

# strengthening OUR ROLE



# improving

As Alberta's economy continues its recovery from the recession, many individuals, businesses and organizations are redefining themselves and asking tough questions. What is our role? What does excellence look like for us? How can we ensure what we do is environmentally, economically and socially sustainable well into the future?

The Beverage Container Management Board (BCMB) has explored these and other questions in an effort to strengthen and solidify our role in the beverage container recycling industry in Alberta. That ongoing process has led us to look at every aspect of our operations and oversight role, and to ensure the system is operating to the highest possible standards. 2017 was a year of many business and process improvements aimed at better governance, and at achieving fairness and excellence in everything we do.

We continued the review and amalgamation of by-laws and the integration of the Alberta Gaming and Liquor Commission registration system into the BCMB's online registration system. A new Compliance Framework was developed, sustainability measures and triple bottom line reporting were introduced in our business planning, and a designated agreement was signed with the Government of Alberta clarifying the BCMB's responsibilities for fraud investigations.

The Board of Directors approved the new Handling Commissions negotiated with our key stakeholders and that process did not require a Board hearing or arbitration. That is indicative of increased accountability and transparency for our organization.



**The many process improvements and other achievements in 2017 were built on the foundation of one of the most successful beverage container recycling systems in North America that now consistently sees a return rate that is over the 85% goal set by the Government of Alberta.**

Confirmation that the beverage container recycling system in Alberta is on the right course was received late in the year by the provincial government. Its review of agencies, boards and commissions, which included the BCMB, resulted in no changes for our organization.

That validation means the future of our province's beverage container recycling system is filled with the potential for further innovative growth and efficiencies, and that it will remain a model for other jurisdictions around the world.



# achieving



**2.02 billion**  
BEVERAGE CONTAINERS  
RECYCLED

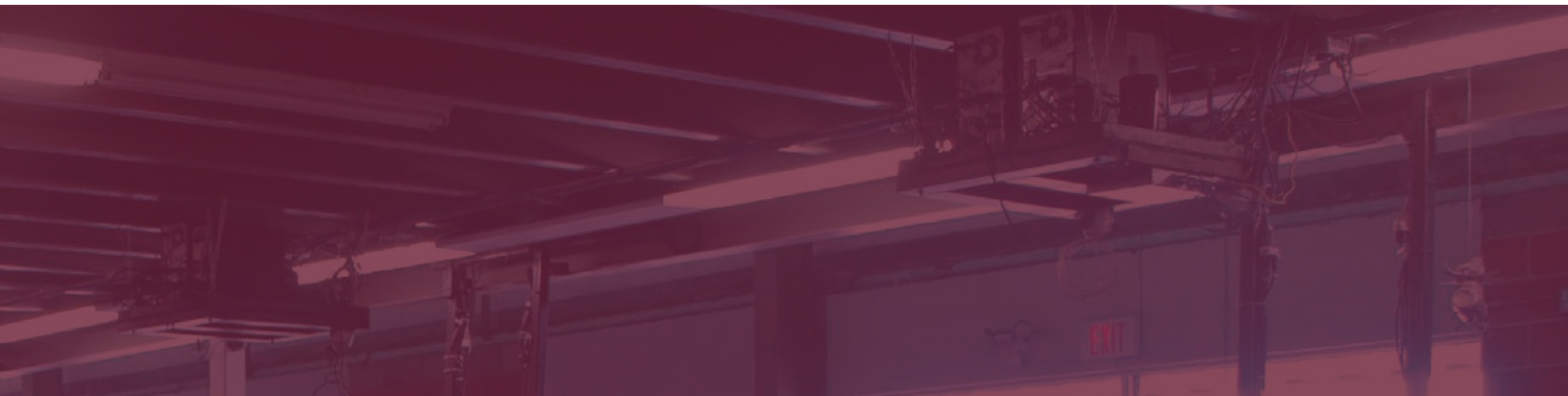


**150,000+**  
BEVERAGE CONTAINERS  
REGISTERED



**30,000+**  
QUALITY AUDITS





**\$30 million**

DONATED TO CHARITIES  
AND COMMUNITY GROUPS



**218**

UNIVERSAL DEPOTS



**3,165 jobs**

THROUGHOUT  
THE INDUSTRY







“

Bottle depots, by their very nature, **serve their communities** through their fund-raising activities for sports teams, youth groups and a host of other not-for-profit groups. They hire local staff, including individuals with disabilities. The social benefits derived through these two avenues extend far beyond the balance sheet and can help direct activities and influence policy decisions made by the Board.”

**Brenda Smith** > DIRECTOR – DEPOT SECTOR REPRESENTATIVE

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## letter to the minister

April 25, 2018

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, 2017, in accordance with Section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/1997 as amended).

The Directors and staff of the BCMB appreciate the ongoing support we receive from you and department staff in our role as regulator for Alberta's beverage container recycling industry. As you will read in the report, the BCMB continues to make the necessary changes and improvements that we believe will result in return rates continuing to grow and more Albertans than ever choosing to recycle their 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

# 2017 highlights

## THREE NEW DEPOTS

Three new depots opened in 2017: the Cremona Bottle Depot, the Green Depot Windermere (Edmonton) and Sage Hill Bottle Depot (Calgary). With the closure of depots in Andrew and Fox Creek, the total number of depots in Alberta is now 218.

## NEW INVESTIGATIVE ROLE

The BCMB signed a Memorandum of Understanding with Alberta Environment and Parks designating BCMB staff the authority to investigate potential contraventions of the Beverage Container Recycling Regulation.

## NEW HANDLING COMMISSIONS

The Collection System Agent (CSA), also known as the Alberta Beverage Container Recycling Corporation (ABCRC), the Alberta Bottle Depot Association (ABDA) and the largest Collection Service Provider (CSP), the Alberta Beer Container Corporation (ABCC) reached a negotiated settlement on Handling Commissions (the amount paid by the CSA or a CSP to a depot operator for containers collected from that depot). The new Handling Commissions were approved by the Board of Directors in February and were effective April 1.

## SUSTAINABILITY REPORTING

The BCMB introduced sustainability reporting with an initial analysis of transportation emissions data for 2016. The analysis found the carbon footprint of transportation sources in the beverage container recycling industry in 2016 was 0.0112 tonnes CO<sub>2</sub>e/tonnes freighted. The BCMB has set a goal to reduce the standardized emissions per tonne freighted by 0.25%.

## INTEGRATION OF AGLC REGISTRATION SYSTEM

With the BCMB's beverage container registration database now online and publicly accessible, work began in 2017 to integrate the AGLC registration system to synchronize and streamline container registration with alcoholic beverage product registration.

## FRAMEWORK AND BY-LAW DEVELOPMENT

Work continued in 2017 on the implementation of a Compliance Framework which works to include Alberta Environment and Parks' principles of education, prevention and enforcement in a transparent compliance framework captured in by-law.

## ABC REVIEW RESULTS

Phase two of the Government of Alberta review of agencies, boards and commissions (ABCs) concluded in late 2017 and there were no changes for the BCMB as a result of the review. The BCMB will continue to operate under its current mandate. The review began in 2015 as part of a provincial government plan to improve services, ensure value for Albertans and to ensure the ABCs are transparent, accountable and using public dollars effectively and efficiently.



## Albertans embrace beverage container recycling

The BCMB commissions a survey of Albertans bi-annually to determine their beverage container recycling habits and awareness, as well as their level of satisfaction with depots. The most recent survey was conducted by IPSOS in February 2018 and can be found on our website at [www.bcmb.ab.ca](http://www.bcmb.ab.ca).



- **98% of Albertans have recycled or returned beverage containers to a depot** in the past six months, up slightly from 97% in 2016.



- **Albertans have a high level of awareness (about 90% or higher)** of the types of beverage containers that can be returned to a depot for a refund (for most beverage containers).



