

**1.0 ACCOUNTABILITY STATEMENT**

The Beverage Container Management Board's (BCMB) Business Plan for the period January 1, 2007 to December 31, 2009 was prepared in accordance with the requirements of the organization's bylaws. All of the BCMB's existing and proposed policies and procedures as of January, 2007, and all of the Association's accountability obligations and relationships have been considered in preparing the BCMB's 2007 – 2009 Business Plan.

Approved by the Board of Directors,  
Beverage Container Management Board

## **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. (This has been extended by one year to expire October 31, 2007.)

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 Vision, Mission and Structure**

#### **VISION**

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

#### **MISSION**

*Establish and administer a leading beverage container management system that is innovative, accessible, and cost effective.*

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

The BCMB, a partnership of representatives from the beverage manufacturers, the container depot industry, environmental organizations, municipalities, the public and the Alberta Government, is responsible for supervising the system of collection and recycling of beverage containers in the province within policy parameters established by the Minister of Alberta Environment.

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 its inception on December 1, 1997, the BCMB has worked to ensure that Albertans have access to an easy to use and cost-effective system of recycling for all used beverage containers.

In 2005, more than 1,377,000,000 containers, representing more than 78% of those sold, were either reused or recycled into other valuable products.

## **4.0 Business Plan Overview**

The following is an overview of the Business Plan that the Beverage Container Management Board will follow for the next three years.

### **GOAL A**

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

#### **Strategies**

- develop and implement depot criteria policies to ensure a balance between service and efficiency
- develop and implement compliance initiatives for the stakeholders
- develop an evaluation framework for collection system improvements
- develop a framework for researching innovation and best-practices for beverage container management
- develop an evaluation framework for consumer satisfaction

#### **Measures**

- gross cost per container returned
- barrels of oil saved
- avoided greenhouse gas emissions

### **GOAL B**

**To reduce the environmental impact of beverage containers in Alberta.**

#### **Strategies**

- promote accessible, efficient, accurate and clean depots
- collaborate with municipalities on reduction
- develop new approaches for reducing environmental impacts of operations
- develop meaningful measures to highlight success

- develop, in partnership with stakeholders, focused public awareness/education programs
- conduct best practice assessments of other jurisdictions

## **Measures**

- number of containers returned
- cubic metres of landfill space saved
- diversion per capita

## **GOAL C**

**To administer the Beverage Container Recycling Regulation in an increasingly effective, efficient and collaborative manner.**

## **Strategies**

- facilitate processes and practices which maximize the potential for better communication, understanding and collaboration among the major stakeholders
- promote effective stakeholder and public consultation and stakeholder participation in the establishment of system policies and procedures
- improve the monitoring of services and user satisfaction and respond effectively to system weaknesses and complaints
- monitor and insure fairness, consistency and transparency with respect to all compliance matters
- provide clear expectations and accountability systems to management and staff
- develop succession planning and risk management processes
- implement board improvement opportunities
- receive a clear audit opinion annually

## **Measures**

- number of complaints received and resolved concerning the system
- overall public satisfaction of the system

**5.0 Business Plan Detail**

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

The mandate of the BCMB is to balance service to the consumer with the overall cost of the system. This balance is developed in large part through the development of depot criteria and operating standards that are reviewed on a regular basis.

New Depot Criteria and Operating Standards were approved and implemented in 2006.

It is important that all stakeholders are aware of the requirements relative to compliance of the system. In this regard, the BCMB developed and communicated the obligations to the stakeholders in the form of two compliance manuals – one for the depots and a second for the Collection System Agents. A third is being prepared for the beverage container manufacturers regarding registration requirements.

A methodology for promoting innovation and best practices will be developed through the Industry Discussion Group composed of the stakeholders. As part of the regulatory review, a survey will be conducted to measure customer satisfaction and look at methods of increasing the return rate.

Measurements will include the number of containers returned where we will seek continuous improvement and also measure the gross cost per container returned to the Collection System Agents, the number of barrels of energy saved as well as greenhouse gas emissions avoided. The net system cost for 2005 was 1.70 cents. (This value will be tracked annually but is difficult to estimate due to the variability of critical commodity prices which play a major role in calculating the net system cost.)

