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BEVERAGE CONTAINER MANAGEMENT BOARD

Annual Report

2001

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Vision Statement

- The protection of Alberta's environment by minimizing the presence of beverage containers in the waste stream.

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.



Letter to the Minister

June 30, 2002
Honourable Lorne Taylor
Minister of Environment
228 Legislature Bldg.
10800 97 Street
Edmonton Alberta T5K 2B6



Dear Minister Taylor:

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, 2001 in accordance with section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/97).

Yours truly,

A handwritten signature in black ink, appearing to read "E.R. Patterson".

E.R. (Ernie) Patterson

Chairman

Beverage Container Management Board

bcmb

BEVERAGE CONTAINER MANAGEMENT BOARD

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Board of Directors

Membership on the Beverage Container Management Board (BCMB) is set under the Societies Act. The Board includes representation from a cross section of stakeholders including: beverage manufacturers, bottle depot operators, hotel and liquor store operators, municipal governments, provincial government, non-government environmental organizations and the public. Board members each sit for three-year terms.



The 2001 Board of Directors, broken down by sector, included:

Public:

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

Patrick Kane
Alberta Environment

Myles Kitagawa
Toxics/Waste Avoidance Caucus of Alberta Environmental Network

Manufacturers:

Greg D'Avignon
Alberta Beer Container Corporation

Derek Brown
Alberta Beverage Council

Alain Maisonneuve
Alberta Gaming and Liquor Commission

John Nixon
Alberta Soft Drink Council

Depots:

Timothy Mastel-Marr
Fir Street Bottle Depot

Dave Custer
Fish Creek Bottle Depot

Don Dewinetz
Sundre Container Depot

Michael Mazepa
Alberta Hotel & Lodging Association and
Alberta Liquor Store Association

Chairman's Report

Since the Beverage Container Management Board (BCMB) first assumed its responsibilities on December 1, 1997, it has worked to ensure that Albertans have access to a world-class and cost-effective system of recycling for all ready-to-serve beverage containers. To ensure the success of this system, the BCMB works with manufacturers, depot operators and the public to develop strategies, oversee operations and promote maximum recycling returns.



In 2001, more than 1,150,000,000 containers, representing almost 79% of those sold, were either reused or recycled into other valuable products. This return rate is an achievement of one of the most comprehensive beverage container recycling systems in the world. Alberta's system plays a large role in diverting materials from landfills, mitigating littering, supporting a tertiary service industry and recycling. It is also a system that enjoys broad popular support among Albertans.

2001 also was the final year in the original mandate of the BCMB and the organization was therefore subject to a mandatory regulatory review. This review became a primary focus for the Board during the year. In particular, the Board led a process to evaluate how effectively the system has met key operational goals, as set forth by the Government of Alberta and the Beverage Container Recycling Regulation (BCRR).

Led by BCMB Board member, Myles Kitagawa, an extensive stakeholder and public consultation process was undertaken and recommendations were put forward to not only renew the BCMB mandate to 2006, but to expand the scope of operations.

One key recommendation resulting from the regulatory review was acted upon quickly by the Honourable Lorne Taylor, Minister of Alberta Environment. In May, the Minister announced the expansion of the regulated system to include domestic beer products. This change immediately increased the size of the total regulated stream by 43 per cent. The BCMB Board is very pleased with the change as it strengthens our efforts to ensure broad-based industry participation in the system, and helps create a more level field for all manufacturers under a common regulated system.

In addition to our mandate renewal, the BCMB Board also accepted a key challenge. By the end of 2004, the BCMB will undertake to achieve overall system return rates of 86 per cent—up eight per cent over 2001. The focus of the next three years will be on developing strategies to make

an effective system even better. The anticipated increase is an aggressive one even in a system that already enjoys wide-spread public support.

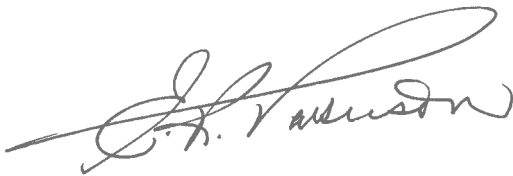
Increasing the system's success means addressing low return rates in certain product streams, as well as changing the habits of those who currently do not recycle. Through our diversion study and research efforts, the Board has gathered valuable insights into recycling habits and recommendations for system improvement. This information will, in turn, continue to form the base of public education efforts, marketing and overall program development. It also provides some important benchmarks which will be used to evaluate our efforts moving forward.