- **There has been a significant increase** in the number of Albertans who recycle and/or return their dairy containers for a refund:
  - 98% recycle or return their milk jugs for a refund (up from 87% in 2016)
  - 96% recycle or return their milk cartons for a refund (up from 82% in 2016)
  - 95% recycle or return their liquid cream containers for a refund (up from 79% in 2016)

- 55% of Albertans are aware of the 10 cent deposit on beverage containers 1 litre or less and 49% are aware of the 25 cent deposit for those beverage containers over one litre.
- 49% of Albertans are aware that depots in Alberta are regulated by a central body to ensure consistent standards.
- The aspects of depots that Albertans are most satisfied with include:
  - convenience (88%);
  - hours of operation (86%); and
  - an accurate refund (85%).

## chair's report

2017 marked 20 years in operation for the Beverage Container Management Board. The direction that our organization is taking and the work that has gone into getting us here is something our Board, staff and industry stakeholders should all be proud of. The changes and improvements the BCMB has made over the past couple of years have solidified our role as the regulator of Alberta's beverage container recycling system.

The Board took a number of steps in 2017 to strengthen and clarify our role. We held a strategic planning session in September which led to the approval in November of the BCMB's 2018-2020 Business Plan which focuses on enhancing and strengthening our core business functions.

Board members and staff received training in regulatory affairs, and existing processes were either improved or new ones implemented around our role as the system regulator. The Board of Directors also placed more emphasis on increasing our effectiveness as a team and how we can continue to work together to make sound decisions.

In February, the Board approved the new Handling Commissions agreed to by the Collection System Agent, Collection Service Provider and the Alberta Bottle Depot Association. The Handling Commissions were negotiated and approved without the need for a hearing, arbitration or judicial review, which I believe is indicative of the work the BCMB has done with stakeholders, and on defining and clarifying our regulatory role.

The BCMB also held its first hearing in January 2017, based on authority granted in the Beverage Container Depot Operation and Administration By-law. A Hearing Panel comprised of three Directors concluded that the company holding the permit for the Andrew Bottle Depot breached provisions of the Beverage Container Recycling Regulation and acted in a deliberate, systematic and dishonest fashion to mislead the BCMB and to misappropriate funds that would otherwise have been available for the benefit of all Albertans. The depot's operating permit was cancelled as a result of the ruling, and an administrative penalty was issued to the company by Alberta Environment and Parks.



Perhaps the best validation we could have received that we are on the right track as the beverage container recycling system regulator was the notification we received in November that there would be no changes to the BCMB as a result of the provincial government review of agencies, boards and commissions. That confirmation tells me the BCMB has a strong past and promising future of excellence in the oversight of beverage container recycling in Alberta. The improvements made in 2017 to better define and clarify our role have put us in a great position for continued success.

We welcomed five new Directors in 2017 who bring a wide range of expertise and experience to the Board: Owen Edmondson, Thomas Marr-Laing, Brian Moore, Farid Remtulla and Usman Valiante. They replaced the Directors whose terms expired or who moved on to pursue other opportunities: Andre Chabot, Karim Dossa, Elaine Noel Bentley, Ian Tott and Brian Zeiler-Kligman. I would like to thank all five former Directors for their excellent input and service to the Board.

I commend the Directors I work with for their commitment to the work of our Board and the beverage container recycling system. None of that would be possible without the vast knowledge and excellent work of the BCMB Executive Team and their staff.

I firmly believe we have the people, tools and processes in place to maintain the standard of excellence we have set for our organization and the beverage container recycling system – a system looked to as a model by jurisdictions across North America.

A handwritten signature in dark ink, appearing to read 'Andrew Stephens', written in a cursive, flowing style.

Andrew Stephens  
Board Chair



## president's report

As the regulator for the province's beverage container recycling industry, the BCMB works hard to align our core business functions with those of our system stakeholders. Working toward the sustainability of the industry and measuring our performance annually keeps our organization accountable to our stakeholders and the people who use the system.

Along with that accountability comes the responsibility to ensure the beverage container recycling system is the best it can be, as our Board Chair Andrew Stephens indicated in his report. With the focus we placed in 2017 on improving existing policies, by-laws and processes, and on implementing new ones where necessary, the BCMB has affirmed its role as the system regulator and its ability to evolve as needed, particularly as beverage sales and beverage container return rates fluctuate.

Albertans are returning over two billion beverage containers each year to depots and our return rate has been over 85%, the goal set by the Government of Alberta, for three years now. Those are impressive numbers given the economic downturn the province experienced during that time and the resulting decline in beverage sales.

While two depots closed in 2017, we had another three open in Edmonton (May), Calgary (October) and Cremona (December), bringing the number of depots in Alberta to 218. With the possibility of more new depots opening in 2018, I am optimistic the return rate will remain above 85%.

The BCMB's first value statement is *higher return rates* which ultimately drives our industry. Our second value statement is *accessible, quality, convenient and safe service from depots*. We understand that for our system to meet these objectives and meet consumer expectations, it needs to be accessible. We need to ensure that our system is viable to the point where the more than one million Albertans who do not live in an urban area have predictable and consistent access to the system.

These two value statements, along with the other six which can be found in our Business Plan and on our website, are the reason why the BCMB continues to strengthen its role. In doing so, we are implementing a compliance framework and the necessary tools that allow us to protect and modernize the system from which we all earn our living.



In 2017, examples of this work included the negotiated settlement of new handling commissions through an efficient and well managed process, work on integrating the AGLC's registration system with the BCMB online registration system, waste audits, relationship building in communities, and embracing the use of management systems to achieve a standard of excellence in all areas of our jurisdiction.

Also key to enhancing our role and ensuring the most effective beverage container recycling system possible was the Memorandum of Understanding (MOU) signed with Alberta Environment and Parks in August. The MOU gives designated BCMB employees the authority to carry out inspections or investigations in instances where violations of the Environmental Protection and Enhancement Act are suspected. This is a function previously carried out only by AEP staff and now gives the BCMB the ability to complement and enhance the compliance role we have always had in relation to standards that depots, the CSA and CSP are required to meet.

These and other improvements or enhancements to the BCMB's role that are being considered for the future will serve to protect our system from further erosion; making it a little more recession-proof, a little more fraud-proof and a little more accessible.

The BCMB and its staff have a deep understanding of the system we regulate. Combined with sound decision making and the hard work of the Board and staff, we carry out every aspect of our business with a desire to create meaningful environmental, economic and social benefits for the beverage container recycling industry and everyone who calls Alberta home.

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

Jeff Linton  
President



I have worked in the **dairy industry for 23 years**, the last 12 years as a Plant Manager. In that time, I have always considered the environmental impact of the packaging we use and the importance of a good recycling system to ensure we provide our customers with a convenient package that is also recyclable.”

**Brian Moore** > DIRECTOR – MANUFACTURING SECTOR REPRESENTATIVE





# about us

The BCMB is responsible for regulating and delivering Alberta's beverage container recycling system. Since our inception on December 1, 1997, the BCMB has worked to ensure that Albertans have access to a convenient, innovative and cost-effective system for recycling and reusing beverage containers.

The BCMB is a not-for-profit association incorporated under Alberta's *Societies Act*. Our membership and Board of Directors includes five representatives of Alberta beverage manufacturers, five representatives of Alberta depots, five public representatives (environmental organizations, municipalities and interested citizens) and one non-voting representative from the Government of Alberta.

## INDUSTRY COLLABORATION

In collaboration with the ABCRC and the ABDA, the BCMB is focused on environmental protection, system transparency and accountability, and quality service to the public. Collectively, we have agreed to pursue these outcomes and work together to enhance Alberta's beverage container system.

## 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, CSPs and the CSA.
- *We value* financial transparency.



## Outcomes

The BCMB's vision and mandate are achieved through five interconnected outcomes<sup>1</sup> for Alberta's beverage container system:

### OUTCOME 1 – ENVIRONMENTAL PROTECTION

#### Objectives

- Minimize impact
- Sustainability
- Reduce footprint

### OUTCOME 2 – FISCAL STEWARDSHIP

#### Objectives

- Accountability
- Reporting
- Transparency

### OUTCOME 3 – GOVERNANCE EXCELLENCE

#### Objectives

- Compliance
- Integration and alignment
- Communication
- System integrity

### OUTCOME 4 – CUSTOMER EXCELLENCE

#### Objectives

- Satisfies
- Quality
- Awareness
- Accessible

### OUTCOME 5 – SYSTEM EFFICIENCY & EFFECTIVENESS

#### Objectives

- Innovation
- Responsiveness
- Technology
- Cost effective

<sup>1</sup> The BCMB now uses the term 'outcome' in place of 'goal' in line with the Government of Alberta's reporting standards.

