



Beverage Container Management Board

www.bcmb.ab.ca

Three Year Business Plan

January 1, 2016 to December 31, 2018

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The Beverage Container Management Board (BCMB) is one of several Delegated Administrative Organizations (DAOs) created through legislation to aid the Ministry of Environment and Parks in achieving its goals and objectives. The Ministry provides authority to DAOs to carry out specified functions described in legislation, regulation or memorandum of understanding administered by the Ministry. These organizations function as arms-length, self-funded, legal entities established for the purpose of carrying out delegated functions traditionally delivered by the Alberta Government.

The BCMB is a not-for-profit association formed by representatives of Alberta beverage manufacturers, container depots and the public (environmental organizations, municipalities and interested citizens)¹. The BCMB is charged with the responsibility of regulating and delivering Alberta's beverage container system. Since its 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 used beverage containers.

The BCMB operates in accordance with the Societies Act Bylaws set by the membership, as well as the following by-laws set by the Board:

- Administrative By-law;
- Administrative Compliance By-law;
- Beverage Container Depot Operation and Administration By-law;
- Beverage Container Depot Permit Application Renewal and Amendment By-law;
- Collection System Agent By-law;
- Fee By-law;
- Handling Commission Criteria By-law;
- Handling Commission Rules of Practice and Procedure By-law; and
- Uniform Code of Accounts Compliance By-law.

In accordance with the requirements of the Ministry of Environment and Parks and sound business practice the BCMB has prepared this 2016-2018 Business Plan.

¹ The BCMB has a 16 member Board of Directors. Fifteen are voting members – five each from the beverage manufacturing sector the depot sector and the public. One is a non-voting member who represents the Alberta Government.

Accountability Statement



The BCMB Business Plan for the period January 1, 2016 through December 31, 2018 was prepared in accordance with the requirements of the Beverage Container Recycling Regulation, as amended, which was enacted under the *Environmental Protection and Enhancement Act* and the organization's bylaws. All of the BCMB's existing, and proposed, policies and procedures as of September 2015 and all of the Board's accountability obligations and relationships have been considered in preparing this Business Plan. As well, the Government of Alberta's and Department of Environment and Parks' Business Plans and priorities were taken into account in the development of the BCMB's Business Plan.

The BCMB is committed to achieving the planned results laid out in this Business Plan.

Approved by the Board of Directors:

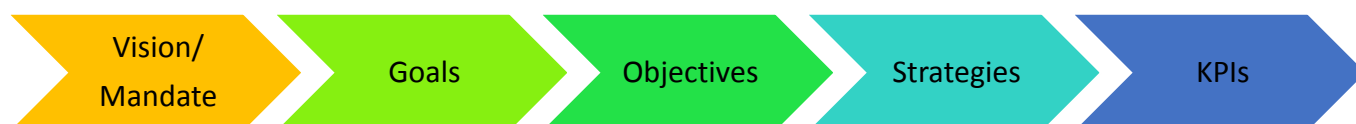
Beverage Container Management Board

A handwritten signature in black ink, appearing to read 'Andrew Stephens', is written over a light blue horizontal line.

Per: Andrew Stephens
Chair

Vision and Mandate

The BCMB has developed the framework of this business plan to help increase the alignment of our efforts with our goals, from mandate through to measurement, to link what we do, from our vision through to our staff work plans and key measurements. Doing so will allow us to evaluate each decision and action against our business plan to ensure we remain focused on what is expected of us by the Government of Alberta, our stakeholders and the public. The visual below demonstrates how this business plan will present this alignment.



The starting point in our efforts is our vision and mandate.

Vision

The BCMB's vision is to be **the leader in stewarding beverage containers to minimize their impact on the environment.**

The vision anticipates that we value:

- higher return rates;
- accessible, quality, convenient and safe service from depots; and
- secure, cost effective, container collection, processing and recycling.

Mandate

The Beverage Container Management Board is a Delegated Administrative Organization mandated under the *Environmental Protection and Enhancement Act* and the *Beverage Container Recycling Regulation* and incorporated under the *Societies Act*. The BCMB will carry out its delegated authority, as established by the Government of Alberta, **to regulate and enhance a leading beverage container system that protects Alberta's environment.**

The mandate expects that the BCMB will also value:

- greater awareness and public participation;
- strong alignment among system stakeholders;

- innovation and technology driven efficiency;
- consistent, fair and firm enforcement of meaningful standards for manufacturers, retailers, depots, Collection Service Providers and the Collection System Agent; and
- financial transparency.

