Beverage Container Management Board

Three Year Business Plan
January 1, 2017 to December 31, 2019

Contents:

Introduction

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 services/mandates that were 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 of Directors:

- 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
- Beverage Container Registration 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 2017-2019 Business Plan.

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[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, 2017 through December 31, 2019 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 November 2016 and all of the Board's accountability obligations, responsibilities 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 and will continue to work towards the Ministry of Environment and Parks' outcome to reduce municipal solid waste to landfills by being accountable to these plans through systematic benchmarking and continual improvement.

Approved by the Board of Directors:

Beverage Container Management Board

Per: Andrew Stephens
      Chair

Vision and Mandate

In the 2016-2018 BCMB business plan, the BCMB developed a framework to align board goals, objectives and strategies along with expectations of the government, industry, and the public. The plan marked a shift in the BCMB's accountability for the system as the regulator and began to define strategy and performance measurements that demonstrated this shift.

The 2017-2019 BCMB business plan continues in this direction, providing additional clarity on outcomes, benchmarking and key performance indicators. The plan also continues to demonstrate alignment from mandate to end reporting, ensuring our efforts are supported by the board and stakeholders.

Vision/ Mandate → Goals → Objectives → Strategies → KPIs
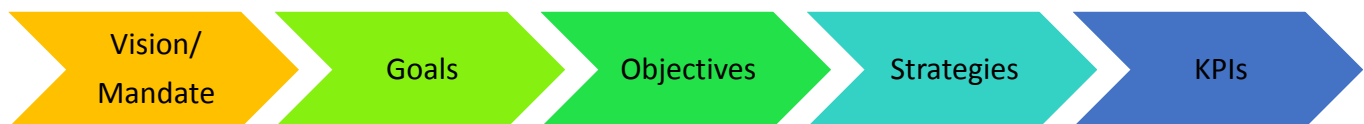
Our Vision

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

Our Mandate

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

Value Statements

The Vision and Mandate are clarified through the following 8 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.

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.

Description of Five Goals

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.
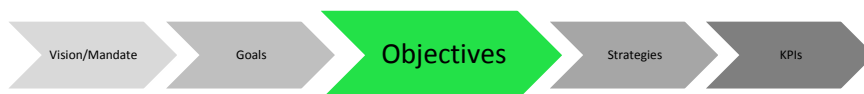
System Efficiency and Effectiveness

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

Strategies

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 and Parks 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 convenient access to depots to return their beverage containers for a refund. The BCMB understands the importance of balancing efforts to steward beverage containers in every community in Alberta with sustainable practices. In addition, outcome one of four in the Environment and Parks 2016-2019 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, the 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 BCMB's 2017-2019 business plan has been developed to consider long, mid and short-term activities. Core business functions are long-term activities that are designed to meet mandate and regulatory functions of the BCMB. Typically, mid-term and short-term strategies and projects are developed and initiated to meet a need in the industry, to create and/or evaluate effectiveness or efficiency, to generate awareness or to develop meaningful standards for the purposes of program development.

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 mandate of the organization.

a. Optimize beverage container recovery and recycling by diverting material from landfills to reduce the environmental impacts of ready to serve beverage containers 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. Monitor the effectiveness and efficiency of depot operations in order to achieve safe, convenient and accessible service for the public.

d. Collaboration with the Collection System Agent (CSA)[2] and Alberta Bottle Depot Association (ABDA) on system communications including: marketing, advertising, promotion and innovation. This includes promoting the industry through the DEPOT brand.

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 and process by which a depot or retailer gets paid by the CSA/CSP(s) for container collection and handling (handling commissions).

g. Ensure accurate refunds are paid to customers at Depots in order to provide confidence to the public.

h. Oversight of the industry Quality Monitoring System to log, review, measure and improve operational issues in the industry.

i. Conduct public and stakeholder surveys to measure the public's experiences at depots, to determine why they do/do not recycle and to better understand the experience of and issues for our stakeholders in this industry.