## Our Role as a Delegated Administrative Organization

The BCMB is a Delegated Administrative Organization (DAO) created through legislation to aid Alberta Environment and Parks (AEP) in achieving its desired outcomes. AEP provides authority to DAOs to carry out specified functions described in legislation, regulation or a memorandum of understanding. As a DAO, the BCMB functions as an arms-length, self-funded, legal entity.

The BCMB places specific emphasis on waste reduction through our efforts to increase the return rate for beverage containers. Our vision, outcomes and strategies are aligned with those of AEP, allowing us to carry out our core business functions and regulatory role in a way that not only allows us to be successful but to also contribute to the Government of Alberta's desired outcomes stated in their three-year 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."* AEP 2017-2020 Business Plan

In its oversight role, 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. We understand the importance of balancing efforts to steward beverage containers with sustainable practices that reach every community in Alberta.

*"Albertans wish to generate economic diversification through a green economy that improves human well-being and social equity, while significantly reducing environmental risks and ecological scarcities... the development of a green economy promotes the government's bottom line of sustaining and advancing economic, environmental and social well-being now and into the future."* AEP 2017-2020 Business Plan

To this end and, as stated in the BCMB's outcomes and objectives, we strive to: encourage innovation and continuous improvement; demonstrate responsiveness to changing needs; operate a system that is cost effective; and satisfy stakeholder expectations. As well, our business planning and decisions are taking into account the environmental, economic and social benefits of beverage container recycling more so than ever before.

## 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 consecutive terms) and serve on a number of Board committees. A list of Board committees and the members serving on each can be found on page 57 in the financial statements.

### Depot Sector Representatives



**Kulwant Dhillon**

Kulwant Dhillon has broad-based experience in operations, finance, business development and government relations. He has been involved in the beverage container recycling industry since 1990 as a depot owner and liquor store operator. Kulwant has a Bachelor of Science in Mechanical Engineering and previously worked with SNC-Lavalin Inc. as a Team Leader on a Syrian pipeline project.



**Thomas Marr-Laing**

Thomas is principal in a diverse range of businesses including a large metro bottle depot. He provides consulting services to businesses and non-profit organizations in the areas of business and project development, regulatory and legal engagement, fundraising, and project management. Thomas is currently Chair of the Pembina Foundation and has served as a Director on the Alberta Recycling Management Authority Board as well as Alberta's Clean Air Strategic Alliance.



## ABOUT US: Board of Directors

**Ivonne Martinez**

Ivonne Martinez is currently the President of the Alberta Liquor Stores Association, a position she has held for the last six 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.

**Brenda Smith**

Brenda Smith has 30 years of experience in the financial services industry and has served for the past 12 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 (Plus I and Plus II). Brenda also serves on the Alberta Bottle Depot Association Board of Directors and currently holds the position of President.

**Farid Remtulla**

Currently retired, Farid has been a registered Professional Engineer in Alberta for 35 years. He honed his business and technical skills as an executive and specialist in the oil and gas industry, mentoring technical teams in operations, facilities and development of oil and gas fields focused on enhanced oil recovery schemes. Farid started the Deerfoot Bottle Depot in Calgary in 1999 and has been an active director of the Alberta Bottle Depot Association since then, also serving a four-year term as President.

## ABOUT US: Board of Directors

## Government Representative



**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.

## 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.



**Marilyn Martin**

Marilyn Martin is a Calgary based lawyer with over 35 years of experience with private and publicly traded corporations, securities and compliance law, corporate/commercial law and corporate governance. She has provided services as Secretary, Director and Legal Counsel for the Alberta Beverage Council Ltd. for more than 25 years. Marilyn was previously CEO and President of a publicly traded corporation and its two subsidiaries in the businesses of producing and distributing bottled water and manufacturing plastic containers.



**ABOUT US:** Board of Directors**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 Refresco where she is responsible for Canadian quality, regulatory and environmental stewardship. Cheryl serves on several stewardship boards across Canada and is a past President of the Canadian Bottled Water Association. She has been actively involved in the bottling industry for the past 18 years.

**Usman Valiante**

Usman is a Senior Policy Analyst with Corporate Policy Group LLP. He has 27 years of experience in the management of commercial and public policy issues. Usman has been involved in the design and implementation of a number of extended producer responsibility based circular economy initiatives in British Columbia and Ontario, and has been a longstanding advisor to the Canadian brewing industry on circular economy matters.

**Brian Moore**

Brian has more than 20 years of experience managing complex dairy processing operations in Alberta and British Columbia, having overseen the manufacturing and packaging of most major product categories. He was previously the Plant Manager of Agropur's facility in Chilliwack, BC and now holds the same position with Agropur's Edmonton milk plant. Brian also currently serves on the Board of Directors of the Alberta Dairy Council.

## ABOUT US: Board of Directors

## Public Members

**Anne Auriat**

Anne Auriat is currently the Regional Waste Reduction Coordinator/Manager for the West Yellowhead Landfill Authority which encompasses the municipalities of Edson, Jasper, Hinton and Yellowhead County. She has been directly involved with the recycling programs in these communities for the past 25 years. In addition to her management duties, Anne is co-owner of an environmental consulting/managing business, Silkstone Environmental Ltd.

**Patricia McLeod, Q.C.**

Patricia McLeod, Q.C., is a lawyer and corporate director with over 23 years of experience in house with regulated and deregulated companies, and private practice law firms. She has been a General Counsel, Vice President of Corporate Responsibility and Compliance, and Privacy Officer for utilities, insurance and financial services companies in Alberta. Patricia currently chairs the Calgary Co-op and Calgary Film Centre boards and is a board director for Alberta Innovates.

**Owen Edmondson**

Owen is retired after a 32-year career as a senior financial executive in the electric and gas utilities industry where much of his focus was on regulatory matters. Owen is a CPA, CGA and has a Masters of Business Administration from the University of Alberta. He is the Chair of the Alberta Advisory Board for the Heart and Stroke Foundation, Chair of the Audit and Risk Committee for the Safety Codes Council, and a public member of the City of Edmonton Audit Committee.

**Andrew Stephens**

Andrew Stephens is a seasoned oil and gas executive with more than 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.



## executive team



**Jeff Linton**  
*President*



**Blaire Charlton**  
*Director, Policy*



**Daniel White**  
*Director, Operations*



**Carlo Bruno**  
*Director, Finance*





“

Over 24,000 liquor products are sold every day in Alberta, all of which are registered as beverage containers. Our association and our members work and live in the communities we serve and we believe it is our responsibility to contribute to the sustainability of our environment by ensuring the majority of the containers we sell are recycled.”

**Ivonne Martinez** > DIRECTOR – DEPOT SECTOR REPRESENTATIVE



# measuring OUR PERFORMANCE

The key outcome of beverage container recycling is the minimization of waste through the reuse and recycling of beverage containers. Historically, the performance of the system has been broadly measured by the return rate.

While the return rate provides all stakeholders, at all levels, with a useful metric on the state of the system, it only tells part of the story. In addition to the environmental benefits of the system, Albertans also enjoy economic and social benefits that add to the sustainability of the system diverting waste from landfills and public spaces. Without deposits for example, the economy that drives the system would not be sustainable and would not produce the social benefits of a quality natural environment<sup>2</sup>.

The BCMB began its journey in 2017 to develop new measures that indicate progress toward social and economic outcomes, as well as environmental. That work will continue in 2018 and 2019, as indicated in our 2018-2020 Business Plan.

Previous BCMB Business Plans and Annual Reports have used the terms performance measure and performance indicator (or key performance indicator) interchangeably. Recognizing that AEP has noted this inconsistency and the fact that they are different things, the measurable results for each objective in the 2017 Annual Report have been identified as either a performance measure or a performance indicator.

