

2013 ANNUAL REPORT

2,000,000,000



= a record
FOR ALBERTA

Albertans returned 2.007 billion beverage containers to bottle depots in 2013! That's a record for our province. The significant number of returns is due to higher than ever beverage sales and a growing awareness of the benefits of the province's beverage container refund system.







5

= 324
OLYMPIC-SIZED
POOLS FILLED
TO THE TOP



A photograph of a car's open trunk, which is packed with various recyclable items. Visible are numerous clear plastic bottles, some with green labels, and many aluminum cans, including some with red and white branding. The items are packed closely together, filling most of the trunk space. A white curved arrow points from the text circle towards the top left of the recycling pile.

= 500+
CONTAINERS FROM
EVERY ALBERTAN





= 12 times
AROUND
THE EARTH

2,000,000,000



= amazing

Yes, Alberta....we did it! We returned over two billion beverage containers to bottle depots in 2013! That means we returned over 500 containers for every single person in this province. More than two billion containers were recycled and that means 128,000 tonnes of waste was kept out of landfills. That's enough beverage containers, placed end to end, to circle the earth 12 times! Or to put that in perspective close to home, it's equivalent to 275 trips between Fort McMurray and Medicine Hat.

We did it with hard work and a commitment to enhancing the beverage container recycling system wherever and however possible. We did it with the use of new technology and by studying Albertans' recycling habits. We did it by reviewing industry practices and processes, by promoting the industry and by working with our 216 bottle depots to offer the best customer service possible.

Higher than ever beverage sales and a growing awareness of the benefits of the province's beverage container refund system means beverage container returns are not only breaking records, but continuing to steadily climb. The return rate in 2013 was 82.3%, just shy of our provincial goal of 85%.



**WE
RECYCLE**





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LETTER TO THE MINISTER

June 11, 2014

Honourable Robin Campbell
Minister of Alberta Environment and Sustainable Resource Development
Government of Alberta
323 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Campbell:

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, 2013 in accordance with Section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/1997 as amended).

Yours truly,



Ross Risvold
Chair, Beverage Container Management Board



= milestone

CELEBRATED ON
NOV. 4, 2013

2013 HIGHLIGHTS

Celebrating two billion beverage containers recycled

Albertans returned over two billion containers to bottle depots for recycling and a refund in 2013. Environment and Sustainable Resource Development Minister Diana McQueen, the BCMB and industry stakeholders celebrated the significant milestone on November 4, 2013, along with the University of Alberta and approximately 2,000 elementary students at the Jubilee Auditorium for Voices of Nature Day 2013. The live concert featured a student choir performing songs about stewardship of wetlands, watershed, and forests, and protecting habitats by reducing waste.

Following are a number of other key highlights for 2013:



- 2,136 new non-alcoholic beverage containers and 5,963 new beer and liquor products were registered in 2013. Twenty-one new distributors/manufacturers joined the system as well.
- The BCMB attended six trade shows and conferences in 2013 to promote the beverage container recycling industry in Alberta.

- Permits were conditionally approved for two new bottle depots in Calgary, one in the northeast and one on the west side.
- The new Blackfalds Bottle Depot began operation on July 18, 2013 and celebrated its grand opening on August 15.
- Two depots were reopened in 2013 by new owners in Wabamun and Jossard.
- The first steps toward development of a registrations database for beverage containers began with a Request for Proposals in May 2013. ERIS Solutions Inc. was awarded Phase 1 of the project, a requirements specification document, which was completed in October.
- The Handling Commission Review began with a goal of completion by spring of 2014.
- Development began in 2013 for an industry-wide Quality Monitoring System and a Case Management System for daily operations, file management and reporting. The two systems will be integrated for efficiency and sharing of data.
- The BCMB launched a new website in August 2013. The simplified design allows different users (general public, depot owners, retailers and manufacturers) to browse the site and access information on everything from refund amounts and depot locations to advertising rules for beverage containers, and bylaws and policies governing the beverage container recycling system in Alberta.
- The BCMB provided input to the Government of Alberta (GoA) on its regulatory framework review for recycling designated materials. The GoA is proposing to consolidate Alberta's eight existing recycling regulations under one regulation.
- The Depot Occupational Health & Safety Committee developed a new Safety Tool-kit for depots which was introduced at regional meetings in February and March. The tool-kit and accompanying information is available on the Alberta Bottle Depot Association's (ABDA) web site.
- The BCMB worked with a City of Calgary consultant to propose changes to the zoning of depots in Calgary.

CHAIR'S REPORT

If 2013 is any indication, the future of beverage container recycling in Alberta holds many exciting new opportunities to build on our already successful and highly regarded industry.

Continually adapting to our province's growing economy and population may be challenging in many ways, but it also pushes us to be bold and innovative.

Alberta's economy grew by an estimated 3.3% in 2013, more than the forecasted 2.9% growth. Our population reached the four million mark as of July 2013, with the province welcoming over 136,000 new Albertans in 2013 alone. That kind of growth means an increase in beverage sales and more demand on the beverage container recycling industry. It also means stepping up our efforts to increase the beverage container return rate.

With Alberta's economy and population figures continuing to set records, our beverage container recycling industry is achieving unprecedented success as well. In 2013, Albertans returned over two billion beverage containers to bottle depots for recycling and a refund. That success is due in large part to the broad base of containers accepted in Alberta's beverage container recycling system.

It's encouraging to see so many Albertans recycling their beverage containers and realizing the importance of keeping them out of landfills. Strong beverage sales, 2.4 billion in 2013, continue to create a challenge for the BCMB as we aim to ensure as many of those containers as possible are returned to bottle depots for a refund and recycling. With over 2.007 billion beverage containers returned by the end of December, we achieved a return rate of 82.3%.

With the support of the BCMB staff, the Board of Directors continues to explore new technology and processes that will enhance the industry. We are continually monitoring best practices in beverage container recycling around the world and are conducting research to determine how and where we can make beverage container recycling easier and even more accessible.



All of this work is done in close collaboration with our stakeholders. Their support and common vision for the industry are imperative to achieving our goal of an 85% return rate. We would not be successful in our efforts without the guidance of Alberta Environment and Sustainable Resource Development. I would like to thank former Minister Diana McQueen for her hard work and enthusiasm for the beverage container recycling industry and congratulate the Honourable Robin Campbell on his appointment as Minister on December 13. The Board looks forward to working with Minister Campbell and his staff.

I would also like to thank the staff of the BCMB for their commitment and the commendable work they do for the Board and the industry every day. And finally, I extend my sincere appreciation to my fellow board members for their many contributions, their leadership and their support.

I look forward to 2014 and the many opportunities ahead for Alberta's beverage container recycling industry as we continue to embrace our environmental stewardship role and keep as many beverage containers as possible out of our landfills.

A handwritten signature in black ink, reading "Ross Risvold". The signature is fluid and cursive.

Ross Risvold
Chair, Beverage Container Management Board

PRESIDENT'S REPORT

Alberta's beverage container recycling industry is experiencing rapid growth and change, and has evolved tremendously since its inception in the early 1970s and even since the BCMB was created in 1997 to regulate the industry.

Progress is both exciting and challenging. As environmental responsibility becomes increasingly important to Albertans, the BCMB is constantly evaluating the beverage container recycling industry's needs and focus.

Looking back on 2013 and the BCMB's many accomplishments, I am proud our organization has continued to work with its partners to make enhancements where needed and look for new ways to achieve our goals for an industry that is growing as rapidly as Alberta itself.

The BCMB and its two key stakeholders, the Alberta Beverage Container Recycling Corporation and the Alberta Bottle Depot Association, have made significant progress on a number of large initiatives.

Work is well underway on the development of an online registration database that will provide internal and external stakeholders with consistent information on container registrations and the ability to access the database as required through BCMB's web site.

Work also began in 2013 on a quality monitoring system for the beverage container recycling industry's processes and services to ensure effectiveness and accountability. The system is on schedule to be functional in the summer of 2014 and will be integrated with a new case management system to record and manage depot files.

The BCMB also placed a lot of emphasis in 2013 on research. Information gathered from waste audits, depot exit interviews and a shopping mall/food court survey on beverage container recycling, combined with the data that will be accessible through the registration database, quality monitoring system and case management system, gives us a tremendous amount of valuable data. That data will allow the BCMB and its stakeholders to make informed decisions on programs and policies for the industry.