Value Statements



-
- a. **We value** higher return rates. Our efforts will focus on the highest possible return of containers, while minimizing the impact of the system on the environment.
 - b. **We value** accessible, quality, convenient and safe service from depots. Customers should have a barrier free experience when supporting the environment by returning their beverage containers to a depot.
 - c. **We value** secure, cost effective container collection, processing and recycling. We will effectively regulate and steward the system from registration of beverage containers through to end of life.
 - d. **We value** greater awareness and public participation. We will educate retailers on the necessity of advertising the deposit, inform consumers on the environmental and economic benefits of recycling beverage containers and encourage participation regardless of where beverages are consumed.
 - e. **We value** strong alignment among system stakeholders. A collaborative industry with open communication that works from a common framework will be better prepared to succeed.
 - f. **We value** innovation and technology driven efficiency. Our industry will remain responsive to opportunities to advance the effectiveness of our system.
 - g. **We value** consistent, fair and firm enforcement of meaningful standards for manufacturers, retailers, depots, CSPs and the CSA. Our practices will foster adherence to these standards.
 - h. **We value** financial transparency. As the regulator of the beverage container system in Alberta we will be responsible stewards of the monies managed by the system on behalf of Albertans. All of our stakeholders will be appropriately informed of the financial transactions involved in the Regulation.
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Goals



The BCMB's vision and mandate are achieved through five interconnected goals for Alberta's beverage container system as seen in the diagram below (*Page 8 explains each goal in detail*).



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



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.



Fiscal Stewardship

The BCMB accepts the challenge as a leading steward to act fiscally responsible. Through sound risk management, clear reporting, and full transparency and accountability, we will seek to minimize risk and cost to the system and engage partners through sound communication.



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 the development of a management system framework we will implement a standard of excellence and ensure performance measures deliver outcomes consistent with this standard by all stakeholders.



Customer Excellence

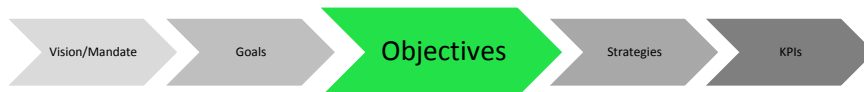
The BCMB understands the importance that continuous improvement has relative to customer satisfaction and the achievement of our other goals. We will have clear expectations of, and hold ourselves accountable to, high levels of quality assurance for all stakeholders involved, in all areas of service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








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 goal.

Objectives



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

Goal	Objective	
ENVIRONMENTAL PROTECTION  Reduce Impact	Minimize Impact	Minimize the environmental impact of beverage containers through reuse and recycling
	Sustainability	Improve sustainability of beverage container system
	Reduce Footprint	Reduce environmental footprint of the system
FISCAL STEWARDSHIP  Risk Management	Accountability	Introduce accountability measures to minimize system risk
	Reporting	Report clearly on the achievement of our mandate and government expectations
	Transparency	Maintain full transparency regarding operations and financing
GOVERNANCE EXCELLENCE  Management Systems	Compliance	Achieve a high degree of compliance with operating and reporting requirements
	Integration & Alignment	Ensure a high level of integration and alignment with By-laws, policies, and operations
	Communication	Deliver timely, clear and effective communication
	System Integrity	Ensure stakeholder trust through system integrity
CUSTOMER EXCELLENCE  Continuous Improvement	Satisfies	Deliver a system that satisfies stakeholder expectations
	Quality	Ensure quality service to the public
	Awareness	Achieve widespread awareness of the importance of the system
	Accessible	Deliver a beverage container management system that is accessible
SYSTEM EFFICIENCY & EFFECTIVENESS  Innovation & Adaptation	Innovation	Encourage innovation and continuous improvement
	Responsiveness	Demonstrate responsiveness to changing needs
	Technology	Capitalize on technological advancement
	Cost Effective	Operate a system that is cost effective



As a Delegated Administrative Organization, the BCMB places specific emphasis on helping Alberta Environment and Parks and the Government of Alberta achieve its waste reduction goals through efforts to increase the return rate for beverage containers. As identified in the Environment (ESRD) 2015-2020 Business Plan, “Stewardship of the environment requires a collaborative effort by all Albertans, including businesses, non-governmental organizations, communities and individuals.” The BCMB is focused on industry collaboration, awareness programs to enhance the public’s knowledge about recycling and on providing Albertans with access to depots to return their beverage containers for a refund. The BCMB understands the importance of balancing efforts to steward beverage containers with sustainable practices that reach every community in Alberta. In addition, goal one of four in the ESRD 2015-2017 Business Plan is a healthy environment and ecosystem, to be achieved by meeting the desired environmental outcomes for air, land, water and biodiversity. To this end, its Business Plan speaks to an objective of reducing the number of kilograms of municipal solid waste per capita to landfills. In alignment with this objective, the BCMB’s vision is *to be the leader in stewarding beverage containers to minimize their impact on the environment*.

The strategic directions and initiatives identified in the BCMB’s 2016 – 2018 Business Plan have been developed with the primary goal of achieving the vision and mandate approved by the Board of Directors.

The strategy of the BCMB is set out in this section and grouped according to our core business functions, strategic activities and projects.

