



Celebrating



BEVERAGE CONTAINER MANAGEMENT BOARD

2016 ANNUAL REPORT



record returns

86.2%.... at first glance an innocuous number.... but for Alberta's beverage container recycling industry it is cause for celebration. It is also confirmation that strengthening and continuing to stabilize our industry has put us on the right track to keeping as many beverage containers as possible out of our landfills.

Our 86.2% return rate for 2016 is one of the highest in North America and up from 85% in 2015, the goal that had been set by the Government of Alberta for the industry. It's a significant accomplishment that helps solidify Alberta's reputation as a leader in beverage container recycling world-wide.

Achieving a record return rate in the midst of an economic downturn in Alberta is noteworthy. Container sales were down about 110 million from 2015. However, because overall returns did not drop as much as sales and because return volumes at many individual depots increased, the return rate rose.

That success is worth celebrating and is due to not only the hard work of industry stakeholders, but also to Albertans who are becoming more and more aware of the benefits of beverage container recycling.

Maintaining or increasing the return rate will not be easy though. Sales volumes show Albertans are consuming fewer beverages, not unexpected in a recession. However, a higher return rate means more consumers than ever before are paying attention to the deposit they pay on beverages and are choosing to return those containers to a depot for the refund on the deposits. Our industry's challenge will be to keep these new customers when the economy improves.

Embracing that challenge means ensuring our programs and policies are designed to meet the needs and demands of Albertans as economic, social and environmental factors evolve. Much of our focus in 2016 was on implementing systems and processes that have brought more stability, security, integrity and transparency to our industry. That focus, combined with the innovation and growth that is inherent in the Alberta system, makes our future look bright and hopefully worth further celebration!



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Letter to the minister

June 21, 2017

Honourable Shannon Phillips
Minister of Environment and Parks
Government of Alberta
208 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Phillips:

On behalf of the Board of Directors of the Beverage Container Management Board, I am pleased to present our Annual Report for the fiscal year ended December 31, 2016 in accordance with Section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/1997 as amended).

I would like to thank Alberta Environment and Parks for its support and guidance in 2016. The Directors and staff of the BCMB look forward to continuing our work with you and your department staff to minimize waste through the reuse and recycling of beverage containers.

Yours truly,

A handwritten signature in black ink, appearing to read "Andrew Stephens". The signature is fluid and cursive, with the first name "Andrew" and last name "Stephens" clearly distinguishable.

Andrew Stephens
Chair
Beverage Container Management Board



= bottle drives

Bottle drives contribute significantly to the return rate and account for approximately 10% of the beverage containers returned each year. This also = \$24 million for local sports groups and community organizations.

Key outcomes in 2016

86.2% Return Rate

(Goal 1)

Our return rate reached 86.2%, surpassing the goal of 85% set by the Government of Alberta for the beverage container recycling industry. This significant achievement means our province has one of the highest return rates in North America. Albertans certainly lead the way in Canada, returning over two billion containers every year! Depots and manufacturers have played an important role in this achievement, along with Albertans who are recycling their beverage containers in high numbers each year.

Two New Depots Open

(Goal 1)

Two new depots opened in Alberta in 2016, the Winterburn Bottle Depot in west Edmonton and the Walden Bottle Depot in southeast Calgary. With the closure of the Water Valley Depot, that brings the current number of depots in the province to 217. Through the BCMB's Request for Applications process, nine new depots were provided with conditional approval in 2016, including three in Edmonton, five in Calgary and one in Airdrie. All nine are expected to be operational and open to the public by the end of 2018.

New Operating Agreement with CSA

(Goal 2)

Following the approval of the Collection System Agent (CSA) By-law in 2015, work began on a new [CSA Operating Agreement](#) with the [Alberta Beverage Container Recycling Corporation \(ABCRC\)](#) in 2016. The Agreement further defines the reporting, operational and performance standards for the CSA. It also clearly defines the relationship between and roles of the BCMB and the ABCRC, and sets a standard of excellence for both parties. The Operating Agreement has already resulted in better collaboration and information exchange between the BCMB and the CSA. This has enhanced industry performance, improved operational processes and reduced risk to the system.

Handling Commission Review

(Goal 2)

The Beverage Container Recycling Regulation provides for payment of a handling commission to depot operators for each container collected by them for which they have given a refund. In April 2016, the Board of Directors approved the new [Handling Commission Rules of Practice and Procedure By-law](#) and directed the commencement of the [Handling Commission Review](#), a process which occurs every three years. Interested parties, representing stakeholder groups within the industry, actively participated in the review during 2016, largely completing their information exchange by December in preparation for facilitated negotiations in January 2017. An agreement was reached in early 2017.

Refund Compliance

(Goal 3)

The Refund Compliance Program, previously named the Mystery Shopper Program, has continued to prove effective in verifying accuracy of refunds provided by depots to the public. In 2016, 87% of audited refunds were within the industry standard.¹

Case Management System

(Goal 3)

A new case management system was launched in 2016. The data management software has streamlined information within the BCMB and has provided effective methods to control document management. These enhancements provide staff with faster and more reliable tools to assess and report on industry performance.

Industry Website

(Goal 4)

The BCMB participated in further development of the *Depot It's Worth It* brand, particularly by partnering with the ABCRC and the [Alberta Bottle Depot Association \(ABDA\)](http://albertadepot.ca) to launch a new industry website – albertadepot.ca. The site amalgamated information on beverage container recycling in Alberta in one place and contains everything the public needs to know about where to find a depot, what to expect at a depot, refund amounts, and how and why beverage containers are recycled.

Who Pays What

(Goal 5)

In December 2016, CM Consulting released its bi-annual review of beverage container reuse and recycling in Canada. The data helps the BCMB and its stakeholders determine how the industry in Alberta compares to that of other provinces.

"Who Pays What 2016" confirms that Alberta is a leader in beverage container recycling. We have the lowest net cost to consumers (1.8 cents) when compared to four other jurisdictions with similar deposit-refund systems (Saskatchewan, British Columbia, New Brunswick and Nova Scotia). Net costs to consumers in the other four provinces are more than double that of Alberta. The review also found that recycling rates increased overall from 2004 to 2014. One of the greatest increases was in Alberta, where it rose from 75% in 2008 to 82% in 2014. This is likely attributable to the deposit increase in 2009.

¹ The industry in Alberta has sought to establish standards of performance for all stakeholders in Alberta's beverage container system. These standards relate to operations and by-laws, and encourage continuous improvements in efficiency, effectiveness and levels of service offered to Albertans.



= depot customers

More customers than ever before are choosing to return beverage containers to depots for a refund. An average of 500,000 customers per month = 15,000 to 20,000 per day.

chair's report

2016 was a challenging year for Alberta. Very few businesses or individuals escaped the impact of the economic downturn that spread from the energy sector to many other sectors and resulted in significant job losses. Making it worse, the devastating Fort McMurray fire hit the province hard in May.

The fallout of the recession was felt in the beverage container recycling industry as well. While an increase in the number of containers returned for refunds might be expected, there were 67 million fewer containers returned in 2016. This was due mainly to an approximately 4.5% drop in the number of containers sold (110 million less).

However, that drop in sales and the 2.03 billion containers returned to Alberta depots in 2016 resulted in a record return rate of 86.2% overall – an accomplishment worth celebrating and that can be attributed to our industry's ability to adapt and innovate while we look to create stability at the same time.

The economic outlook for 2017 and beyond is more positive as Alberta's population continues to grow, despite the economic challenges our province is facing. The growing interest in global warming will put more focus on sustainable practices, which should create new and exciting opportunities for recycling.

One of the largest projects we led in 2016 was the latest Handling Commission Review. A new Handling Commission Rules of Practice and Procedure By-law was approved by the Board in April, with the new by-law aimed at promoting a fair, expeditious and efficient process for changing handling commissions. A Handling Commission Review occurs every three years. The majority of the latest review was completed in 2016 and the new handling commissions were approved in February 2017.

The Board also began work on a new Operating Agreement with our Collection Service Agent (the Alberta Beverage Container Recycling Corporation) and a number of new and revised by-laws including: the Beverage Container Registration By-law; the Beverage Container Depot Operation and Administration By-law; the Beverage Container Depot Permit Application, Renewal and Amendment By-law; and the Societies Act Bylaw. While seemingly administrative in nature, all are significant initiatives that have helped improve relationships with our stakeholders and more clearly define roles and expectations within the beverage container recycling industry.



