

Beverage Container Management Board

2003-2005 Business Plan

1.0 Introduction

The Alberta Government has delegated the administration of the Beverage Container Recycling Regulation as well as the maximization of the recycling of regulated containers through a cost-effective system to the Beverage Container Management Board (BCMB).

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 four 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 collection system agents, and;
- f) 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.

Since the BCMB first assumed its responsibilities on December 1, 1997, it has been working to ensure that Albertans continue to have access to an easy to use and cost-effective system of recycling for all ready to serve beverage containers. More than 1,200,000,000 containers, representing almost 81% of those sold, were either reused or recycled into other valuable products in the twelve months ending September 30, 2002. The focus of the next three years will be on improving the number and the rate of beverage containers recycled in Alberta and in so doing, retaining the BCMB's position as an industry leader in beverage container management.

2.0 Legislative Mandate

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

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

By Order in Council 355/2001 dated 21 August 2001, the *Beverage Container Recycling Regulation* has been extended for five years to expire 31 October 2006.

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

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

3.0 Past Accomplishments

The following summarizes key accomplishments of the BCMB over the past year, and the challenges that remain.

3.1 Return Rates

The return rates for each beverage container material stream for the 12-month rolling average including September 2002 are as follows:

MATERIAL	TOTAL UNITS SOLD	SALES (%)	TOTAL UNITS RECOVERED	RECOVERED (%)	RETURN RATES (%)
Aluminum Soft Drink	460,540,842	30.2	377,948,049	30.6	82.07
Aluminum Beer	315,360,372	20.7	286,442,196	23.2	90.83
Plastic	257,959,373	16.9	181,163,564	14.7	70.23
Glass	127,308,088	8.3	97,091,764	7.9	76.27
Glass Import Beer	42,943,584	2.8	40,351,344	3.3	93.96
Polycoat	142,261,759	9.3	72,106,371	5.8	50.69
Bi-Metal	5,455,172	0.4	3,099,256	0.3	56.81
Glass Alberta Beer	174,888,691	11.4	175,944,385	14.2	100.13
TOTAL	1,526,717,881	100%	1,234,146,929	100%	80.84

(NOTE: Import and Alberta aluminum beer cans are combined. As well, the 9 month figures provided by BDL have been used to “annualize” the beer numbers.)

Beer containers have typically had a higher recovery rate for reasons that include the fact that beer is sold in limited locations through restricted distribution channels to the adults of the beverage-consuming public; that beer is consumed in limited locations; and that beer has had a deposit for a long time. On the other hand, non-alcoholic beverages such as soft drinks can be sold anywhere to anyone; can and are consumed anywhere; some such as bottled water have experienced large sales growths over the past several years; and some of the containers, such as polycoated juice boxes were only introduced to the system in 1997.

There are two collection system agents in Alberta. These are the Alberta Beverage Container Recycling Corporation (ABCRC) who are responsible for recovering all regulated non-beer beverage containers and the Alberta Beer Container Corporation (ABCC) who are responsible for recovering all regulated beer containers. (ABCRC continue to collect import glass beer containers under contract to ABCC.)

The return rates for beer containers, both imported and Alberta beer, are consistently high, well above BCMB targets. In the Table, note that the return rates for Alberta and imported beer bottles are 100.13% (a timing issue) and 93.96% respectively while the recovery rate for beer cans is 90.83%. (Note: Previously, beer cans were sorted into import and domestic with the containers collected by ABCRC and ABCC respectively. With beer being brought into the regulated system effective November 15, 2001, all aluminum beer containers are now co-mingled at the depot and collected by ABCC.)

Polycoat containers, which were introduced to the system in 1997, have had substantially lower return rates despite aggressive promotional campaigns. Over the past 12 months, sales increased by almost 12,600,000 containers while recovery increased by almost 8,400,000 containers. Even so, recovery is still hovering at slightly over 50%.

While PET >1L soft drink bottles have maintained a very high recovery rate at over 87%, small bottles have brought the overall PET return rate down. Sales of small PET bottles increased by almost 15,000,000 containers or 9% which were basically all returned for recycling in the past year resulting in a recovery rate increase from 62.2% to 65.5%.

Overall, the regulated non-beer sales increased by about 36,000,000 or 3.8% while the number of containers recycled increased by about 42,000,000 or 6.1%. This is clearly a positive move.

The relationship between growth in sales and slower growth in recovery rates has caused the BCMB to look more closely at whether the recovery rate, defined as the number of units recovered in a given period divided by the number of units sold in the same period, is a precise measure of system performance or more of an indicator that should be considered over longer periods of time. Growth rates of beverage sales fluctuate with the ebb and flow of the market such that the significant growth in sales during a specific period may not be repeated in the following years. Also, the timing of the container return to the depot could be many months after the sale is reported by a manufacturer.