Core Business Functions



The BCMB has several core business functions that are designed to focus the day to day efforts of the Board, Management, and staff on advancing the goals and objectives of the organization. These core business functions tend to be medium to long term activities.

- a. Optimize beverage container recycling and reuse by diverting material from landfills to reduce the environmental impacts of beverage container use and to provide manufacturers with a source of clean, recyclable materials or reusable containers.
- b. Register all beverage containers sold and/or distributed within the province of Alberta.
- c. Set criteria and operating standards for maintaining beverage container depots; provide approval of permits for the start-up of new depots; and approve the ongoing operation, cancellation or suspension of those permits based on annual evaluation and areas of non-compliance.

- d. Collaboration with the Collection System Agent (CSA)² and Alberta Bottle Depot Association (ABDA) on system communications including: marketing, advertising, promotion and innovation.
- e. Ensure compliance of the CSA, manufacturers, their agents, retailers and depots as they pertain to the manner and frequency of container collections, payments, and recycling.
- f. Set the amounts that a depot or retailer gets paid by the CSA/CSP(s) for container collection and handling (handling commissions).
- g. Management of a Mystery Shopper Program to audit depot refund accuracy and to provide confidence to the public that refund accuracy is a priority and that poor performance can affect a depot permit negatively.

Strategic Activities

Strategies

To support the BCMB goals³, objectives and core business functions, strategic activities have been identified. These strategies are generally short to medium term and a continuation of projects from the previous business plan and BCMB staff operations. They tend to support key objectives and have an information, communication and reporting focus.

- a. We will continue to collaborate on joint communications and initiatives with the Alberta Recycling Management Authority (ARMA) and Alberta Used Oil Management Association (AUOMA).

Customer Excellence, *awareness*



- b. We anticipate siting more depots in Calgary and other high growth areas around the province. In this regard the industry is working on enhancing its relationship with municipalities.

Customer Excellence, *accessible, satisfies*



² The CSA – the Alberta Beverage Container Recycling Corporation (ABCRC) – is currently the Collection System Agent for all non-refillable beverage containers in Alberta. Refillable containers are managed by Collection Service Providers (CSPs).

³ Immediately below each activity and/or project is a list of the goals and objectives specifically targeted by that activity

- c. We continue to move forward with surveying the public and value both 'in-person' and online surveys to measure the public's experiences at depots and to determine why they do/do not recycle.

Customer Excellence, *satisfies*, *awareness*, *accessible*, System Efficiency and Effectiveness, *responsiveness*



- d. We continue to move forward on the development of data management software to organize and secure system information, systematically report on and log issues within the industry and to provide overviews on individual and collective performance.

Fiscal Stewardship, *transparency*, Governance Excellence, *communication*, System Efficiency and Effectiveness, *innovation*



- e. We continue to enhance transparency and communication with stakeholders and the public by providing up-to-date and relevant information on our website, developing a publicly accessible database of all registered beverage containers and by offering opportunities for stakeholder groups to provide feedback on the performance of their industry partners.

Customer Excellence, *satisfies*, *awareness*



- f. We continue to work with industry stakeholders to communicate best practices, industry standards, risk management and industry events and opportunities at annual Depot Regional Meetings and stakeholder conferences.

Governance Excellence, *communication*, *system integrity*, compliance, Customer Excellence, *satisfies*, *awareness*



In addition to the core business and strategic activities the BCMB plans to engage in several specific projects designed to enhance our efforts to achieve the goals and objectives of the BCMB. These projects tend to be short term and are described below.

a. Industry Branding

In collaboration with industry stakeholders, the BCMB will undertake to review all current depot signage and branding. The BCMB is committed to helping to brand depots and industry events with the industry logo *Depot It's Worth It*. The BCMB's goal is to create further awareness of the depot network (increase brand recognition), the value of returning beverage containers for a refund, the success of the current system and the environmental benefits of recycling.

Customer Excellence, *awareness*



b. End Use Recycling

Under the Beverage Container Recycling Regulation the BCMB is required to approve the methods by which the CSA recycle beverage containers. To this end, the BCMB will undertake a two year project to understand, evaluate and report on current industry methods for recycling beverage containers and develop best practices and recycling standards going forward. The Board of Directors will be asked to review and approve the methods of recycling and the approved methods will be captured in the Registration By-law and the CSA Operating Agreement.

Environmental Protection, *minimize impact*



c. Waste Audits

The BCMB will partner with the City of Edmonton and Calgary to perform landfill and Material Recovery Facility waste audits to better determine the impact of beverage container waste on the environment. The data will be analyzed to understand where the waste is being generated and to identify key areas of opportunity to improve the beverage container return rate.