The Board could not have accomplished the tremendous amount of work it did in 2016 without the support of the BCMB staff. Their expertise and professionalism can always be counted on, and on behalf of the entire Board, I thank them for the incredible work they do.

In 2016 we welcomed Cheryl McLaughlin and Marilyn Martin as new Board members, while Neil Antymis, John B. Challinor II and Thomas Marr-Laing left their positions. I want to thank Neil, John and Thomas for their insight and years of service.

Our Board of Directors is a group of hard-working and dedicated individuals representing many different interests. In my two years as Chair, I have been continually impressed by their knowledge, passion and commitment to protecting Alberta's environment. Regardless of their background or the experience they bring to the table, they work together to ensure our province's beverage container recycling system is one of the best in the world.

This passion and respect for one another made the sudden loss of one of our Directors even more difficult to comprehend. Board member Trevor Nickel, President of the Alberta Bottle Depot Association, passed away in January 2017 at the age of 39.

I truly appreciated the fresh perspective Trevor brought to the table and his innovative ideas for improvement in all aspects of the beverage container recycling system. As ABDA President, he was a strong advocate not just for the depots, but also for continuing to enhance the system for, and on behalf of, all Albertans.

Trevor is greatly missed by our Board and staff.

A handwritten signature in dark ink, reading "Andrew Stephens". The signature is fluid and cursive, with the first name "Andrew" and last name "Stephens" clearly distinguishable.

Andrew Stephens
Board Chair

president's report

Stability. Integrity. Transparency. Security. Sustainability. You will see those five words and similar ones throughout the 2016 Annual Report. While they do not necessarily mean a lot on their own or sound particularly attention grabbing, those words and concepts are the basis for how the Beverage Container Management Board operates and how we will continue to grow. They are also at the heart of our accomplishments in 2016.

Beverage container recycling may seem simple at a glance, but is in fact a complicated system impacted by economic, social and environmental factors. It's a system in which we strive to make it as easy and efficient as possible for Albertans to return their beverage containers to a depot for a refund. In 2016 they did just that – returning 2.03 billion of the 2.4 billion containers purchased.

While volumes were down in 2016, our return rate increased to an all-time high of 86.2% - surpassing our 85% goal. A higher return rate means more consumers are paying attention to the deposit on the beverages they purchase than ever before, they are just consuming less. Whether that is tied strictly to the economic downturn Alberta has experienced the last couple of years remains to be seen. However, I'm optimistic there are other factors at play like increasing awareness, a growing desire to be better environmental stewards and the opening of more depots, making it more convenient to return beverage containers.

As the system regulator, it is the BCMB's job to not only oversee the beverage container system, but to also ensure our programs and processes are strong, innovative and create as much stability as possible. The Handling Commission Review process and by-laws referred to in the Chair's report are just a couple of examples of how we continually strive to strengthen our organization and further our reputation as one of the best systems in North America, if not in the world.

The BCMB continues to work with municipalities to promote the development of new depots where needed the most. Two new depots opened in 2016 – the Winterburn Bottle Depot in west Edmonton and the Walden Bottle Depot in southeast Calgary. The new Calgary depot is particularly exciting as it's the first one to open since the BCMB worked with the City of Calgary to address siting and permit delays. Calgary's beverage container return rate continues to lag behind Edmonton's and the province's, but with a number



of new depots conditionally approved in that city and slated to open in the next couple of years, the BCMB is confident more Calgarians will soon have convenient access to a depot near them.

In 2016 we completed the development of two important pieces of software that will help us to achieve our goal of governance excellence and enhance security and integrity in our system. A new Quality Monitoring Tool provides a common interface for all operational stakeholders and a new online beverage container registration database allows all Albertans to search for any container in our system. To support these new tools, we also completed a transition of internal resources that will allow us to focus on the implementation of these important systems in 2017.

2016 also saw the launch of a new industry website – a joint venture between the BCMB, the Alberta Beverage Container Recycling Corporation and the Alberta Bottle Depot Association. Being transparent, innovative and clear in how we inform and educate the public will only further strengthen an industry every Albertan can benefit from and support.

As I look back on 2016, I am grateful for and proud of the significant amount of work the Board and staff accomplished – all aimed at creating the stability we need to allow us to manage the economic, social and environmental changes occurring in our province and to manage growth as we move forward. Sustainability will be an important focus for the BCMB in the coming years and as noted in our 2017-2019 Business Plan, we will transition to sustainability reporting by 2018.

None of our work would be possible without our Board, the BCMB staff and our stakeholders. By continuing to work closely together, I am confident we can see the return rate continue to increase because as Trevor Nickel once said, "there are 400 million containers out there yet to be found!"

A stylized, handwritten signature in black ink, appearing to read 'Jeff'.

Jeff Linton
President



= sorting machines

2.03 billion beverage containers were returned in 2016. Automated sorting machines enable depots to process beverage containers quickly and efficiently. The number of containers that can be processed = 14,000 per hour.

about the Beverage Container Management Board

The BCMB is a not-for-profit association formed by representatives of Alberta beverage manufacturers, depots and the public (environmental organizations, municipalities and interested citizens). The BCMB is responsible for regulating Alberta's beverage container system, and leads the development of policy and programs that enable the recycling of beverage containers in Alberta.

Vision

To be the leader in stewarding beverage containers to minimize their impact on the environment.

Mandate

To regulate and enhance a leading beverage container system that protects Alberta's environment.