Strategic Activities   Strategies

Strategies are generally short to medium in term and may be a continuation of projects from the previous business plan or BCMB staff operations that demonstrated success. Strategies support key objectives and have an information, communication and reporting focus.

a. 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. Anticipate siting more depots in metro and urban areas around the province. In this regard the industry is working on enhancing its relationship with municipalities.

Customer Excellence, *satisfies, accessible*

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[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).

c. Gather system information within our new data management software, systematically reporting on issues within the industry and providing clear records on individual and collective performance.

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

d. 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*

e. Work with industry stakeholders to communicate best practices, industry standards, risk management and industry events and opportunities at annual Depot Regional Meetings, stakeholder conferences and through industry newsletters and e-learning training modules.

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

f. Work with the Province on the evaluation of beverage container waste within landfills. The data is being 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*

g. Improve transparency and accountability through the introduction of sustainability reporting in the BCMB Business Plan and Annual Report. This will provide the public, government and stakeholders with a view of the Alberta beverage container system's impact on our environment, society and economy.

Environmental Protection, *sustainability,* Customer Excellence, *awareness*

2017 - 2019 Projects

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. 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.

Timeline: 28 months (January 2017 to December 2018)

Environmental Protection, *minimize impact,* Governance Excellence, *system integrity*

b. Enhancing BCMB's Information Systems

This project follows the development and implementation of the BCMB's case management system. The BCMB will work to streamline navigation and upgrade summary reporting within the case management system. In addition, new functions will include the development of a scanning function, allowing compliance officers to scan container bar codes to identify if the container is legally registered in Alberta.

Timeline: 6 months (January 2017 to June 2017)

Governance Excellence, *system integrity*, System Efficiency and Effectiveness, *responsiveness, cost effective*

c. Handling Commission Review 2017

The BCMB is the regulatory organization authorized by Regulation to make By-laws prescribing handling commissions and the criteria and procedures for changing them. The BCMB has developed a By-law governing the process for changing handling commissions to promote a fair, expeditious and efficient process, and directs a Handling Commission Review (HCR) to occur every three years. The

2016-2017 HCR began in April 2016 and is expected to come to a conclusion by June 2017. Following the end of the HCR, the BCMB will undertake a period of review to assess where opportunity exists to improve by-laws and/or policies that guide the HCR process.

Timeline: 36 months (April 2016 to April 2019)

Fiscal Stewardship, **accountability, transparency**, Governance Excellence, **system integrity**, Customer Excellence, **satisfies, accessible,** System Efficiency and Effectiveness, **cost effective**

d. AGLC Registration System Integration

Working with the Alberta Gaming and Liquor Commission, the goal of this project is to streamline and enhance the web-based registration processes for alcoholic beverages and containers in Alberta.

Timeline: 8 months (January 2017 to August 2017)

Governance Excellence, **system integrity**, Customer Excellence, **satisfies, accessible,** System Efficiency and Effectiveness, **cost effective**

e. Management Systems

The BCMB has embraced the use of Management Systems as a means of achieving a standard of excellence in all areas of its jurisdiction. The BCMB has drafted a Management System Framework and is implementing it as a way of executing its mandate. The BCMB will continue to develop and improve on current processes through gap analysis and implementing gap closure where appropriate.

Timeline: 21 months (January 2017 to September 2018)

Environmental Protection, **minimize impact,** Fiscal Stewardship, **accountability**, Governance Excellence, **compliance**, **integration and alignment**, **communication, system integrity,** Customer Excellence, **satisfies, quality,** System Efficiency and Effectiveness, **responsiveness**

f. CSA & CSP Performance Standards Assessment

Through continuous assessment and clear goal setting that the BCMB will be able to hold the Collection System Agent (CSA) accountable for operational performance as it relates to the CSA By-law and clearly identify opportunities for improvement.

In addition, the BCMB will begin to work in collaboration with Alberta Beer Container Corporation to develop a Collection Service Provider (CSP) By-law. Similar to the CSA By-law, this By-law will also define the relationship between the BCMB and CSPs and will include the development of performance standards.