In addition to the important advances in technology and data collection, the BCMB moved forward on a number of other initiatives to help improve bottle depots' efficiency and effectiveness, including: the implementation of a Depot



Workplace Health and Safety Program, support for the continued roll out of point-of-return systems by bottle depots, enhanced depot inspection processes and criteria, and production of external signs for each depot with the 'Depot it's worth it' logo.

Whether its new and innovative technology to make our industry more efficient, system enhancements, or a marketing campaign with our key stakeholders aimed at increasing returns, there were many opportunities in 2013 to expand and strengthen the way we regulate the growing beverage container recycling industry.

Clearly we are on the right track given that we reached a significant milestone in 2013 when we surpassed the two billion mark for beverage containers returned for recycling and refund in a year! A lively and fun celebration with the University of Alberta and over 2,000 school children at the Jubilee Auditorium in Edmonton in November gave us a chance to recognize Albertans for their commitment to keeping beverage containers out of landfills.

The excitement of that milestone and the many successful projects in development or being implemented mean the future is bright for the industry. I look forward to what 2014 holds and the difference we can continue to make to the environment in Alberta.

Malcolm D. Kirkland
President



= 275
TRIPS BETWEEN
FORT MCMURRAY
& MEDICINE HAT

SASKATCHEWAN

BRITISH COLUMBIA



ABOUT THE BCMB

The BCMB is a not-for-profit association formed by representatives of Alberta beverage manufacturers, bottle depots and the public (environmental organizations, municipalities and interested citizens). As a Delegated Administrative Organization, it administers and delivers a system for collecting and recycling and/or reusing beverage containers in the province within policy parameters established by the Minister of Alberta Environment and Sustainable Resource Development.

As the system regulator, the BCMB works closely with its key stakeholders: the Alberta Bottle Depot Association (ABDA) –representing Alberta bottle depots; the Alberta Beverage Container Recycling Corporation (ABCRC) – collection system agent (CSA) for non-refillable containers; the collection service providers (CSP) for refillable containers, such as Brewers Distributor Ltd.; and Alberta Environment and Sustainable Resource Development.

The BCMB's core responsibilities are:

- registering containers and manufacturers;
- permitting and monitoring depots;
- setting handling commissions; and
- overseeing aspects of the relations between manufacturers, depots, the CSA and the CSP.

Vision

The BCMB's vision is to be "*the leader in stewarding beverage containers to minimize their impact on the environment*". The vision anticipates a beverage container management system with:

- higher return rates (85% or better);
- greater public participation;
- convenient, cost effective container collection;
- strong alignment among system stakeholders;
- consistent high levels of service from depots;
- consistent, fair and firm enforcement of depot and CSA/CSP standards; and
- financial transparency.

Mission

Consistent with its vision, the BCMB's mission is to "*govern a leading beverage container management system that is innovative, accessible and cost effective*".

BEVERAGE CONTAINER RECYCLING IN ALBERTA

Alberta has one of Canada's largest networks of beverage container recycling depots. The beverage container recycling system includes 216 universal depots that accept all beverage containers and 19 Class D (beer containers only) depots.

The BCMB utilizes and maintains a database of over 110,000 registered containers, including alcohol and non-alcohol beverage products. Most Albertans now recycle their beverage containers and the most popular method of doing so is through depots. The BCMB works with depots to ensure high levels of service and convenience for customers. For a complete list of depots in Alberta, or to find the depot nearest you, visit our web site at www.bcmb.ab.ca.

Beverage manufacturers are responsible for post-consumption collection of their beverage containers in Alberta. Their containers are gathered from depots around Alberta by either the collection system agent – ABCRC (non-refillable containers), or collection service providers such as Brewers Distributor Ltd. (refillable containers).

Container Recycling Fee

The Government of Alberta does not supply or receive any funding for or from the operation of the beverage container recycling system. A Container Recycling Fee (CRF) or environmental levy may be applied at the point of purchase to cover the net costs in recycling beverage containers. The fee is required to fund that portion of system operations costs (collection, transportation and marketing) not covered by material revenues (i.e., the 'salvage value' of the containers) and unredeemed deposits. The CRFs are non-refundable and based on a not-for-profit formula. They range from no charge to up to eight cents per container.

Handling Commission

Manufacturers (through the CSA or a CSP) pay a handling commission to the depots for each of their containers received. In return, the depot operator sorts the containers into different groups based on material type and deposit level.

The process of setting handling commission rates is led by the BCMB. The handling commission paid to bottle depot owners is the only revenue that depots receive for the handling of containers.

Refundable Deposits

As an incentive for consumers to recycle, the provincial government imposes (through regulation) a refundable deposit on each beverage container. The deposits are 10 cents for containers one litre or less in size and 25 cents for those over one litre.

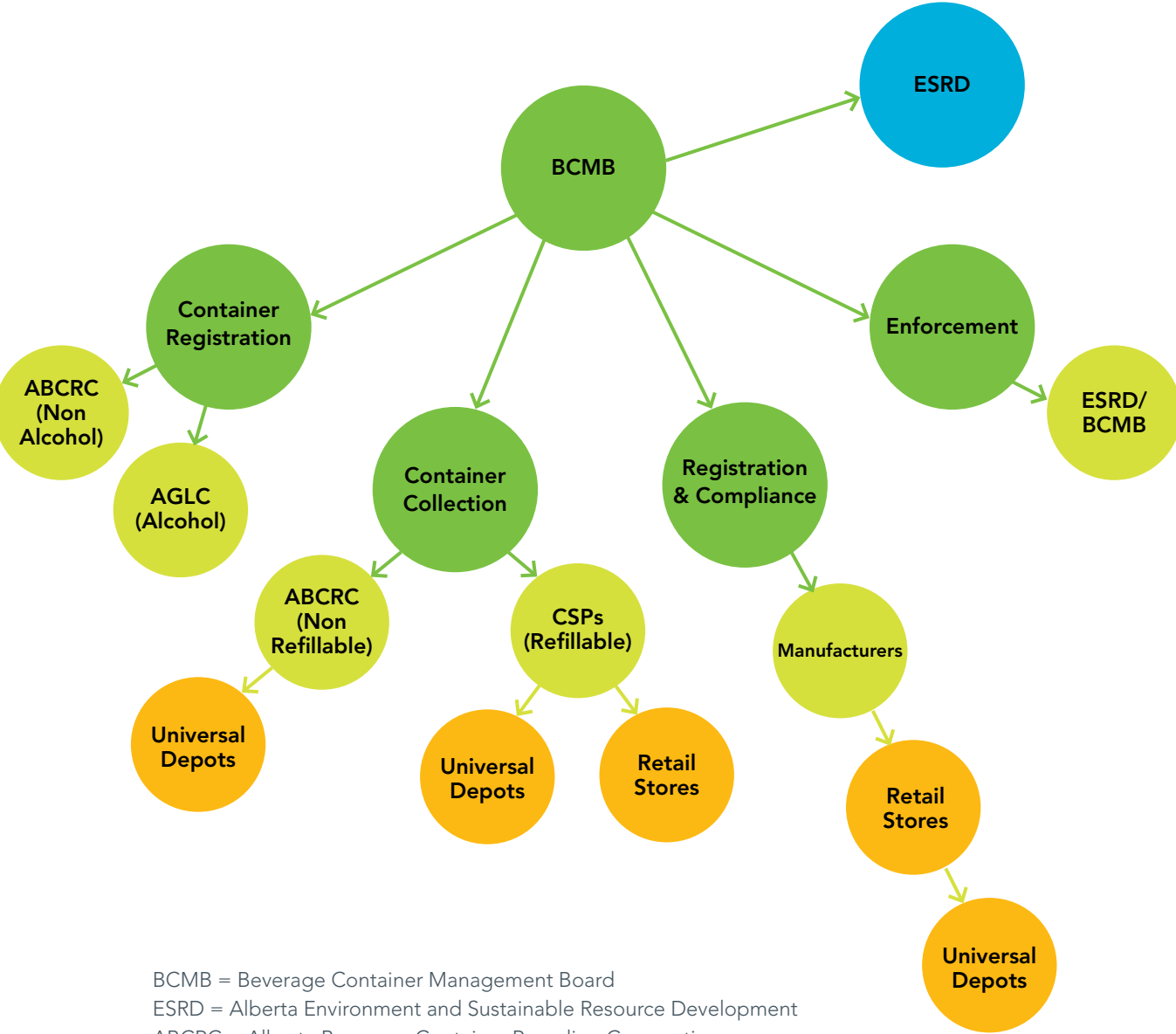
Consumers are entitled to a cash refund of the full deposit they have paid on each container and are reimbursed at a depot. Beverage container manufacturers are required to reimburse the depots for the deposits they pay out on each of the containers.