I would like to thank the public, our Board of Directors and staff as well as the Boards and staff of the Alberta Beverage Container Recycling Corporation and the Alberta Bottle Depot Association for working with us to make Alberta's beverage container system so effective. Further, I would like to thank Board member, Myles Kitagawa, for serving as the Acting Chair for three months while I took a leave of absence.

On behalf of the BCMB's Board of Directors, I am pleased to present our 2001 Annual Report which is part of the process of our 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 Government of Alberta and the Minister of Alberta Environment are to be complimented on establishing and enabling the BCMB, through legislation and regulation, to operate one of the most comprehensive beverage container recycling systems in the world.

Yours truly,

A handwritten signature in black ink, appearing to read "E.R. Patterson", with a large, sweeping flourish extending to the left.

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

2002 Performance Indicators and Highlights

About the Beverage Container Management Board (BCMB):

Almost 1,500,000,000 ready-to-serve beverage containers are sold annually in Alberta's regulated container system. The Alberta Government has delegated the administration of this system, including the maximization of the recycling of these containers, to the Beverage Container Management Board (BCMB).

The BCMB is a not-for-profit society and a Delegated Administrative Organization. Its mandate has been given under the authority of the Environmental Protection and Enhancement Act and the Beverage Container Recycling Regulation (BCRR).

The BCMB is a partnership of beverage manufacturers, container depot operators, environmental organizations, municipalities, the public 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 Alberta Environment. The twelve member Board of Directors, composed of members from beverage manufacturers, depot operators and the public, has the following responsibilities:

- Setting criteria for the system.
- Conducting inspections.
- Registering beverage containers.
- Issuing operating permits for container depots.
- Approving collection system agent(s).
- Maintaining a system of appeals.

Depot operators and beverage manufacturers fund the administrative costs of the BCMB through a levy based upon the returns of beverage containers.

The BCMB's efforts are judged against its key business goals including the following:

- Ability to maximize the recovery of regulated beverage containers.
- The BCMB's accountability for the beverage container management system.
- Efforts to improve the level of public satisfaction.
- Effort to improve the effectiveness of the system.
- Ability to minimize the impact of beverage containers on the environment.



2001 Results:

In 2001, beverage sales for products other than domestic beer, increased by 6.7 per cent or 64,356,434 units over 2000 while an additional 48,378,678 empty containers were returned for deposit, representing an increase of 6.8 per cent over the previous year. The following chart shows sales and return numbers for the past four years. It is important to note however, that these numbers do not include domestic beer returns, as prior to November 15, 2001, only import beer bottle and can sales and returns were considered part of the regulated system.

Overall return rates within the regulated stream have remained steady over the period between 1997 to 2001, with return rates keeping pace or outpacing product sales each year.

Figure 1: Returns & Sales

(Products Not including domestic beer)

	1997	1998	1999	2000	2001
Returns	593,341,140	685,852,416	713,772,735	713,067,170	761,445,848
% Increase (Year to Year)	Base	15.6%	4.8%	(0.1%)	6.8%
% Increase (Over 1997)	Base	15.6%	20.3%	20.2%	28.3%
Increase in # (Year to Year)	Base	92,511,276	27,920,319	(705,565)	48,378,678
Increase in # (Over 1997)	Base	92,511,276	120,043,595	119,726,030	168,104,708
Sales	750,202,447	925,146,145	909,789,075	957,929,059	1,022,285,493
% Increase (Year to Year)	Base	23.3%	(1.7%)	5.3%	6.7%
% Increase (Over 1997)	Base	23.3%	21.6%	26.9%	33.6%
Increase in # (Year to Year)	Base	174,943,698	(15,357,070)	48,139,984	64,356,434
Increase in # (Over 1997)	Base	174,943,698	159,586,628	207,720,612	272,083,046
Return Rate	79.0%	74.13%	78.45%	74.44%	74.48%

System Expansion:

With the introduction of domestic beer sales and returns into the system effective November 15, 2001—including Labatt, Molson, Big Rock and Sleeman/Okanagan Springs—numbers for 2001 expanded dramatically. Figure 2 illustrates the combined return rates for each product stream as well as the aggregate system achievements.