Environmental Protection, *minimize impact, reduce footprint*, Fiscal Stewardship, *accountability*



d. Industry IT Integration

The BCMB values innovation pertaining to the advancement of efforts to increase efficiency and effectiveness in the system. The development of an integrated electronic communication system between the Collection System Agent and individual depots will provide the industry with the opportunity to improve procedural controls related to accuracy in shipping, payments and inventory. The project is being designed in phases to occur over the course of two years, beginning with request for proposals for design plans and ending with Phase I of implementation.

Fiscal Stewardship, **accountability**, System Efficiency and Effectiveness, **responsiveness**, **cost effective**



e. Quick Drop Technology

Promising technologies can enhance consumer convenience, improve container return rates and reduce costs. The BCMB, with collaboration of stakeholder groups, will pilot alternative collection method sites using a quick drop service approach. Ideally quick drop sites would be located in high density, accessible locations to the public or in remote communities where a fully permitted depot operation is not viable. These sites would require significantly less space or square footage, reducing the industries footprint where possible. The goal of the pilot is to provide a highly accessible, quality and safe service to the public while expanding the depot operators' business and connection to the community.

Environmental Protection, **reduce footprint**, Customer Excellence, **accessible**, **quality**, System Efficiency and Effectiveness, **responsiveness**, **cost effective**



f. Enhancing BCMB's Information Systems

The BCMB will continue to implement, evaluate and improve new tools such as the case management system and online registration database. Areas of evaluation will include amalgamation with other applications/software currently used to allow the sharing of data and the development of additional applications such as electronic mapping of depots and population growth.

Fiscal Stewardship, **accountability**, Governance Excellence, **system integrity**



g. **Handling Commission Review 2017**

Beginning in April 2016, the BCMB will begin the next Handling Commission Review process. The process occurs every three years to determine the handling fees paid to depots by the CSA and CSP(s) to collect and sort beverage containers. The process involves interested parties (Depot network, CSA, CSP) and is generally scheduled over the course of a one year period. The BCMB Board of Directors approve the negotiated handling commissions of which will be reflected in the Administrative By-law. Completion of the process is anticipated for April 2017.

Fiscal Stewardship, *transparency*, Governance Excellence, *system integrity*, System Efficiency and Effectiveness, *cost effective*



h. **Registration By-Law Implementation**

Over the course of the last two years, a BCMB Committee has been working towards the development of a Beverage Container Registration By-law. The By-law outlines the registration process for new beverage containers entering the Alberta market. All beverage containers to be sold in Alberta must be able to be recycled in a manner that is satisfactory to the BCMB. Consideration for approval is placed on the following: method of recycling proposed; contamination to current streams and visibility of container within the sorting process at depots; percentage by weight of the container material that is recoverable/recyclable; cost of recycling the container or disassembly of the container if needed; and marketability of the container materials. The BCMB anticipates that the new By-law will be considered by the BCMB Board of Directors by early 2016.

Environmental Protection, *impact*, Governance Excellence, *integration and alignment*



i. **Improve Container Registration Process – AGLC Registration Database Integration**

To compliment the new registration database and Beverage Container Registration By-law, the BCMB is working with the Alberta Gaming and Liquor Commission to integrate the registration database with their beverage container database to simplify the registration process and administrative work to register a new product.

Governance Excellence, *communication*, Customer Excellence, *satisfies*, System Efficiency and Effectiveness, *innovation*



j. **Management Systems**

The BCMB Board of Directors and Senior Management have adopted a management system framework. The scope of this project includes the implementation of the framework, identification of key elements, gap analysis, closure plans and execution, development of scorecard templates and implementation at the Board level.

Governance Excellence, *compliance, integration and alignment, system integrity*



k. **Mystery Shopper Program Evaluation**

In 2015 the BCMB developed and implemented a new Mystery Shopper Program. The Program is designed to “mystery shop” or audit depot refund accuracy. The information obtained from the audits are used as key performance indicators for depot performance and also as one of the evaluation factors within depot permit renewals. The program was redesigned to use a professional online service provider with access to auditors across the province. The change moved the program away from volunteer and student groups and has significantly increased the validity of the program by ensuring accuracy, timeliness and mystery of audits. The new program is also significantly lower in cost and provides high levels of reporting functions. The scope of the project is a one year plan to monitor and evaluate the new program and to draft a Mystery Shopper Policy.

Governance Excellence, *compliance, system integrity*, Customer Excellence, *quality*



l. **CSA & CSP Performance Standards Development**

In February 2015 the BCMB Board of Directors approved the Collection System Agent (CSA) By-law. The By-law defines the relationship between the BCMB and the CSA. As a schedule to the By-law, the CSA Operating Agreement further considers the reporting, operational and performance requirements for the CSA. Over the course of 2016 and 2017 we will work collaboratively with the CSA to collect data and information that can begin to define performance standards for the CSA.

In addition, the BCMB will begin to work in collaboration with Brewers Distributor Ltd. on developing a CSP By-law. Similar to the CSA By-law, this By-law will also define the relationship between the BCMB and CSPs.