Benefits of Recycling Containers

Albertans are now recycling over two billion beverage containers a year. There are many environmental and economic benefits to recycling beverage containers. It saves energy, reduces landfill use and helps combat global warming with the reduction of greenhouse gas emissions. Recycling over two billion containers results in more than 128,000 tonnes of waste being diverted from landfills.

Each beverage container material type has unique processes and energy requirements for both manufacturing and recycling. Some of the commercially useful products that come from Alberta's recycled beverage containers include: new containers, plastic chairs, fibreglass insulation, cardboard boxes and construction re-bar.

Beverage Container Recycling System



BCMB = Beverage Container Management Board
 ESRD = Alberta Environment and Sustainable Resource Development
 ABCRC = Alberta Beverage Container Recycling Corporation
 AGLC = Alberta Gaming & Liquor Commission
 CSP = Collection Service Provider

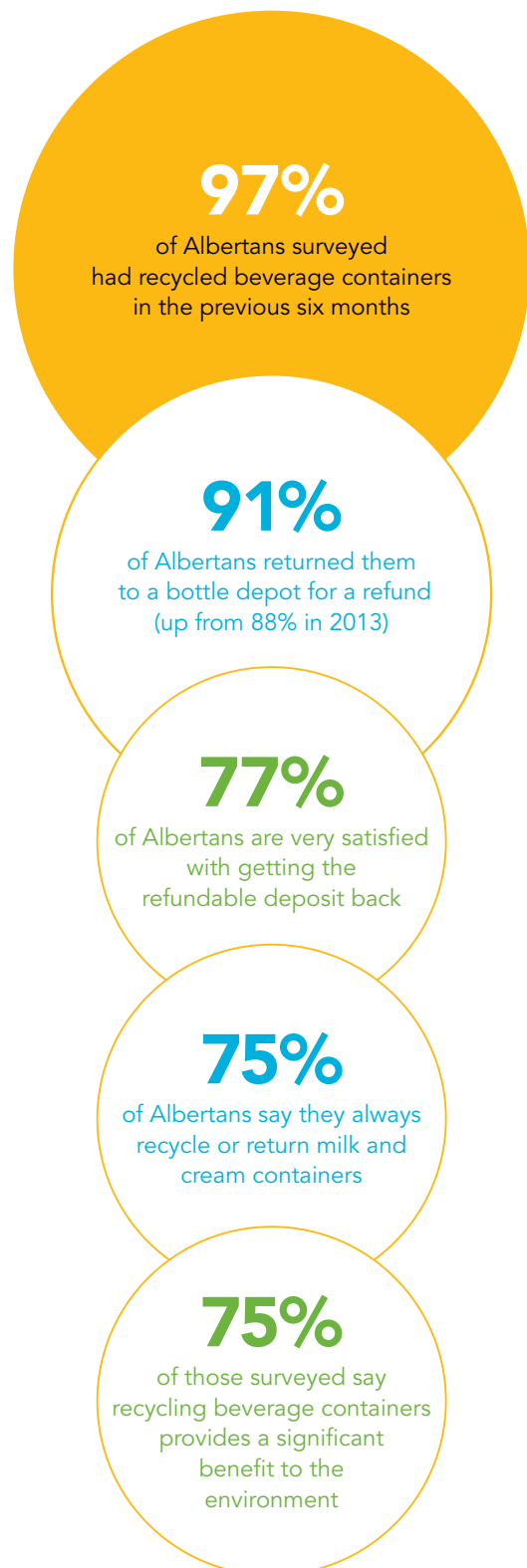
BEVERAGE CONTAINER RECYCLING SURVEY

In order to continually grow and improve the beverage container recycling industry, it is important for the BCMB to understand Albertans' beverage container recycling habits and opinions. This information helps the BCMB determine if changes need to be made to the system and what areas need more focus to ensure the awareness of Albertans about all aspects of the system is as high as possible.

The BCMB commissioned Ipsos Reid in early 2014 to conduct the annual survey of how the average Alberta household conducts their recycling of beverage containers and their thoughts on the process. Key objectives of the survey were to assess:

- knowledge regarding what can be returned for a refund;
- current recycling or redemption of beverage containers;
- satisfaction and importance of various aspects of bottle depots; and
- possible ways to increase Albertans' recycling.

Online interviews were conducted with 1,000 Albertans, with a representative sample of individuals 18 and older. Overall findings are very positive and indicate Albertans have a high level of participation in the recycling and redemption of beverage containers and awareness of most aspects of the industry.



- Awareness that most types of beverage containers (soft drinks, juice, water, alcoholic beverages) can be returned for a refund is extremely high, at an average of well over 90%.
- Awareness that dairy containers can be returned for a refund remains high at 70% or higher and has stabilized after significant gains from 2010 to 2013 (dairy containers were brought into the deposit-refund system in June 2009).
- 57% of Albertans are aware of the 10 cent deposit for beverage containers that are one litre or less (compared to 56% in 2013), while 50% know the deposit for those over one litre (up from 47% in 2013) is 25 cents. These numbers have increased significantly since 2010.
- Of those Albertans currently unaware of the deposit amounts, four in ten of them indicated knowing the deposit value would have a positive impact on redemption.
- For Albertans who have visited a bottle depot in the past six months, the most important factor influencing their decision whether or not to return containers to a bottle depot is getting the refundable deposit back (77% rated it very important). The second most important factor is convenience of the location (58% rated it very important).
- Among the small percentage (4%) of Albertans who say their household has never returned beverage containers to a depot, many indicate they recycle the containers instead (blue box, donations to charity, leave for bottle collectors, use their building recycling program).
- Satisfaction with most aspects of bottle depots remains strong. The majority of Albertans are very satisfied with the convenience of the location (64%), safety of the area in which the depot is located (61%), and hours of operation (59%).
- The most frequent suggestions for increasing the overall return rate of beverage containers are educating the public on a number of dimensions (23%), increasing the refundable deposit (17%) and improving various aspects of bottle depots (14%).



= 36,000

SEMI-TRAILERS
FILLED TO
CAPACITY

MEASURING OUR PERFORMANCE

As required under the Beverage Container Recycling Regulation and our bylaws, the Beverage Container Management Board develops a three-year business plan annually that guides its operations and lays out its goals and strategies for that time period.

In preparing its Business Plan, the BCMB takes into account the priorities contained in the Government of Alberta and Ministry of Environment and Sustainable Resource Development's (formerly Environment and Water) Business Plans related to sustainable environmental management. In 2013-2015, the BCMB's programs and goals contributed to the Ministry's two goals of: fostering a culture of stewardship where *environmental outcomes are established and achieved through Albertans, communities, governments and industry working together* and managing environmental risk and opportunities in order to ensure *environmental outcomes are achieved through the use of effective risk-based policies, processes and infrastructure*.¹

BCMB's Annual Report allows us to report each year on our progress in relation to the Business Plan and highlight our accomplishments for that year.

Mandate

The Beverage Container Management Board was incorporated under the *Societies Act* as a management board under the Beverage Container Recycling Regulation (BCRR) pursuant to Section 175(jj) of the *Environmental Protection and Enhancement Act* on December 1, 1997. By Order in Council 505/2008 dated October 22, 2008, the Beverage Container Recycling Amendment Regulation extended the BCRR to October 31, 2013. The BCRR is currently under review as part of the Government of Alberta's regular and ongoing review of Alberta regulations.

The BCMB's stated mandate from its incorporating documents is to "*establish, maintain and administer a waste minimization and recycling program for beverage containers*." It achieves this by realizing its four goals for Alberta's beverage container management systems.

1. A reduced environmental impact
2. Financial cost effectiveness and accountability
3. Governance that meets expectations for fairness, quality and accessibility
4. Involved, informed and satisfied stakeholders/customers

Alberta and the BCMB are committed to the objective of environmental protection through beverage container recycling. To this end, the Government of Alberta has set the goal of achieving an overall 85% return rate for beverage containers. This is an overriding priority for the BCMB and achieving it will go a long way towards ensuring that the use of beverage containers and the associated recycling activities have a minimal impact on the environment.