Including domestic beer numbers immediately adds an additional 43.5 per cent to the system, for total sales of 1,469,933,073 units and returns of 1,167,816,512 units.

When return rates on beer products are factored into the total system achievements, an increase of approximately 5 per cent is achieved, for an overall rate of return for all products in the regulated stream in 2001 of 79.45 per cent.

Within the domestic beer category itself, Alberta based brewers saw an increase in cans and bottles of almost 4.6 per cent from 424,840,332 units in 2000 to 444,277,644 units in 2001. Return rates, which have always been high for beer products, increased by 3 per cent from 385,919,052 units in 2000 to 397,516,980 units in 2001.

Total return rates achieved on beer products in 2001 were 94.41 per cent for beer bottles and 86.21 per cent for beer cans. This provides an overall return rate of 89.46 per cent for Alberta based beer products.

The total combined return rates for all each beverage container material stream for the 12 month rolling average including December 2001 are as follows:

Figure 2: 2001 Return rates/material stream

Material	Total Units Sold	Sales (%)	Total Units Recovered	Recovered (%)	Return Rates (%)
Aluminum Soft Drink	457,242,488	31.10	368,483,928	31.55	80.59
Aluminum Import Beer	36,157,336	2.46	32,978,379	2.82	91.21
Plastic	243,398,094	16.56	171,607,055	14.69	70.50
Glass	123,291,698	8.39	94,146,440	8.06	76.36
Glass Import Beer	24,962,510	1.70	25,360,174	2.17	101.59
Polycoat	131,527,937	8.95	65,815,809	5.65	50.04
Bi-Metal	5,705,430	0.39	3,054,063	0.26	53.53
Aluminum Alberta Beer	269,980,320	18.36	237,711,180	20.36	88.05
Glass Alberta Beer	177,727,260	12.09	168,659,484	14.44	94.90
Total	1,469,933,073	100%	1,167,816,512	100%	79.45

End-Uses of Alberta's Recycled Containers:

More than 57,000 metric tonnes of recycled material are produced annually by container recycling within the Alberta system. In addition to being diverted from the province's landfills, this material is used as the building block for a variety of tertiary industries including:



Evaluation and Renewal:

The Beverage Container Management Board was established in 1997 as a not-for-profit society and a Delegated Administrative Organization of the Government of Alberta's Beverage Container Recycling Regulation (BCRR) and the Environmental Protection and Enhancement Act.



In accordance with the Alberta Government's Regulatory Reform Initiative, the BCRR is subject to a sunset clause that calls for an end of mandate regulatory review. In order to qualify for renewal, regulations must be found to be "necessary to ensure the protection of the public interest" by complying with established criteria. Both industry stakeholders and members of the public were consulted as part of this process.

The BCRR's original mandate from the provincial government was set to expire on October 31, 2001. Thus the Regulatory Review process became a key accountability and strategic focus of BCMB activity in 2001. The purpose of the review was to assess the effectiveness of the business plan and to consider the renewal of the Beverage Container Recycling Regulation (BCRR).

To facilitate this review, a discussion paper was prepared and distributed to solicit feedback from stakeholders and the public with respect to beverage container management in Alberta. In addition, feedback on several key issues impacting the system was also requested.

Based on this process, a recommendation for the renewal of the BCRR was put forward. Further, specific recommendations advocating a broader mandate be given to the BCMB included:

- That the regulations include dairy-based beverage containers.
- That the regulations be amended to include domestic beer containers.
- That BCMB representation expand as more product streams are brought into the regulated system to ensure ongoing balance of industry expertise and sectoral representation.
- That the BCMB be awarded limited enforcement powers to enforce its bylaws.