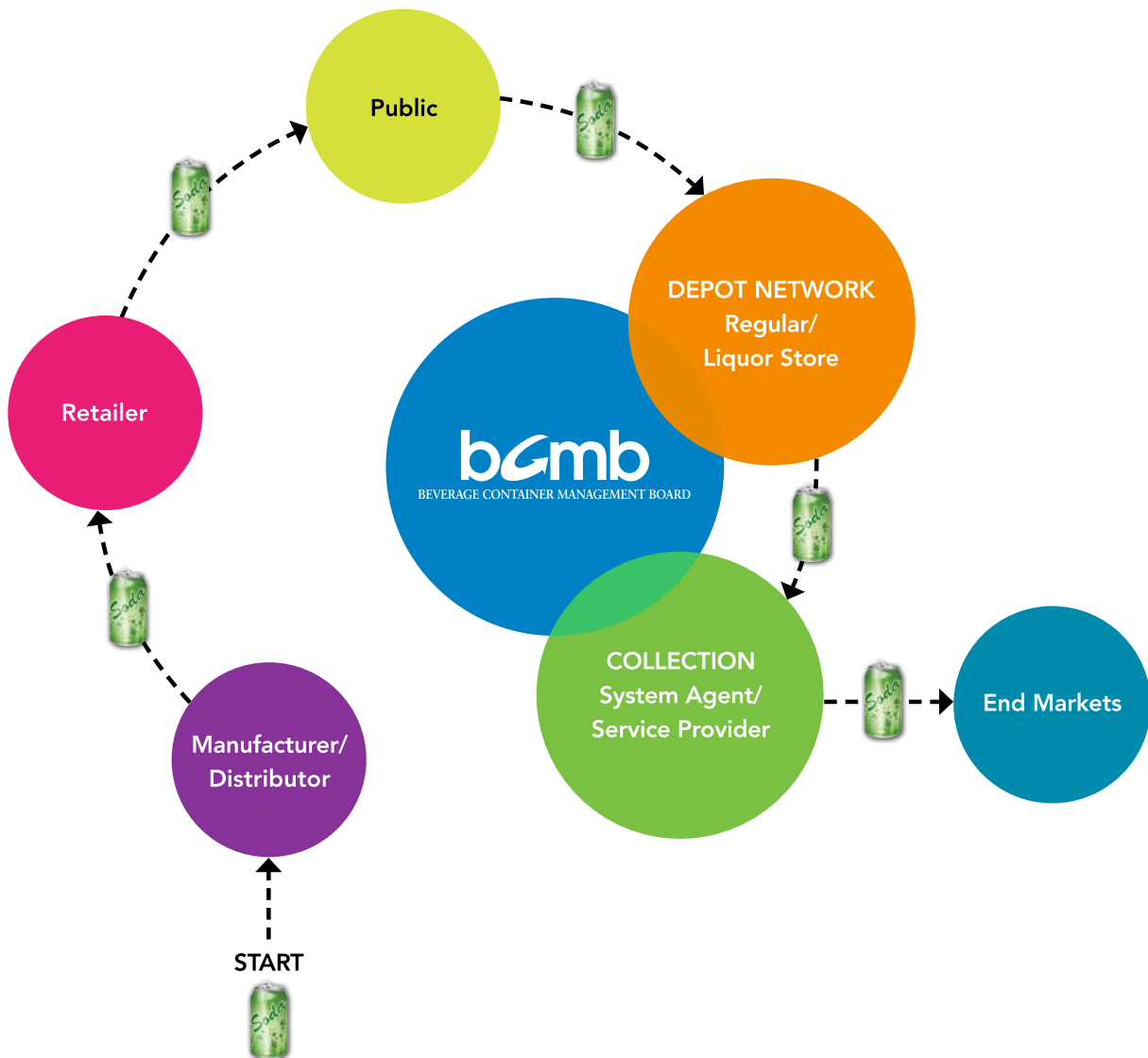
Value Statements

- *We value* higher return rates.
- *We value* accessible, quality, convenient and safe service from depots.
- *We value* secure, cost effective container collection, processing and recycling.
- *We value* greater awareness and public participation.
- *We value* strong alignment among system stakeholders.
- *We value* innovation and technology-driven efficiency.
- *We value* consistent, fair and firm enforcement of meaningful standards for manufacturers, retailers, depots, Collection Service Providers (CSPs) and the CSA.
- *We value* financial transparency.

Beverage Container Recycling System

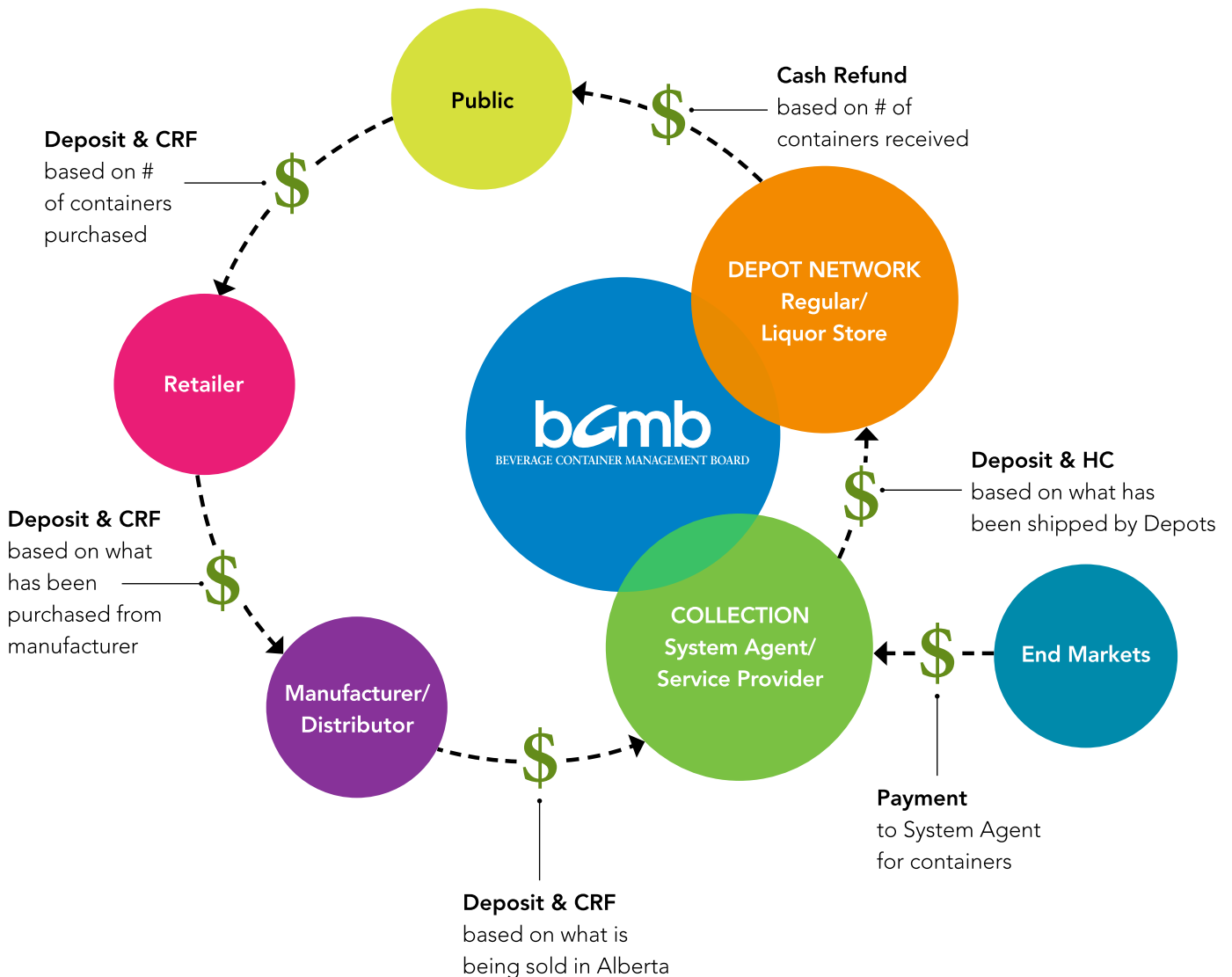
The following flow chart depicts the movement of beverage containers through the system, from the manufacturer/distributor to end markets where the containers are recycled or reused (glass beer bottles).

BEVERAGE CONTAINER FLOW



The following flow chart depicts cash flow in the beverage container recycling system.

SYSTEM CASH FLOW (\$)



Cash Refund/Deposit: 10¢ (1 litre or less) and 25¢ (over 1 litre) for each container
Container Recycling Fee (CRF): Non-refundable – based on type of container
Handling Commission (HC): Payment to depot for sorting and handling container

Goals

Our goals will be realized with purposeful attention to the objectives set out for each goal.

GOAL 1 – ENVIRONMENTAL PROTECTION

Objectives

- **Minimize Impact**
Minimize the environmental impact of beverage containers through reuse and recycling
- **Sustainability**
Improve the sustainability of the beverage container system
- **Reduce Footprint**
Reduce the environmental footprint of the system

GOAL 2 – FISCAL STEWARDSHIP

Objectives

- **Accountability**
Introduce accountability measures to minimize system risk
- **Reporting**
Report clearly on the achievement of our mandate and government expectations
- **Transparency**
Maintain full transparency regarding operations and financing

GOAL 3 – GOVERNANCE EXCELLENCE

Objectives

- **Compliance**
Achieve a high degree of compliance with operating and reporting requirements
- **Integration & Alignment**
Ensure a high level of integration and alignment with by-laws, policies and operations
- **Communication**
Deliver timely, clear and effective communication
- **System Integrity**
Ensure stakeholder trust through system integrity

GOAL 4 – CUSTOMER EXCELLENCE

Objectives

- **Satisfies**
Deliver a system that satisfies stakeholder expectations
- **Quality**
Ensure quality service to the public
- **Awareness**
Achieve widespread awareness of the importance of the system
- **Accessible**
Deliver a beverage container management system that is accessible

GOAL 5 – SYSTEM EFFICIENCY & EFFECTIVENESS

Objectives

- **Innovation**
Encourage innovation and continuous improvement
- **Responsiveness**
Demonstrate responsiveness to changing needs
- **Technology**
Capitalize on technological advancement
- **Cost Effective**
Operate a system that is cost effective

Alignment with the Government of Alberta

The BCMB is one of several [Delegated Administrative Organizations \(DAOs\)](#) created through legislation to aid [Alberta's Ministry of Environment and Parks](#) in achieving its desired outcomes. The Ministry provides authority to DAOs to carry out specified functions described in legislation, regulation and a memorandum of understanding. These organizations function as arms-length, self-funded, legal entities established to carry out delegated functions traditionally delivered by the Government of Alberta.

As a DAO, the BCMB places specific emphasis on helping Alberta Environment and Parks, and the Government of Alberta, achieve its desired waste reduction outcomes through efforts to increase the return rate for beverage containers.

As identified in [Alberta Environment and Parks' 2016-2019 Business Plan](#), "Strategic partnerships support the ministry in achieving its outcomes by providing collaborative forums to leverage resources, capacity and a shared responsibility for environmental stewardship." The BCMB is focused on industry collaboration and awareness programs to enhance the public's knowledge about recycling and to provide Albertans with access to depots to return their beverage containers for a refund.