<sup>2</sup>Outcome 3, Alberta Environment and Parks, 2017-2010 Business Plan



The following section highlights the outcomes and objectives in our 2017-2019 Business Plan, the measures or indicators for each outcome, our results or achievements related to those outcomes and objectives in 2017, and an explanation for any changes made or targets not met.





MEASURING OUR PERFORMANCE: Outcome 1 – Environmental Protection



# OUTCOME 1 – Environmental Protection

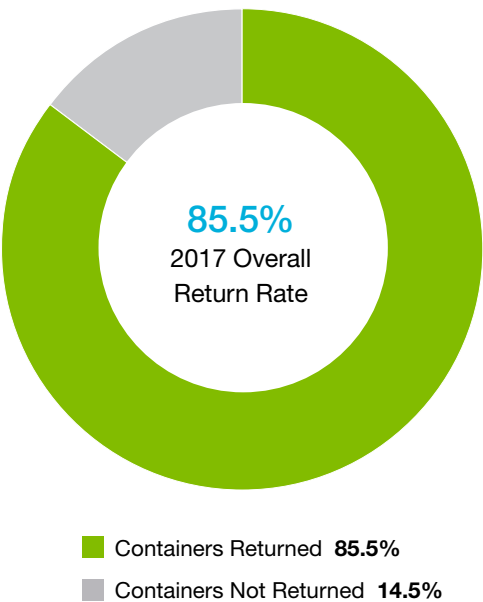
The BCMB recognizes the importance of protecting and enhancing Alberta’s environment through sustainable practices. We will reduce the impact of beverage containers on the environment by minimizing the number of beverage containers discarded as litter, diverting beverage containers from the waste stream, enabling the reuse of containers, and protecting and ensuring the use of recycled container materials.

## Objective

### MINIMIZE IMPACT

#### Overall Return Rate (%)

Number of containers returned through depots compared to sales reported by manufacturers for the same period

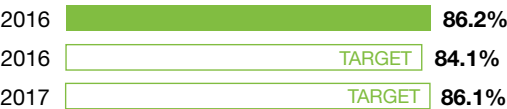


#### Return Rate

For the past several years, the efforts of the industry to improve awareness and recovery of used beverage containers has been focused on the poorer performing materials. The industry will continue to look closely at return rates for all categories of containers and for ways to improve the system’s performance.

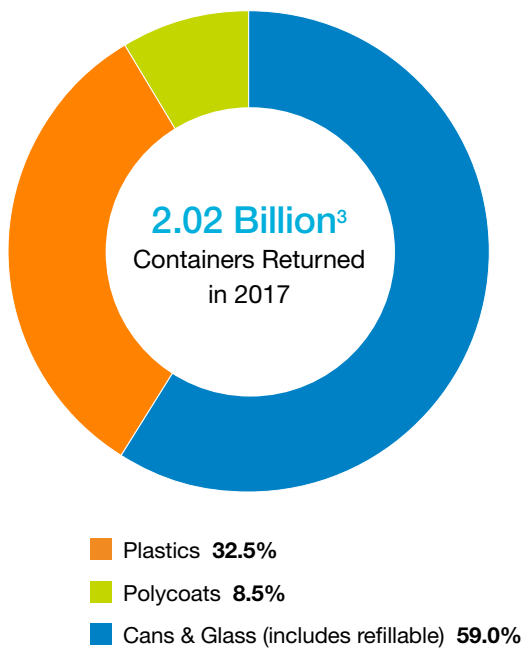
#### 2017 Results

- The overall return rate for 2017 was 85.5%, down slightly from 86.2% in 2016, but continues to exceed the Government of Alberta’s 85% goal. The small decline may be due to the steady economic recovery which sometimes results in fewer people returning beverage containers for a refund while they are purchasing more beverages.
- The total number of containers returned to depots for a refund in 2017, at 2.02 billion, exceeded two billion for the fifth consecutive year.



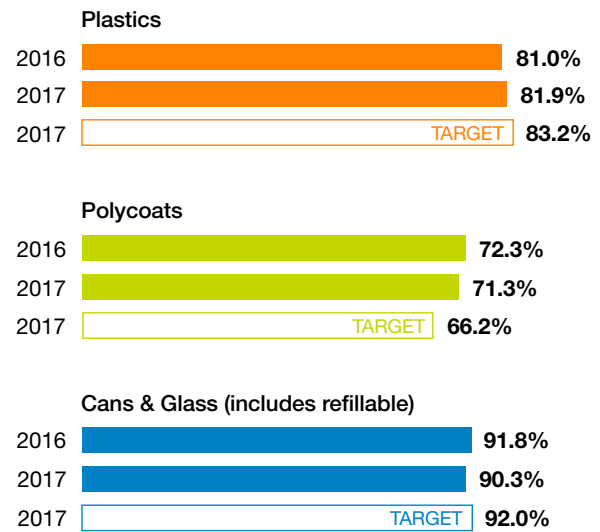
## MEASURING OUR PERFORMANCE: Outcome 1 – Environmental Protection

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



<sup>3</sup>For the 12-month period ending December 2017, the total system volume was 2.02 billion containers.

**Return Rate by Container Type (%)<sup>4</sup>**



<sup>4</sup>Targets are not provided for 2016 as the container categories were broken down further at that time. In 2017, the BCMB regrouped the categories due to the focus by industry for the past several years on poorer performing materials.

## MEASURING OUR PERFORMANCE: Outcome 1 – Environmental Protection

## Objective

## SUSTAINABILITY

Performance Indicator	2016 Target	2016 Actual	2017 Target	2017 Actual
Reporting of sustainability measures in annual report and business plan	Concept introduced in 2017-2019 Business Plan	0.0112 tonnes CO <sub>2</sub> e/tonnes freighted <sup>5</sup>	0.25% reduction from 2016 <sup>6</sup>	To be reported in 2018 Annual Report

<sup>5</sup> A total of 1,385.59 tonnes CO<sub>2</sub>e was produced from identified and selective emissions sources and a standardized footprint of 0.0112 tonnes CO<sub>2</sub>e/tonnes freighted was found. (Source: Beverage Container Management Board – Annual Carbon & Sustainability Report, Instep, October 24, 2016).

<sup>6</sup> For 2017, the BCMB has set a goal to reduce the standardized emissions per tonne freighted by 0.25%.

## Sustainability

The BCMB is implementing sustainability reporting based on environmental, social and economic factors. Related measures and outcomes will be expanded in future business plans.

## 2017 Results

- A transportation-related measure of greenhouse gas emissions was developed in 2017 based on data for 2016. Due to the type of data that is analyzed and when it is available each year, the emissions related measure will be for the previous year (ie., 2016 data/results are being reported on in 2017).

More detailed sustainability reporting on metrics for non-refillable containers is conducted each year by the Alberta Beverage Container Recycling Corporation and published in its annual Sustainability Report.



## MEASURING OUR PERFORMANCE: Outcome 1 – Environmental Protection

## Objective

### REDUCE FOOTPRINT

Performance Indicators <sup>7</sup>	2016 Actual	2017 Actual
Distance per container	1.41 metres	1.35 metres
Landfill space saved	469,086 tonnes	465,593 tonnes

<sup>7</sup> No targets have been set as the distance per container and landfill space saved are now reported as performance indicators.

#### Distance per Container

A comparison of the distance a container travels to end up in the landfill compared to the distance it travels to get recycled offers a broad metric that incorporates several aspects of sustainability. Localized access to recycling services (or improved access/convenience) will reduce the distance required to recycle as will the use of local markets for salvage of materials. Conversely, if a landfill gets farther from the waste generator then that too will improve the performance of recycling on this measure with the ultimate goal of having the distance a negative value. Making it more difficult to landfill containers, either through greater distance or lack of accessibility, and making it more convenient to recycle containers should increase the recycling rate. For now, the measure is limited to the average distance a container travels from the depot to the processing plant.

#### 2017 Results

- This indicator showed improvement again in 2017 as the system continued to find ways to improve efficiency.