	2005*	2006**	2007**	2008**	2009**
Gross Cost/Container	4.92¢	4.82¢	4.82¢	4.82¢	4.82¢
Containers Returned	1,377,224,497	1,483,268,000	1,564,875,000	1,650,943,000	1,741,745,000
Bbls Oil Saved	421,319	453,880	478,851	505,189	532,974
MTCE	59,305	63,780	67,290	70,991	74,895

\* Actual Data \*\* Estimated Data (5.5% annual growth in returns and costs.)

**Goal B: To reduce the environmental impact of beverage containers in Alberta.**

There are a number of challenges faced by the stakeholders in maximizing the return of used beverage containers and hence reducing the environmental impact of beverage containers in landfills.

The problems include the customer interface at the depot itself, the need to work more closely with communities, studying other jurisdictions for best

practices and developing coordinated awareness and educational programs with stakeholders as well as having meaningful measures of success.

A depot training program being developed by the Alberta Bottle Depot Association in conjunction with the Alberta Beverage Container Recycling Corporation and the BCMB will be implemented in late 2006.

Measurements will include the number of containers returned, the cubic metres of landfill space saved, the per capita diversion and returns per capita.

	2005*	2006**	2007**	2008**	2009**
Containers Returned	1,377,224,497	1,483,268,000	1,564,875,000	1,650,943,000	1,741,745,000
M <sup>3</sup> Landfill Saved	371,400	393,100	414,700	437,500	461,600
Diversion per Capita	35.31 Kgms	36.68 Kgms	37.94 Kgms	40.03 Kgms	41.40 Kgms
Returns per Capita	422.9	446.5	455.4	464.5	473.8

\* Actual Data. \*\* Estimated Data. (5.5% annual growth in returns and costs.)

**Goal C: To administer the Beverage Container Recycling Regulation in an increasingly effective, efficient and collaborative manner.**

A review of the Beverage Container Recycling Regulation will be undertaken by Alberta Environment in 2006 and 2007 where input will be sought not only from the current body of stakeholders including depots and manufacturers, but also from the public.

The BCMB will insure that the documents required as part of the corporate governance framework are prepared, reviewed and reported annually in conjunction with the BCMB's annual report.

The monitoring of customer complaints as well as customer satisfaction will be reported in a manner to help improve the system for all stakeholders.

The BCMB will fulfill its responsibility to deliver effective and efficient administration and to meet its obligations associated with sound governance through stakeholder consultation and participation, succession planning and the implementation of Board improvement opportunities.

Measurement will be through the number of complaints received and resolved as well as the overall public satisfaction of the system.

**6.0 Performance**

In 2005, more than 1.75 billion beverage containers were sold in Alberta, an increase of 6.2% over the previous year. Almost 1.38 billion empty containers were returned representing an increase of 3.7% over the previous year.

The details for 2005 are shown below for the various container types.

<b>MATERIAL</b>	<b>TOTAL UNITS SOLD</b>	<b>% TOTAL SALES</b>	<b>TOTAL UNITS RECOVERED</b>	<b>% TOTAL RECOVERED</b>	<b>RETURN RATE (%)</b>
<b>Aluminum Soft Drink</b>	490,626,069	27.94	386,279,994	28.05	78.73
<b>Aluminum Beer</b>	360,419,484	20.52	319,066,140	23.17	88.53
<b>Plastic</b>	380,216,496	21.65	257,457,782	18.69	67.71
<b>Glass</b>	130,448,392	7.43	102,686,365	7.46	78.72
<b>Glass Alberta Beer</b>	173,590,392	9.89	166,394,940	12.08	95.85
<b>Glass Import Beer</b>	56,262,648	3.20	51,516,576	3.74	91.56
<b>Polycoat</b>	158,595,514	9.03	90,221,693	6.55	56.89
<b>Bi-Metal</b>	5,973,667	0.34	3,601,007	0.22	60.28
<b>TOTAL</b>	1,756,132,662	100.00	1,377,224,497	100.00	78.42

Of particular note is the fact that more than 58% of the product sold and almost 52% of the used beverage containers returned in Alberta are aluminum cans.

The major problem container types relative to the effect on the return rate include the small PET containers where sales continue to grow at a rate of more than 20% and the polycoat containers which have had characteristically low return rates. The Alberta Beverage Container Recycling Corporation is targeting these container types through their marketing programs in the educational system as well as working with charitable organizations.

Overall, annual container returns increased averaging about 3.7% (49 million more in 2005 than 2004) are not keeping up with sales increases of about 6% (102 million more in 2005 than 2004).