The BCMB understands the importance of balancing efforts to steward beverage containers with sustainable practices that reach every community in Alberta. In addition, one of four desired outcomes in Alberta Environment and Parks' 2016-2018 Business Plan is environment and ecosystem health and integrity, to be achieved by protecting and conserving Alberta's air, land, water and biodiversity. To this end, its Business Plan speaks to reducing the number of kilograms of municipal solid waste per capita to landfills. In alignment with this, the BCMB's vision is *to be the leader in stewarding beverage containers to minimize their impact on the environment.*



= filled to capacity

Beverage containers are transported to end markets where the containers are recycled or reused. Over 2 billion beverage containers were returned to depots in 2016. This = 33,762 semi-trailers filled to capacity.

measuring our performance

The key outcome of beverage container recycling is the minimization of waste through the reuse and recycling of beverage containers.

Specific outcomes are set out for each goal of the BCMB. Key Performance Indicators (KPIs) are segmented into particular objectives within each goal. Some KPIs report on the status of the system and others are designed to measure the implementation and effectiveness of the core operations, strategic activities and projects. It is our goal to design KPIs that determine the gap between actual and targeted performance and that determine the system's operational efficiency and effectiveness.

Many of the outcomes are new and some are still to be developed over the next two years. Our focus in 2016 was on collecting baseline data for some new outcomes and on evaluating pre-existing outcomes to set appropriate targets, particularly as we incorporate elements of sustainability reporting going forward.



Goal 1 – environmental protection

Objective

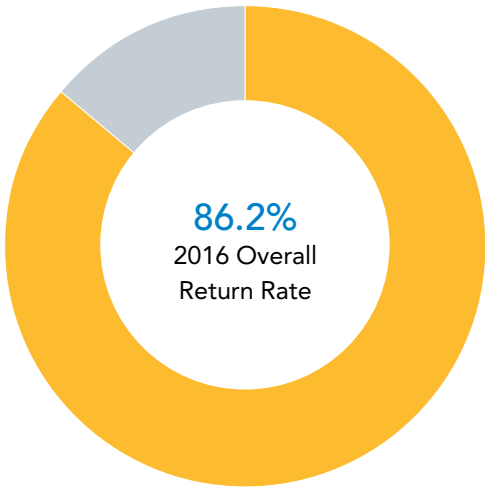
MINIMIZE IMPACT

Minimize the environmental impact of beverage containers through reuse and recycling.

KPI – Return Rate

- The industry continues to examine detailed return rates for all container types and is always looking for ways to improve the system's performance.
- The return rate for 2016 reached 86.2%, the highest since the program's inception.

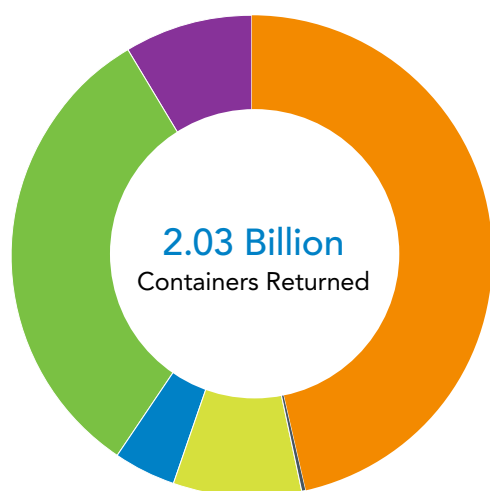
Overall Return Rate (%)



Containers Returned 86.2%
Containers Not Returned 13.8%

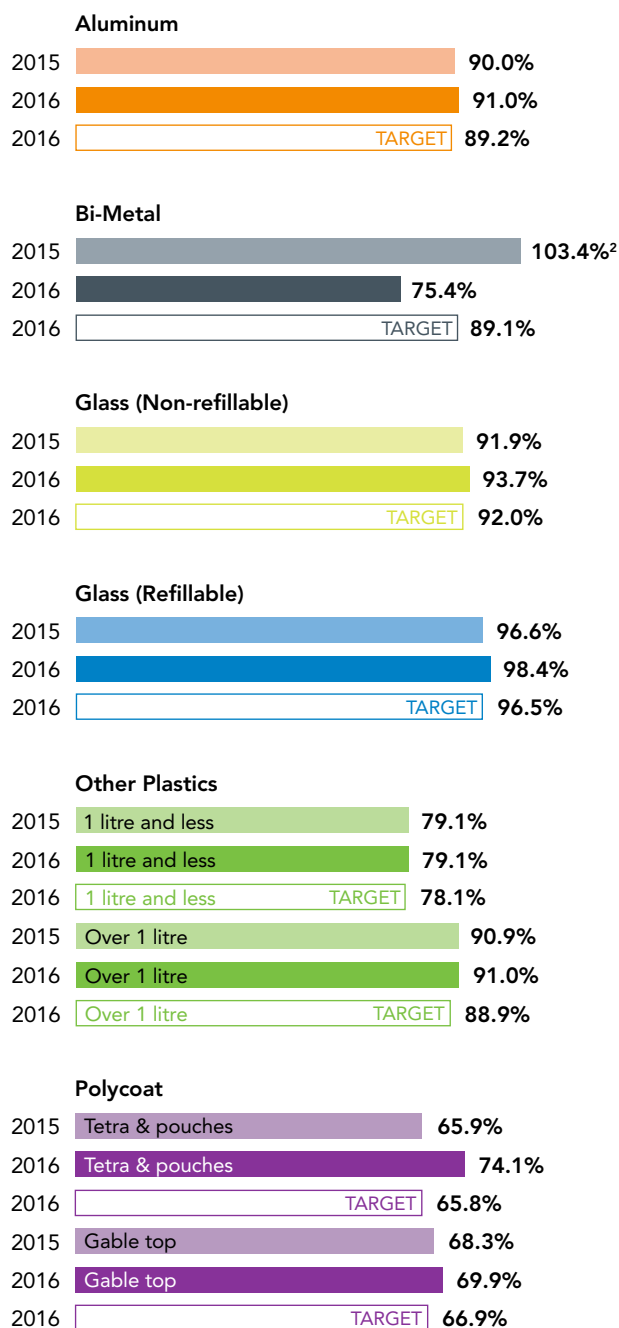


Total Number of Containers Returned to Depots in 2016 by Container Type (%)



- Aluminum **46.4%**
- Bi-metal **0.3%**
- Glass (non-refillable) **8.6%**
- Glass (refillable) **4.2%**
- Other Plastics
 - 1 litre and less **26.2%**
 - Over 1 litre **5.9%**
- Polycoat
 - Tetra & pouches **5.0%**
 - Gable top **3.4%**

Return Rate by Container Type (%)



² Return rates can fluctuate significantly in material streams with lower volumes. Declining sales and increased returns impacted bi-metal in 2016.

Objective

SUSTAINABILITY

Improve the sustainability of the beverage container system

KPI – Sustainability Reporting

- The BCMB is currently in the process of transitioning to sustainability reporting which will consider environmental, social and economic factors. Research is underway and desired outcomes will be introduced in the 2018-2020 business plan.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Annual Report – sustainability reporting	Concept introduced in Business Plan. Annual Report will incorporate elements of sustainability reporting in 2018.			
Establish baseline of environmental/economic/social impact of system components	Desired outcomes will be introduced and bench-marked in the 2018-2020 and 2019-2021 Business Plans.			

Objective

REDUCE FOOTPRINT

Reduce the environmental footprint of the system

KPI – Environmental Footprint

- Distance per container is reported as the average unit-distance a container travels from the depot to the processing plant: the total distance for all loads (in metres) divided by the total number of containers that made the trip. This measure dropped in 2016 when compared to 2015, mainly due to the increase in compaction of containers at depots before they made the trip to the processing plants, which increased the number of containers that fit on a truck.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Distance per container	n/a	1.74 metres	n/a	1.41 metres



Goal 2 – fiscal stewardship

Objective

ACCOUNTABILITY

Introduce accountability measures to minimize system risk

KPI – Accountability Measures

- The BCMB is accountable to its stakeholders, the government and the public. To this end, senior management work with the Board to develop and approve an annual operating budget and three-year business plan that are submitted to the Ministry of Environment and Parks each year. The Board undertakes a full review of all value statements, goals and objectives every second year. The BCMB undergoes an external audit each year and the Board reviews and approves financial statements and applicable policies quarterly.
- The BCMB also identifies and mitigates risk for the beverage container system in Alberta. As part of this accountability, BCMB senior management undertake quarterly risk reviews and maintain a risk register that is reviewed and updated by the Board on an annual basis.