Timeline: 13 months (October 2016 to November 2017)

Fiscal Stewardship, **accountability,** Governance Excellence, **compliance**, **integration and alignment**, **communication, system integrity,** Customer Excellence, **satisfies, quality,** System Efficiency and Effectiveness, **innovation, responsiveness, cost effective**

g. 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 will consider Performance Based Regulation or any other models that may add benefit or value to setting of handling commissions.

Timeline: 17 months (August 2017 to December 2018)

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

h. By-law, policy, SOP Assessment and Alignment

The BCMB will undertake to review each governing document of the BCMB (By-laws, policies and SOPs) to ensure that they are up-to-date, accurate, fair and consistent. We will build a framework that clearly identifies decision making protocol, processes and requirements regarding depot permits, standards and compliance.

Timeline: 19 months (September 2016 to March 2018)

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

i. UCA Web Based Portal

The BCMB will work with the Data Collection Agent to develop a web-portal for annual depot financial reporting (Uniform Code of Accounts). The web-portal will include automatic forms that guide the UCA data input process, helping the user to complete all necessary fields, by-pass those tables that do not apply, and providing an electronic consent function.

The portal should assist in reducing errors, deficiencies, administrative processing time and response times.

Timeline: 21 months (January 2017 to September 2018)

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

j. E-Learning

The BCMB supports education and continuous improvement within the depot network. Numerous online educational modules have been developed for these purposes. In an effort to provide further support the BCMB will develop three new modules focused on the topics of refund accuracy, financial reporting and methods of communication.

Timeline: 7 months (January 2017 to July 2017)

Governance Excellence, **compliance,** Customer Excellence, **satisfies, quality, awareness**

Financial Plan

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 2017 through 2019 are provided in Table 2 and 3 below.

2017 – 2019 Planned Expenditures (Table 1)

	2016 Forecast	2017	2018	2019
Administrative and Management Expenses				
Salaries and Benefits	$1,382,303	$1,441,362	$1,470,189	$1,499,593
Training and Development	41,872	65,500	60,500	60,500
Board of Directors' honoraria and expense	185,008	220,952	202,081	206,464
Professional Fees	283,952	304,675	277,825	306,717
Compliance	81,386	244,681	120,120	120,120
Communications	93,951	133,000	100,000	100,000
Travel	59,133	63,373	63,373	63,373
Office	182,314	190,392	194,227	198,848
Insurance	13,431	15,000	15,000	15,000
Regional Meetings	23,458	24,000	24,000	24,000
Mystery Shopper Program	45,000	64,711	64,711	64,711
Depreciation	23,606	21,000	21,000	21,000
Loss on Disposition of Assets	838	-	-	-
Information System Maintenance	34,948	67,344	61,100	61,100
Total Administrative and Management Expenses	**$2,451,200**	**$2,855,990**	**$2,674,126**	**$2,741,426**

2017 – 2019 Planned Project Expenditure Detail (Table 2)

BCMB Projects	2016 Forecast	2017	2018	2019
a. End Use Recycling	$ -	$ 40,000	$ -	$ -
b. Enhancing BCMB's Information Systems	7,090	22,000	-	-
c. Handling Commission Reviews	345,000	150,000	25,000	315,000
d. AGLC Registration System Integration	945	10,000	-	-
e. Management Systems Implementation	26,202	60,000	30,000	-
f. CSA and CSP Performance Standards Assessment	-	1,000	-	-
g. Handling Commission Rate Setting Models and Evaluation of Performance Based Regulation	-	2,000	23,000	-
h. By-law, Policy & SOP Assessment and Alignment	-	-	-	-
i. UCA Web Based Portal	-	3,000	40,000	-
j. E-Learning	-	36,000	-	-
k. Industry Branding	275	-	-	-
l. Waste Audits	85,000	-	-	-
m. Industry IT Integration	10,300	-	-	-
n. Quick Drop Technology	-	-	-	-
o. Registration By-law Implementation	-	-	-	-
p. Mystery Shopper Program Evaluation	-	-	-	-
q. Performance Standards and Sustainability Reporting	2,975	-	-	-
r. Other Project Expenses	23,853	-	-	-
s. Future Projects focused on continuous improvement	-	-	250,000	250,000
Total Projects	**$501,640**	**$324,000**	**$368,000**	**$565,000**

BCMB Revenue Projections (Table 3)

The expected 2017 to 2019 (three year) operating revenue for the BCMB is summarized in Table 3 below. Container Fee Revenue is based on a rate of $0.0013 per container.