Fiscal Stewardship, *accountability*



m. **Handling Commission Rate Setting Models/Evaluation of Performance Based Regulation**

In an effort to continuously improve, the BCMB will review the current rate setting model for handling commissions and to consider Performance Based Regulation or any other models that may add benefit or value to setting of handling commissions. In 2016, the BCMB will undertake a review of these models and identify potential improvements to the current system.

Fiscal Stewardship, *transparency*, System Efficiency and Effectiveness, *innovation*, *cost effective*



n. **BCMB Performance Standards and Sustainability Reporting**

The BCMB values transparency and accountability and believes that incorporating additional levels of sustainability reporting into the BCMB Business Plan and Annual Report will provide the public, government and stakeholders with a view of the Alberta beverage container system's impact on environmental, social and economic factors. The project scope has been designed over a three year period to allow for cautious and meaningful implementation of additional performance standards and metrics.

Environmental Protection, *sustainability*, Governance Excellence, *system integrity*



Financial Plan



The expected 2016 to 2018 (three year) operating revenue for the BCMB is summarized in Table 1 below

BCMB Revenue Projections (Table 1)

	2015 Forecast	2016	2017	2018
Container Fees	\$2,320,795	\$2,847,003	\$2,932,413	\$3,020,385
Depot and Permit Renewal Application Fees	56,850	60,000	60,000	60,000
Product Registration Fees	41,208	42,500	42,500	42,500
Interest and Other	36,388	26,000	25,000	24,000
Total Revenue	\$2,455,241	\$2,975,503	\$3,059,913	\$3,146,885

Program Delivery and Administrative Expenditures

Expenses are incurred by the BCMB as it delivers programs and pursues its mandate and objectives. The estimated annual expenditures for 2016 through 2018 are provided in Table 2 and 3 below.

2016 – 2018 Planned Expenditures (Table 2)

	2015 Forecast	2016	2017	2018
Administrative and Management Expenses				
Salaries and Benefits	\$1,305,805	\$1,498,355	\$1,589,529	\$1,624,346
Training and Development	30,223	57,500	60,000	60,000
Directors' honoraria and expense	196,187	205,000	205,000	205,000
Professional Fees	450,563	378,000	334,500	350,000
Advertising	83,067	105,000	105,000	105,000
Travel	105,089	110,000	120,000	120,000
Office	203,876	210,000	216,000	222,000
Insurance	12,907	15,000	15,500	16,000
Regional Meetings	19,821	20,000	20,500	21,000
Mystery Shopper Program	17,278	45,000	45,000	45,000
Miscellaneous	4,526	5,000	5,000	5,000
Depreciation	33,996	26,000	23,000	20,000
Loss on Disposition of Assets	1,359	-	-	-
Information System Maintenance	32,560	36,000	37,000	38,000
Total Administrative and Management Expenses	\$2,497,257	\$2,710,855	\$2,776,029	\$2,831,346

2016 – 2018 Planned Project Expenditure Detail (Table 3)

BCMB Projects	2015 Forecast	2016	2017	2018
a. Industry Branding	\$13,725	\$30,000	\$30,000	\$30,000
b. End Use Recycling	-	34,000	-	-
c. Waste Audits	80,000	100,000	10,000	-
d. Industry IT Integration	-	120,000	25,000	25,000
e. Quick Drop Technology	-	120,000	25,000	25,000
f. Enhancing BCMB's Information Systems	-	40,000	30,000	25,000
g. Handling Commission Review 2017	51,007	315,000	150,000	25,000
h. Registration By-law Implementation	-	-	-	-
i. Improve Container Registration Process	100,983	10,000	-	-
j. Management Systems	-	75,000	25,000	25,000
k. Mystery Shopper Program Evaluation	-	-	-	-
l. CSA & CSP Performance Standard Development	-	-	-	-
m. Alternative Handling Commission Rate Setting Models	-	25,000	-	-
n. Performance Standards and Sustainability Reporting	-	8,000	20,000	-
o. Increase Depot Responsibility and Accountability for Recycling	30,300	-	-	-
p. Improving Container Collection System Process	1,406	-	-	-
q. Explore Efficiencies through Capital Intensive Technologies	79,741	-	-	-
r. Improve Assessment of BCMB and System-wide risk	90,000	-	-	-
s. Improve Depot Acceptance by Municipalities	3,907	-	-	-
t. Operational Review Program	124,283	-	-	-
u. Ipsos Reid and Depot Exit Surveys	28,100	-	-	-
v. Review and enhance transparency	17,744	-	-	-
w. Future Projects focused on continuous improvement			210,000	350,000
Total Projects	\$621,196	\$877,000	\$525,000	\$505,000

2016 – 2018 Budget Overview – Container Fees at \$0.0013⁵ per container (Table 4)