A report from the review was submitted to the Honourable Lorne Taylor, Minister of Alberta Environment. Based on recommendations resulting from the process, the Beverage Container Recycling Regulation was amended by an Order-In-Council to extend the expiry date of the Regulation to October 31, 2006. At this time, the Regulation will be subject to another review process.

Regulatory Change:

On May 31, 2001, based on recommendations coming out of the Regulatory Review Process, the Honourable Lorne Taylor, Minister of Alberta Environment, announced that effective November 15, 2001, Alberta-based brewers would no longer be exempt from Alberta's Beverage Container Recycling Regulation.

In order to facilitate this transition, the BCMB undertook six months of consultation with stakeholders including the manufacturers, depot operators, hotel and liquor store representatives, collection system agents and Government.



Parties taking part in the discussions included the Alberta Hotel & Lodging Association, the Alberta Liquor Store Association, the Alberta Bottle Depot Association, Brewers Distributor Ltd., the Western Brewers Association (including members Labatt, Molson, Big Rock, and Okanagan Springs), Alberta Beverage Container Recycling Corporation, Alberta Environment and the Alberta Gaming and Liquor Commission.

By the deadline of November 15, 2001, most issues were resolved including the creation of two collection streams - namely beer and the remaining containers; the increase in size of the BCMB Board by three members to twelve; and a general agreement regarding the changes required to the Regulation and BCMB by-laws in order to accommodate the changes.

The item that was not concluded was the handling commission rates for beer which necessitated the introduction of interim rates on November 15, 2001 while a study was undertaken through a consultant who worked with the BCMB and the stakeholders. At the same time, it was agreed to carry out a comprehensive analysis of handling commissions for all beverage container products in the regulated system. Work on this item was ongoing into 2002.

Tracking Recycling Behaviour

As part of its ongoing mandate, the BCMB regularly participates in industry research that helps judge the efficacy of provincial recycling programs. In turn, this research provides an important base of knowledge which the BCMB and related organizations use to further influence public behaviour and return rates – specifically among those Albertans who do not regularly recycle.

Aggressive targets have been set for the regulated system. The BCMB is looking to boost overall return rates, that have remained steady at approximately 79 per cent since 1997, to 86 per cent within the next three years. Understanding consumer behaviour becomes key to planning for system improvements. In 2001, research efforts looked at quantifying the actual results of the regulated system by tracking the number of regulated beverage containers that are still ending up in landfills.

Deposit Beverage Container Diversion Study:

The concern relative to empty beverage containers being diverted outside of the system to landfills was addressed this past year through a study jointly conducted by Toronto-based Enviro RIS and Calgary-based CH2M Hill Canada Limited. Sampling was conducted at urban, rural and regional landfills across Alberta as well as at municipal recycling facilities. Through extrapolation from other data available, the consultants concluded that of the 1.41 billion beverage containers sold in 2000, 289,000,000 containers were diverted from the provincial recycling system. Of this amount, 280,000,000 containers were diverted into landfills.

Overall System Achievements

- 94 per cent of Albertans regularly participate in the system.
- More than 80 per cent of Albertans indicate that they “always” or “usually” recycle.
- 86 per cent of bottle depot clients are satisfied or very satisfied with the service the system provides.
- Most Albertans support adding additional materials to the recycling system
- Nearly all Albertans indicate that the return-for-refund system should be preserved.
- Only 12 per cent of Albertans indicate that they “sometimes” or “rarely” recycle.

Source: Barriers to Recycling: Summary of Focus Groups, March 2002 Cameron Strategy Group

The diversion study was undertaken to:

1. Quantify the regulated beverage containers ending up in Alberta landfills.
2. Identify other destinations and estimate, where possible, the quantity of containers that are not returned through the container depot system or are disposed of in landfill.
3. Evaluate the impact, if any, of consumer retention rates on the feasibility of return rates as an accurate measure of program performance.