	2016 Forecast	2017	2018	2019
Container Fees	$2,670,780	$2,670,780	$2,697,488	$2,724,463
Depot and Permit Renewal Application Fees	83,950	59,500	59,500	59,500
Product Registration Fees	47,737	46,800	46,800	46,800
Interest and Other	38,209	33,000	29,000	26,000
Total Revenue	**$2,840,676**	**$2,810,080**	**$2,832,788**	**$2,856,763**

2017 – 2019 Budget Overview (Table 4)

Summary	2016 Forecast	2017 Budget	2018 Budget	2019 Budget
Revenue	**$ 2,840,676**	**$ 2,810,080**	**$ 2,832,788**	**$ 2,856,763**
Administrative and Management Expenses	$ 2,451,200	$ 2,855,990	$ 2,674,126	$ 2,741,426
Project Expenses	$ 501,640	$ 324,000	$ 368,000	$ 565,000
Total Expenses	**$ 2,952,840**	**$ 3,179,990**	**$ 3,042,126**	**$ 3,306,426**
Excess (Deficit) Revenue over Expenditures	$ (112,164)	$ (369,910)	$ (209,338)	$ (449,663)
Net Assets	$ 3,130,986	$ 2,761,076	$ 2,551,738	$ 2,102,075
Net Asset Target (minimum) including Wind Up and Operating Reserve[3]	$ 2,203,242	$ 2,203,242	$ 2,203,242	$ 2,203,242
Ratio of Net Assets to Total Expenses	1.06	.87	.84	.64

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[3] *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.*

Performance Measures

Albertans are proud of their beverage container system and the benefit it provides to the environment. The performance of the system has broadly been measured using a single key performance indicator (KPI): Return Rate. The outcome of beverage container recycling is the minimization of waste through the reuse and recycling of beverage containers.

Performance measurement needs indicators. KPIs are used at the BCMB for internal management (auditing and improvement), external comparisons (benchmarking), and transparency (public reporting). 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. These are meaningful outcomes that add to the sustainability of the system in achieving the environmental outcome intended: to divert waste from landfills[4] and public spaces.

The BCMB will continue the journey began last year to develop new measures that indicate progress toward outcomes. Internally the BCMB has 5 goals and 18 Objectives that aid in the accomplishment of its mandate and move the system toward the vision of the BCMB. This business plan strategically identifies core functions (long term), strategic activities (mid-term), and projects (short term) as actions that progress us toward achieving those goals and objectives. For each action a charter has been created that includes among other things, links to goals and objectives, scope, expectations, risks, and assessment practices that gathers data related to performance measurement.

KPIs provide us with an indication of whether or not an action is achieving the outcome it was designed to.

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[4] *Outcome 1 from Alberta Environment and Parks 2016-2019 Business Plan*

Tables 1 to 13 outlines the BCMB's Key Performance Indicators (KPIs)

TABLE 1

Environmental Protection						
Performance Measures and Objectives	**% of all containers returned**	**Actual 2015**	**Estimate 2016**	**Target 2017**	**Target 2018**	**Target 2019**
Objective: Minimize Impact						
Overall return rate	100%[5]	85.0	85.8	86.1	85.8	86.4
Return rate: *Number of containers returned through depots compared to sales reported by manufacturers for the same period.*						
Cans & Glass (includes refillable)	59.8	90.9	91.8	92.0	92.1	92.1
Plastics	31.8	81.0	82.2	83.2	82.4	83.5
Polycoats	8.4	66.8	65.8	66.2	65.8	67.0

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. This has been the basis for regrouping the categories reported under Environmental Protection. For example, in the table above, all polycoats, tetrabriks, pouches, and gable tops, perform approximately the same in return rates. Similarly, aluminum, bi-metal, single use glass, and refillable glass, all have consistently high return rates – over 90% – and accordingly, have been reported together as Cans & Glass. The industry will continue to look into the detail within these numbers to find ways to improve the system's performance and will use the performance measures found here to report on our progress.