While the recovery rate is an indicator, it is also important to look at the number of units recovered, a figure that might be added, has increased consistently every year in the past decade.

As noted in Section 6, the BCMB is undertaking a number of steps to improve its understanding of the factors that influence container recovery in order to develop clearer goals seeking to maximize recovery. Also, the BCMB works directly with the two collection system agents, ABCRC and ABCC, and with the Alberta Bottle Depot Association (ABDA) to encourage recovery maximization through consumer education, promotion and advertising designed to motivate greater public participation in beverage container stewardship.

3.2 Accountability

The BCMB 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 BCMB has implemented a by-law on compliance allowing for the application of levies against bottle depots to recover the costs associated with poor performance.

In the summer of 2002, the BCMB in conjunction with the Recycling Council of Alberta, conducted visits to 198 of the 214 depots in the system as part of their "Mystery Shopper" program. This project will be undertaken again in 2003.

The BCMB has also undertaken the development of a "Uniform Code of Accounts" through which all depots in the system provide financial information regarding their operations. This information will be utilized to provide additional data to the handling commission model that was created in 2002.

With respect to the Collection System Agents (ABCRC & ABCC), the BCMB will measure their performance relative the document entitled "Criteria For Approval Collection System Agent (CSA)" developed by the BCMB Board in June, 2000. The performance measures look at agreements, cooperation among stakeholders, record keeping, ability to provide supplies, and the achievement of recycling rates.

The by-laws of the BCMB will be reviewed in 2003 and altered as required to meet the changes that have been made to the system since the inception of the BCMB in 1997.

3.3 Public Satisfaction

The BCMB surveyed Albertans in 1999 and found very high public satisfaction levels with the system. While it intended to carry out this survey on a 3-year cycle, it was agreed that it would be better to utilize the work carried out by the Alberta Beverage Container Recycling Corporation who surveyed Albertans regarding their level of consumer satisfaction

Through the research conducted by ABCRC in 2002, it was learned that about 70% of Albertans “always recycle” while another 18% “usually recycle”. This left 12% in the “non-recycler” category who tend to be younger males, the least affluent, the least educated, who do not have access to a car and reside in apartments. The focus of the advertising campaign is to be focused on these “non-recyclers”.

Considerable work must be done to understand the complexities of the those people considered to be “non-recyclers” and to find ways to change their attitudes relative to recycling their empty beverage containers.

3.4 Cost Effectiveness

Business planning, financial planning, performance measurement, and reporting are an important part of the business of the BCMB. The partnership between beverage manufacturers, container depot operators, environmental organizations, municipalities, the public and the Alberta Government is the basis for the success of the cost-effective existing system. When applying the unredeemed deposits to the overall cost of the system, the net cost per container recovered is still less than one cent.

4.0 Board Vision, Mission and Performance Indicators

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.

Performance Indicators

Our success will be measured by:

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

5.0 Goals

In response to the challenges before it, the BCMB has identified five goals:

- Goal 1: Maximize the recovery of regulated beverage containers.**
- Goal 2: Be accountable for the beverage container management system.**
- Goal 3: Improve the level of public satisfaction.**
- Goal 4: Improve the effectiveness of the system.**
- Goal 5: Minimize the impact of beverage containers on the environment.**

GOAL 1: MAXIMIZE THE RECOVERY OF REGULATED BEVERAGE CONTAINERS

Targets

The BCMB has set the following targets to maximize the recovery of regulated beverage containers for the next three years.

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

2002	85% (Target)
2002	81% (Actual for 12 months ended September 2002.)
2003	83%
2004	84%
2005	85%

2. All regulated beverage container types will record increases in return rates.

Product	2002 (Target)	2002 (Actual)	2003 (Target)	2004 (Target)
Aluminum (Non beer)	84%	82.1%	84%	85%
Plastics	78%	70.2%	74%	76%
Glass (Non beer)	80%	76.3%	78%	80%
Polycoat	60%	50.7%	55%	58%
Bi-Metal	60%	56.8%	60%	63%
Glass (Beer)	95%	99.3%	96%	97%
Aluminum (Beer)	88%	90.8%	91%	92%

(NOTE: All container types recorded increases in return rates over the previous year although only beer bottles and cans exceeded the 2002 target for their categories.)