KPI – UCA Filing Compliance

- Depots must report their costs annually using a Uniform Code of Accounts (UCA). The Board has set criteria for the remittance of this information and depots must report within six months of their year-end to an independent body hired to manage and report on this information as part of the process used to set handling commissions.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Board prudency review of core business plan and projects	Compliant	Compliant	Compliant	Compliant
Risk register review – quarterly	Compliant	Compliant	Compliant	Compliant
Depot UCA Filing Compliance	95%	98%	95%	99%

Objective

REPORTING

Report clearly on the achievement of our mandate and government expectations

KPI – Reporting Requirements

- The BCMB annually meets all reporting requirements (audited financial statements, [annual report](#), [business plan](#)).

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
BCMB financial reporting requirements met (quarterly/annual report, business plan)	Complete	Complete	Complete	Complete

Objective

TRANSPARENCY

Maintain full transparency regarding operations and financing

KPI – Net Cost

- Several factors are beyond the control of the system that make this metric hard to target such as the exchange rate and scrap value of materials, both of which can be volatile (and were in 2016). This metric must also consider that as the return rate increases, funding provided by unredeemed deposits decreases. This means that the consumer must pay a higher Container Recycling Fee (CRF) to protect the environment where the container is consumed. The true net cost of the system is based on the CRF paid by consumers at the point of purchase (which may be zero).

Net System Cost Per Unit Recovered (\$)³

2015		\$0.0280
2016		\$0.0315
2016		TARGET \$0.0235

³ The 2015 and 2016 actuals are as reported by the ABCRC. The 2016 target cost is based on forecasted sales and returns adjusted to reflect the Board's target return rates. Other variables (inflation, commodity prices, exchange rates, etc.) are assumed to remain constant.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Net cost by container type				
• Aluminum	\$0.0057	\$0.0058	\$0.0036	\$0.0100
• Bi-Metal	\$0.0502	\$0.0784	\$0.0597	\$0.0580
• Glass	\$0.0742	\$0.0862	\$0.0870	\$0.0869
• Plastics	\$0.0318	\$0.0438	\$0.0342	\$0.0468
• Polycoat	\$0.0281	\$0.0270	\$0.0239	\$0.0339

KPI – CSA Compliance

- Regulation requires the CSA to operate according to standards set by the industry with regard to collection from and payment to depots. The standard set by the industry for payment is nine days. The CSA has improved their performance in recent years, now achieving 99.97% in payment compliance, with only five late payments on more than 30,000 loads.
- The standard set by the industry for collection from the depot is determined based on the volume of the depot, the scheduling of appointments and adherence to that schedule by the carriers who act on behalf of the CSA. Non-adherence to the transportation schedule is expected to increase (in the short-term) since reporting is voluntary and not all instances are currently being reported. Once reporting improves and we have more data to work with, compliance should increase.
- Similar compliance KPIs will extend to the Collection Service Providers (CSP) upon Board approval of a CSP By-law and Operating Agreement.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
CSA Payment Compliance	n/a	n/a	99.5%	99.9%
CSA Collection Compliance ⁴	n/a	n/a	40	27
CSP Payment Compliance	n/a	n/a	n/a	To be developed
CSP Collection Compliance	n/a	n/a	n/a	To be developed

⁴ The 2016 target and actual numbers represent the instances of non-compliance with CSA collection from depots.



Goal 3 – governance excellence

Objective

COMPLIANCE

Achieve a high degree of compliance with operating and reporting requirements

KPI – Refund Compliance (previously Mystery Shopper Program)

- Anonymous audits are conducted on depots to ensure customers are receiving the correct refund value for the containers they return. A depot must return the refund to the auditor within +/- \$0.50 the actual amount to be within industry standard. To achieve the industry standard of excellence, a depot must refund an audit within +/- \$0.25 of the actual refund amount.

Refund Compliance (Mystery Shopper) Audits within Industry Standard⁵



KPI – Inspection Compliance (Depot Inspections)

- In order to ensure a high degree of compliance to standards, depot inspections are conducted regularly throughout the province. Typically, more than 300 inspections are conducted each year with a targeted focus on the poorest 25% of performers based on previous inspections. The desired outcome of these inspections is to realize a continuously improving network of accessible and safe service points for customers, a safe working environment for depot staff and to enhance efficiency in the system. Scoring is based on several metrics, with an industry standard score of 80% or higher. 2016 has seen improvement over 2015. The inspection metrics will be undergoing a review in 2017.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Depots receiving a 5-year permit (maximum length of permit based on quality performance)	55%	48%	60%	59%
Depot inspections where depot scored below acceptable threshold of 50% ⁶	1.0%	0.9%	0.9%	0.9%
Depot network performance (% achieving inspection standard of 80% or higher)	75%	78%	78%	87%
CSA performance standards	n/a	n/a	n/a	89% ⁷
CSP performance standards	n/a	n/a	To be developed	To be developed
Advertising compliance (incidence of non-compliance)	40%	21%	20%	28%
BCMB regulatory requirements – quarterly, board approved, due diligence reporting	Compliant	Compliant	Compliant	Compliant

⁵ The new Refund Compliance Program replaced the Mystery Shopper Program in 2016. It now measures audited refunds within the industry standard of +/- \$0.50 (the previous industry standard for the Mystery Shopper Program was +/- \$0.25). The 2015 and 2016 actuals reflect the new standard. Due to the program changes, a target was not set for 2016 but the 2017-2019 Business Plan contains targets for each of those three years.

⁶ 50% equals the minimum inspection score than can achieve a four-year permit, where all other evaluation criteria is maximized in the permit matrix.

⁷ The percentage is based on a CSA plant audit and only represents a portion of the standards they must meet.

Objective

INTEGRATION & ALIGNMENT

Ensure a high level of integration and alignment with by-laws, policies and operations

KPI – Review and Mapping

- The BCMB is currently developing a framework to link by-laws to compliance standards and processes. The goal is to align all operational and governance functions and create consistency and stability in the industry.

KPI – Beverage Container Registration By-law

- The new [Beverage Container Registration By-law](#) was approved by the Board of Directors in June 2016. The By-law clearly identifies the process and requirements for a manufacturer when registering a beverage container in Alberta. The By-law helps ensure that containers can be recycled in a method approved by the Board.

KPI – Online Database & Registration System

- A new [searchable container database](#) and [online container registration system](#) were launched in 2016. The BCMB continues to work with industry stakeholders – depots, the ABCRC, and the Alberta Gaming and Liquor Commission – to ensure the database is as comprehensive as possible.

KPI – Case Management System

- A new case management system was launched in 2016. The data management software has streamlined information within the BCMB and has provided effective methods to control document management. The collection of information within the new software provides staff with faster and more reliable tools to assess, evaluate and report on the industry performance.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Review and mapping	n/a	Governance manual complete	Development of framework for by-laws and compliance structure	Work began on a framework for by-laws and compliance structure
Progress on business plan objectives and projects ⁸	n/a	n/a	n/a	n/a

⁸ This measure is not being reported on for 2016 and has not been included in the 2017-2019 Business Plan as it is not an effective measure for the complexity of the overall Business Plan.

Objective

COMMUNICATION

Deliver timely, clear and effective communication

KPI – Quality Monitoring Tool (QMT)

- The BCMB continues to utilize the quality monitoring tool to gather data, resolve issues and monitor performance in the industry. The QMT has become the method by which the CSP and depots report on and resolve problems. The transparency of the QMT increases service levels and provides opportunities to educate. The data produced by the QMT gives the BCMB and its stakeholders an opportunity to address issues systemically, by making improvements in the industry and adopting those improvements into by-laws and agreements.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Number of BCMB information requests out of compliance (response within 48 hours)	n/a	n/a	0%	0%
Quality monitoring issues resolved	n/a	n/a	95%	98%

Objective

SYSTEM INTEGRITY

Ensure stakeholder trust through system integrity

KPI – Standard Operating Procedures

- The Standard Operating Procedures KPI was reviewed in 2016 and has been rolled in with review, mapping and alignment of by-laws in the 2017-2019 Business Plan.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Development of standard operating procedures for major activities (that affect stakeholders)	n/a	n/a	Review	Complete



Goal 4 – customer excellence

Objectives

SATISFIES

Deliver a system that satisfies stakeholder expectations

QUALITY

Ensure quality service to the public

KPI – Public Satisfaction & Awareness

- The BCMB assesses public satisfaction and awareness through a [bi-annual survey](#) conducted through Ipsos Reid. The survey was conducted in February 2016 and reported on in the 2015 Annual Report. The same data is used in the 2016 Annual Report.
- 97% of Albertans are aware that they can return beverage containers to a depot for a refund, while 89% of them do so.