Table 4	2015 Forecast	2016 Budget	2017 Budget	2018 Budget
Revenue	\$ 2,455,241	\$ 2,975,503	\$ 3,059,913	\$ 3,146,885
Administrative and Management Expenses	\$ 2,497,257	\$2,710,855	\$2,776,029	\$2,831,346
Project Expenses	\$ 621,196	\$ 877,000	\$ 525,000	\$ 505,000
Total Expenses	\$ 3,118,453	\$ 3,587,855	\$ 3,301,029	\$ 3,336,346
Excess (Deficit) Revenue over Expenditures	\$ (663,212)	\$ (612,352)	\$ (241,116)	\$ (189,461)
Net Assets	\$ 3,187,178	\$ 2,574,826	\$ 2,333,710	\$ 2,144,249
Net Asset Target (minimum) including Wind Up and Operating Reserve at 0.5 ⁴	\$ 1,559,227	\$ 1,793,928	\$ 1,650,515	\$ 1,668,173
Ratio of Net Assets to Total Expenses	1.02	0.72	0.71	0.64

⁴ The Board has revised the Net Asset Policy to target a total net asset reserve equal to between 0.5 and 1.5 times Total Expenses.

⁵ The Board has approved the increase of the Operations Fee from \$0.0011 per returned container to \$0.0013 per returned container. Half of the Operations Fees is paid by the manufacturers (CSA) and half is paid by the depots to the BCMB. Each party contributes \$0.00065 per container returned.

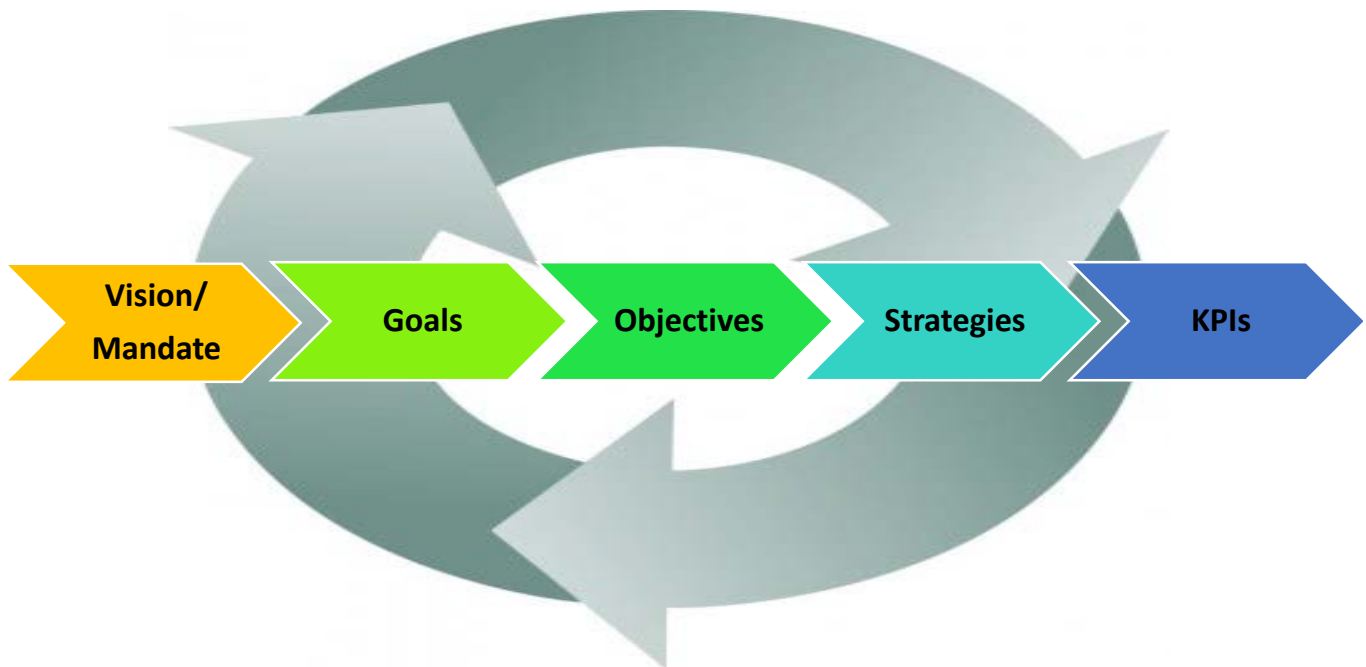
Performance Measures





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

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

Many of these measures are new and will be developed over the next three years. In 2016 we will focus on collecting baseline data for new measures and on evaluating pre-existing measures to set appropriate targets. Well-designed KPIs, adopted by the Board, should introduce a common language for communication that offers a verifiable view of performance change over time. *If you can't measure it, you can neither manage it nor improve it.*



