

Beverage Container Management Board

2005 – 2007 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 representatives from the beverage manufacturers, the container depot industry, 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 the beverage manufacturing sector, the depot sector and the public sector, 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. The return of more than 1,300,000,000 beverage containers by Albertans, represents more than 80% of those sold with deposit refund payments exceeding \$100,000,000 for the twelve months ending August 31, 2004. The focus of the BCMB continues to be the increasing of the number of beverage containers recycled in Alberta at the lowest cost to the consumer 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* was extended for five years to expire October 31, 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 Performance

The success of the system has traditionally been measured by the number of containers that have been returned for re-use or recycling as a percentage of the number sold.

3.1 Return Rates

TABLE 1
HISTORIC RETURN RATES

YEAR	SALES	RETURNS	RETURN RATE (%)
1997	750,202,477	593,341,140	79.09
1998	951,146,144	685,852,416	72.11
1999	909,789,075	717,772,735	78.89
2000	957,929,059	713,067,170	74.44
2001	1,022,285,493	761,445,848	74.48
2002	1,536,264,180	1,239,716,861	80.70
2003	1,579,467,398	1,274,575,414	80.70
2004	1,640,108,203	1,318,102,289	80.37

Notes:

1. Polycoat containers were introduced to the regulated system in 1997.
2. Domestic beer was introduced to the regulated system in November 2001.
3. Figures for 2004 are for the 12 month period from September 1, 2003 to August 31, 2004. All other data is for the specific calendar year.

TABLE 2
RETURN RATES FOR
THE 12 MONTH PERIOD ENDING AUGUST 31, 2004

MATERIAL	TOTAL UNITS SOLD	% TOTAL SALES	TOTAL UNITS RECOVERED	% TOTAL RECOVERED	% RETURN RATE
Aluminum Soft Drink	481,955,786	29.39	386,893,009	29.35	80.28
Aluminum Beer	346,642,896	21.13	316,616,172	24.02	91.34
Plastic	313,432,962	19.11	218,690,299	16.59	69.77
Glass Alberta Beer	167,869,380	10.24	161,872,224	12.28	96.43
Glass	124,436,336	7.59	99,150,014	7.52	79.68
Polycoat	152,623,047	9.30	87,365,397	6.63	57.24
Glass Import Beer	48,048,900	2.93	44,612,472	3.39	92.84
Bi-Metal	5,098,896	0.31	2,904,242	0.22	56.96
TOTAL	1,640,108,203	100%	1,318,102,289	100%	80.37

Beer containers continue to have high recovery rates in part due to the fact that beer is sold through restricted distribution channels to the adults of the beverage-consuming public; is consumed in limited locations such as licensed premises and residences; and has a long history within the deposit system. This is reflected in Table 2, where it is shown that return rates for Alberta and imported beer bottles are 96.43% and 92.84% respectively while the recovery rate for beer cans is also high at 91.34%.

On the other hand, non-alcoholic beverages such as soft drinks and water can be sold to anyone with no restrictions relative to location for consumption. Rates are generally lower varying from a low of 56.96% for bi-metal containers to 80.28% for aluminum soft drink containers.

Polycoat containers, introduced to the system in 1997, have traditionally had substantially lower return rates although there has been continuous improvement to a recovery rate of 57.24% in 2004, the highest it has ever been. Much of the increased returns are attributable to the aggressive advertising campaign conducted through funding from the manufacturers represented by the Alberta Beverage Container Recycling Corporation.

While PET soft drink bottles greater than 1 litre in size have maintained a very high recovery rate of 87.41%, small PET bottles with a return rate of 65.49% have brought the

overall PET return rate down to 70.93%. Sales of small PET bottles increased by 19.01% to 234,298,781 containers with returns increasing by 19.81% to 154,474,312 representing almost 12% of all containers returned.

Overall, sales in the 12 months ending August 31, 2004 increased by 5.26% with returns not quite keeping pace at 4.97%. Container types improving their return rates during that period were aluminum beer; overall plastics; polycoat; import glass beer and bi-metal while aluminum soft drink, Alberta glass beer and glass containers showed decreases.

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 a by-law on compliance allowing for the application of levies against bottle depots who are not in compliance.

