

Beverage Container Management Board

Three Year Business Plan

January 1, 2018 to December 31, 2020



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BCMB 2018-2020 Business Plan

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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. These organizations function as arms-length, self-funded, legal entities established to carry out services/mandates that were traditionally delivered by the Alberta Government.

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

For accountability, transparency and consistency reasons, the BCMB is currently undergoing a review and remapping of its by-laws. This review will likely result in the amalgamation of current and introduction of new by-laws.

In accordance with the requirements of the Ministry of Environment and Parks and sound business practice the BCMB has prepared this 2018-2020 Business Plan.

Accountability Statement



The BCMB Business Plan for the period January 1, 2018 through December 31, 2020 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 by-laws. All of the BCMB's existing and proposed, policies and procedures as of November 2017 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' 2017-2020 Business Plan and priorities were considered 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 with the Ministry of Environment and Parks towards *Alberta's vision for a healthy and clean province where Albertans are leaders in environmental conservation and protection, enjoy sustainable economic prosperity and a great quality of life.*

Approved by the Board of Directors:

Beverage Container Management Board

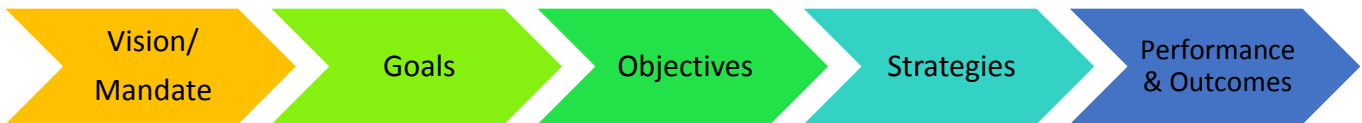
A handwritten signature in black ink that reads 'Andrew Stephens'. The signature is written in a cursive, flowing style.

Per: Andrew Stephens
Chair

Vision and Mandate



The 2018-2020 BCMB business plan focuses on enhancing and strengthening core business functions. The plan continues to demonstrate alignment from mandate to end reporting, ensuring our efforts are supported by the board and stakeholders and places specific focus on performance measures and outcomes.



Our Vision

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

Our Mandate

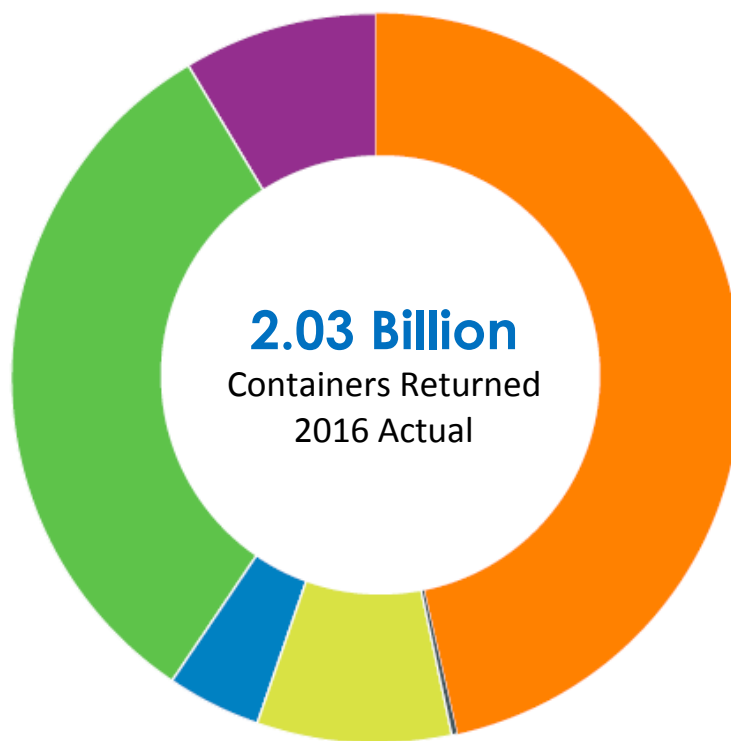
To regulate and enhance a leading beverage container system that protects Alberta's environment.

Value Statements

The Vision and Mandate are clarified through the following eight 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, economic and social 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 the ABDA, the BCMB is focused on environmental protection, system transparency and accountability and quality service to the public. Collectively, we have agreed to pursue these 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 a management system framework we will strive for a standard of excellence and ensure performance measures deliver outcomes consistent with this standard by all stakeholders.