Tables 5 - 9 outline BCMB's key performance indicators

<div><div></div><div>Table 5 ENVIRONMENTAL PROTECTION Reduce Impact</div></div>							
Performance Measures and Objectives ⁶	June 2015 % of containers returned (2.08 billion)	Actual 2014	Target 2015	Estimate 2015	Target 2016	Target 2017	Target 2018
Objective: Environmental Impact							
Overall return rate	100.00% ⁷	83.4%	83.6%	83.6%	84.1%	84.6%	85.1%
Return rate by container type:							
Aluminum	46.0%	88.5%	88.5%	88.5%	89.2%	89.8%	90.5%
Bi-metal	0.3%	88.5%	88.6%	88.6%	89.1%	89.5%	90.0%
Glass	9.0%	91.6%	91.5%	91.3%	92.0%	92.7%	93.5%
Glass (Refillable)	5.2%	97.7%	96.4%	96.2%	96.5%	96.7%	97.0%
Other Plastics:							
1 litre and less	25.1%	76.2%	77.6%	77.6%	78.1%	78.5%	79.0%
Over 1 litre	5.9%	88.8%	88.7%	88.8%	88.9%	89.1%	89.5%
Polycoat:							
Tetra & Pouches	5.2%	65.8%	65.0%	65.2%	65.8%	66.4%	67.0%
Gable Top	3.4%	67.0%	66.8%	66.9%	66.9%	67.3%	68.0%
Objective: Sustainability							
Annual Report - Sustainability Reporting							
Establish baseline of environmental/economic/social impact of system components ⁸							
Objective: Environmental Footprint of System							
Distance per container							


⁶ The 2015 estimates and 2016-18 targets are based on data available at the time of printing. Target rates consider the Board's direction for the system and provide a reasonable forecast of recoveries by container type.

⁷ Reflects the total number of containers returned and the breakdown of containers by type.

⁸ Measures may include landfill space avoided by recycling activities



Table 6
FISCAL STEWARDSHIP
Risk Management

Performance Measures and Objectives	Actual 2014	Target 2015	Estimate 2015	Target 2016	Target 2017	Target 2018
Objective: Accountability						
Board prudence review of core business plan and projects	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Risk Register Review – quarterly	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Depot UCA Filing Compliance ⁹	N/A ¹⁰	95%	98.5%	95%	97%	100%
Objective: Transparency and Reporting						
Net system cost in dollars per unit recovered ¹¹	0.0228	0.0234	0.0240	0.0235	0.0245	0.0269
<i>Net cost in dollars by container type:</i>						
Aluminum	0.0030	0.0030	0.0049	0.0036	0.0045	0.0066
Bi-Metal	0.0584	0.0587	0.0489	0.0597	0.0621	0.0655
Glass	0.0867	0.0865	0.0741	0.0870	0.0886	0.0917
Plastics	0.0335	0.0353	0.0309	0.0342	0.0350	0.0375
Polycoat	0.0236	0.0228	0.0213	0.0239	0.0265	0.0303
CSA Payment Compliance			99.9%	99.5%	99.5%	99.5%
CSA Collection Frequency						
CSP Collection Frequency						
CSP Payment Compliance						
BCMB financial reporting requirements met (quarterly/annual report, business plan)	Complete	Complete	Complete	Complete	Complete	Complete

⁹ Depots are required to report information to the Data Collection Agent, as outlined in the Uniform Code of Accounts on an annual basis, for the purposes of calculating the next handling commissions.

¹⁰ Due to DCA transition, this data was not available.


¹¹ The 2014 actual is based on the ABCRC's 2014 Sustainability Report. The 2016-2018 target costs are based on forecasted sales and returns adjusted to reflect the Board's target return rates. Other variables (inflation, commodity prices, exchange rates, etc.) are assumed to remain constant.

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

- Financial inputs (cost and revenue) may change with inflation or deflation;
- A change in 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 are all paid in US dollars and are sensitive to exchange rates which can change significantly on a daily basis;
- Expected processing cost efficiencies arising from compaction and implementation of other technology as the beverage container system is being continuously improved.



Table 7
GOVERNANCE EXCELLENCE
Management Systems

Performance Measures and Objectives	Actual 2014	Target 2015	Estimate 2015	Target 2016	Target 2017	Target 2018
Objective: Compliance						
<i>Compliance Ratings:</i>						
Mystery Shopper Audits within Industry Standard ¹²	64%	N/A	52% ¹³	55%	60%	65%
Depots receiving a 5 year permit (maximum length of permit based on quality performance)	55.9%	55%	58.3%	60%	65%	70%
Depot inspections where depot scored below acceptable threshold of 50% ¹⁴	0.7%	1.0%	1.1%	0.9%	0.8%	0.7%
Depot network performance ¹⁵	78%	75%	75% ¹⁶	78%	80%	82%
CSA and CSP Performance Standards				Under Construction 		
Advertising Compliance (Incidence of non-compliance)	45% ¹⁷	40%	25% ¹⁸	20%	17%	15%
BCMB Regulatory Requirements – Quarterly, Board approved, Due Diligence Reporting	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Objective: Integration and Alignment						
Review and Mapping			Governance Manual Complete	By-laws Complete	Policy Review Complete	Alignment Complete
Progress on business plan objectives and projects				100%	100%	100%
Objective: Communication						
Number of BCMB information requests out of compliance (response within 48 hours) ¹⁹				0%	0%	0%
Quality Monitoring issues resolved			89%	95%	97%	98%
Objective: System Integrity						
Development of Standard Operating Procedures for major activities (that effect stakeholders)				Review	Complete	Updated