Operating Principles

In delivering its mandate and objectives, the BCMB adheres to five principles that guide its policies, operations and relations with stakeholders.

1. **Environmental Protection** – The BCMB is committed to the protection of the environment by removing beverage containers from the waste stream and by requiring that beverage container recycling and reuse activities have a minimal impact on the environment.
2. **Public Service** – The BCMB recognizes its obligation to serve the public interest by applying its expertise and knowledge in beverage container recycling and reuse, and in business management, to the enhancement of the environment.
3. **Accountability** – The BCMB is accountable to the Ministry, beverage container management system stakeholders, beverage consumers and Albertans. As a result, the BCMB is committed to processes that are transparent and fair.
4. **Excellence in Customer Service** – The BCMB is committed to service standards for system customers that will encourage participation in container recycling and reuse, while recognizing the need for a cost effective beverage container management system.
5. **Innovation** – The BCMB encourages innovation in all aspects of beverage container use and recycling.

Strategies

The BCMB recognizes the overriding importance of protecting and enhancing Alberta's environment through minimizing the contribution of beverage containers to litter, diverting beverage containers from the waste stream and enabling the recycled use of container materials – all in a manner that is environmentally responsible. Board members and stakeholders strive to attain the Government of Alberta's goal of an 85% container return rate through the beverage container recycling system. This is the most fundamental measure of the program's achievements and is driving many of the Board's actions over the coming three years.

a. Improve return rates "away from home"

- Continue to develop and implement partnerships, recycling campaigns and technologies that will increase the return rate for beverage containers consumed away from home.

b. Increase depot responsibility and accountability for recycling

- Develop a Depot Workplace Health and Safety Program in order to retain staff, create a safer and more secure work environment and to reduce overall system WCB costs.
- Implement a Point of Return (POR) system to build consumer confidence in the depot system, provide a potential method of communication from the BCMB to the depots, and provide detailed information on the types and quantities of containers collected.
- Revamp the depot inspection form and process to better reflect and evaluate the performance of a depot, enhance customer service and provide access to the depot network and industry standards.

c. Develop a consistent, high quality beverage container recycling brand

- Develop common identifiers for the system (e.g. logo, depots, bins and community initiatives), including common signage in all depots.
- Feature the depot logo in the Community Champions Program and Recycling Infrastructure Partnership (RIP) initiative.

d. Develop a method to determine total recycling benefits

- Continue to work with stakeholders like the Recycling Council of Alberta and ABCRC to evaluate and develop methodology to define emission targets and quantify the environmental footprint of the beverage container management system.

e. Conduct waste characterization audits

- Continue the coordination and initiation of waste audits to determine the source, type and quantity of beverage containers reaching landfills (with a focus on multi-family, industrial, commercial and institutional waste streams).
- Conduct a generator-based waste audit in Grande Prairie, Alberta to identify the parts of the ICI sector that need greater support.

Progress On Strategies

- a. Along with the ABCRC and ABDA, the BCMB continued its participation on two industry committees, the Return Rate Committee and the Joint Marketing Committee, both aimed at reviewing best operating practices, and communications and marketing campaigns that can better reach and inform the public about the recycling and reuse of beverage containers.

The BCMB continued to work with the ABCRC on, and support, the RIP, the Community Champions Program, and Educational Science Grants.

The BCMB conducted research on best practices and necessary resources to increase beverage container recycling at multi-unit family housing complexes and shopping malls.

A shopping mall/food court waste audit was conducted in the summer of 2013 at two Edmonton malls to evaluate consumer preferences for location and type of recycling bin, as well as the collection, sorting and recycling processes used in the malls.

The BCMB worked with the CSA, CSPs and depots in the analysis of the existing return rates in order to identify specific strengths and weaknesses in the beverage container recycling programs.

The BCMB used the Beverage Container Recycling Innovation Fund to leverage investments by the beverage industry and depots that can lead to improved container returns or system cost efficiencies.

- b. The BCMB worked with ABDA to develop a Depot Workplace Health and Safety Program, which was launched in spring 2013. A Depot Health and Safety Best Practices Manual was produced and enhanced emergency protocol communication methods implemented for the depot network.

The BCMB continued to encourage and support the roll-out of POR systems for depots, with the goal of eventually linking it to the beverage container registration system. By the end of 2013, 55 depots had implemented a POR system in their depots. Through the Depot Exit Interview Survey, consumers confirm that POR systems significantly increase confidence in refund accuracy and overall experience at a depot.

The BCMB continued to evaluate the depot inspection process and evaluation criteria. In consultation with the ABDA, the BCMB developed the permit matrix system which scores depots on all areas of compliance. High performing depots are rewarded with the maximum five year permit, while an underperforming depot will be provided a one year permit and will be closely monitored throughout the year for improvements.

- c. The BCMB produced external signs for each depot with the 'Depot it's worth it' logo. All signs are to be in place by April 2014.

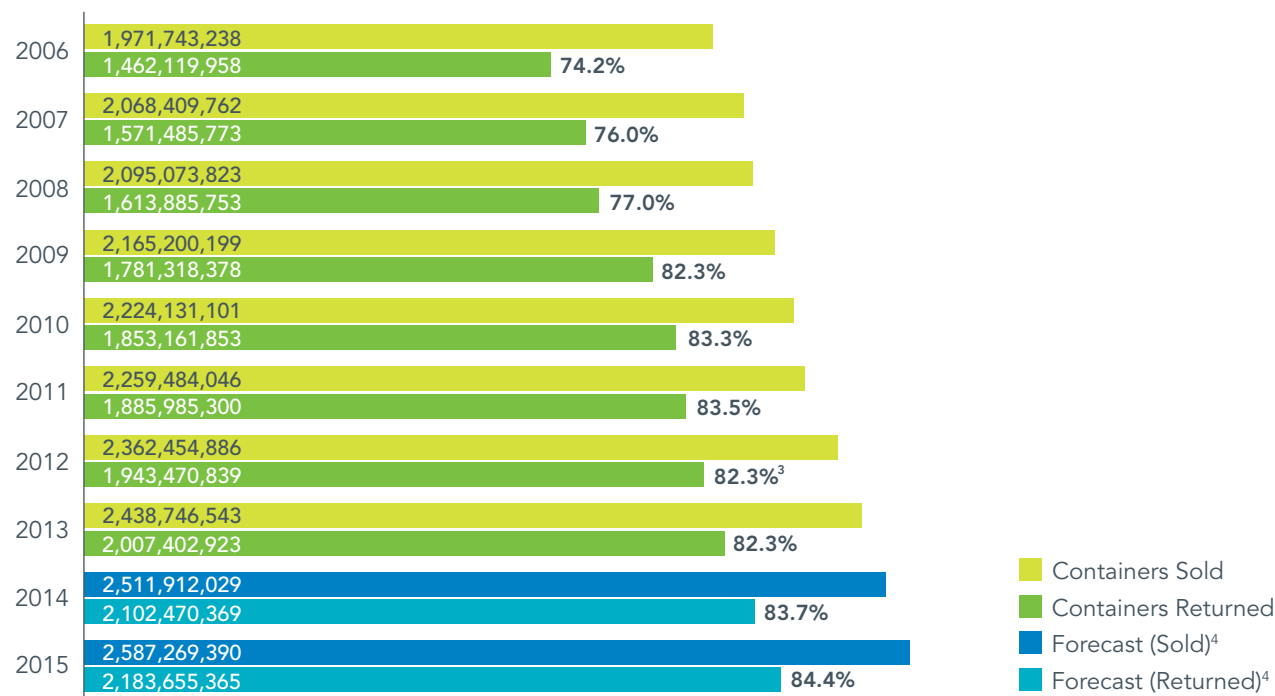
Additional branding campaigns are ongoing and include branded clothing for depot staff, which will be mandatory for them to wear as of January 1, 2015.

- d. The BCMB continues to work with its stakeholders to evaluate and develop the best possible method of quantifying the benefits of recycling.

- e. The BCMB conducted a generator based waste audit in Grande Prairie, Alberta in fall 2013 to identify areas in the Industrial, Commercial & Institutional sector that were low-performing. A communications plan was developed to reach these sectors and improve their recycling activities and resulted in a new industry web site, www.lovetorecycle.ca.