Another way to look at the returns is to study not just the returns, but also to look at the containers that are not returned so as to be able to develop a strategy for increasing the return of used beverage containers. This is done in the following table.

**CONTAINERS NOT RECOVERED IN 2005**

<b>MATERIAL</b>	<b>TOTAL UNITS SOLD</b>	<b>TOTAL UNITS RECOVERED</b>	<b>TOTAL NOT RECOVERED</b>	<b>% NOT RECOVERED</b>
<b>Aluminum Soft Drink</b>	490,626,069	386,279,994	104,346,075	27.54
<b>Aluminum Beer</b>	360,419,484	319,066,140	41,353,344	10.91
<b>Plastic</b>	380,216,496	257,457,782	122,758,714	32.40
<b>Glass</b>	130,448,392	102,686,365	27,762,027	7.33
<b>Glass Alberta Beer</b>	173,590,392	166,394,940	7,195,452	1.90
<b>Glass Import Beer</b>	56,262,648	51,516,576	4,746,072	1.25
<b>Polycoat</b>	158,595,514	90,221,693	68,373,821	8.04
<b>Bi-Metal</b>	5,973,667	3,601,007	2,372,660	0.63
<b>TOTAL</b>	1,756,132,662	1,377,224,497	378,908,185	100.00

Aluminum soft drink, plastics and polycoat containers represent 77.98% or more than 295,000,000 of the containers that were not returned for deposit by consumers in 2005.

It is interesting to note that it is these particular container types that are not restricted relative to location of consumption as are alcoholic beverages which can be consumed only in the home and in licensed premises.

The challenges faced by the industry include the lack of understanding of the benefits of recycling by the public; how to collect containers from multi-tenant dwellings where storage is a problem; how to do more promotion at the local level; how to interest charitable organizations and how to expand the school program specifically for collecting polycoat containers.

## 7.0 Financial

The following pages detail the financial plan for 2007 – 2009.

For 2007, we have forecast for a repeat of the Data Collection Agent process relating to handling commissions even though we have not finalized the process from the first round of data. In addition, we have forecast expenditures for the continuation of the Handling Commissions Review Panel as well as the Arbitration Panel which is the next phase of the handling commission process.

Projects for 2007 include:

Data Collection Agent (Continuation of process.)	\$200,000
Handling Commissions Review Panel (Continuation of process.)	\$250,000
Arbitration Panel (Next step in handling commission process.)	\$180,000
Specialized Consultants (If required for process.)	\$25,000
Legal Fees (Applying directly to handling commission process.)	\$80,000
Regulatory Review (Review of BCRR.)	\$30,000
Specialized Projects (Projects unknown at this time.)	\$25,000
Succession Planning (Search for Managing Director.)	\$30,000
Return Rate Project (Study to increase return rates.)	\$30,000
Governance Project (Result of consultant's governance review.)	\$30,000
Total	\$880,000

## BCMB 2007-2009 Operating Budget

<b>REVENUES</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>2009 Budget</b>
Container Fees 1,483,287,778 - 1,565,138,606	\$1,334,959.00	\$1,408,382.00	\$1,450,633.00	\$1,494,152.00
Product Registration Fees	\$ 40,000.00	\$ 18,000.00	\$ 18,540.00	\$ 19,096.00
Depot & Application Package Fees	\$ 4,000.00	\$ 20,000.00	\$ 20,600.00	\$ 21,218.00
Interest Revenue	\$ 5,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Miscellaneous Income/Levies	\$ 3,000.00	\$ 3,000.00	\$ 3,090.00	\$ 3,183.00
<b>TOTAL REVENUE</b>	<b>\$1,386,959.00</b>	<b>\$1,459,382.00</b>	<b>\$1,503,163.00</b>	<b>\$1,548,258.00</b>
Golf Tournament				
<b>TOTAL REVENUE</b>	<b>\$1,386,959.00</b>	<b>\$1,459,382.00</b>	<b>\$1,503,163.00</b>	<b>\$1,548,258.00</b>

