are now great enough to create secondary industry, and thus ensure the re-use of recycled materials.

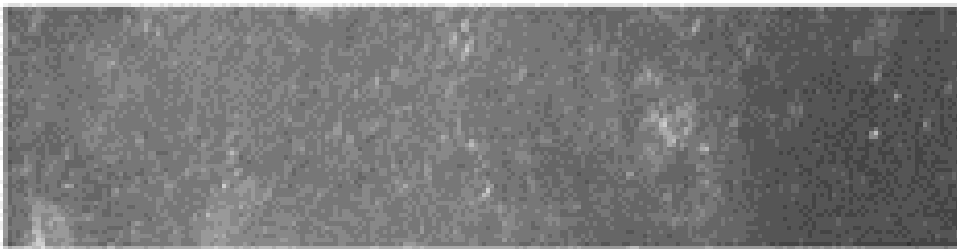
Recycled material 1999

Aluminum:	12,751,882 pounds
PET:	12,871,596 pounds
Other Plastics:	685,029 pounds
Glass:	77,222,340 pounds
Tetra Brik:	1,985,430 pounds
Gable Top:	560,096 pounds
Bi-Metal:	599,970 pounds

Total Recyclable Material: 106,676,345 pounds

This is all material that, in other provinces, would have gone into landfills. Aluminum is made back into aluminum cans. The PET is used in the manufacture of carpet, polar fleece, clothing, and new bottles. Other plastics are manufactured into plastic lumber or re-pelletized for injection moulding of new products. Glass is used in fibreglass insulation and is also made into small glass beads that are added to paint to make it reflective, thus making Alberta's roads safer. Tetra brik and gable top containers, which were introduced into the system in October 1997, are remade into paper napkins and specialty writing paper. Bi-metal is remanufactured into reinforcing bars for construction.

The recycling of beverage containers produces high quality and highly usable end products. The beverage container system in Alberta is producing a very positive economic impact due to the manufacture of these various end products.



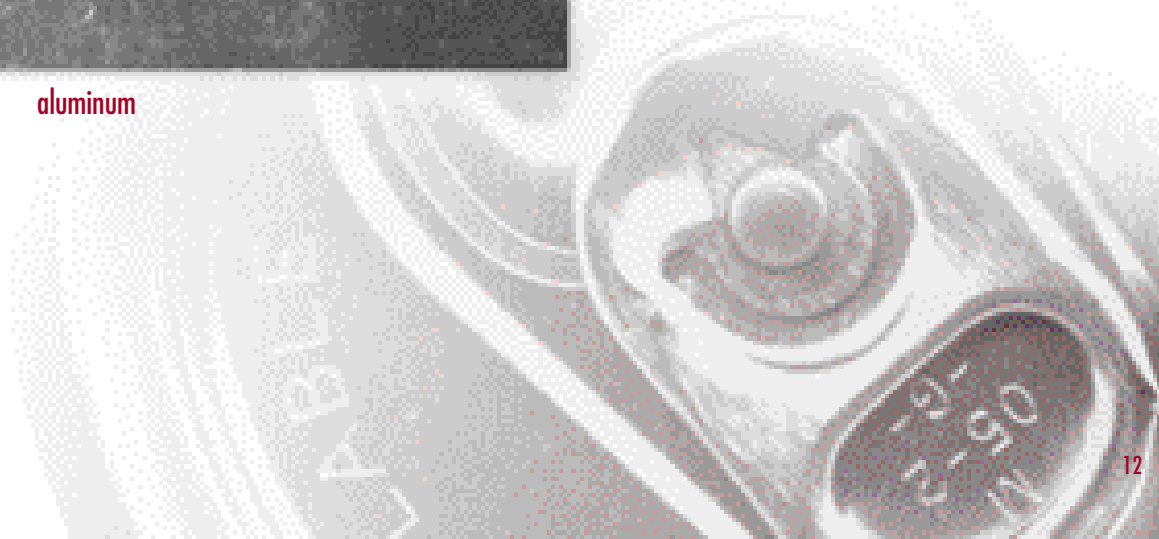
aluminum

recycling

did you know...

Making a new can from recycled aluminum

saves **95%** of the energy needed to make it from ore!



2000 - 2002 business plan

introduction

Almost one billion ready-to-serve beverage containers are sold in Alberta each year. At one time, the aluminium, plastic, glass and composite containers clogged our landfills and littered our streets with tonnes of indestructible waste. However, an effective and accessible recovery system in Alberta now has almost 80% of those materials reused or recycled into other valuable products. Administering the regulation of this challenging and complex system is the responsibility of the Beverage Container Management Board (BCMB).