TABLE 2

Environmental Protection					
Performance Measures and Objectives	**Actual 2015**	**Estimate 2016**	**Target 2017**	**Target 2018**	**Target 2019**
Objective: Sustainability					
Reporting of sustainability measures in annual report and business plan	Concept introduced in Business Plan (BP)		Measures introduced in BP	Measures bench-marked in Annual Report	Annual Report becomes a sustainability report

Sustainability: The BCMB is implementing sustainability reporting and will look at environmental, social and economic factors. Research is currently underway and measures and outcomes will be introduced in the 2018 business plan. Social factors may include: dollars donated to charities, employment of vulnerable or diverse populations; Economic factors may include: Square foot of taxable building space in Alberta supported by beverage container recycling in Alberta, jobs created; Environmental factors may include: energy captured (not lost to landfill).

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[5] *For the 12-month period ending August 2016 the total system volume was 2.07 billion containers*

TABLE 3

Environmental Protection		
Performance Measures and Objectives	**2014**	**2015**
Objective: Reduce Footprint		
Distance per container	2014 = 1.76 meters	2015 = 1.74 meters
Landfill space saved	Measure currently under development	

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 us 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 KPI with the ultimate goal of having the distance a negative value. For now, we will start with the average distance a container travels from the Depot to the processing plant: 1.74 meters: the total distance kilometers for all loads from Depots divided by the number of containers that made the trip. This number dropped slightly from 2014, mainly due to the increase in compaction of containers at depots before they made the trip to the processing plants, which increased the number of containers that fit on a truck.

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. Our metric will consider all materials included in our system.

TABLE 4 (Descriptor Only)

Fiscal Stewardship: Objective: Accountability

Accountability: The BCMB is accountable to its stakeholders, the government and the public. To this end, senior management work with the board to develop and approve an annual operating budget and three-year business plan that are submitted to the Ministry of Environment and Parks on an annual basis. The Board undertakes a full review of all value statements, goals and objectives every second year. The BCMB undergoes an external audit each year and the board reviews and approves financial statements and applicable policies quarterly. 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 updated by the Board on an annual basis.

TABLE 5a

Fiscal Stewardship			
Performance Measures and Objectives	**Actual 2013**	**Actual 2014**	**Actual 2015**
Objective: Reporting & Transparency			
Net system cost:	$0.0194	$0.0216	$0.0267
Net system cost: *Total of all costs and offsetting revenues in dollars per container*			
Cans and Glass	$0.0146	$0.0153	$0.0176
Plastics	$0.0291	$0.0335	$0.0438
Polycoats	$0.0190	$0.0236	$0.0276

Net Cost: The system is funded in three ways: Container Recycling Fee (CRF) paid by consumers at the point of purchase (which may be zero), the unredeemed deposits forfeited by consumers who paid it at point of purchase and abandoned the container, and the salvage value of the materials recovered and recycled. These three revenues are designed to pay for the system. The true net cost is the CRF since the other revenues are derived from the systems activities. Several factors are beyond the control of the system that make this metric hard to target such as the exchange rate and scrap value of materials, both of which can be volatile. This metric also must consider that as the return rate increases, funding provided by unredeemed deposits decreases. This means that the consumer must pay a higher CRF to protect the environment where the container is consumed.