¹² Industry Standard for deposit refund accuracy return is within 25 cents (1 container). Refund accuracy at depots is audited by the BCMB Mystery Shopper Program.

¹³ In 2015 the BCMB redeveloped the Mystery Shopper Program to improve accuracy, quality and year-round coverage. This measure only includes data from the new program which has been operating from August 2015.

¹⁴ 50% equals the minimum inspection score that can achieve a 4 year permit, where all other evaluation criteria is maximized in the permit matrix.

¹⁵ % of depot network achieving inspection standard of 80% or higher.

¹⁶ BCMB Increased inspections in 2015 focusing on low performing depots.

¹⁷ Based on 104 retail inspections.

¹⁸ Forecast 150 retail inspections for 2015.

¹⁹ This is a new metric and will be reported on going forward.



Table 8
CUSTOMER EXCELLENCE
Continuous Improvement

Performance Measures and Objectives ²⁰	Actual 2014	Target 2015	Estimate 2015	Target 2016	Target 2017	Target 2018
Objective: Satisfies Stakeholder Expectation						
Public Participation	91%	94%	94%	94%	94%	94%
Overall Public Satisfaction	78%	79%	79% ²¹	79%	80%	80%
Public Wait Time	55.5%	65%	65% ²²	70%	71%	72%
Convenience	62%	72%	72%	73%	74%	75%
Refund Accuracy	91%	91%	91%	92%	92%	93%
Innovation				Under Construction		
Depots overall satisfaction with CSA (moderately to highly satisfied)	95%	62%	66%	70%	75%	80%
Depots overall satisfaction with CSP			Baseline ²³	TBD	TBD	TBD
Objective: Achieve Widespread Awareness						
Individuals aware of program	97%	97%	97%	97%	97%	97%
Individuals who believe that recycling beverage containers has a significant impact on the environment	75%	75%	75%	76%	77%	78%
Recognition of the Industry Brand		49%	49%	55%	61%	67%
Aware of deposit amounts	53.5%	55%	57%	59%	60%	61%
Objective: Deliver a system that is accessible						
Number of Universal Depots in Alberta	216	221	217	221	228	230
Number of Class D Depots in Alberta (Liquor Store Collection)	20	20	17	17	16	15
Average travel time to a depot	51%<10min 34% = 11-20 min.	51%<10min 35% = 11-20 min.	51%<10min 35% = 11-20 min.	51%<10min 35% = 11-20 min.	51%<10min 35% = 11-20 min.	52%<10min 36% = 11-20 min.
Largest unserved population (via a depot)	2,842	3,000	2,842 ²⁴	3,000	3,000	3,000

²⁰ KPIs in relation to Satisfaction, Awareness and Accessibility Objectives are reported through the: bi-annual Alberta Beverage Container Recycling survey last conducted by Ipsos Reid in 2014; annual Depot Exit Interview Surveys conducted by the BCMB; and the annual Depot Satisfaction Survey conducted by the BCMB.

²¹ Includes the average satisfaction of 8 elements reported in the 2014 Ipsos Reid Survey: refund, convenience, safety, hours, quality, wait time, appearance, cleanliness.


²² Average wait time is 7.6 minutes.

²³ Survey results of depot satisfaction with BDL (largest CSP) will be available by December 2015 and will create a baseline for targets going forward.

²⁴ Penhold is the largest Alberta community without a depot at a population of 2,842.



Table 9
EFFICIENCY & EFFECTIVENESS
Innovation And Technology

Performance Measures and Objectives	Actual 2014	Target 2015	Estimate 2015	Target 2016	Target 2017	Target 2018
Objective: Innovation ²⁵						
Seedbed Activity – Depot pilot project participants	9	N/A	21	20	20	20
Investment in technology – Return on Investment				> 1	> 1	> 1
Objective: Responsiveness						
Catalogue of needs/opportunity						
Objective: Technological Advancement						
Reduction in manual errors						
Depots utilizing Electronic R-bill Reporting						
Objective: Cost Effective						
Comparative analysis of net cost for other jurisdictions						
System Efficiency Cost/Expectation						

²⁵ The BCMB values innovation and new technology that has a positive effect on system efficiency and effectiveness. Together with our stakeholders, we will continue to pilot new, innovative methods to accomplish these goals and demonstrate a positive return of investment.