The BCMB is an innovative partnership of beverage manufacturers, container depot operators, environmental organizations, municipalities and the Alberta Government. This unique alliance is responsible for supervising the system of collection and recycling of beverage containers throughout Alberta within the policy parameters set out by the Minister of the Environment. The nine-member board with three members each from beverage manufacturers, depot operators and the public, has the following responsibilities:

- a) setting criteria for the system,
- b) conducting inspections,
- c) registering beverage containers,
- d) issuing operating permits for container depots,
- e) approving the common collection agent, and
- f) maintaining a system of appeals.

Depot operators and beverage manufacturers fund the administrative costs of the Board through operation fees based upon the returns of beverage containers.

The BCMB first assumed its responsibilities on December 1, 1997. In its first two years, the BCMB has been successful in ensuring that Albertans continue to have access to an easy to use and cost-effective system of recycling for all ready-to-serve beverage containers. During this initial phase the primary focus has been on establishing an organizational and administrative structure that will enable the BCMB to effectively administer the regulation of the container system in Alberta. The focus of the next three years will be on improving the performance of the system to become an industry leader in the field, with emphasis on measurement and achieving targets.

legislative mandate

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

The BCMB 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.

The BCMB operates in accordance with the following by-laws set by the Board:

- a) *Beverage Container Management Board Administrative By-law,*
- b) *Beverage Container Management Board Fee By-law, and*
- c) *Beverage Container Management Board Administrative Compliance By-law.*

past accomplishments and future challenges

The BCMB will issue its Annual Report early in the New Year. In the report, the Board will document its progress toward achieving the goals laid out in its 1999-2000 Business Plan. The following will summarize the key accomplishments of the Board over the past year, and the challenges that remain. These accomplishments and challenges form the basis for the revised 2000-2002 business plan.

rates of return

The return rates for each material stream for the 12-month rolling average ending October 1999 are as follows:

Aluminum	84%
Plastic	76%
Glass	79%
Bi-metal	53%
Polycoat	54%

Total: All regulated containers **78%**

Please refer to Appendix 1 for more detailed information on return rates for individual container types.

All container types have been analyzed to identify poor performers. Polycoat containers were introduced into the system in September 1997 and have a substantially lower return rate. Experience has shown that it may take up to three years to build consumer awareness to the point that return rates are closer to average. Programs to encourage recovery of polycoat containers, particularly focusing on school children, have been introduced resulting in an increased return rate from 26% in 1997 to 50% in August 1999.

Consumer studies conducted by the Board indicate that the return of bi-metal containers and large juice cartons have a low level of public awareness, which can be addressed through promotional programs.

The Board has produced or participated in the following public awareness materials over the past year:

- a) TV Ads on "A" Channel and Access TV in Edmonton and Calgary,
- b) 500,000 Brochures sent out to all schools in Alberta, health units, municipalities, MLA's offices, depots, social services offices, and newcomers to Alberta via Welcome Wagon,
- c) 50,000 Posters to all schools and depots in province,
- d) 15,000 Bookmarks at libraries throughout the province,
- e) 2 displays used in schools and fairs,
- f) an Internet website containing a wide range of information on container recycling,
- g) billboard advertising,
- h) bus shelter advertising, and
- i) transit and trailer advertising.

The Board, staff, and the Alberta Bottle Depot Associations (ABDA), all participated with the Alberta Beverage Container Recycling Corporation (ABCRC) in

developing advertising campaigns to promote the recovery of polycoat and other poor performing containers. These programs went to the public for six weeks in the spring and eight weeks in the fall of 1999.

See Appendix 2 for sample materials.

did you know...

Recycled glass is transformed into glass beads and is then mixed with the paint that is sprayed onto our

highways. The **reflective quality** of the glass catches light from headlights, which is then deflected to the lower curve of the glass sphere which **picks up** the color of the paint used as a binder.

accountability

During the past year, the Board has established the regulatory and operational environment necessary to effectively oversee the beverage container system. In addition to by-laws governing administration and setting fees, the Board has implemented a by-law on compliance allowing for the application of levies to encourage improved service.

The Board has conducted a province-wide public consultation of depot guidelines to determine the need for enhancements. This process is coming to a conclusion with results expected by year end.

Revised appeal procedures have reduced the number of appeals from 3 in 1997 to 0 in 1998 and 0 in 1999.