Public Participation (%)



Overall Public Satisfaction (%)¹⁰



⁹ In the 2016 Ipsos Reid Survey, 97% of Albertans indicated they recycled their beverage container, while 89% returned those containers to a depot. The 2015 and 2016 actuals are the same as the survey is conducted bi-annually.

¹⁰ Includes the average satisfaction of 8 elements reported in the 2016 Ipsos Reid Survey: refund, convenience, safety, hours, quality, wait time, appearance, cleanliness.

KPI – Customer Satisfaction

- The BCMB assesses depot customer satisfaction through our annual Depot Exit Interviews. Customers are surveyed as they are leaving a depot after returning beverages containers. The [2016 Depot Exit Interview Survey](#) covered 20 depots, including 10 in Calgary and 10 in Lethbridge and the surrounding rural areas. Customer perception of refund accuracy and overall customer satisfaction remains high and we are optimistic that we will continue to increase satisfaction with higher standards and better access to depots.
- The BCMB will continue to survey depot customers around the province, rotating back to the same regions at least once every three to four years.

KPI – Depot Satisfaction

- Stakeholder satisfaction is important to us. We [survey depots](#) at the annual Industry Conference in the fall of each year. The 2016 survey took place in October. BCMB, ABCRC and Brewers Distributor Ltd. each develop action plans to address any issues identified in the survey. The action plans are presented at regional meetings the following year to demonstrate accountability.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Public wait time (% satisfied) ¹¹	n/a	82%	70%	82%
Convenience (% satisfied)	84%	83%	84%	83%
Depot refund accuracy	91%	89%	92%	87%
Innovation ¹²	n/a	n/a	Under construction	Under construction
Depots overall satisfaction with CSA (moderately to highly satisfied)	62%	84%	70%	91%
Depots overall satisfaction with CSP	n/a	n/a	n/a	96%

¹¹ Average wait time is 8.7 minutes (according to the 2016 Depot Exit Interview Survey). Target and actuals indicate the percentage of those satisfied or highly satisfied with the wait time, according to the 2016 Ipsos Reid Survey.

¹² A new key performance indicator for innovation has been identified in the 2017-2019 Business Plan and will be reported on in 2017. The KPI is based on the number of depot pilot project participants and whether or not there is a return on investment for each project.

Objective

AWARENESS

Achieve widespread awareness of the importance of the system

KPI – Customer Awareness

- In 2015, the CSA (which oversees marketing initiatives for the industry) employed a new marketing strategy focused solely on branding the Depot logo. Subsequently, there was a 17% increase in recognition of the industry brand (captured through the bi-annual Ipsos Reid survey of Albertans conducted in 2016).
- The BCMB participated in further development of the *Depot It's Worth It* brand, particularly by partnering with the ABCRC and the Alberta Bottle Depot Association to launch a new industry website. The site amalgamated information on beverage container recycling in Alberta in one place.
- The BCMB continued its work with two other Delegated Administrative Organizations – [Alberta Used Oil Management Association](#) and [Alberta Recycling Management Authority](#) – on best operating practices and on communications and marketing initiatives to better reach and inform the public about recycling. This included a joint advertisement during Environment Week 2016 to congratulate Albertans on their successful recycling activities.

Recognition of the Industry Brand (%)



Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Individuals aware of program	97%	97%	97%	97%
Individuals who believe that recycling beverage containers has a significant impact on the environment	75%	72%	75%	72%
Aware of deposit amounts	55%	57%	59%	50%

Objective

ACCESSIBLE

Deliver a beverage container management system that is accessible

KPI – Accessibility

- A primary objective of the BCMB is to ensure an accessible beverage container system through the maintenance of current infrastructure and through targeted expansion. New depot locations are sited based on anticipated population growth and in areas experiencing significant growth. They are initiated ahead of the growth and expansion to meet the public's needs. New permits require the implementation of certain technology, such as point of return systems, and also target technological advancement and best practices to further enhance customer satisfaction.
- While one depot closed, two new depots opened in 2016, bringing the current number of depots in Alberta to 217.
- In 2016, nine new depots were provided with conditional approval, including three in Edmonton, five in Calgary and one in Airdrie. All nine are expected to be operational and open to the public by the end of 2018.

Number of Universal Depots in Alberta



Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Number of Class D depots in Alberta (liquor store collection)	20	17	17	17
Average travel time to a depot (from consumer survey)	<ul style="list-style-type: none"> • 51% < 10 min. • 35% = 11-20 min. 	<ul style="list-style-type: none"> • 49% < 10 min. • 35% = 11-20 min. 	<ul style="list-style-type: none"> • 51% < 10 min. • 35% = 11-20 min. 	<ul style="list-style-type: none"> • 49% < 10 min. • 35% = 11-20 min.
Largest unserved population (via a depot)	3,000	2,842	3,000	3,277 ¹³

¹³ Penhold is the largest Alberta community without a depot. It had a population of 2,842 in 2015 and 3,277 in 2016.



Goal 5 – system efficiency and effectiveness

Objective

INNOVATION

Encourage innovation and continuous improvement

KPI – Seedbed Activity

The BCMB values innovation and new technology that has a positive effect on system efficiency and effectiveness. Based on needs assessments, pilot projects may be developed to measure the effectiveness and/or cost benefit of different technologies or innovative improvements. Examples of new technology piloted or in place in 2016 in some depots include Anker Anderson sorting technology, point of return software and in-depot compaction.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Seedbed activity – depot pilot project participants	n/a	n/a	20	21
Investment in technology – return on investment ¹⁴	n/a	n/a	>1	1 out of 2 projects

¹⁴ Mobile compaction failed to achieve a return on investment of >1, however in-depot compaction did.

Objective

RESPONSIVENESS

Demonstrate responsiveness to changing needs

KPI – Needs/Opportunities

- The development of a catalogue of needs and opportunities is currently under review.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Catalogue of needs/opportunity ¹⁵	n/a	n/a	Begin review	Review began

¹⁵ Needs and opportunities will be captured in the investment in technology KPI going forward.

Objective

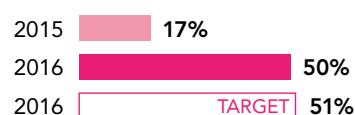
TECHNOLOGY

Capitalize on technological advancement

KPI – Electronic R-bill Reporting

- Utilizing electronic methods to compute and report shipments of containers from depots reduces the number of errors on R-bills and the time required to process shipments at both ends. The percentage of depots communicating R-bills electronically is now at 51% and represents 79.5% of all containers shipped in the system. Subsequent yearly targets have been set to encompass all urban and metro depots by the end of 2018.

Depots Utilizing Electronic R-bill Reporting (%)



Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Reduction in manual errors ¹⁶	n/a	n/a	n/a	5.49

¹⁶ This includes both electronic R-bill and regular R-bill errors or incompleteness. 5.49 = average number of errors per 100 loads invoiced by depots.

Objective

COST EFFECTIVE

Demonstrate responsiveness to changing needs

KPI – Ranking (comparative net cost)

- Comparable deposit programs exist in British Columbia, Saskatchewan, New Brunswick and Nova Scotia. CM Consulting compared the net cost of our system against other similar systems in Canada. Alberta ranked first (lowest) for cost per container paid to the recycling consumer and fourth out of five jurisdictions when comparing the cost to the wasting consumer.

Key Performance Indicator (KPI)	2015 Target	2015 Actual	2016 Target	2016 Actual
Comparative analysis for net cost for other jurisdictions	1st	1st ¹⁷	1st	1st
Net cost for the recycling consumer in cents per container ¹⁸	n/a	1.26	n/a	n/a

¹⁷ "Who Pays What" report by CM Consulting is published every two years. The 2015 actual is based on the 2014 report and the 2016 actual is based on the 2016 report.

¹⁸ The 2015 actual represents the value from 2014 as the report is only published every two years. The 2016 value will be reported in 2018.



= higher volume

Many depots use an electronic Point of Return (POR) system to accurately and efficiently calculate refunds paid out to customers. Depots that have POR systems = 9% higher return volume in 2016.