TABLE 5b

Fiscal Stewardship			
Performance Measures and Objectives	**Actual 2015**	**Actual 2016**	**Target 2017**
Objective: Reporting & Transparency			
Collection System Agent (CSA) Compliance:			
Payment Compliance: *The percent of all payments made to Depots within the industry standard*	99%	99%	100%
Collection Compliance: *The number of reported loads <u>not</u> picked up from Depots within the industry standard*		40	50
Operating Compliance: *The inspection score based on agreed performance standards (Calgary/Edmonton)*	91% (Calgary) 86% (Edmonton)	91% 90%	95% 95%

CSA Compliance: The Depot is required by the Regulation to refund the deposit value of the container when presented to them by the public. The CSA is required by the 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 9 days. The CSA has improved their performance in recent years, now actually achieving 99.97% in payment compliance, with only 5 late payments on more than 30,000 loads. The standard set by the industry for collection is determined based on the volume of the Depot, the scheduling of appointments, and adherence to that

schedule of the carriers who act on behalf of the CSA. This number is expected to increase since reporting is voluntary and not all instances are currently being reported.

An Operating Agreement, signed by the CSA, commits them to performance standards with regard to service to depots and operations. BCMB regularly inspects both Calgary and Edmonton operations for adherence to these standards. This is a collaborative process that is intended to reduce risk and provide a feedback mechanism to the CSA in an effort to improve efficiency. In 2016, this is demonstrated in the Operating Compliance with a 4% increase as compared to 2015. This is the first business plan to incorporate performance measures in this area so they will likely evolve over the next three years.

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

TABLE 6

Governance Excellence					
Performance Measures and Objectives	Actual 2015	Estimate 2016	Target 2017	Target 2018	Target 2019
Objective: Compliance					
Depot Compliance:					
Refund Compliance: *The % of audits conducted that were refunded within industry standard*	89%	87%	90%	92%	93%
The % of audits conducted that were refunded within the industry standard of excellence	70%	78%	80%	82%	84%
UCA Filing Compliance: *The % of depots that filed required financial documents to the Data Collection Agent*	100%	100%	100%	100%	100%
Quality Compliance: *Shipments of containers from Depots within industry standard*		90%			
Inspection Compliance: *The % of Depots scoring above the industry standard based on industry approved criteria*	75%	82%	85%	85%	85%
Average actual Depot inspection score of the poorest performing Depots (bottom 25%)	71%	73%	75%	76%	77%
Manufacturer Compliance:					
Sales Verification: *The % of all container sales remitted to CSA and verified by manufacturers for prior year*	99.5%	97.9%			

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 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.

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 utility like 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 the process for reporting your taxes that includes such information as that reported to the CRA, WCB, or Employment Standards. Depots must report annually within 6 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.

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 measure reflects the number of audits that are reported as outside of industry standard compared to whole loads shipped over the same period. Future reporting on quality may include an assessment of the impact from a financial perspective.

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

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 6 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 and informs different calculations such as the Container Recycling Fee and the Return Rate by material stream.

TABLE 7

Governance Excellence					
Performance Measures and Objectives	Actual 2015	Estimate 2016	Target 2017	Target 2018	Target 2019
Objective: Integration, Alignment & Communication					
Review, Mapping and Alignment of By-laws, policies, and SOPs	Governance manual complete. By-laws complete (as per previous BP)	Development of framework for By-laws and compliance structure	By-laws, policies, compliance structure complete	Review and enhancements	

By-law Alignment: The BCMB is currently developing a framework to identify by-laws, policies, compliance and processes within the BCMB. The goal is to align all functions and create consistency and stability in the industry.

Over the course of 2017 the BCMB will remove the public facing components of the BCMB's website and utilize the website entirely as a regulatory communication tool for its stakeholders. This follows the development of an industry website for public use, launched in 2016.

The BCMB continues to utilize the quality monitoring tool to gather data in the industry. The CSA and depots are expected to use the system to log issues. The data provides a window into issues in the industry and provides the BCMB and its stakeholders an opportunity to address issues and make improvements in the industry.