A process for the verification of reporting statistics from the common collection agent has been initiated.

public satisfaction

The Board has surveyed Albertans on their satisfaction with the current system and recommendations for improvements, with the following results:

- a) 76% of depot owners indicated that no changes were required in the current depot guidelines
- b) 86% of bottle depot clients were either satisfied or very satisfied with the service they received
- c) 94% of Albertans regularly return beverage containers for a refund

The number of depots in Alberta has increased from 214 in 1997 to 215 in 1999. Most new depots are now recruited through a tendering process ensuring more consistent service to Albertans.

A process for checking the accuracy of refunds paid out to consumers has been adopted by the Board. 'Mystery Shoppers' ensure that depot operators are knowledgeable, consistent and operating properly according to their permit. It is the Board's intention to use this as a tool in maintaining consumer confidence, and ensure that errors are kept to a minimum.

cost effectiveness

The Board has demonstrated its long-term financial viability. Business planning, financial planning, performance measurement, and reporting have been improved. The partnership between beverage manufacturers, container depot operators, environmental organizations, municipalities, and the Alberta Government that is the basis for the success of the system has been demonstrated to be an effective approach to operating a cost-effective system.

The Board administration is now established with trained and capable management and staff, and appropriate physical resources. Administrative processing time has been reduced and streamlined for registration of containers. The period of time required to review applications and issue permits has been reduced from a minimum of 3 months in 1997 to a minimum of 3 weeks in 1999.

future challenges

In the next three years, the Board has identified the following challenges that must be addressed:

- a) increasing return rates for all container types,
- b) building consensus among stakeholders on the roles and responsibilities of the Board,
- c) establishing an accountability framework with verification protocols for all agents within the system, and
- d) continuing to focus on the financial efficiency of the container system.

board vision, mission and expected outcomes

vision

Protection of Alberta's environment by minimizing the presence of beverage containers in the waste stream.

mission

The Beverage Container Management Board will work in partnership with Albertans to oversee a leading, innovative, accessible, and cost-effective beverage container management system throughout Alberta.

expected outcomes

Our success will be demonstrated by:

- a) high rates of return of regulated beverage containers,
- b) continuing innovation and improvement in the system,
- c) public confidence in the system,
- d) cost-efficiency of operations, and
- e) demonstrated support of the Government and stakeholders.

goals

In response to the challenges before it, the Board has identified four goals:

- Goal 1: Maximize the recovery of regulated beverage containers
- Goal 2: Establish and implement an accountability framework for the beverage container management system
- Goal 3: Continue to improve the level of public satisfaction
- Goal 4: Continue to improve the cost effectiveness of operations

goal 1: maximize the recovery of regulated beverage containers

Strategies

1. Research and analyze industry wide benchmarks on return rates in other jurisdictions where appropriate.
2. Determine factors affecting recycling behaviour among Albertans.
3. Establish specific promotion programs targeting specific populations and container types to improve return rates.

Measures and Targets

1. Overall return rates for all regulated beverage containers will be:

2000	80%
2001	81%
2002	82%
2. All regulated beverage container types will record increases in return rates, poor performers in particular.

goal 2: establish and implement an accountability framework for the beverage container management system

Strategies

1. Define and communicate the roles and relationships of the BCMB including dispute resolution processes as defined by the following:
 - a) BCMB Business Plan
 - b) Audited financial statements
 - c) Depot guidelines
 - d) Collection agent accountability framework
 - e) Beverage container regulation criteria
 - f) Internal policies
 - g) Administrative by-law
 - h) Fee by-law
 - i) Compliance by-law
2. Report performance to the Minister, stakeholders, and the public
3. Conduct a 360° evaluation of BCMB roles and activities

Measures

1. Annual Report of the Board including all measures required by the Accountability Framework
2. Demonstrated support of the Minister
3. Auditor's report
4. Board self-evaluation

goal 3: continue to improve the level of public satisfaction

Strategies

1. Identify issues of public concern and establish programs to address them
2. Review public input and consider changes to depot guidelines

3. Increase public education and awareness.
4. Develop and suggest training programs for depots and staff, as needs are identified

Measures

1. Level of satisfaction of clients
2. Number of inquires resolved
3. Percentage of depots providing accurate refunds

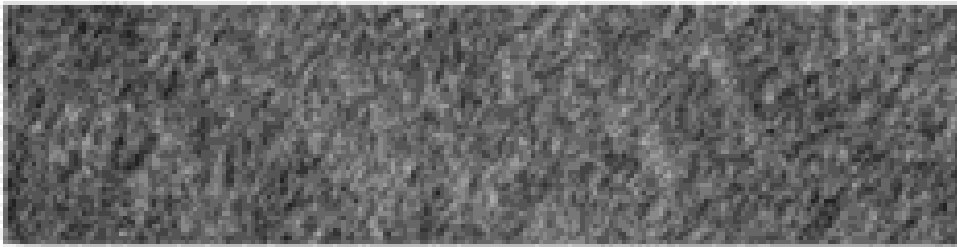
goal 4: continue to improve the cost effectiveness of operations