In 2003, the Board of Directors approved the *Policy to Promote Excellence* which was designed to evaluate the depots relative to operations, appearance and meeting the standards of the BCMB. These evaluations are utilized to determine the term of the depot permit upon renewal and can range anywhere from a probationary renewal to a full five year term renewal.

The accountability of depot performance is carried out by measuring refund compliance through the BCMB's *Mystery Shopper Program*. In the summer of 2004, for the third year, the BCMB in conjunction with the Recycling Council of Alberta, conducted visits to 212 of the 215 depots in the system. Students, managed by the Recycling Council of Alberta, took bags with a pre-counted number of containers to the depots. The students then reported on the value received from the depots to the BCMB who in turn notified the depots regarding their performance. In 2004, 86% of the depots were within or at 4% of the exact refund as compared to 85% in 2003 and 77% in 2002. This is an ongoing program that is continually being reviewed for improvement.

There are two collection system agents in Alberta that manage the collection and recycling of the containers from the depot network. These are the Alberta Beverage Container Recycling Corporation (ABCRC) who are responsible for recovering all regulated non-beer beverage containers including wine and spirits and the Alberta Beer Container Corporation (ABCC) who are responsible for recovering all regulated beer containers.

With respect to the Collection System Agents (ABCRC & ABCC), the BCMB has them file operating plans as per the "*Criteria For Approval Collection System Agent (CSA)*" approved by the BCMB Board in June, 2000. In 2005, the BCMB will initiate the performance measures associated with that document including a review of the agreements, cooperation among stakeholders, record keeping, ability to provide shipping supplies, and the achievement of recycling rates.

3.3 Public Satisfaction

The Beverage Container Management Board continues to work with the Alberta Beverage Container Recycling Corporation and the Alberta Bottle Depot Association to measure satisfaction of the recycling public with funding provided by the Alberta Beverage Container Recycling Corporation.

In addition to telephone surveys to approximately 800 households throughout the province twice a year that continue to show that more than 90% of Alberta households always or usually recycle, ABCRC also carried out a study looking at behaviours and motivations.

The study showed that those raised in households that recycle or having access at work or at school think more about recycling; that awareness of container types must be increased; inconvenience of finding space, storing and sorting containers influences recycling; the bottle depot experience is not generally favourable; most indicate the strongest incentive to recycle is financial; that increasing the deposit was seen as a possible motivator; and the standardization of deposit amounts may make it easier to estimate the expected return.

In 2005 the BCMB will be looking to work with both the Alberta Beverage Container Recycling Corporation and Encorp Pacific (Canada) of Vancouver to carry out a joint study of consumer behaviours in beverage container recycling in Alberta and British Columbia. It will provide additional information to help improve Alberta's system.

3.4 Cost Effectiveness

The overall cost effectiveness of the depot system is a prime concern of the BCMB and must be balanced with the rate of return.

Business planning, financial planning, performance measurement, and reporting are an important part of the business of the BCMB.

The partnership among beverage manufacturers, container depot operators, environmental organizations, municipalities, the public and the Alberta Government is the basis for the success of one of Canada's most cost-effective systems.

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

Targets

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

2004	85% (Target)
2004	80.3% (Actual for 12 months ended August 2004.)
2005	85%
2006	85%
2007	85%

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

Product	2004 (Target)	2004 (Actual)	2005 (Target)	2006/2007 (Target)
Aluminum (Non beer)	84%	80.3%	85%	85%
Plastics	74%	69.8%	76%	76%
Glass (Non beer)	78%	79.7%	81%	82%
Polycoat	55%	57.2%	58%	60%
Bi-Metal	60%	57.0%	63%	63%
Glass (Beer)	96%	96.4%	97%	97%
Aluminum (Beer)	91%	91.3%	92%	92%

(NOTE: All container types except bi-metallic recorded increases in volumes over the previous year with beer bottles, beer cans, non-beer glass and polycoat exceeding the 2004 target for their categories.)