Recommendations by the consultants for improving the diversion rate:

1. Educational programs should be targeted at those containers disposed through the residential waste stream, with particular emphasis on aluminum cans.
2. Further research into how empty beverage containers are managed at ICI (industrial, commercial and institutional) facilities would help identify the gaps and the possible opportunities to divert more beverage containers. A survey of wastes from the ICI sector would provide better information regarding the number of containers discarded in the waste stream.
3. The ICI sector has inadequate access to bottle depot collection services. Non profit organizations could potentially provide these services.
4. The Monthly Container Volume Reports should be modified to enable depot operators to report the number of bottles resold to customers. Monitoring bottle reuse over a 6-12 month period would provide greater insight into the impact of this practice on the flow of beverage containers.
5. BCMB should consider pilot testing reverse vending machines in high growth and high traffic areas where the public may not have easy access to the local bottle depot. Focus should be on improving accessibility for residents in urban centres where

high volume containers such as aluminum cans (soft drink and beer) and PET bottles could be quickly and efficiently handled using this approach.

6. Sampling the residential waste stream at different times of the year could provide insight into the seasonal variety of refundable container disposal. Additional sampling could also increase the reliability of data; however, because the data was found to be quite variable, and because it is costly to sample in the field, additional sampling was not recommended.

Results of this research will be used by the BCMB, in conjunction with the Alberta Beverage Container Recycling Corporation (ABCRC) and the Alberta Bottle Depot Association (ABDA) to focus marketing efforts for 2002 – primarily focusing on residential households.

Influencing Recycling Behaviour:

In response to the direction of the Honourable Lorne Taylor, Minister of Alberta Environment to achieve an 85% recovery target for the beverage container management system by the end of 2002, the Beverage Container Management Board facilitated the creation of, and participated in, a committee to undertake the task. The committee consisted of representatives of the BCMB, Alberta Beverage Container Recycling Corporation (ABCRC) and the Alberta Bottle Depot Association (ABDA).

Efforts of this committee resulted in a public advertising campaign, designed to positively influence public recycling.

Drawing on experience from 1999 and 2000, the 2001 campaign increased funding from approximately \$350,000 to slightly more than \$1,000,000 which was committed by ABCRC on behalf of beverage manufacturers. This increased funding allowed for the creation of television advertising, as well as newspaper, transit and direct mail. The campaign advocated recycling in general, but focused specifically on polycoated containers, which achieve among the lowest recovery rates.

A thirty second television commercial was developed that was shown during the spring and fall. In addition, panels for transit advertising were developed focusing on the need to boost returns of polycoated containers. This transit campaign ran for six weeks starting in mid April and for another six weeks in mid September in Edmonton, Calgary, Lethbridge, Medicine Hat, Fort McMurray, Grande Prairie and Red Deer. Other marketing initiatives included a household mailing and the installation of decals on the full-face panels on the sides of four of ABCRC's 40 foot long trailers.

Industry Discussion Group:

Since its inception, the BCMB has been a key player in the overall recycling promotion efforts within the Province of Alberta. The BCMB works closely in partnership with the Alberta Bottle Depot Association and the Alberta Beverage Container Recycling Corporation, to conduct industry research, and work toward improvements in the system through their "Industry Discussion Group". The three organizations work collaboratively toward the betterment of the industry through regular meetings, negotiation and action.

The main topic of interest and development has been the "quality control" issue where quantities received at the ABCRC locations from the depots are monitored on a statistical basis. The impact of this issue is seen through system costs and the accuracy of return rate numbers reported annually.

The "Progressive Actions Policy" was developed through this group and approved by the BCMB Board of Directors. Through this policy, depots that consistently supply low counts are monitored and through the policy can progress to a review of their operations by the BCMB Board.

Discussions have been frank and open and will help to make the overall system more effective throughout the province.

Financial Statements

December 31, 2001

Auditors' Report



PricewaterhouseCoopers LLP
Chartered Accountants
1501 Toronto Dominion Tower
10088 – 102 Avenue
Edmonton, Alberta
Canada T5J 2Z1
Telephone +1 (780) 441 6700
Facsimile +1 (780) 441

February 28, 2002

To the Directors of
Beverage Container Management Board

We have audited the balance sheet of Beverage Container Management Board as at December 31, 2001 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, 2001 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