Strategies

1. Maintain continuing effective and efficient program operations including:
 - a) setting of system criteria
 - b) inspections
 - c) registration of beverage containers
 - d) issuance of operating permits for container depots
 - e) approval of the common collection agent, and
 - f) maintenance of a system of appeals.
2. Encourage economic and innovative methods and processes by depots, the ABCRC and the Board
3. Assist in the implementation of innovative pilot and/or demonstration projects with the ABDA and ABCRC to improve system operations

Measures

1. Cost per unit of BCMB operations
2. Stakeholder satisfaction



fleece

did you know...

Many recycled beverage containers are separated, treated then

converted into the fibres used to make up many fleece products such as jackets and blankets.

appendix 1 - return rates (12 month rolling average)

Twelve Months Ending October 1999

		1998 Return Rates by Percent	1999 Return Rates by Percent
aluminum	0-500 ml	81.61	83.73
	Import Beer	96.46	91.30
	Total	81.78	84.33
plastics	PET 0-500ml	53.51	60.44
	PET 501-1L	72.37	74.05
	PET Over 1L	88.98	94.42
	Total	76.95	80.25
	HDPE/PVC 0-500ml	45.30	50.24
	HPDE/PVC 501-1L	33.56	37.33
	HDPE/PVC Over 1L	54.03	56.04
	Total	47.71	52.02
	Polystyrene Cups	35.82	37.76
	Liq. and Wine	52.14	56.21
Total Plastics	72.50	76.30	
glass	0-500 ml	76.45	70.69
	501-1L	85.78	84.68
	Over 1L	89.11	92.71
	Liq. and Wine	64.58	71.28
	Import Beer	85.26	94.84
	Total	78.08	78.92
polycoat	Tetra 0-500ml	39.03	52.17
	Tetra 501-1L	38.69	61.05
	Liq. and Wine	4.90	8.21
	Gable 0-500ml	40.81	140.54
	Gable 501-1L	13.63	14.89
	Gable Over 1L	37.15	49.84
	Total	38.52	53.87
bi-metal	Bag-In-A-Box	31.11	35.64
	0-500 ml	47.24	48.41
	501-1L	19.73	18.92
	Over 1L	66.83	57.54
	Total	57.06	52.50
Grand Total	73.96	78.13	
Pre-1997 Containers	76.68	81.24	

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February 4, 2000

Auditors' Report

To the Directors of
Beverage Container Management Board

We have audited the balance sheet of Beverage Container Management Board as at December 31, 1999 and the statements of revenue and expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Beverage Container Management Board
 Balance Sheet
 As at December 31, 1999

	1999	1998
	\$	\$
Assets		
Current assets		
Cash	32,442	40,458
Accounts receivable	22,453	10,793
Prepaid expenses	3,936	4,738
	58,831	55,989
Fixed assets (note 3)	64,425	74,808
	123,256	130,797
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	61,924	32,534
Current portion of obligations under capital leases (note 4)	2,708	9,722
Current portion of long-term debt (note 5)	20,060	37,468
	84,692	79,724
Obligations under capital leases (note 4)	8,334	11,042
Long-term debt (note 5)	-	20,061
	93,026	110,827
Surplus	30,230	19,970
	123,256	130,797

Approved by the Board of Directors

Director

Director

Beverage Container Management Board
Statement of Revenue and Expenditures and Surplus
For the year ended December 31, 1999

	Year ended December 31 1999 \$	15-month period ended December 31 1998 \$
Revenue		
Container fees	713,814	714,143
Product registration fees	35,158	30,584
Depot and application package fees	6,854	9,640
Federal grant	6,679	9,305
Interest and other	3,704	1,502
	766,209	765,174
Expenditures		
Payroll	337,003	258,717
Office	82,385	77,224
Advertising	61,976	28,407
Professional fees	56,440	92,764
Directors honoraria and expense	49,331	61,279
Public consultation	46,012	-
Travel	34,296	23,664
Depreciation	23,729	10,163
Committee	21,527	-
Freedom of information and accountability	15,231	-
Depot inspections	8,097	5,923
Insurance and licenses	7,016	4,868
Staff training	6,823	4,381
Interest and bank charges	3,675	3,497
Interest on capital lease obligation	1,699	2,677
Miscellaneous	709	-
ABCRC contract	-	169,869
Moving	-	1,771
	755,949	745,204
Excess of revenue over expenditures for the year	10,260	19,970
Suplus – Beginning of year	19,970	-
Surplus – End of year	30,230	19,970