Strategies

1. Determine factors affecting recycling behaviour among Albertans.
Considerable work has been done by ABCRC, ABDA and BCMB and this work will continue in 2003.
2. Coordinate the collaborative efforts of the Beverage Container Management Board, the Alberta Beverage Container Recycling Corporation, the Alberta Bottle Depot Association, the Alberta Beer Container Corporation, and the Alberta Hotel & Lodging Association and the Alberta Liquor Store Association to develop and implement programs targeting specific populations and container types to improve return rates.
3. Utilize the results of the Diversion Study to develop new strategies to prevent containers from going to landfills.
4. Create increased public awareness through the web site, advertising and attendance at trade shows.

Measures

1. Number of containers recycled monthly.
2. Monthly return rates.
3. Number of trade shows attended.
4. Tracking study results.
5. Net recycling cost per unit.

GOAL 2: BE ACCOUNTABLE FOR THE BEVERAGE CONTAINER MANAGEMENT SYSTEM
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Strategies

1. Refine and communicate the roles and relationships of the BCMB as defined by the following:
 - a) Beverage Container Recycling Regulation
 - b) BCMB Administrative By-law
 - c) BCMB Business Plan
 - d) BCMB Compliance By-law
 - e) BCMB Fee By-law
 - f) Audited Financial Statements

- g) Depot Criteria and Standards
 - h) Collection System Agent Criteria
 - i) Internal Policies
 - j) Uniform Code of Accounts
2. Report system performance to the Minister, stakeholders, and the public.
 3. Conduct ongoing evaluation of BCMB roles and activities.
 4. Answer inquiries from the Minister, stakeholders and the public in a timely manner.
 5. Accountability on the web site.
 6. Provide current recycling fees on the web site.

Measures

1. Auditor's report.
2. Monthly financial statements.
3. Demonstrated support of the Minister.
4. Annual Report.
5. Provide current recycling fees on the web site.

GOAL 3: IMPROVE THE LEVEL OF PUBLIC SATISFACTION

Strategies

1. Identify issues of public concern and establish or modify programs to address them.
2. Increase public education and awareness.
3. Offer training programs for stakeholders as needs are identified.
4. Answer inquiries from the public in a timely manner.

Measures

1. Customer satisfaction through surveys.
2. Number of inquiries made and resolved.
3. Number of depots providing accurate refunds.
4. Effectiveness of the web site.

GOAL 4: IMPROVE THE EFFECTIVENESS OF THE SYSTEM
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Strategies

1. Maintain continuing effectiveness of the system including:
 - a) cost effectiveness of BCMB operations;
 - b) depot inspections;
 - c) registration of beverage containers;
 - d) issuance of operating permits for container depots;
 - e) audits and approval of collection system agents, and;
 - f) maintenance of a system of appeals.
2. Encourage economic and innovative methods and processes by depots, the ABCRC, ABCC and the Board.
3. Assist in the implementation of innovative pilot and/or demonstration projects with the ABDA, ABCRC and ABCC to improve system operations.
5. Carry out depot inspections and retail compliance checks.
6. Review handling commissions of all recycling streams.

Measures

1. Monthly financial statements.
2. ABCRC and ABCC operations audits.
3. Stakeholder satisfaction.
4. Monthly return rates.
5. Customer surveys.
6. Retail compliance checks.
7. Depot refund compliance checks.
8. Depot inspections.
9. Number of containers recovered.
10. Net recycling cost per unit.

GOAL 5: MINIMIZE THE IMPACT OF BEVERAGE CONTAINERS ON THE ENVIRONMENT
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Strategies

1. Review with the ABCRC and ABCC the current markets for recyclables to ensure that all beverage containers are recycled.
2. Develop programs around the results of the Diversion Study carried out in 2001 relative to minimizing the flow of containers to land fill sites.

Measures

1. Number of containers recovered.
2. Return rates.
3. Number of empty containers to land fill sites.

6.0 Projects for 2003

In 2003 the BCMB will undertake the following projects:

1. Deposit value vs. return rate study. (\$10,000)
2. A study of handling commission rates for all product streams. (\$40,000)
3. Focus group studies in Grande Prairie, Edmonton, Red Deer, Calgary and Lethbridge aimed at developing strategies to reduce containers being returned to landfill sites. (\$30,000)
4. Analysis of the current transportation systems of the two collection system agents for the purpose of seeking potential efficiencies. (\$40,000)
5. Analysis of existing depot operations for the purpose of seeking potential depot efficiencies. (\$25,000)
6. The development of a bottle depot with manufacturers and depot operators so as to implement and study new technologies.
7. A study of performance measures regarding return rates. (\$10,000)
8. Further development of the web site. (\$10,000)
9. Board retreat re review of BCMB goals and objectives. (\$30,000)

7.0 Conclusion

The Beverage Container Management Board will strive to maximize the recycling of empty beverage containers in a cost effective manner through the setting of targets, increasing public awareness, monitoring the system and seeking new strategies.