Performance Measures

Beverage Container Return Rate (%)²



Performance Measure and Objective ⁵	2012 Actual	2013 Actual	2014 Target	2015 Target
Objective: Environmental Impact				
Overall return rate	82.3%	82.3%	83.7%	84.4%
Return rate by container type ⁶				
• Aluminum	87.7%	87.2%	89.2%	89.6%
• Bi-Metal	78.8%	82.6%	83.6%	84.3%
• Glass	90.5%	91.8%	90.6%	91.3%
• Glass (Refillable)	92.8%	93.3%	93.3%	93.1%
• Other Plastics	76.0%	77.1%	78.1%	79.1%
• Polycoat	67.1%	65.7%	70.8%	72.5%
Objective: Program Environmental Footprint⁷				
Environmental benefits resulting from recycling activities	n/a	n/a	TBD	TBD

Note: All footnotes can be found on pages 40-41.

Strategies

The BCMB recognizes that it must operate cost effectively and efficiently in order to minimize program costs to consumers. This requires that the costs of collection be reduced through innovations that involve the simplification of collection processes (e.g. less handling, fewer sorts, compaction) and the use of technology that may be new to the depots or to the CSA.

a. Improve container collection system process efficiency

- In consultation with the ABCRC and the ABDA, the BCMB will move forward with research to define best practices and an audit approach for compacted and glass beverage containers.
- The BCMB will participate on an industry committee to research technology necessary to compact beverage containers at a ratio of four to one.

b. Explore efficiencies through capital intensive technologies

- The BCMB will continue to coordinate an initiative to promote the use of compaction technologies and handling fees associated with compaction of beverage containers.

c. Actively monitor program effectiveness

- The BCMB will continue to work with the ABCRC to define parameters surrounding the implementation of a Collection System Agent By-law. The implementation of the By-law will help refine the content and role of the current annual ABCRC Operating Plan and Service Agreements between the ABCRC and ABDA.
- The BCMB will continue to conduct the annual Depot Satisfaction Survey to evaluate the ABCRC from the depot perspective and will also implement methods to evaluate the performance and effectiveness of the BCMB and ABCRC.

d. Implement computer technologies that improve efficiency and financial controls

- The BCMB will continue to support the roll-out of the ABDA POR system, working towards utilizing the technology to define measurements for the depots and systems, increase customer service and accuracy, and provide access to an online registrations database.

e. Beverage Container Innovation Fund

- The BCMB will continue its mandate of exploring and introducing innovative methodology to enhance the efficiency and effectiveness of beverage container recycling.
- The BCMB is looking within its own operations to increase efficiencies and decrease its environmental footprint – for example, a paperless system for staff and Board members will be introduced.

f. Operational Review Program

- Together with the ABCRC and ABDA, the BCMB will develop an Industry Quality Monitoring Program that will be aimed at improving the overall accuracy, process and communications within the beverage container management system.
- In conjunction with the Quality Monitoring System, the BCMB will develop a case management system to record and manage depot files including advanced reporting and statistically sound data collection methods.

Progress on Strategies

- a. The BCMB continued its coordination of the negotiation of compaction technologies and processes. More evaluation is being done to determine the appropriate handling fees that would be associated with the compaction of beverage containers.

The BCMB began initial discussions on redevelopment of industry auditing processes.

- b. Phase 1 of the BCMB Anker Anderson pilot project wrapped up in April 2013. The counting and sorting equipment that was installed in two Alberta depots will be assessed for another year to allow for completion of the evaluation and to determine servicing needs.

The Industry Leadership Committee began exploring the development of a pilot project for alternative collection methods using a “quick-drop service” approach and swipe card technology.

- c. The BCMB conducted the annual Depot Satisfaction Survey to identify depot operators’ overall experience and satisfaction with the CSA (ABCRC). The results showed a high level of satisfaction with communication and services from the ABCRC. All depot operators were at least moderately satisfied with the service and timeliness of communication from ABCRC in 2013, up from 93% in 2012, and 98% were at least moderately satisfied with the ability to contact ABCRC.

Development of a CSA By-law and CSA Operating Agreement continues.

- d. See progress report for Goal 1B on page 27.

- e. The BCMB made significant movement toward a paperless system in 2013. Board of Directors and stakeholders receive all information through email and an online intranet system.

- f. The BCMB continued its work with industry partners on the development of a Quality Monitoring System that will be used to monitor, track, report, and enhance current system processes and services. The system is expected to be functional in 2014.

In conjunction with the Quality Monitoring System, the BCMB is developing a case management system to record and manage depot files and which will include advanced reporting and statistically sound data collection methods. The system is in the introduction phase and expected to be up and running by the end of 2014.

Performance Measures

Performance Measure and Objective	2012 Actual	2013 Actual	2014 Target ⁸	2015 Target ⁸
Objective: Cost Effectiveness and Efficiency⁹				
Net system cost per unit recovered	\$0.0193	\$0.0206	\$0.0232	\$0.0249
Net cost by container type ¹⁰				
• Aluminum	\$0.0049	\$0.0051	\$0.0075	\$0.0083
• Bi-Metal	\$0.0515	\$0.0464	\$0.0467	\$0.0537
• Glass	\$0.0698	\$0.0739	\$0.0718	\$0.0736
• Plastics	\$0.0266	\$0.0290	\$0.0323	\$0.0337
• Polycoat	\$0.0202	\$0.0191	\$0.0246	\$0.0305
Achievement of BCMB budget objective	Budget met	Budget met	Budget met	Budget met
Objective: Transparency				
System financial reporting requirements met (CSA, depot annual and financial reports)	Complete	Complete	Complete	Complete
BCMB financial reporting requirements met (quarterly/annual report, business plan)	Complete	Complete	Complete	Complete

Note: All footnotes can be found on pages 40-41.

Goal 3

PROVIDE GOVERNANCE THAT MEETS EXPECTATIONS FOR FAIRNESS, QUALITY AND ACCESSIBILITY

Strategies

Consumers are more likely to utilize recycling facilities that are convenient to access, clean and efficient. They also want to be confident of the accuracy of their refund and the system integrity. Much of this is an outcome of the BCMB's core responsibilities designated in the Beverage Container Recycling Regulation and in the corresponding by-laws and policies. In this respect, the Board has solid processes and competent staff in place to govern, manage and act on the:

- registration of containers as well as retailer, distributor and manufacturer compliance with the regulation;
- criteria for new beverage container depots and depot operating standards;
- establishment of new depots and monitoring of depot operations for their compliance, effectiveness and service quality;
- operations of the CSA appointed by manufacturers;
- process for setting handling commissions; and
- Board's review of operating and financial risks.

a. Evaluate and improve the Handling Commission Review process

- A Handling Commission Review Committee will be struck to assess, improve, and make any necessary changes to processes for the 2014 review.

b. Improve depot acceptance by municipalities

- Implement a communications plan to help educate municipalities on the status and sophistication of the depot network and the importance of locating depots in areas accessible to the public, making it easier for depots to relocate or obtain zoning permits in metropolitan areas.

c. Ensure that depot standards promote efficiency and effectiveness

- Work with depots and other industry partners to ensure depot standards are meeting the needs of existing and potential customers, and that all depot operations are as effective and efficient as possible.

d. Improve container registration process

- Assess the container registration process and address any apparent weaknesses (including the possibility that not every container coming into Alberta gets registered, and the process and criteria for determining the acceptability of containers).

e. Review and refine the BCMB's mandate

- Review the BCMB's mandate, vision and goals annually at the Board of Director's Business Planning Session.

f. Review the structure of the BCMB Board of Directors

- Conduct an annual evaluation with the Board of Directors, giving them an opportunity to provide input on Board composition including, but not limited to, committee size.

g. Improve the assessment of the BCMB and system-wide risks

- Continue to define risk and develop action plans to mitigate the risks. Conduct an in-depth review of depot operations and collection of containers, auditing processes and BCMB policies.

h. Depot application process

- Continue redevelopment of the depot siting criteria and application process in order to provide the BCMB with the necessary flexibility to permit depots where required, while maintaining the viability and strength of the current depot network and overall cost effectiveness of the beverage container recycling system.