Beverage Container Management Board
Statement of Cash Flows
For the year ended December 31, 1999

	Year ended December 31 1999 \$	15-month period ended December 31 1998 \$
Cash provide by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	10,260	19,970
Item not affecting cash		
Depreciation	23,729	10,163
	33,989	30,133
Net change in non-cash working capital items	18,532	17,003
	52,521	47,136
Investing activities		
Purchase of fixed assets	(13,346)	(50,507)
Financing activities		
Proceeds from bank loan received	-	75,000
Repayment of bank loan	(37,469)	(17,471)
Repayment of obligation under capital lease	(9,722)	(13,700)
	(47,191)	43,829
(Decrease) increase in cash	(8,016)	40,458
Cash – Beginning of year	40,458	-
Cash – End of year	32,442	40,458

Beverage Container Management Board

Notes to Financial Statements

December 31, 1999

1. Nature of operations

The Beverage Container Management Board was incorporated as a not-for-profit society under the Societies Act of Alberta. The Board's objectives are to establish, maintain and administer a waste minimization and recycling program for beverage containers.

2. Accounting policy

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policy summarized below.

Fixed assets

Fixed assets are recorded at cost. Depreciation on these assets is provided using the straight-line method as follows:

Furniture and equipment	5 years
Computer equipment	4 years
Leasehold improvements	5 years

3. Fixed assets

	1999		1998	
	Cost	Accumulated Depreciation	Net	Net
	\$	\$	\$	\$
Assets under capital lease	34,524	12,945	21,579	30,210
Computer equipment	42,913	14,746	28,167	28,146
Furniture and fixtures	16,141	4,661	11,480	12,187
Leasehold improvements	4,739	1,540	3,199	4,265
	98,317	33,892	64,425	74,808

Beverage Container Management Board
Notes to Financial Statements
December 31, 1999

4. Obligations under capital leases

	1999	1998
	\$	\$
ATandT capital lease, bearing interest at 9.7% blended monthly payments of \$305, due August 23, 2003, collateralized by specific equipment with a net book value of \$9,809	11,042	13,501
ATandT capital lease	-	7,263
	<u>11,042</u>	<u>20,764</u>
Less: Current portion	<u>2,708</u>	<u>9,722</u>
	<u>8,334</u>	<u>11,042</u>

Future annual principal payments required to retire the lease obligations are as follows:

	\$
2000	3,660
2001	3,660
2002	3,660
2003	<u>2,440</u>
	13,420
Less: Amount representing interest	<u>2,378</u>
	<u>11,042</u>

5. Long-term debt

	1999	1998
	\$	\$
Bank loan, bearing interest at prime plus 1.75%, blended monthly payments of \$3,401 due June 24, 2000	20,060	57,529
Less: Current portion	<u>20,060</u>	<u>37,468</u>
	<u>-</u>	<u>20,061</u>

A general security agreement covering all present and after acquired property of the organization has been pledged as collateral for the long-term debt.

The principal repayment required for the year is \$20,060.

Beverage Container Management Board

Notes to Financial Statements

December 31, 1999

6. Commitments

Under the terms of an operating lease agreement for premises, the Board is required to make the following annual lease payments:

	\$
2000	14,382
2001	15,126
2002	15,873
2003	12,330

7. Income taxes

The Board qualifies as a tax exempt organization under paragraph 149(1)(1) of the Canadian Income Tax Act and, as such, is not required to pay income tax.

8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Board, including those related to customers, suppliers, or other third parties, have been fully resolved.

Beverage Container Management Board
Notes to Financial Statements
December 31, 1999

9. Board member and management remuneration

The Board paid honoraria, benefits and other remuneration to its directors and senior management reporting to the directors of the following amounts:

	Year ended December 31, 1999 \$	15-month period ended December 31, 1998 \$
Board chairman		
Mr. E. Patterson	6,875	5,997
Board members		
Mr. D. Custer	2,675	2,973
Mr. D. Dewinetz	2,500	500
Mr. D. Green	-	2,964
Mr. M. Kitagawa	1,875	3,230
Mr. V. Magnan – resigned April 13, 1999	250	2,726
Mr. T. Mastel Marr	2,500	4,958
Mr. J. Nixon	2,875	4,211
Mr. D. Brown – appointed April 13, 1999	875	-
Mr. P. Kane	-	-
Mr. A. Maisonneuve	-	-
	<hr/> 20,425	<hr/> 27,559
Managing director	<hr/> 81,601	<hr/> 79,992
	<hr/> <hr/> 102,026	<hr/> <hr/> 107,551



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