Strategies

1. Work with the Alberta Beverage Container Recycling Corporation, the Alberta Bottle Depot Association and others to determine factors affecting the recycling behaviour of Albertans.
2. Continue to locate and work with schools and other organizations where promoting the benefits of container recycling can have a long term benefit for the environment.
3. Create increased public awareness through the web site, advertising, attendance at trade shows and in depot consumer education and awareness programs.
4. Quantify and report on the number of containers recovered and recycled outside of the regulated recycling system. (E.g. Bi-metal containers collected through Edmonton's blue bag system that go directly to Alta Steel for processing.)

Measures

1. Total number of containers returned.
2. Overall percentage return rate of the system.
3. Increase in the number of containers returned.

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

1. Ensure on-going system performance and effectiveness through BCMB by-laws and policies in areas including depot performance; collection system agent performance; enhancing the "Mystery Shopper Program"; permitting depots; and assisting in the handling commission review process.
2. Report system performance to the Minister, stakeholders, and the public through the publishing of an Annual Report and Business Plan.
3. Annually review the Memorandum of Understanding with the Minister.
4. Report system performance to the Board through quarterly reports including financial statements and return volume reports.
5. Conduct ongoing evaluation of the BCMB's roles and activities.
6. Answer inquiries from the Minister, stakeholders and the public in a timely manner.
7. Provide information on the web site relative to container recycling fees and the net recycling cost.

Measures

1. A clear audit opinion.
2. Continued support of the Minister including the Minister's approval of the Annual Report and Business Plan.

GOAL 3: IMPROVE THE LEVEL OF PUBLIC SATISFACTION

Strategies

1. Identify issues of public concern and establish a methodology to handle complaints utilizing in-depth questionnaires regarding consumer expectations of depot performance.
2. Increase public education and awareness by working with schools, attending tradeshows, distributing programs through depots and other means.
3. Offer or facilitate as necessary, training and education programs for stakeholders as needs are identified.
4. Answer inquiries from the public in a timely manner.
5. Continue to implement and enhance the *Mystery Shopper Program* re depot performance and deposit refunds.

Measures

1. The number of inquiries and complaints received.
2. Overall public satisfaction as measured through tracking studies.
3. The number of depots providing the exact deposit +/- 2 percent.

GOAL 4: IMPROVE THE EFFECTIVENESS OF THE SYSTEM

Strategies

1. Ensure the continuing effectiveness of the system by improved and enhanced depot and collection system agent reviews; surveying for un-registered containers; and providing an accessible appeal system.
2. Encourage economic and innovative methods and process by depots, the ABCRC, ABCC and the Board.
3. Assist in the implementation of pilot or demonstration projects and technology integration with the ABDA, ABCRC and ABCC to improve system operations.
4. Carry out depot inspections.
5. Carry out retail compliance checks.

6. Ensure that the handling commission review process ensures stability and fairness to all stakeholders.

Measures

1. The net recycling cost of a container per unit sold.
2. The number of new ideas successfully implemented from the Industry Discussion Group.
3. Overall accuracy of deposit refunds provided to consumers.
4. Overall accuracy of returns to Collection System Agents from depots.
5. Number of depots exceeding 90% through the BCMB's Policy to Promote Excellence.
6. Number of containers registered by the retail compliance program.

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. Compile and make accessible to stakeholders literature relating to the beverage containers and the environment, deposit/return programs and the effectiveness of reducing, reusing and recycling beverage containers.

Measures

1. Total number of returned containers that are recycled.
2. Total tonnage of containers diverted from landfills.
3. The amount of energy saved by recycling beverage containers.
4. The amount of reduced Greenhouse Gas Emissions.
5. The amount of carbon equivalents saved by recycling beverage containers.

6.0 Projects for 2005

In 2005 the BCMB will undertake the following projects:

1. Handling Commission Data Collection Agent. (\$450,000)
2. Handling Commissions Review Panel. (\$60,000)
3. Handling Commission Legal. (\$100,000)
4. Handling Commission Specialized Consultants. (\$50,000)
5. Depot Criteria Review. (\$60,000)

7.0 Conclusion

With the Beverage Container Management Board setting measurable targets; working closely with Alberta Environment and other strategic partners including the Alberta Beverage Container Recycling Corporation, the Alberta Beer Container Corporation, the Alberta Bottle Depot Association, the Alberta Liquor Store Association and the Alberta Hotel and Lodging Association; and by seeking to increase public awareness through strategic advertising and promotion; the Beverage Container Management Board will strive to maximize the recycling of empty beverage containers in a cost effective manner for all Albertans.