#### Landfill Space Saved

Used beverage containers are not typical of the municipal solid waste (MSW) stream when it comes to the space they occupy in a landfill. Materials such as plastic and aluminum have densities far less than the average MSW. This means that when a tonne of material that is lighter and fluffier than the rest of the waste stream is removed from that mix of waste, it can make room for more than the equivalent weight of the rest of the material needing to be landfilled.

#### 2017 Results

- In 2017, the BCMB continued its work with the City of Edmonton on the evaluation of beverage container waste within landfills. The annual waste audits encompass 40% of all landfill waste in Alberta. The data was analyzed and a provisional report generated which was sent for expert review. Report recommendations for data refinement and clarity are currently being developed.

## MEASURING OUR PERFORMANCE: Outcome 2 – Fiscal Stewardship



## OUTCOME 2 – Fiscal Stewardship

**Note: the BCMB no longer views its financial reporting requirements and risk reviews as performance measures. Rather, we simply report on their completion.**

### Objective

#### ACCOUNTABILITY

The BCMB is accountable to its stakeholders, the government and the public. To this end, senior management will 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 on an annual basis. The Board undertakes a full review of all value statements, outcomes 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.

Accountability measures also include the responsibility of the BCMB to identify and mitigate 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 approved by the Board on an annual basis.

#### 2017 Results

- The BCMB's annual operating budget and 2018-2020 business plan were approved by the Board and provided to the Ministry of Environment and Parks in November 2017.
- The Board participated in a strategic planning session with industry stakeholders.
- The annual risk register was presented to the Board at its April 2017 meeting.

## MEASURING OUR PERFORMANCE: Outcome 2 – Fiscal Stewardship

## Objective

## REPORTING &amp; TRANSPARENCY

Performance Indicators	2016 Target	2016 Actual	2017 Actual
<b>Net System Cost<sup>8</sup></b>			
<b>Net System Cost</b> Total of all costs and offsetting revenues in dollars per container	\$0.0235	\$0.0315	\$0.0280
<b>Net System Cost by Container Type</b> Cans and glass <sup>9</sup>	No target set	\$0.0207	\$0.0154
Plastics	\$0.0342	\$0.0468	\$0.0465
Polycoats	\$0.0239	\$0.0339	\$0.0438

<sup>8</sup> No targets are being set as the net system cost is now reported as a performance indicator.

<sup>9</sup> As of 2016, aluminum, bi-metal and glass are being reported together as cans and glass.

**Net System Cost**

The system is funded in three ways:

- Container Recycling Fees (CRF) paid by consumers at the point of purchase (which may be zero);
- the unredeemed deposits forfeited by consumers who paid the deposits at point of purchase and abandoned the container; and
- the salvage value of the materials recovered and recycled.

The true net cost is the CRF since the other revenues are derived from system activities.



## MEASURING OUR PERFORMANCE: Outcome 2 – Fiscal Stewardship

Performance Measures	2016 Target	2016 Actual	2017 Target	2017 Actual
<b>Collection System Agent (CSA) Compliance</b>				
<b>Payment Compliance</b> The percent of all payments made to depots within the industry standard	99.5%	99.9% <sup>10</sup>	No target set	99.9%
<b>Collection Compliance</b> The number of reported loads <b>not</b> picked up from depots within the industry standard	40	27	No target set	12
<b>Operating Compliance</b> The inspection score based on agreed performance standards (Calgary/Edmonton)	No target set	91% (Calgary) 90% (Edmonton)	95% (Calgary) 95% (Edmonton)	92% (Calgary) 93% (Edmonton)

<sup>10</sup> 2016 Actual updated from 99% reported in 2017-2019 Business Plan.

### Collection System Agent (CSA) Compliance

The depot is required by regulation to refund the deposit value of containers when presented to them by the public. The CSA is also required by regulation 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 standard set by the industry for collection is determined based on the volume of the depot, the scheduling of appointments and adherence to the schedule of the carriers who act on behalf of the CSA.

An Operating Agreement, signed by the CSA, commits them to performance standards regarding service to depots and operations. BCMB regularly inspects both Calgary and Edmonton CSA plants for adherence to these standards. This is a collaborative process that is intended to reduce risk and provide a feedback mechanism to the CSA to improve efficiency. In 2017, this was demonstrated by an increase in operating compliance compared to 2016 (1% increase in the inspection score for Calgary depots and a 3% increase for Edmonton depots). Performance measures in this area were first incorporated in the 2017-2019 Business Plan and will continue to evolve over the next couple of years.

Similar compliance measures will extend to Collection Service Providers (CSP) upon Board approval of a CSP By-law and Operating Agreement.

### 2017 Results

- The BCMB began to work in collaboration with the Alberta Beer Container Corporation and the Alberta Gaming and Liquor Commission to develop a CSP By-law and subsequent operating agreement.
- The CSA has continued to improve its performance in recent years, achieving 99.9% payment compliance in 2017 (within the industry standard), with only five late payments on more than 30,000 loads.
- Through improving collection compliance methodology and tools for collection of that information, the 2016 actual for collection compliance would have been 27, not 40 (as reported in the 2017-2019 Business Plan). As of December 31, 2017, the actual is 12. The final collection compliance score of 12 is a 60% improvement from 2016, based on the new approach.

## MEASURING OUR PERFORMANCE: Outcome 3 – Governance Excellence



## OUTCOME 3 – Governance Excellence

The BCMB is committed to effective oversight of all aspects of the life cycle of beverage containers in Alberta, from registration of new containers through to end of life. Through a management system framework, we will strive for a standard of excellence and ensure performance measures deliver outcomes consistent with this standard by all stakeholders.

### Objective

#### COMPLIANCE

Performance Indicators	2016 Target	2016 Actual	2017 Target	2017 Actual
<b>Depot Compliance</b>				
<b>Refund Compliance</b> The % of audits conducted that were refunded within industry standard	No target set	87%	90%	88%
The % of audits conducted that were refunded within the industry standard of excellence	No target set	77%	80%	79%
<b>New</b> <b>Quality Compliance</b> Shipments of containers from depots within industry standard	No target set	90%	90%	91%
<b>Inspection Compliance</b> The % of depots scoring above the industry standard based on industry approved criteria	78%	87%	85%	80% <sup>11</sup>
<b>New</b> Average actual depot inspection score of the poorest performing depots (bottom 25%)	70%	74%	75%	87%

<sup>11</sup> A new inspection process was implemented in 2017 that ties scoring directly to bylaw compliance and has raised the industry standard from 80% to 95%. Therefore, while the results show a 7% decline from 2016 to 2017, inspection compliance has improved with the new process.

Performance Measures	2016 Target	2016 Actual	2017 Target	2017 Actual
<b>Depot Compliance</b>				
<b>UCA Filing Compliance</b> The % of depots that filed required financial documents to the Data Collection Agent	95%	99%	100%	100%
<b>Manufacturer Compliance</b>				
<b>New</b> <b>Sales Verification</b> The % of all container sales remitted to CSA and verified by manufacturers for prior year	No target set	99.8%	100%	99.2%

**MEASURING OUR PERFORMANCE: Outcome 3 – Governance Excellence****Refund Compliance**

Anonymous audits are conducted on depots to ensure consumers are receiving the correct refund value for the containers they return. A depot must return the refund to the auditor within +/- \$0.50 of 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.

**2017 Results**

- A focus in 2017 on poor performing depots resulted in the refund compliance being slightly below the target.

**Quality Compliance**

The CSA audits approximately 30,000 or about 2% of the more than 1.5 million megabags shipped annually from depots. The results of these audits are reported to the BCMB to work with the depots when elevated variances occur. The performance indicator reflects the number of audits that are reported as outside of industry standard compared to whole loads shipped over the same period.

**Inspection Compliance**

To ensure a high degree of compliance to standards, depot inspections are conducted regularly throughout the province. Typically, more than 200 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 respond to consumer feedback and realize a continuously improving network of accessible and safe service points.

Scoring is based on several metrics. The industry standard before 2017 was a score of 80% or higher. 2017 has seen improvement over 2016 largely due to a new inspection process that was initiated in 2017. Scoring is less subjective and has been more effective in demonstrating where depots require improvement and where they are exceeding standards. The industry standard is now 95%. While the actuals from 2016 and 2017 may not immediately indicate it, inspection results have improved with the new process.