TABLE 8

Customer Excellence		
Performance Measures and Objectives	**Actual 2015**	**Actual 2016**
Objective: Satisfies /Quality		
Public Satisfaction:		
Participation	91%	89%
Average travel time to a depot	51% < 10 min. 35% = 11-20 min.	49% < 10 min. 35% = 11-20 min.
Customer Satisfaction:		
Perception of accurate refunds	97%	94%
Overall satisfaction rated as very satisfied	90%	82%
Average time spent in a depot	9 mins	8.7 mins
Depot Satisfaction: *The BCMB conducts an annual survey of Depot operators both online and in person.*		
Depots overall satisfaction with the CSA	84% (46% were highly satisfied)	91% (50% were highly satisfied)

Public Satisfaction: The BCMB assesses public satisfaction through a bi-annual survey conducted through Ipsos Reid. The survey targets approximately 1000 Albertans and provides data based on a representative sample of Albertans aged 18 and older. The survey was again conducted in February 2016 with 1,001 online interviews being completed.

Customer Satisfaction: The BCMB assesses depot customer satisfaction through our annual Depot Exit Interviews. Customers are surveyed as they are leaving a depot after returning beverages containers. In 2015, the survey captured 1169 Albertans in Edmonton and area. In 2016, the surveys captured 1,222 Albertans in the Calgary and Lethbridge area. The BCMB will continue to survey depot customers around the province, rotating back to the same regions at least once every three to four years. Customer perception of refund accuracy and overall customer satisfaction remains high with the lower scores in in 2016 likely related to the higher number of rural sites included in the survey.

Depot Satisfaction: Stakeholder satisfaction is important to us. We survey different stakeholders in different ways to assess the level of satisfaction they have with their experience using the system. Based on the data gathered since 2011 we know the strongest correlation to customer satisfaction at a Depot is related to their confidence in the accuracy of the refund they received. We also know that if the customer spends more than 10 minutes at a Depot the perception of that experience is poorer than if it is less than 10 minutes.

TABLE 9

Customer Excellence					
Performance Measures and Objectives	**Actual 2015**	**Actual 2016**	**Target 2017**	**Target 2018**	**Target 2019**
Objective: Awareness					
Public Awareness:					
Individuals aware of the deposit/refund program	97%	97%	97%	97%	97%
Individuals that believe that recycling beverage containers has a significant impact on the environment	75%	72%	75%	77%	79%
Individuals aware of the deposit amount	57%	50%	55%	57%	61%
Customer Awareness:					
Individuals aware of the Industry Brand	51%	68%	70%	71%	72%

Public Awareness: Captured through the bi-annual Ipsos Reid survey: 97% of Albertans are aware that they can return beverage containers to a depot for a refund, however, only 50% 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 2016 Ipsos Reid survey 72% of Albertans indicated that they believe that beverage container recycling has a significant impact on the environment and 88% of Albertans indicated that they think Albertans are doing a "good job" with beverage container recycling. 97% of Albertans indicated that they are aware of some benefit to the environment through recycling beverage containers. It is worth noting that those surveyed ranked the environmental importance of recycling beverage containers as second only to ensuring toxins are not poured down the drown to protect our water systems.

Although only 47% of Albertans are aware that the beverage container industry is regulated, 79% 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 change of marketing strategy seems to have assisted with the 17% increase in recognition of the industry brand (captured through the bi-annual Ipsos Reid survey of Albertans). This is a great success for the beverage container recycling industry in Alberta.

TABLE 10 🏅

Customer Excellence					
Performance Measures and Objectives	Actual 2015	Actual 2016	Target 2017	Target 2018	Target 2019
Objective: Accessible					
Number of Universal Depots in Alberta	216	218	224	228	232
Number of Permits in development	4	10	7	5	4

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 population growth in areas of growth and in time with that growth. New permits also target technological advancement and best practices to further enhance customer satisfaction.

TABLE 11 ⚙️

System Efficiency & Effectiveness	
Performance Measures and Objectives	2016
Objective: Innovation	
Seedbed Activity – Depot pilot project participants	21
Investment in technology: *return on investment >1 demonstrated*	
Anker Andersen Sorting Technology	✔
Tomra Sorting Technology	?
Point of Return Software	✔
In-Depot Compaction	✔
Mobile Compaction	X

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 they choose to invest in. 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 or in some cases, when warranted, mandates it. Varying levels of automation are employed in the industry. These are few examples of large scale applications that have, or expect to be part of a pilot.