BCMB 2005 - 2007 OPERATING BUDGET

REVENUES	Year 2004	Year 2005	Year 2006	Year 2007
Container Fees (.0009) 1,338,305,000	\$ 1,112,400.00	\$ 1,204,474.50	\$ 1,240,608.74	\$ 1,277,827.00
Product Registration Fees	\$ 35,000.00	\$ 35,000.00	\$ 36,050.00	\$ 37,131.50
Depot & Application Package Fees	\$ 3,000.00	\$ 3,000.00	\$ 3,090.00	\$ 3,182.70
Interest Revenue	\$ 10,000.00	\$ 1,000.00	\$ 1,030.00	\$ 1,060.90
Miscellaneous Income/Levies	\$ 2,500.00	\$ 2,500.00	\$ 2,575.00	\$ 2,652.25
TOTAL REVENUE	\$ 1,162,900.00	\$ 1,245,974.50	\$ 1,283,353.74	\$ 1,321,854.35

EXPENSES

Payroll/Benefit Expense	\$ 410,000.00	\$ 435,000.00	\$ 448,050.00	\$ 461,491.50
Director's Honoraria	\$ 30,000.00	\$ 30,000.00	\$ 30,900.00	\$ 31,827.00
Director's Expenses	\$ 30,000.00	\$ 30,000.00	\$ 30,900.00	\$ 31,827.00
Professional Fees				
Legal	\$ 56,500.00	\$ 90,000.00	\$ 92,700.00	\$ 95,481.00
Auditors	\$ 6,500.00	\$ 7,000.00	\$ 7,210.00	\$ 7,426.30
Other Consultants	\$ 12,000.00	\$ 15,000.00	\$ 15,450.00	\$ 15,913.50
Total Professional Fees	\$ 75,000.00	\$ 112,000.00	\$ 115,360.00	\$ 118,820.80
Insurance/Licenses	\$ 12,000.00	\$ 15,000.00	\$ 15,450.00	\$ 15,913.50
Staff Travel Expenses	\$ 35,000.00	\$ 50,000.00	\$ 51,500.00	\$ 53,045.00
Office Rent/Parking	\$ 50,000.00	\$ 55,000.00	\$ 56,650.00	\$ 58,349.50
Office Supplies	\$ 20,000.00	\$ 20,000.00	\$ 20,600.00	\$ 21,218.00
Repair & Maintenance	\$ 8,000.00	\$ 5,000.00	\$ 5,150.00	\$ 5,304.50
Telephone/Fax/Modem/Cell	\$ 20,000.00	\$ 20,000.00	\$ 20,600.00	\$ 21,218.00
Courier/Postage	\$ 10,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Advertising & Promotion	\$ 70,000.00	\$ 70,000.00	\$ 72,100.00	\$ 74,263.00
Training/Subscriptions/Conferences	\$ 10,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Web Site Development	\$ 5,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Arbitration / Appeals	\$ 75,000.00	\$ 75,000.00	\$ 77,250.00	\$ 79,567.50
FOIP/Accountability	\$ 2,000.00	\$ 2,000.00	\$ 2,060.00	\$ 2,121.80
Mystery Shopper	\$ 35,000.00	\$ 40,000.00	\$ 41,200.00	\$ 42,436.00
Miscellaneous Expense	\$ 1,000.00	\$ 2,000.00	\$ 2,060.00	\$ 2,121.80
Bank Charges / Interest Exp.	\$ 2,500.00	\$ 2,000.00	\$ 2,060.00	\$ 2,121.80
TOTAL EXPENSES	\$ 975,500.00	\$ 993,000.00	\$ 1,022,790.00	\$ 1,053,473.70

PROJECTS

Handling Commission				
Data Collection Agent	\$ 150,000.00	\$ 450,000.00		
Review Panel		\$ 60,000.00		
Arbitration	\$ 150,000.00	\$ -		
Specialized Consultants		\$ 50,000.00		