**UCA Filing Compliance**

Depots are paid a handling commission for each container handled and shipped properly to the manufacturer or their agent. These handling commissions are set by a process that depends on depots reporting their costs annually using a Uniform Code of Accounts (UCA). The Board has set criteria for the remittance of this information much like reporting taxes, that includes such information as that reported to the CRA, WCB or Employment Standards. Depots must report annually 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.

**Sales Verification**

In the same way depots are required to submit a UCA annually to verify their costs, manufacturers are required to verify their total sales for the prior year within six months of year end. This ensures an accurate accounting of sales across sales periods and sales jurisdictions and is an important accountability step for the CSA. It also informs different calculations such as the Container Recycling Fee and the return rate by material stream.

**2017 Results**

- The compliance rate reported by the CSA for manufacturers' sales verifications in 2017 was 99.2%.



## MEASURING OUR PERFORMANCE: Outcome 3 – Governance Excellence

## Objective

### INTEGRATION, ALIGNMENT & COMMUNICATION

Performance Measure	2016 Target	2016 Actual	2017 Target	2017 Actual
Review, mapping and alignment of by-laws, policies and SOPs	Development of framework for by-laws and compliance structure	Development of framework for by-laws and compliance structure began	By-laws, policies, compliance structure complete	Development of by-laws, policies, compliance structure continued

#### By-law Alignment

The BCMB is working on the implementation of a Compliance Framework which will include Alberta Environment and Parks' principles of education, prevention and enforcement in a transparent compliance framework captured in by-law.

#### 2017 Results

- Work continued in 2017 on restructuring the Compliance Framework into by-law. The Framework applies a consistent, fair and transparent approach to administering compliance for depots and manufacturers. The complicated process includes varying levels of legal, administrative and committee review. That process has been slower than first anticipated and will continue in 2018, with review and enhancements expected in 2019.
- In 2017, the BCMB began the development of a new website that removes most "public" facing information and will now be used instead as a regulatory communication tool for our stakeholders. This follows the development of an industry website for public use, launched in 2016 (partnership between the ABCRC, the ABDA and the BCMB).



“

Thirty-five years of engineering, **change management** and executive leadership experience in the oil and gas industry have reinforced my commitment to lifelong learning, my drive to make things better and my passion for building great communities. These qualities are also evident throughout our beverage container recycling system. A strong and vibrant system creates many environmental, economic and social benefits, leading to a higher quality of life for all Albertans.”

**Andrew Stephens** > BOARD CHAIR – PUBLIC REPRESENTATIVE



## MEASURING OUR PERFORMANCE: Outcome 4 – Customer Excellence



## OUTCOME 4 – Customer Excellence

The BCMB understands the importance that continuous improvement has relative to customer satisfaction and the achievement of our other outcomes. We will have clear expectations of, and hold ourselves accountable to, high levels of quality assurance for all stakeholders involved, in all areas of service delivery.

### Objective

#### SATISFIES/QUALITY

Performance Indicators <sup>12</sup>	2016 Target	2016 Actual	2017 Actual
<b>Public Satisfaction</b>			
Participation	94%	89%	88%
Average travel time to a depot	<ul style="list-style-type: none"> <li>• 51% &lt; 10 min.</li> <li>• 35% = 11-20 min.</li> </ul>	<ul style="list-style-type: none"> <li>• 49% &lt; 10 min.</li> <li>• 35% = 11-20 min.</li> </ul>	<ul style="list-style-type: none"> <li>• 52% &lt; 10 min.</li> <li>• 35% = 11-20 min.</li> </ul>
<b>Customer Satisfaction</b>			
Perception of accurate refunds	No target set	94%	n/a <sup>13</sup>
Overall satisfaction rated as very satisfied	83%	82%	86%
Average time spent in a depot	No target set	8.7 min.	9.2 mins
<b>Depot Satisfaction</b>			
The BCMB conducts an annual survey of depot operators both online and in person.			
Depot overall satisfaction with the CSA	70%	91% (50% were highly satisfied)	98% (52% were highly satisfied)

<sup>12</sup> No targets were set for 2017 as the results for satisfaction/quality are now being reported as performance indicators.

<sup>13</sup> This measure is no longer being reported on as the question related to it has been removed from the Depot Exit Interview survey.

**MEASURING OUR PERFORMANCE:** Outcome 4 – Customer Excellence**Public Satisfaction**

The BCMB assesses public satisfaction through a bi-annual survey conducted by IPSOS. The survey targets approximately 1,000 Albertans and provides data based on a representative sample of Albertans aged 18 and older. The most recent survey was conducted in early 2018 and the results are being reported in this annual report and will also be used in the 2018 Annual Report.

**2017 Results**

- In the most recent IPSOS survey, an average of all 10 aspects of public satisfaction with depots indicates 76.1% of Albertans are satisfied with their depot experience.

**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 beverage containers. In 2016, the survey captured 1,222 Albertans in the Calgary and Lethbridge areas. In 2017, the surveys captured 1,180 Albertans in Edmonton and surrounding areas. The BCMB will continue to survey depot customers around the province, rotating back to the same regions approximately every two years.

**2017 Results**

- The 2017 Depot Exit Interviews found overall customer satisfaction with depots remains high and increased 4% in 2017.
- Surveyed customers were highly satisfied with their overall experience at the depot, as well as their time spent in depots. They were most satisfied with the close location of the depot, followed by fast and efficient service, and friendly staff.

**Depot Satisfaction**

The BCMB surveys stakeholders to assess their level of satisfaction with working in and using the beverage container recycling system.

**2017 Results**

- In 2017, overall depot satisfaction with the CSA increased 7% (to 98% in 2017 from 91% in 2016) which is a significant positive shift in depots' perception of the ABCRC and its role in the beverage container recycling system. The number of depots indicating a high level of satisfaction with the CSA increased by 2%.

## MEASURING OUR PERFORMANCE: Outcome 4 – Customer Excellence

## Objective

## AWARENESS

Performance Indicators	2016 Target	2016 Actual	2017 Target	2017 Actual
<b>Public Awareness<sup>14</sup></b>				
Individuals aware of the deposit/refund program	97%	97%	97%	98%
Individuals who believe that recycling beverage containers has a significant impact on the environment	75%	72%	75%	67%
Individuals aware of the deposit amount	59%	50%	55%	52%
<b>Customer Awareness</b>				
Individuals aware of the industry brand	55%	68%	70%	61%

<sup>14</sup> 2017 Actuals are updated from the 2018-2020 Business Plan as the IPSOS survey was conducted after the Business Plan was finalized.

## Public Awareness

Captured through the bi-annual IPSOS survey: 98% of Albertans are aware that they can return beverage containers to a depot for a refund; however, only 52% are aware of the actual refund amount for containers based on their size (10 cents for containers 1 L and under and 25 cents for containers over 1 L).

According to the 2018 IPSOS survey, 67% of Albertans indicated they believe that beverage container recycling is a significant benefit to the environment, second only to ensuring toxins are not poured down the drain to protect our water systems. The survey also found that 88% of Albertans feel they are doing a “good job” of protecting the environment and 97% indicated that they are aware of some benefit to the environment through recycling beverage containers.

Although only 49% of Albertans are aware that the beverage container industry is regulated, 80% of Albertans indicated that regulation is important or very important to them.

## Customer Awareness

In 2015, the Collection System Agent (CSA), the entity in the Alberta system in charge of marketing initiatives, employed a new marketing strategy focused solely on branding the depot logo. The decrease in branding awareness in 2017 may be attributed to regional difference as the 2016 surveys were completed in southern Alberta and the 2017 surveys were completed in and around the Edmonton area. The Edmonton area has a larger population and includes rural areas where the name of the local depot may have higher awareness than the standard depot logo itself.

## 2017 Results

- The BCMB once again partnered with two other Delegated Administrative Organizations – the Alberta Used Oil Management Association and the Alberta Recycling Management Authority – on an online marketing campaign during Environment Week (June 2017). The Google Ads campaign for the three recycling programs resulted in:
  - over 31,000 clicks through to the question and answer campaign;
  - almost 9,200 of the clicks going to beverage container recycling related answers; and
  - an average of just over one minute being spent on the advertising campaign site.