Progress on Strategies

- a. The Handling Commission Review Task Force streamlined the review process, and numerous policies and procedures were updated to assist parties during the process. The new handling commissions are anticipated for approval by the BCMB Board of Directors in spring 2014.
- b. The BCMB worked with a City of Calgary consultant to address the difficulties for depot operators in obtaining zoning for depots and by communicating and presenting to municipalities on the availability of infrastructure and opportunities to partner with local depots to achieve recycling goals.
- c. The BCMB held its annual Regional Meetings in winter 2013. The meetings are held across the province and give the beverage container recycling industry the opportunity to encourage best practices, roll out new pilots or programs, provide industry updates, and provide educational and training opportunities.

The BCMB began work with the Recycling Council of Alberta to redevelop the Mystery Shopper Program which utilizes third party support to anonymously audit refund payments by depot operators. The redeveloped program will enhance reporting requirements, process and accuracy.
- d. In 2013, the BCMB conducted a review and redesign of the beverage container registration database. It was streamlined to allow for quick and accurate searches for containers and work is underway to make it available to depots and the public via the BCMB web site.

Compliance inspections were also conducted in 2013 at retail locations to identify containers that are not registered and to work with retailers and manufacturers to properly register beverage containers. In Alberta, all beverage containers must be registered with the BCMB and be recyclable.
- e. The BCMB's Board of Directors reviewed the organization's current mandate, vision and goals at its Business Planning Session in September 2013 and have agreed that they are reflective of the BCMB's long-term goals. They will be reviewed again by the Governance and Compensation Committee in conjunction with the redevelopment and updating of the BCMB Societies Act Bylaw.
- f. The Board of Directors did not conduct an evaluation in 2013; however the 2014 evaluation will be conducted and reviewed at the business planning session in September.
- g. The BCMB continued to test servers and system back-ups, and improved its internal computer and communication systems.

The BCMB continued to assess its human resource policies and compensation for staff.

The BCMB continued the development of a CSA Continuity Plan and industry emergency communications plan.
- h. The Beverage Container Depot Permit Application, Renewal and Amendment By-law and the Beverage Container Depot Operation and Administration By-law were developed by the Depot Siting Sub-Committee. The two new By-laws replace the former Depot Siting Criteria.

Performance Measures

Performance Measure and Objective	2012 Actual	2013 Actual	2014 Target	2015 Target
Objective: Quality of Service				
Progress on business plan goals and targets	Goals achieved	Goals achieved	Goals achieved	Goals achieved
Number of consumer depot service complaints	110	116	<150	<150
Average number of depot inspections per depot	1.5	1.5	2	2
Number of retail locations inspected ¹¹	111	157	150	175
Number of mystery shopper audits	163 ¹²	316	400	400
Objective: Compliance				
Compliance rating (% of depots scoring >80% on depot inspections) ¹³	68%	69%	70%	75%
Compliance rating (from retail inspections, % of retail locations inspected that meet requirements) ¹⁴	n/a	50%	60%	70%
Compliance rating (from CSA) ¹⁵	n/a	n/a	TBD	TBD
Compliance rating (BCMB regulatory requirements)	Compliant	Compliant	Compliant	Compliant
Objective: Accessibility of Service				
Average travel time to a depot (from consumer survey) ¹⁶	<ul style="list-style-type: none"> • 51% < 10 min. • 34% 11-20 min. 	<ul style="list-style-type: none"> • 48% < 10 min. • 34% 11-20 min. 	<ul style="list-style-type: none"> • 50% < 10 min. • 35% 11-20 min. 	<ul style="list-style-type: none"> • 50% < 10 min. • 35% 11-20 min.
Number of depots in Alberta ¹⁷	212	216	222	224
Number of bins outside depots ¹⁸				
• Community Champions (# bins) ¹⁹	22,996	27,925	21,000	21,000
• Recycling Infrastructure Partnership (# bins) ²⁰	37,563	59,485	30,000	30,000

Note: All footnotes can be found on pages 40-41.

The BCMB recognizes that in order for it to be successful, beverage container recycling must be widely accepted and operated to a standard that satisfies Albertans. Accountability to the Ministry, the public and stakeholders is also paramount and requires clear measurement of progress and achievements, and transparent and thorough reporting. In this regard, the Board plans to place continued emphasis on the quality of its business plans and annual reports, and on its dialogue with Albertans.

Strategies

a. Seek public assessments of performance and continue improvement of performance reporting

- Complete the annual public survey regarding beverage container recycling performance.
- Complete the annual depot satisfaction survey with the depot network.
- Work to define scoring parameters surrounding the Balanced Scorecard for review at the September 2013 Business Planning session.

b. Review and enhance transparency

- Prepare and make any necessary improvements to the BCMB Annual Report, Three-Year Business Plan and communications materials.
- Redesign the BCMB website to update content, make it more user-friendly and provide more information on the beverage container recycling industry.

Progress on Strategies

- a. The annual Ipsos Reid public survey on beverage container recycling performance and Albertans' experiences with bottle depots was conducted in February 2013.

The annual Depot Satisfaction Survey was conducted at the Regional Meetings in the winter of 2013, to assess depot satisfaction with the CSA (ABCRC).

A Depot Exit Interview Survey was conducted at 29 depots in Edmonton and Calgary in August 2013. Nearly 800 people were interviewed about their experience at, accessibility to, and suggested improvements for their depot. Results were very positive for depots.

The Balanced Scorecard was completed and approved by the Board of Directors at the September 2013 Business Planning Session.

- b. The 2013 Annual Report and 2014-2016 Business Plan were completed and approved by Alberta Environment and Sustainable Resource Development.


With industry partners, the BCMB helped coordinate and monitor beverage container industry public awareness events such as depot grand openings, marketing and branding programs (e.g. trailer and bin wraps, distribution of beverage container recycling posters), and the celebration of the two-billionth container recycled in Alberta in 2013.

The BCMB redesigned its web site to enhance user experience and provide current information for manufacturers, depot operators, stakeholders and the public. The new site was launched in August 2013.

Performance Measures

Performance Measure and Objective	2012 Actual	2013 Actual	2014 Target	2015 Target
Objective: Public Participation				
Participation rate	92%	91%	94%	94%
Number of school and special programs ²¹	445	471	450	450
Objective: Public Awareness				
Individuals aware of program	97%	98% ²²	97%	97%
Number of public awareness events held ²³	212	260	200	200
Dollars spent on awareness activities ²⁴	\$0.85 million	\$1.0 million	\$0.85 million	\$0.85 million
Objective: Public Satisfaction				
Overall public satisfaction rating ²⁵				
• Overall	73%	79%	83%	85%
• Convenience	79%	82%	84%	85%
• Pleasantness	67%	76%	82%	85%
Objective: Stakeholder Satisfaction²⁶				
Depots (overall satisfaction with CSA) ²⁷	93% moderately to highly satisfied	100% moderately to highly satisfied	94% moderately to highly satisfied	95% moderately to highly satisfied
Depots (overall satisfaction with BCMB) ²⁸	n/a	n/a	TBD	TBD
Industry	n/a	n/a	TBD	TBD

Note: All footnotes can be found on pages 40-41.