Board of directors

The Beverage Container Management Board consists of a 16-member [Board of Directors](#). Membership on the Board is set under the Societies Act By-law and includes representation from a cross-section of stakeholders including: beverage manufacturers, depot operators, hotel and liquor store operators, municipal governments, the provincial government, non-government environmental organizations and the public.

Board members each sit for three-year terms (with a maximum of three terms) and serve on a number of Board committees as well. A list of Board committees and the members serving on each can be found on page 48 in the financial statements.



In January 2017, the Beverage Container Management Board was devastated by the sudden passing of our friend and colleague, Trevor Nickel.

Trevor was the President of the Alberta Bottle Depot Association, the industry association representing the more than 200 depots across Alberta. He was appointed to the Board of Directors on June 22, 2016.

Trevor had a decade of experience in entrepreneurship in the waste-reduction industry. He helped found the Alternative Energy Technology program at NAIT and instructed Business Fundamentals to the first two classes to graduate from that program, many of whom have become successful entrepreneurs. Even in his short time with the beverage container recycling industry, he has left a legacy of improved stakeholder relationships.

Trevor is greatly missed by our Board and staff, especially his caring nature, thoughtfulness and warm smile. Our thoughts and sympathies are with his wife Tania and their two children, Juniper and Walden.

A handwritten signature in black ink that reads "Andrew Stephens".

Andrew Stephens
Board Chair

Depot Sector Representatives



Kulwant Dhillon

Kulwant Dhillon has been involved in the beverage container recycling industry since 1990 as a depot owner and liquor store operator. He has a B.Sc. in Mechanical Engineering and previously worked with SNC-Lavalin Inc. as a Team Leader on a Syrian pipeline project.



Ivonne Martinez

Ivonne Martinez is currently the President of the Alberta Liquor Stores Association, a position she has held for the last three years, after returning from working abroad in Dubai, UAE for seven years. Ivonne is a seasoned government relations and communications professional with over 23 years of experience working with the federal government, the Alberta and British Columbia governments, and the oil and gas industry.



Karim Dossa

Karim Dossa has been involved with the beverage container recycling industry in Alberta since 1986 when he purchased the Beddington Heights Bottle Depot in Calgary, Alberta. He currently serves on the Board of Directors for the BCMB and the Alberta Bottle Depot Association.



Brenda Smith

Brenda Smith has served for the past eight years as the Business Services Director for Recycle Plus. She oversees the real estate assets of the organization along with providing direction for the two bottle depots in Grande Prairie, Alberta (Plus I and Plus II). Brenda serves on the Alberta Bottle Depot Association Board of Directors and presently holds the position of President.

Manufacturing Sector Representatives



Nicholas Kissel

Nicholas Kissel is a Certified Management Accountant and Certified Fraud Examiner. He is currently employed as Manager, Liquor Supply and Distribution at the Alberta Gaming and Liquor Commission (AGLC). In addition to serving on the Beverage Container Management Board, he represents the AGLC on the Board of Directors for the Alberta Beverage Container Recycling Corporation and the Alberta Beer Container Corporation.



Cheryl McLaughlin

Cheryl McLaughlin is a Certified Risk Manager and holds the CRM-E designation for Enterprise Risk Management. She is currently the Director of Quality for Cott Corporation where she is responsible for Canadian quality, regulatory and environmental stewardship. Cheryl has been actively involved in the bottling industry for the past 18 years and currently serves on several stewardship boards across Canada.



Marilyn Martin

Marilyn Martin is a lawyer and has practiced law in Calgary, Alberta for over 35 years. Marilyn has extensive legal experience with private and publicly traded corporations, securities and compliance law, corporate/commercial law and corporate governance. Marilyn previously served on the BCMB as a Director representing the beverage manufacturing sector for nine years commencing in 2005. She was reappointed as a Director for the BCMB in June 2016.



Ian Tott

Ian Tott is the Vice President of Warehouse and Distribution – Western Canada with Saputo Dairy Products Canada and brings 37 years of experience in the food and beverage industry to the BCMB. Ian is presently the Chair of the Alberta Dairy Council, and a Director representing the dairy processors on both the Alberta Beverage Container Recycling Corporation Board and the BCMB.

Public Members



Brian Zeiler-Kligman

Brian Zeiler-Kligman became Canada's National Brewers' inaugural Director of Sustainability in 2011. In this role, Brian drives regulatory and policy initiatives related to industry sustainability, including container recovery and management, across Canada. Brian also works with related companies such as the Beer Store in Ontario and Brewers Distributor Ltd. in Western Canada to manage and implement logistical, operational and financial aspects of sustainability initiatives.



Anne Auriat

Anne Auriat is currently Manager of Waste Minimization Programs for the Towns of Edson and Hinton, along with Yellowhead County. She has been directly involved with the recycling programs in these communities for the past 18 years, first as a County Councillor for six years. In addition to her management duties, Anne is co-owner of an environmental consulting/managing business, Silkstone Environmental Ltd.



Andre Chabot

Andre Chabot was elected to his first term on the City of Calgary Council for Ward 10 during a by-election on February 28, 2005. He is a City of Calgary representative on the Alberta Urban Municipalities Association (AUMA) and is the AUMA representative on the Beverage Container Management Board.



Patrick Kane
(Non-voting)

Patrick Kane is a senior manager with Alberta Environment and Parks (AEP) responsible for the development of waste policy for Alberta. In his role with AEP, Patrick has played a key role in the establishment of recycling programs for beverage containers, used oil materials, tires, unused paint and paint containers, and Canada's first program for electronics recycling.



Elaine Noel-Bentley

Until her retirement, Elaine Noel-Bentley was employed at Petro-Canada for 20 years, the last 10 years as Senior Director of Total Compensation. In addition to being a Director on the BCMB, Elaine is a board member on the Alberta Municipal Services Corporation Board, the APE X Governance Board and the Alberta Pension Services Corporation Board (2017).



Patricia McLeod, Q.C.

Patricia McLeod, Q.C., is a lawyer and corporate director with over 23 years of legal, regulatory, governance and compliance experience in-house with regulated and deregulated companies, and private practice law firms. Patricia has been a General Counsel, Vice President of Corporate Responsibility and Compliance, and Privacy Officer for utilities, insurance and financial services companies in Alberta. She was appointed as Queen's Counsel in 2014 and to the Alberta Order of Excellence Council in 2015.



Andrew Stephens

Andrew Stephens is a seasoned oil and gas executive with 35+ years of experience with Suncor Energy Inc. and predecessor companies. When Andrew retired from Suncor in 2012, he was Senior Vice-President, Business Services reporting to the CEO and President. He currently serves as the Chair of Genome Alberta and the Beverage Container Management Board.



= refillable containers

98.4% of refillable glass containers were returned to depots in 2016. That = 85,260,000 containers. These refillable containers are returned to the manufacturer and can be reused up to 15 times!

independent auditor's report



PricewaterhouseCoopers LLP
Edmonton

April 28, 2017

To the Directors of
Beverage Container Management Board

We have audited the accompanying financial statements of Beverage Container Management Board, which comprise the balance sheet as at December 31, 2016 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beverage Container Management Board as at December 31, 2016 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Balance sheet

As at December 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 1,415,222	\$ 1,522,479
Accounts receivable	74,480	31,041
Prepaid expenses	27,645	23,515
	1,517,347	1,577,035
Investment	292,869	288,242
Restricted cash (note 8)	1,541,435	1,573,744
Property and equipment (note 3)	34,732	40,528
	3,386,383	3,479,549
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	281,817	136,399
Deposits	225,000	100,000
	506,817	236,399
Net Assets		
Unrestricted	1,338,131	1,669,406
Restricted (note 7)	1,541,435	1,573,744
	2,879,566	3,243,150
	3,386,383	3,479,549

Commitments (note 4)

Approved by the Board of Directors

Director



Director



The accompanying notes are an integral part of these financial statements.

statement of changes in net assets

For the year ended December 31, 2016

	2016			2015
	Restricted	Unrestricted	Total	Total
Balance – Beginning of year	\$ 1,573,744	\$ 1,669,406	\$ 3,243,150	\$ 3,850,390
Transfer	(54,474)	54,474	–	–
Excess of revenues over expenditures (expenditures over revenues) for the year	22,165	(385,749)	(363,584)	(607,240)
Balance – End of year	1,541,435	1,338,131	2,879,566	3,243,150

The accompanying notes are an integral part of these financial statements.