## MEASURING OUR PERFORMANCE: Outcome 4 – Customer Excellence

## Objective

## ACCESSIBLE

Performance Measures	2016 Target	2016 Actual	2017 Target	2017 Actual
Number of universal depots in Alberta <sup>15</sup>	221	217	224	218
Number of permits in development	No target set	10	7	8

New

<sup>15</sup> Revised development schedules make it difficult to set targets and have resulted in more depot openings now being forecast for 2018.

## Accessibility to Depots

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 locations are developed based on anticipated increases in population in areas of growth and in time with that growth. New permits also target technological advancement and best practices to further enhance customer satisfaction.

## 2017 Results

- While two depots closed in 2017, three new ones opened, bringing the total number of depots in Alberta to 218 as of the end of 2017.

## MEASURING OUR PERFORMANCE: Outcome 5 – System Efficiency and Effectiveness



## OUTCOME 5 – System Efficiency and Effectiveness

The BCMB is dedicated to finding ways of increasing system efficiency and effectiveness, and reducing costs. The system will be enhanced through the encouragement and facilitation of innovation and adaptation among its stakeholders and research technology available to support this outcome.

### Objective

#### INNOVATION

Performance Indicators <sup>16</sup>	2016 Actual	2017 Actual
Seedbed activity – depot pilot project participants	21	0
<b>Investment in Technology (return on investment &gt;1 demonstrated)</b>		
Automated sorting technology <sup>17</sup>	✓	✓
Point of Return software	✓	✓
In-depot compaction	✓	✓
Beverage container registration database	0	✓
Collection System Agent enterprise resource software <sup>18</sup>		

<sup>16</sup>These are mainly information-based indicators. Where possible, indicators of modernization and system advancement are noted.

<sup>17</sup>Previously reported on separately as Anker Anderson sorting technology and Tomra sorting technology.

<sup>18</sup>In 2017, investment was made in technology not identified in the 2017-2019 Business Plan. Enterprise resource software used by the Collection System Agent will be rolled out in 2018.

## MEASURING OUR PERFORMANCE: Outcome 5 – System Efficiency and Effectiveness

**Seedbed Activity**

The BCMB values innovation and new technology that has a positive effect on system efficiency and effectiveness. The industry works collaboratively to assess needs and opportunities. From these assessments pilot projects may be developed to measure the effectiveness of different technologies or innovative improvements. Depots are able to make independent decisions about the technology in which they choose to invest. The industry supports the advancement of technology when there is a reasonable prospect that the investment will provide a positive return to the operator and/or the system. If the benefit warrants, some improvements may be mandated for all depots.

**2017 Results**

- Several new brands of technology were installed in depots in 2017. No new pilots were initiated.

**Investment in Technology**

Automated sorting equipment technology was evaluated in 2012 and 2013 through a pilot project at two depots. The sorting equipment is designed to replace manual labor at the depot, thereby improving the efficiency and accuracy of sorting containers. The results of the pilot evidenced that over time the return from manual labor cost savings exceeded the investment costs of acquiring and maintaining the equipment. The return from manual labor cost savings through use of automated sorting equipment increases when there is a higher hourly wage paid to staff as well as with a larger number of containers sorted annually at the depot. Since this pilot, two additional vendors have installed equipment with similar functionality at Alberta depots.

Point of Return software is distributed and supported by several independent vendors and all have generally demonstrated improved efficiency in several areas of depot operations and in improved customer satisfaction. The software is now mandatory for all new depot permits as well as all permits issued to depots handling more than 10 million containers annually.

**2017 Results**

- The online beverage container registration database demonstrated a return on investment with the identification of several containers being sold in Alberta that were not previously registered and now are.



MEASURING OUR PERFORMANCE: Outcome 5 – System Efficiency and Effectiveness

Objective

TECHNOLOGY

Performance Measures	2016 Target	2016 Actual	2017 Target	2017 Actual
Depots utilizing electronic R-bill reporting	51%	33%	65%	45%
Depots utilizing Quality Monitoring System (QMS)	No target set	75%	No target set	79%

New

Electronic R-bill Reporting

Utilizing electronic methods to compute and report shipments of containers from depots significantly reduces the number of errors on R-bills and the time required to process shipments at both ends. To encourage innovation and continuous improvement, the BCMB is working towards increasing electronic R-bill reporting at the depot level.

2017 Results

- Currently, 45% of depots report using electronic R-bills, representing 60% of all R-bill reporting. Yearly targets have been set to include all urban and metro depots by the end of 2018.

Quality Monitoring System (QMS)

The QMS is an online database used to report, track and resolve operational issues in the industry. All depots, the BCMB, the CSA and the CSP are required to use the QMS. It was first introduced to the network in 2014. For the purposes of the above measure, depot utilization of the QMS is considered to be those depots that have either submitted a ticket to address a concern and/or those depots that have responded to a ticket submitted to them by another industry partner.

The QMS captures hundreds of tickets per month. The data is benchmarked and trends are identified to address issues or successes in the industry. Although increased comfort with and use of the QMS is indicative of a successful program, a decrease in submitted tickets and use can be reflective of fewer issues in the industry. An increase in overall use may also be a result of new topics and/or issues being logged into the QMS.

2017 Results

- In 2017, 79% of all depots submitted or responded to a ticket through the QMS compared to 75% of depots in 2016.

## MEASURING OUR PERFORMANCE: Outcome 5 – System Efficiency and Effectiveness

## Objective

### COST EFFECTIVENESS

Performance Indicators	2010	2012	2014	2016
Net cost for the recycling consumer in cents per container	1.10	2.06	1.26	1.80
Ranking of comparable deposit jurisdictions	1	1	1	1

Performance Indicator	2008	2010	2013	2016
Labour seconds per container at depots	5.30	5.25	5.05	4.77 <sup>19</sup>

<sup>19</sup> The next data for labour seconds per container at depots will not be available until 2019 due to the Handling Commission cycle.

### Recycling Consumer

Consumers can be categorized into two groups: those who recycle their containers and those who do not. Both groups pay the fee associated with the purchase of the container, but the consumers who do not return their containers fund the system through their unredeemed deposits.

The system further benefits from the salvage value of the material recovered from the recycling consumer. In 2016, the recycling consumer paid on average 1.8 cents for each container to fund the system (Who Pays What, CM Consulting, 2016). This number is affected by several factors including the salvage value of the material and the exchange rate of the country of destination of that material. This cost is paid in the form of a Container Recycling Fee that is added at point of purchase and can range from zero cents to more than 10 cents, depending on the material stream.

### Ranking

Comparable deposit programs exist in British Columbia, Saskatchewan, New Brunswick and Nova Scotia. CM Consulting compared the net cost of our system to other systems in Canada. Alberta ranked 1st in cost per container paid by the recycling consumer, having the lowest cost among comparable systems. Alberta ranked fourth out of five jurisdictions when comparing the cost to the wasting consumer (not recycling) in the same report.

### 2017 Results

- 2016 is the most recent year for which results are available for the net cost for the recycling consumer and ranking among comparable jurisdictions. The “Who Pays What” report is issued biannually, with the next one scheduled for 2018.

### Labour Efficiency

Labour is a significant cost to the system. One of the ways that the system has become more efficient is by handling a greater number of containers. As technology is introduced and best practices are applied, the system has benefitted from reduced overall labour. Reporting on the number of seconds per container (total number of labour hours reported on depot Uniform Code of Accounts, divided by the total number of containers that were handled) allows the progress towards efficiency to be tracked by isolating it from the cost of that labour, which has increased over the same period. The most dramatic improvements have been realized recently with the introduction of technological aids to labour within the depot processes.

### 2017 Results

- Labour seconds per container have decreased consistently in recent years and dropped from 5.05 seconds in 2013 to 4.77 seconds in 2016.