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Balance Sheet

As at December 31, 2001

	2001	2000
Assets		
Current Assets		
Cash	\$ 366,535	\$ 192,141
Accounts receivable	17,345	3,152
Prepaid expenses	5,220	3,948
	\$ 389,100	\$ 199,241
Fixed assets (note 3)	29,541	46,105
	\$ 418,641	\$ 245,346
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,431	\$ 79,046
Current portion of obligations under capital leases (note 4)	3,285	2,982
	89,716	82,028
Obligations under capital leases (note 4)	2,068	5,352
	91,784	87,380
Surplus		
Surplus	326,857	157,966
	\$ 418,641	\$ 245,346

Approved by the Board of Directors


Director


Director

Statement of Revenue & Expenditures & Surplus

As at December 31, 2001

	2001	2000
Revenue		
Container Fees	\$ 813,777	\$ 712,851
Product registration fees	32,720	36,097
Interest and other	8,444	7,237
Depot and application package fees	4,693	4,038
Federal grant	—	7,080
	\$ 859,634	\$ 767,303
Expenditures		
Payroll	\$ 269,049	\$ 307,129
Professional fees	130,193	74,969
Office	80,851	86,166
Diversion and handling commission studies	69,595	—
Directors' honoraria and expense	65,249	34,053
Depreciation	26,811	26,843
Travel	23,829	40,510
Advertising	14,733	23,551
Insurance and licenses	5,737	6,177
Staff training	3,198	3,536
Interest on capital lease obligation	678	952
Miscellaneous	380	99
Appeals committee	346	33,106
Interest and bank charges	94	784
Bad debt	—	1,692
	690,743	639,567
Excess of revenue over expenditures for the year	\$ 168,891	\$ 127,736
Surplus – beginning of year	\$ 157,966	\$ 30,230
Surplus – end of year	\$ 326,857	\$ 157,966

Statement of Cash Flows

As at December 31, 2001

	2001	2000
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 168,891	\$ 127,736
Item not affecting cash		
Depreciation	26,811	26,843
	195,702	154,579
Net change in non-cash working capital items	(8,080)	36,411
	\$ 187,622	\$ 190,990
Investing activities		
Purchase of fixed assets	(10,247)	(8,523)
Financing activities		
Repayment of bank loan	—	(20,060)
Repayment of obligation under capital lease	(2,981)	(2,708)
	(2,981)	(22,768)
Increase in cash	174,394	159,699
Cash – beginning of year	192,141	32,442
Cash – end of year	366,535	192,141

Notes to Financial Statements

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:

Assets under capital lease	4 years
Computer equipment	4 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

3. Fixed assets

			2001	2000
	Cost	Accumulated Depreciation	Net	Net
	\$	\$	\$	\$
Assets under capital lease	34,524	30,207	4,317	12,948
Computer equipment	58,965	41,449	17,516	20,730
Furniture and fixtures	18,859	12,336	6,523	10,295
Leasehold improvements	4,739	3,554	1,185	2,132
	117,087	87,546	29,541	46,105

4. Obligations under capital leases

	2001	2000
	\$	\$
AT&T capital lease, bearing interest at 9.7% blended monthly payments of \$305, due July 2003, collateralized by specific equipment with a net book value of \$4,317	5,353	8,334
Less: Current portion	3,285	2,982
	<u>2,068</u>	<u>5,352</u>

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

	\$
2002	3,660
2003	2,135
	<u>5,795</u>
Less: Amount representing interest	442
	<u>5,353</u>

5. Commitments

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

	\$
2002	42,964
2003	33,253
2004	3,040

6. Income taxes

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

7 Board member and management remuneration

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

	2001 \$	2000 \$
Board chairman		
Mr. E. Patterson	8,245	5,790
Board members		
Mr. D. Custer	1,000	1,750
Mr. D. Dewinetz	2,500	1,500
Mr. M. Kitagawa	3,265	2,300
Mr. T. Mastel Marr	4,798	2,000
Mr. J. Nixon	3,875	1,500
Mr. D. Brown	1,500	1,000
Mr. M. Mazepa	250	—
Mr. G. D'Avignon	300	—
	25,733	15,840
Managing director	45,345	118,565
	71,078	134,405

The prior year amount for the Managing director includes a severance package payment. The 2001 amount is for six months as the position was vacant for part of the year.

Beverage Container Management Board

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