statement of revenues and expenditures

For the year ended December 31, 2016

	2016		2015
	Actual	Budget (Unaudited)	Actual
Revenues			
Container fees	\$ 2,640,804	\$ 2,847,003	\$ 2,308,319
Depot fees	81,700	60,000	58,860
Product registration fees	49,194	42,500	51,833
Interest and other	39,593	26,000	37,174
	2,811,291	2,975,503	2,456,186
Operating expenditures			
Salaries and benefits	1,365,224	1,498,355	1,312,941
Professional fees	356,482	378,000	443,947
Office	177,567	210,000	194,483
Board of Directors' honoraria and expenses (note 5)	150,968	205,000	161,080
Communications	89,774	105,000	78,588
Travel	56,971	110,000	103,925
Information system maintenance	35,158	36,000	32,170
Training and development	33,623	57,500	23,448
Depreciation	24,844	26,000	33,699
Regional meeting	23,458	20,000	19,821
Refund compliance	20,001	45,000	13,697
Insurance and licences	12,800	15,000	13,724
Miscellaneous	6,259	5,000	4,548
HR review	–	–	14,900
Loss on disposal of property and equipment	–	–	1,359
	2,353,129	2,710,855	2,452,330
Project expenditures	821,746	877,000	611,096
Excess of expenditures over revenues for the year	(363,584)	(612,352)	(607,240)

The accompanying notes are an integral part of these financial statements.

statement of cash flows

For the year ended December 31, 2016

	2016	2015
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenues for the year	\$ (363,584)	\$ (607,240)
Items not affecting cash		
Depreciation	24,844	33,699
Loss on disposal of property and equipment	–	1,359
	(338,740)	(572,182)
Net change in non-cash working capital items	222,849	68,112
	(115,891)	(504,070)
Investing activities		
Purchase of property and equipment	(19,048)	(21,953)
Increase in investment	(4,627)	(3,792)
Increase (decrease) in restricted cash	32,309	(380,364)
	8,634	(406,109)
Decrease in cash during the year	(107,257)	(910,179)
Cash – Beginning of year	1,522,479	2,432,658
Cash – End of year	1,415,222	1,522,479
Supplementary information		
Interest received	25,548	36,907

The accompanying notes are an integral part of these financial statements.

notes to the financial statements

December 31, 2016

Note 1 Nature of Operations

The Beverage Container Management Board (the Board) was incorporated under the Societies Act of the Province of Alberta on October 9, 1997. As a not-for-profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to Section 149(1)(l) of the Income Tax Act. Pursuant to the Beverage Container Recycling Regulation, Alberta Regulation 101/97, the Board has been delegated responsibility to administer the regulation and supervision of the beverage container management system in the Province of Alberta.

Note 2 Summary of Significant Accounting Policies

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 is 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 judgment. 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 policies summarized below.

REVENUE RECOGNITION

Container fees represent a levy charged for each registered beverage container recycled in the Province of Alberta and are recorded when the Board receives a notice or agency statement from the Alberta Beverage Container Recycling Corporation (ABCRC) or Brewers Distributor Ltd. (BDL) acknowledging collection of the containers. Product registration and depot fees are recorded as the related service is performed.

PROPERTY AND EQUIPMENT

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

Office equipment	5 years
Leasehold improvements	10 years
Computer equipment and accessories	4 years
Computer software	4 years
Furniture and fixtures	5 years

INVESTMENTS

Investments are recorded at fair value with any changes in fair value recorded in the statement of revenues and expenditures. As at December 31, 2016, the investments consisted of guaranteed investment certificates that mature in 2017 and earn interest between 1.63% and 1.64% (2015 – guaranteed investment certificates that mature in 2016 and earn interest between 1.55% and 1.63%).

FINANCIAL INSTRUMENTS

The Board records cash, restricted cash, accounts receivable and accounts payable and accrued liabilities at amortized cost. Investments are recorded at fair value. Any changes in value are recorded in the statement of revenues and expenditures.

Financial assets are tested for impairment at the end of each reporting period when there are indications the assets may be impaired.

notes to the financial statements

December 31, 2016

Note 3 Property and Equipment

	2016			2015
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 11,260	\$ 9,910	\$ 1,350	\$ 3,607
Leasehold improvements	22,582	5,251	17,331	5,776
Computer equipment and accessories	132,370	120,565	11,805	21,058
Computer software	21,269	21,269	–	1,843
Furniture and fixtures	85,398	81,152	4,246	8,244
	272,879	238,147	34,732	40,528

Note 4 Commitments

Under the terms of operating lease agreements, the Board is required to make the following annual payments:

2017	\$ 114,068
2018	74,960
2019	69,339
2020	68,706
2021	62,787

Note 5

Board Member and Management Remuneration

The Board has expensed honoraria, if claimed, which includes travel time but not travel or other expenses paid to its Directors and President as follows:

	2016	2015
Board Chairperson		
Mr. A. Stephens (a, c, g, h)	\$ 20,950	\$ 21,600
Mr. R. Risvold	–	5,100
Board Members		
Ms. B. Smith, Chair – Governance and Compensation Committee (g, h)	5,285	6,020
Mr. T. Marr-Laing (h)	2,905	4,200
Ms. M. Martin (c, h)	6,090	–
Ms. E. Noel Bentley, Chair – Handling Commission Review Committee (g, h)	6,615	9,013
Mr. K. Dhillon (g)	5,215	5,530
Mr. K. Teare	–	560
Mr. J. Linton	–	3,325
Mr. K. Dossa (c)	3,570	4,795
Mr. P. Kane	–	–
Mr. N. Antymis	–	–
Mr. J. Challinor	–	–
Mr. I. Tott (c)	–	–
Ms. P. McLeod, Chair – Compliance Committee (c)	4,918	2,468
Ms. A. Auriat (a, h)	6,300	8,540
Mr. A. Chabot	2,135	2,275
Mr. T. Nickel (c)	1,575	–
Ms. C. McLaughlin (a)	–	–
Mr. S. Hanowski	–	–
Mr. W. Zhang	–	–
Mr. N. Kissel, Chair – Audit Committee (a)	–	–
Mr. B. Zeiler-Kligman (g, h)	–	–
Ms. I. Martinez (a)	–	–
	65,558	73,426
The President and Acting President were paid the following gross compensation:		
President	182,419	155,276
Acting President (Mr. R. Risvold)	–	495
Acting President (Mr. A. Stephens)	–	38,792
Subtotal	182,419	194,563
	247,977	267,989

(a) Member of Audit Committee

(c) Member of Compliance Committee

(g) Member of Governance and Compensation Committee

(h) Member of Handling Commission Review Committee

Note 5

Board Member and Management Remuneration – continued

The following table summarizes the Board of Directors' honoraria and expense amounts:

	2016	2015
Honoraria paid	\$ 65,558	\$ 73,426
Canada pension plan benefits	2,239	2,360
Travel	44,860	52,348
Directors' meals	2,490	2,659
Meeting facilities and catering	35,821	30,287
	150,968	161,080

In 2016 and 2015, the travel expense amount was reimbursed directly to the Board of Directors.

notes to financial statements

December 31, 2016

Note 6 Budget Amounts

The budget amounts have been presented for information purposes and have not been audited.

Note 7 Internally Restricted Surplus

The Board of Directors has established a reserve fund to cover the costs of winding up the Board's programs, should the Board of Directors decide this to be necessary. During the year, \$54,474 was transferred from restricted to unrestricted surplus (2015 – \$367,292 was transferred from unrestricted to restricted surplus). This transfer, along with income earned of \$22,165 (2015 – \$13,073), brings the balance of restricted surplus to \$1,541,435 (2015 – \$1,573,744), which is management's estimate of the costs to wind up the Board.

Note 8 Restricted Cash

Restricted cash is comprised of guaranteed investment certificates in the amount of \$1,250,103 (2015 – \$1,230,161) maturing in 2017 as well as \$291,332 (2015 – \$343,583) allocated from the operating cash account. This cash has been restricted and includes amounts related to the internally restricted surplus of \$1,541,435 (2015 – \$1,573,744) (note 7).

Note 9 Financial instruments

CREDIT RISK

The Board's exposure to credit risk is indicated by the carrying value of its accounts receivable. The Board's receivables are from long-standing organizations and management believes credit risk to be low.

FAIR VALUES

The carrying value of cash and restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their fair values due to the relatively short-term maturities or nature of these instruments.

REC ORD %



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