Anker Andersen automated sorting equipment technology was evaluated in 2012 and 2013 through a pilot project at 2 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 Anker Andersen automated sorting equipment. The return from manual labor cost savings through use of Anker Andersen automated sorting equipment increase when there is a higher hourly wage paid to staff as well as with a larger

number of containers sorted annually at the depot. Tomra technology has yet to be tested in the same way the Anker Andersen or in-depot compaction has.

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. It is now mandatory for all new depot permits as well as all permits issued to depots handling more than 10 million containers annually.

Mobile Compaction, unlike In-Depot Compaction, failed to demonstrate a return on investment for the industry in the form that was evaluated.

TABLE 12 ⚙️

System Efficiency & Effectiveness					
Performance Measures and Objectives	**Actual 2015**	**Estimate 2016**	**Target 2017**	**Target 2018**	**Target 2019**
Objective: Technology					
Depots utilizing Electronic R-bill Reporting	17%	51%	65%	79%	85%
Depots utilizing Quality Monitoring Tool (QMT)	75%	81%			

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 has continued the initiative of moving the depot network towards electronic reporting. The percentage of depots communicating R-bills electronically is now at 51% and represents 79.5% of all containers shipped in the system. Subsequent yearly targets have been set to encompass all urban and metro Depots by the end of 2018.

Quality Monitoring Tool (QMT): The QMT is an online database used to report and track operational issues in the industry. All depots, the CSA and CSPs are required to use the QMT. It was first introduced to the network in 2014 as a phased approach. For purposes of Table 12, depot utilization of the QMT 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 QMT captures hundreds of tickets per month. The data is benchmarked and trending is identified to address issues or successes in the industry. In 2015, 59% of all depots submitted a ticket through the QMT compared to 50% of depots that submitted a ticket in 2016 (to date). At this point, we are unable to target depot usage of the QMT for future years due to requiring a further understanding of the underlying issues surrounding a reduction in depot ticket submissions. 2017 will provide the BCMB with the opportunity to evaluate whether the decrease in depots submitting a ticket in 2016 is in relation to improvement in the quality of service (reduction of issues in the industry) or is in relation to disengagement by the depot sector.

TABLE 13a ⚙

System Efficiency & Effectiveness			
Performance Measures and Objectives	**2010**	**2012**	**2014**
Objective: Cost Effectiveness			
Net cost for the recycling consumer in cents per container	1.1	2.06	1.26
Ranking of comparable deposit jurisdictions	1	1	1

Recycling Consumer: Consumers can be categorized into two groups: the recycling consumer who does the right thing with their container at the end of its use and the wasting consumer who does not do the right thing. Both groups pay the fee associated with the purchase of the container but the wasting consumer also funds the system in their contribution of the deposit. The system further benefits from the salvage value of the material recovered from the recycling consumer. In 2014[6] the recycling consumer paid on average 1.26 cents for each container to fund the system. 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. As mentioned earlier, this cost is paid in the form of a Container Recycling Fee that is added at point of purchase and can range from 0 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 against other systems Canada. Alberta ranked 1st in cost per container paid the recycling consumer, having the lowest cost system among comparable systems. Alberta ranked 4th of 5 jurisdictions when comparing the cost to the wasting consumer in the same report.

TABLE 13b ⚙

System Efficiency & Effectiveness						
Performance Measures and Objectives	**2004**	**2006**	**2008**	**2010**	**2013**	**2016**
Objective: Cost Effectiveness						
Labor seconds per container at Depots	6.09	5.54	5.30	5.13	5.05	4.77

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 we have also seen the benefits accrue to the system through reduced overall labour. By reporting on the number of seconds per container – which is the total number of labour hours, reported on depot Uniform Code of Accounts, divided by the total number of containers that labour handled – we can track our progress towards efficiency 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.

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[6] *CM Consulting 2014 Who Pays What*