## EXPENSES

Payroll/Benefit Expense	\$ 445,000.00	\$ 500,000.00	\$ 515,000.00	\$ 530,450.00
Director's Honoraria	\$ 25,000.00	\$ 25,000.00	\$ 25,750.00	\$ 26,523.00
Director's Expenses	\$ 25,000.00	\$ 25,000.00	\$ 25,750.00	\$ 26,523.00
<b>Professional Fees</b>				
Legal	\$ 70,000.00	\$ 70,000.00	\$ 72,100.00	\$ 74,263.00
Auditors	\$ 7,000.00	\$ 8,000.00	\$ 8,240.00	\$ 8,487.00
Other Consultants	\$ 25,000.00	\$ 25,000.00	\$ 25,750.00	\$ 26,523.00
Insurance/Licenses	\$ 15,000.00	\$ 20,000.00	\$ 20,600.00	\$ 21,218.00
Staff Travel Expenses	\$ 40,000.00	\$ 40,000.00	\$ 41,200.00	\$ 42,436.00
Office Rent/Parking	\$ 55,000.00	\$ 70,000.00	\$ 72,100.00	\$ 74,263.00
Office Supplies	\$ 15,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Repair & Maintenance	\$ 5,000.00	\$ 7,500.00	\$ 7,725.00	\$ 7,957.00
Telephone/Fax/Modem/Cell	\$ 15,000.00	\$ 15,000.00	\$ 15,450.00	\$ 15,914.00
Courier/Postage	\$ 10,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Advertising & Promotion	\$ 65,000.00	\$ 65,000.00	\$ 66,950.00	\$ 68,959.00
Web Site Development	\$ 5,000.00	\$ 5,000.00	\$ 5,150.00	\$ 5,305.00
Training/Subscriptions/Conferences	\$ 10,000.00	\$ 10,000.00	\$ 10,300.00	\$ 10,609.00
Arbitration / Appeals	\$ 65,000.00	\$ 65,000.00	\$ 66,950.00	\$ 68,959.00
FOIP/Accountability	\$ 2,000.00	\$ 2,000.00	\$ 2,060.00	\$ 2,122.00
Refund Compliance	\$ 40,000.00	\$ 40,000.00	\$ 41,200.00	\$ 42,436.00
Miscellaneous Expense	\$ 2,000.00	\$ 2,000.00	\$ 2,060.00	\$ 2,122.00
Bank Charges / Interest Expense	\$ 2,000.00	\$ 2,000.00	\$ 2,060.00	\$ 2,122.00
<b>TOTAL EXPENSES</b>	<b>\$ 943,000.00</b>	<b>\$1,016,500.00</b>	<b>\$1,046,995.00</b>	<b>\$1,078,409.00</b>

<b>PROJECTS</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>2009 Budget</b>
<b>Handling Commissions</b>				
Data Collection Agent	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Review Panel	\$ 250,000.00	\$ 250,000.00	\$ -	\$ -
Arbitration	\$ 180,000.00	\$ 180,000.00	\$ -	\$ -
Specialized Consultants	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Legal	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 40,000.00
Depot Criteria Review	\$ 30,000.00	\$ -	\$ -	\$ -
Depot Information System	\$ 80,000.00	\$ -	\$ -	\$ -
Brand Registry Transfer	\$ -	\$ -	\$ -	\$ -
ABDA Training Project	\$ 40,000.00	\$ -	\$ -	\$ -
Regulatory Review	\$ 40,000.00	\$ 45,000.00	\$ -	\$ -
Specialized Projects	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Succession Planning	\$ -	\$ 30,000.00	\$ -	\$ -
Return Rate Project	\$ -	\$ 30,000.00	\$ -	\$ -
Governance	\$ -	\$ 30,000.00	\$ -	\$ -
Future Board Projects			\$ 100,000.00	\$ 100,000.00
<b>TOTAL PROJECTS</b>	<b>\$ 950,000.00</b>	<b>\$ 895,000.00</b>	<b>\$ 430,000.00</b>	<b>\$ 390,000.00</b>

<b>BUDGETED CASH FLOW</b>	<b>\$ (506,041.00)</b>	<b>\$ (452,118.00)</b>	<b>\$ 26,168.00</b>	<b>\$ 79,849.00</b>
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Depreciation Expense	\$ 20,000.00	\$ 50,000.00	\$ 50,000.00	\$ 40,000.00
Adjustment/Write-off	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
<b>BUDGETED SURPLUS/DEFICIT</b>	<b>\$ (526,541.00)</b>	<b>\$ (502,618.00)</b>	<b>\$ (24,332.00)</b>	<b>\$ 39,349.00</b>