=1,000⁺
CONTAINERS
HANDLED PER HOUR
BY DEPOT STAFF

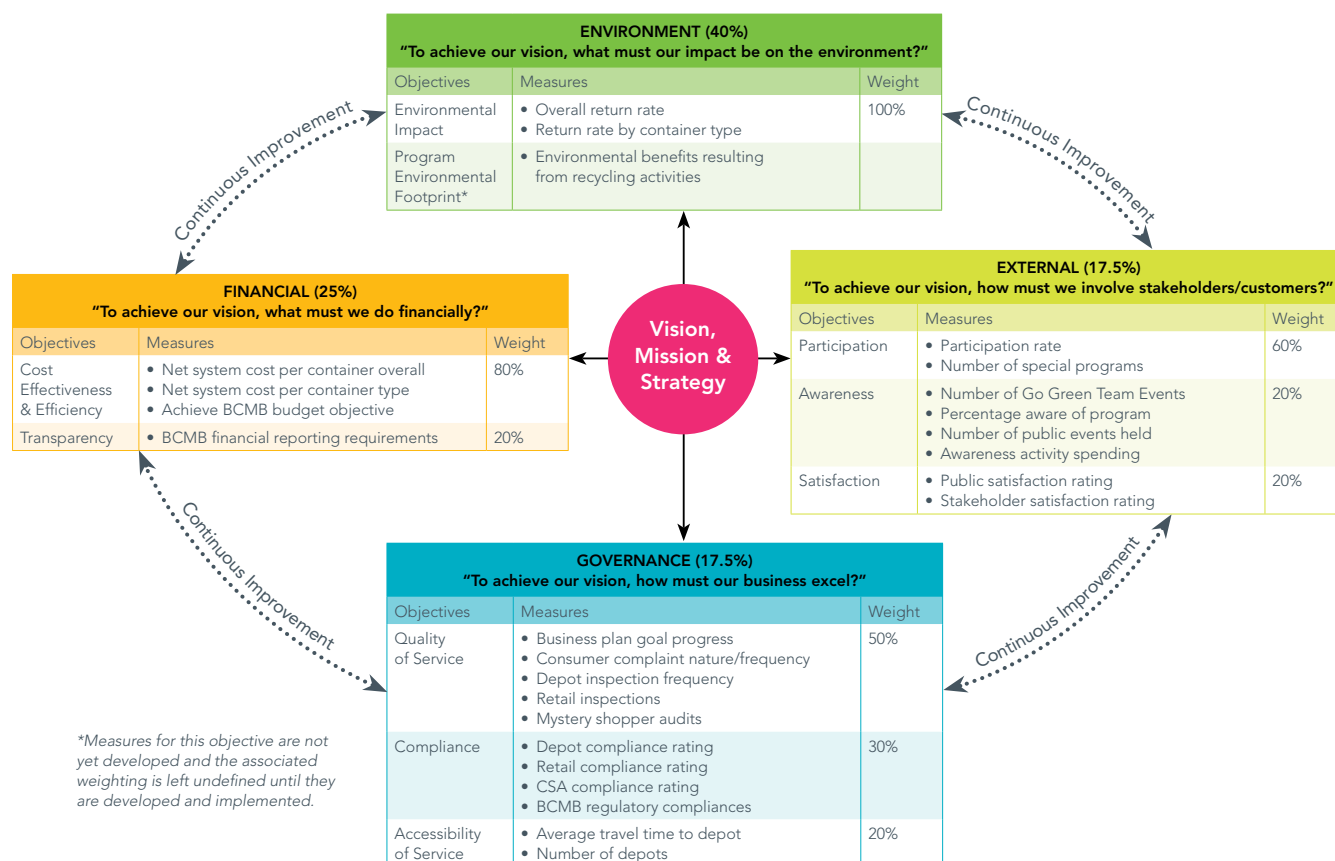
MONITORING AND EVALUATION

The BCMB monitors its results and compares them to accountability targets or performance measures established for each facet of the beverage container recycling system. The measures are aligned with our goals of:

- positively impacting the environment
- achieving financial effectiveness and accountability
- providing quality and accessible service
- involving and satisfying stakeholders and consumers

The Balanced Scorecard provides the weighting given to each of the four performance areas, along with the specific measures for each. The core mandate for the Board is environmental – an aspect of performance that also receives the greatest weighting (40%). The financial facet is second (25%), followed by quality of service and accessibility, and public and consumer response (17.5% each).

BCMB Balanced Scorecard



Note: The measures are based on Environment Canada's October 2007 document "Performance Measurement and Reporting for Extended Producer Responsibility Programs", on the practices of other similar organizations in North America and on Board deliberations. While the framework and most of the measures have been agreed to by the Board, some of the specific objectives, measures and targets still require definition or are being tracked for the first time.

BOARD OF DIRECTORS



Back Row (left to right) – Elaine Noel-Bentley, Sherman Hanowski, Patrick Kane, Jeff Linton, Brenda Smith, Ivonne Martinez
Front Row (left to right) – Anne Auriat, Marilyn Martin, Ross Risvold, Malcolm D. Kirkland (President), Brian Zeiler-Kligman
Missing – Neil Antymis, Andre Chabot, Kulwant Dhillon, Karim Dossa, Ian Tott, Ken Teare

The Beverage Container Management Board consists of a 16-member Board of Directors. Membership on the Board is set under the Societies Act Bylaw and includes representation from a cross-section of stakeholders including: beverage manufacturers, bottle 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 and serve on a number of Board committees as well.*

The Board of Directors has the following responsibilities:

- setting criteria for the system
- conducting inspections
- registering beverage containers
- issuing operating permits for container depots
- approving the collection system agent

Depot Representatives

Kulwant Dhillon
Bottle Depot Industry

Karim Dossa
Bottle Depot Industry

Jeff Linton
Bottle Depot Industry

Ivonne Martinez
Alberta Liquor Store Association and Alberta Hotel & Lodging Association

Brenda Smith
Bottle Depot Industry

Government Member (Non-Voting)

Patrick Kane
Alberta Environment and Sustainable Resource Development

Manufacturers

Neil Antymis
Alberta Soft Drink Council

Sherman Hanowski
Alberta Gaming and Liquor Commission

Marilyn Martin
Alberta Beverage Council

Ian Tott
Alberta Dairy Council

Brian Zeiler-Kligman
Brewers' Container Council of Alberta

Public Members

Ross Risvold (Chair)
Public Member

Anne Auriat
Alberta Environmental Network, Recycling Council of Alberta

Andre Chabot
Alberta Urban Municipalities Association and Alberta Association of Municipal Districts & Counties

Elaine Noel-Bentley
Public Member

Ken Teare
Public Member

*A list of Board committees and the members serving on each can be found on page 50 in the Financial Statements.

REFERENCES

¹ Alberta Environment and Water Business Plan 2012-2015, www.finance.alberta.ca/publications/budget/budget2012/environment-and-water.pdf

² The return rate is calculated by taking the total number of containers returned to bottle depots and dividing that by the total number of containers sold. This figure is multiplied by 100 to express the return rate as a percentage.

³ The 2012 return rate has been updated from 82.4% to 82.3% to reflect a slight adjustment in sales volumes for 2012 that was not reported until after the 2012 Annual Report and 2014-2016 Business Plan were published.

⁴ Forecasts for 2014 and 2015 are based on a 3% increase in container sales with a targeted return rate of 85%.

⁵ The 2014 & 2015 targets are based on data available at the time of printing and are adjusted annually. Target rates consider the Board's direction for the system and provide a reasonable forecast of recoveries by container type.

⁶ Reflects the total number of containers (2.0 billion) returned and the breakdown of containers by type.

⁷ The BCMB continues to research a method of defining emission targets and quantifying the environmental footprint of the beverage container management system.

⁸ Actual costs will be sensitive to changes in key assumptions. These need to be considered when reading or using the targets:

- Financial inputs (costs and revenue) may change with inflation or deflations;
- A change of the return rate of any material stream can impact the available revenue;
- Commodity prices reflect global markets and are affected by a wide range of variables;
- The commodity prices for Aluminum, PET, Tetra and Gable Top containers are all paid in US dollars and are sensitive to exchange rates which can change significantly on a daily basis.

⁹ The 2012 and 2013 actuals and the 2014 and 2015 target costs are based on the ABCRC 2012 Sustainability Report as well as their 2013 and 2014 budget estimates – all of which are adjusted to reflect the Board's target return rates. Other variables (inflation, commodity prices, exchange rates, etc.) are assumed to remain constant.

¹⁰ The costs associated with the collection of refillable glass beer bottles are fully incorporated into the consumer costs of the product. BDL, which is responsible for the collection of these refillable bottles, also distributes full cases of beer as part of its operations. This business model means that operational costs are not solely attributable to either distribution or collection.

¹¹ Retail inspections have been focused on educating retailers on the deposit advertising policy.

¹² Total number of Mystery Shopper Audits were down for 2012 as the summer Recycling Council of Alberta (RCA) program was discontinued. The Mystery Shopper Program is currently being redeveloped to ensure accuracy and to introduce a year-round program through the RCA.

¹³ A new depot inspection form was developed in 2012 which better reflects a depot's overall performance compared to older versions of the inspection form.

¹⁴ In 2013, compliance staff completed 157 retail inspections. Targeting of 'problem' retail locations resulted in lower compliance achievement initially, with improvements expected in 2014 and 2015.

¹⁵ Currently under development. Development of statistic to occur within the parameters of the CSA By-law and operating documents.