“

Senior leadership roles in the **finance, and regulatory area** have given me a thorough understanding of financial matters, business planning, and regulatory principles and practices. As a public member, bringing this experience to a stakeholder board like the BCMB means I can advocate for the best interests of the public by acting in the best interest of the BCMB and the recycling system as a whole.”

**Owen Edmondson** > DIRECTOR – PUBLIC REPRESENTATIVE





# independent auditor's report



PricewaterhouseCoopersLLP  
Edmonton

April 25, 2018

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, 2017 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, 2017 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 Professional Accountants

# balance sheet

As at December 31, 2017

	2017	2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,275,490	\$ 1,415,222
Accounts receivable	72,910	74,480
Prepaid expenses	14,330	27,645
	1,362,730	1,517,347
<b>Investment</b>	601,368	292,869
<b>Restricted cash</b> (note 8)	1,434,417	1,541,435
<b>Property and equipment</b> (note 3)	47,621	34,732
	3,446,136	3,386,383
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	167,431	281,817
Deposits	175,000	225,000
	342,431	506,817
<b>Net Assets</b>		
<b>Unrestricted</b>	1,669,288	1,338,131
<b>Restricted</b> (note 7)	1,434,417	1,541,435
	3,103,705	2,879,566
	3,446,136	3,386,383

**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, 2017

	2017			2016
	Restricted	Unrestricted	Total	Total
<b>Balance – Beginning of year</b>	\$ 1,541,435	\$ 1,338,131	\$ 2,879,566	\$ 3,243,150
Transfer	(128,784)	128,784	–	–
Excess of revenues over expenditures (expenditures over revenues) for the year	21,766	202,373	224,139	(363,584)
<b>Balance – End of year</b>	1,434,417	1,669,288	3,103,705	2,879,566

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

## statement of revenues and expenditures

For the year ended December 31, 2017

	2017		2016
	Actual	Budget	Actual
	(Unaudited)		
<b>Revenues</b>			
Container fees	\$ 2,622,452	\$ 2,670,780	\$ 2,640,804
Permitting and compliance fees	87,288	59,500	81,700
Product registration fees	90,850	46,800	49,194
Interest and other	41,272	33,000	39,593
	2,841,862	2,810,080	2,811,291
<b>Operating expenditures</b>			
Salaries and benefits	1,351,824	1,441,362	1,365,224
Professional fees	250,109	304,675	356,482
Office	172,212	190,392	177,567
Board of Directors' honoraria and expenses (note 5)	166,728	220,952	150,968
Communications	91,887	133,000	89,774
Information system maintenance	77,768	67,344	35,158
Compliance	51,263	244,681	–
Refund compliance	45,560	64,711	20,001
Travel	43,419	63,373	56,971
Training and development	33,598	65,500	33,623
Regional meeting	24,388	24,000	23,458
Depreciation	20,157	21,000	24,844
Insurance and licences	12,773	15,000	12,800
Bad debts	6,831	–	–
Miscellaneous	5,343	–	6,259
	2,353,860	2,855,990	2,353,129
<b>Project expenditures</b>	263,863	324,000	821,746
<b>Excess of revenues over expenditures (expenditures over revenues) for the year</b>	224,139	(369,910)	(363,584)

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

## statement of cash flows

For the year ended December 31, 2017

	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenues over expenditures (expenditures over revenues) for the year	\$ 224,139	\$ (363,584)
Items not affecting cash		
Depreciation	20,157	24,844
	244,296	(338,740)
Net change in non-cash working capital items	(149,501)	222,849
	94,795	(115,891)
<b>Investing activities</b>		
Purchase of property and equipment	(33,046)	(19,048)
Increase in investment	(308,499)	(4,627)
Decrease in restricted cash	107,018	32,309
	(234,527)	8,634
<b>Decrease in cash during the year</b>	(139,732)	(107,257)
<b>Cash – Beginning of year</b>	1,415,222	1,522,479
<b>Cash – End of year</b>	1,275,490	1,415,222
<b>Supplementary information</b>		
Interest received	43,788	39,073

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

# notes to the financial statements

December 31, 2017

## 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 permitting and compliance 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	3 years
Computer software	1 year
Furniture and fixtures	5 years

During the year, management determined that the amortization period for computer software and computer equipment should be decreased from four years to one year and from four years to three years respectively as these periods better reflect the useful lives of those assets. The impact of the change in estimate for the current period amounts to an increase in depreciation expense of \$1,678.

### 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, 2017, the investments consisted of guaranteed investment certificates that mature in 2018 and 2019 and earn interest between 1.35% and 1.60% (2016 – guaranteed investment certificates that mature in 2017 and earn interest between 1.63% and 1.64%).

### 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, 2017

### Note 3 Property and Equipment

	2017			2016
	Cost	Accumulated depreciation	Net	Net
Office equipment	\$ 4,218	\$ 3,712	\$ 506	\$ 1,350
Leasehold improvements	22,582	7,509	15,073	17,331
Computer equipment and accessories	52,745	24,342	28,403	11,805
Furniture and fixtures	24,788	21,149	3,639	4,246
	104,333	56,712	47,621	34,732

### Note 4 Commitments

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

2018	\$ 81,310
2019	69,339
2020	68,706
2021	62,787

# notes to the financial statements

December 31, 2017

## 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:

	2017	2016
Board Chairperson		
Mr. A. Stephens (a, c, g, h)	\$ 23,425	\$ 20,950
Board Members		
Ms. B. Smith (c)	5,250	5,285
Mr. T. Marr-Laing (c, h)	7,245	2,905
Ms. M. Martin, Chair – Compliance Committee (c, h)	9,511	6,090
Ms. E. Noel Bentley	3,045	6,615
Mr. K. Dhillon, Chair – Governance and Compensation Committee (g)	7,420	5,215
Mr. K. Dossa	1,505	3,570
Mr. P. Kane	–	–
Mr. N. Antymis	–	–
Mr. I. Tott	–	–
Ms. P. McLeod (g)	5,810	4,918
Ms. A. Auriat (a)	4,095	6,300
Mr. A. Chabot	525	2,135
Mr. T. Nickel	–	1,575
Mr. O. Edmondson, Chair – Handling Commission Review Committee (a, h)	3,640	–
Mr. F. Remtulla (a, h)	4,165	–
Ms. C. McLaughlin (c, g)	–	–
Mr. U. Valiante (c, h)	–	–
Mr. N. Kissel, Chair – Audit Committee (a)	–	–
Mr. B. Moore (a)	–	–
Mr. B. Zeiler-Kligman	–	–
Ms. I. Martinez (g)	–	–
	75,636	65,558
The President was paid the following gross compensation:		
President	216,253	182,419
	291,889	247,977

(a) Member of Audit Committee

(c) Member of Compliance Committee

(g) Member of Governance and Compensation Committee

(h) Member of Handling Commission Review Committee

## notes to the financial statements

December 31, 2017

### Note 5

#### Board Member and Management Remuneration – continued

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

	2017	2016
Honoraria paid	\$ 75,636	\$ 65,558
Canada pension plan benefits	2,987	2,239
Travel	36,350	44,860
Directors' meals	2,507	2,490
Meeting facilities and catering	49,248	35,821
	166,728	150,968

In 2017 and 2016, the travel expense amount was reimbursed directly to the Board of Directors.

### 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, \$128,784 was transferred from restricted to unrestricted surplus (2016 – \$54,474 was transferred from restricted to unrestricted surplus). This transfer, along with income earned of \$21,766 (2016 – \$22,165), brings the balance of restricted surplus to \$1,434,417 (2016 – \$1,541,435), 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 \$1,269,704 (2016 – \$1,250,103) maturing in 2018 as well as \$164,713 (2016 – \$291,332) allocated from the operating cash account. This cash has been restricted and includes amounts related to the internally restricted surplus of \$1,434,417 (2016 – \$1,541,435) (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 the 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.

A woman with long brown hair and a man wearing a black beanie with the 'rePOT' logo are looking at a tablet together. They are standing over a large pile of various plastic and metal recycling materials. The entire scene is overlaid with a semi-transparent blue filter.

# leading

2017 was a year of many business and process improvements aimed at better governance, and at achieving fairness and excellence in everything we do.





## contact information

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