¹⁶ 48% of people surveyed in 2013 who visited a depot in the last six months said it takes them less than 10 minutes to get to a depot and 34% of people interviewed said it takes between 11 and 20 minutes.

¹⁷ Includes only universal depots. There are currently 20 Class D permits in Alberta.

¹⁸ Formerly reported as a rolling number for bins (service points) outside depots. The bins provided to communities in previous years cannot be confirmed as still accessible to the public.

¹⁹ Previous to 2012, only bins and trailers were included in the total; any bags provided were not being captured. The number of bins outside depots now includes bins and bags provided through the Community Champions program.

²⁰ Previous to 2012, only bins and trailers were included in the total; any bags provided were not being captured. The number of bins outside depots now includes bins, bags and trailers provided through the RIP program.

²¹ Includes number of schools and partners involved in ABCRC's Community Champions program and does not include individual depot events.

²² A maximum of 98% of survey respondents report that they have recycled beverage containers in the past six months.

²³ Includes only ABCRC Go Green Team events, not individual depot events.

²⁴ Includes ABCRC and BCMB expenditures on awareness and related programs.

²⁵ As reported in the 2014 Ipsos Reid Public Survey.

²⁶ The BCMB will be monitoring stakeholder satisfaction utilizing surveys and outcome measures.

²⁷ 2013 Depot Satisfaction Survey Results: percentage of respondents that score satisfaction as a 4, 5, 6 or 7 on a scale of 1 to 7.

²⁸ To be included in the Depot Satisfaction Survey at the 2014 Regional Meetings.



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



PricewaterhouseCoopers LLP
Edmonton

April 23, 2014

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, 2013 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 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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

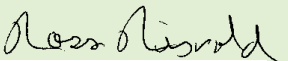
Chartered Accountants

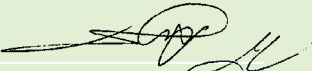
BALANCE SHEET

As at December 31, 2013

	2013	2012
ASSETS		
Current assets		
Cash	\$ 2,641,109	\$ 2,826,235
Accounts receivable	64,824	18,725
Prepaid expenses	16,818	17,378
	2,722,751	2,862,338
Investment	280,520	275,957
Restricted cash (note 9)	1,153,464	1,096,372
Property and equipment (note 3)	87,546	69,354
	4,244,281	4,304,021
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	151,608	126,596
Net Assets		
Unrestricted	2,939,209	3,081,053
Restricted (note 8)	1,153,464	1,096,372
	4,092,673	4,177,425
	4,244,281	4,304,021

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, 2013

	Restricted	Unrestricted	2013	2012
Balance – Beginning of year	\$ 1,096,372	\$ 3,081,053	\$ 4,177,425	\$ 3,615,976
Transfer	43,337	(43,337)	–	–
Excess of expenditures over revenue	13,755	(98,507)	(84,752)	561,449
Balance – End of year	1,153,464	2,939,209	4,092,673	4,177,425

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

STATEMENT OF REVENUE AND EXPENDITURES

For the year ended December 31, 2013

	Actual 2013	Budget 2013 (Unaudited)	Actual 2012
Revenues			
Container fees	\$ 2,209,460	2,240,964	2,332,312
Depot fees	72,600	42,000	78,747
Interest and other	47,086	25,750	41,298
Product registration fees	40,851	30,000	40,859
	2,369,997	2,338,714	2,493,216
Operating expenditures			
Payroll	893,855	943,020	804,687
Professional fees	470,582	370,500	253,777
Board Directors' honoraria and expenses	216,811	210,000	223,856
Office	172,812	198,000	168,376
Travel	96,494	84,000	79,936
Advertising	79,875	96,000	65,510
Mystery shopper	68,994	100,000	31,291
Depreciation	40,901	28,000	39,898
Staff training	29,824	30,000	24,292
Insurance and licenses	13,255	17,000	12,994
Miscellaneous	4,910	5,000	8,682
Depot information system	2,037	20,000	582
HR review	—	—	12,000
	2,090,350	2,101,520	1,725,881
Project expenditures	364,399	1,120,000	205,886
Excess of expenditures over revenue for the year	(84,752)	(882,806)	561,449

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

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	2013	2012
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue for the year	\$ (84,752)	561,449
Item not affecting cash		
Depreciation	40,901	39,898
	(43,851)	601,347
Net change in non-cash working capital items	(20,527)	44,319
	(64,378)	645,666
Investing activities		
Purchase of property and equipment	(59,093)	(27,743)
Increase in investment	(4,563)	(275,957)
Increase in restricted cash	(57,092)	(687,094)
	(120,748)	(990,794)
Decrease in cash	(185,126)	(345,128)
Cash – Beginning of year	2,826,235	3,171,363
Cash – End of year	2,641,109	2,826,235
Supplementary information		
Interest paid	–	321
Interest received	37,292	35,783

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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 are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful 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. 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. At December 31, 2013 the investments consisted of Guaranteed Investment Certificates that mature in 2014 and earn interest between 1.30% and 1.65%.

Financial instruments

The Board records cash, restricted cash, accounts receivable and accounts payable and accrued liabilities at amortized cost. Amortization is recorded on a straight-line basis. Investments are recorded at fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Note 3 Property and equipment

	2013			2012
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 7,042	\$ 3,992	\$ 3,050	4,458
Leasehold Improvements	9,950	2,184	7,766	4,757
Computer equipment and accessories	121,683	76,979	44,704	19,861
Computer software	21,269	15,317	5,952	1,207
Furniture and fixtures	78,512	52,438	26,074	39,071
	238,456	150,910	87,546	69,354

Note 4 Commitments

Under the terms of various operating agreements, the Board has committed to making the following annual payments:

2014	\$ 148,425
2015	64,890
2016	65,150
2017	68,495
2018	68,495
Thereafter	199,777

Note 5 Financial instruments

a) 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.

b) 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Note 6

Board member and management remuneration

The Board has expensed honoraria and remuneration paid to its Directors and President as follows:

	2013	2012
Board Chairperson		
Mr. R. Risvold ^{a, c, g, hc, q, r}	\$ 37,950	\$ 35,945
Board Members		
Ms. B. Smith ^a	7,315	3,535
Mr. T. Marr-Laing ^{g, hc} Chair – Handling Commission Review Task Force	3,824	12,611
Ms. M. Martin ^{c, g, hc} Chair – Governance and Compensation Committee	23,113	16,345
Ms. E. Noel Bentley ^{g, q} Chair – Compliance Committee	10,325	13,353
Mr. K. Dhillon ^{a, q, r}	11,445	5,705
Mr. K. Teare ^{c, q, hc} Chair – CSA Performance Criteria Review Committee	3,640	6,280
Mr. J. Linton ^{g, r}	3,640	2,450
Mr. K. Dossa ^a	5,803	5,285
Mr. P. Kane	–	–
Ms. F. Spenrath	–	–
Mr. N. Antymis ^{a, r} Chair – Audit Committee	–	–
Mr. I. Tott ^{r, g}	–	–
Ms. A. Auriat ^{a, r} Chair – Return Rate Committee	8,722	8,855
Mr. A. Chabot ^r	2,100	3,745
Mr. S. Hanowski ^q	–	–
Mr. B. Zeiler-Kligman ^{hc, q}	–	–
Ms. I. Martinez ^q	–	–
	117,877	114,109
President	174,200	167,481
	292,077	281,590

^amember of Audit Committee

^cmember of CSA Performance Criteria Review Committee

^gmember of Governance and Compensation Committee

^{hc}member of Handling Commission Review Task Force (previously Policy Issues Task Force Committee)

^qmember of Compliance Committee

^rmember of Return Rate Committee



NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Note 7 **Budget amounts**

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

Note 8 **Internally restricted surplus**

The Board of Directors have established a reserve fund to cover the costs of winding up the Beverage Container Management Board's programs, should the Board of Directors decide this to be necessary.

Note 9 **Restricted cash**

Restricted cash is comprised of Guaranteed Investment Certificates maturing in 2014 as well as \$389,299 allocated from the operating cash account. This cash has been restricted and includes amounts related to the internally restricted surplus of \$1,153,464 (note 8).

CONTACT INFORMATION

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The BCMB would like to thank the Green Bottle Depot in Fort McMurray and the Summerside Bottle Depot in Edmonton for making photo shoots possible at their depots.