Customer Excellence

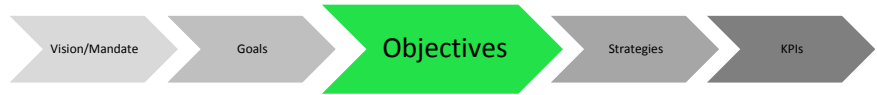
The BCMB understands the importance that continuous improvement has relative to customer satisfaction and the achievement of our other goals. We will have clear expectations of, and hold ourselves accountable to, high levels of quality assurance for all stakeholders involved, in all areas of service 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 2017-2020 Business Plan, “Strategic partnerships support the ministry in achieving its outcomes by providing collaborative forums to leverage resources, capacity and a shared responsibility for environmental stewardship.” The BCMB is focused on industry collaboration and awareness programs to enhance the public’s knowledge about recycling and to provide Albertans with convenient access to depots to return their used 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. Outcome Two in the Environment and Parks 2017-2020 Business Plan is Sustainable Economic Diversification and states that, “the development of a green economy promotes the government’s bottom line of sustaining and advancing economic, environmental and social well-being now and into the future.” To this end, stated in BCMB’s goals and objectives, the BCMB strives to: encourage innovation and continuous improvement; demonstrate responsiveness to changing needs; operate a system that is cost effective; and satisfy stakeholder expectations. In alignment with these objectives, the BCMB’s vision is *to be the leader in stewarding beverage containers to minimize their impact on the environment.*

This three-year business plan focuses on core business functions. The goal of the BCMB is to continue to secure strong alignment among system stakeholders through: 1) continued collaboration and increased information sharing with our stakeholders; 2) continued effort to strengthen the Handling Commission Review process; 3) the creation of a transparent and fair Compliance Framework that is communicated openly and applied consistently across all system areas; 4) best practices and education with a goal to better utilize tools such as the Quality Monitoring System, eLearning modules, conferences and our website; and 5) protecting Alberta’s beverage container system by enhancing the container registration process and by monitoring and evaluating stakeholder performance.

The BCMB’s 2018-2020 business plan has been developed to consider long, mid and short-term activities. Long-term activities are designed to meet mandate and regulatory functions of the BCMB, whereas mid-term and short-term strategies and projects are executed to respond to a need or opportunity 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. Approve and register beverage containers for sale and/or distribution within the province of Alberta.
- c. Monitor the effectiveness and efficiency of depot operations to achieve safe, convenient and accessible service for the public.
- d. Collaborate with the Collection System Agent (CSA)¹ 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 and follow through on any non-compliance.
- 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 to enhance public confidence in the system.
- h. Oversight of the industry Quality Monitoring System to record, review, measure and resolve operational issues in the industry.
- i. Conduct public and stakeholder surveys to measure the public's experiences at depots, to determine why they do or do not recycle and to better understand the experience of, and issues for, our stakeholders in this industry.

¹ 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).

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 and maintaining more depots around the province. In this regard, the industry is working on enhancing its relationship with communities.

Customer Excellence, **satisfies, accessible**



- 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 and triple bottom line reporting in the BCMB 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**



2018 - 2020 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/CSP Operating Agreement. Board review and implementation is expected to occur in 2018.

Timeline: 28 months (January 2018 to June 2019)

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



b. AGLC Registration System Integration

Continue to work with the Alberta Gaming and Liquor Commission to synchronize and advance container registration with alcoholic beverage product registration. Specifically, this project focuses on the streamlining and enhancement of the web-based registration process for these containers.

Timeline: 17 months (August 2017 to December 2018)

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



c. 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 implemented a Management System Framework and will work to define key expectations, develop a scorecard template and identify gaps for priority elements, including the execution of a gap closure plan.

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**



d. CSA & CSP Performance Standards Assessment

Through continuous assessment and clear goal setting 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 and the Alberta Gaming and Liquor Commission to develop a Collection Service Provider (CSP) By-law. Similar to the CSA By-law, this By-law will define the relationship between the BCMB and CSPs, define performance standards and will include the development of a Service Agreement between the depots and the CSP.

Timeline: 13 months (November 2017 to October 2018)

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



e. Framework and By-law Development

The BCMB will continue to work towards the implementation of a Compliance Framework to provide the industry with consistency and transparency. The project, currently underway, includes the review, amendment and amalgamation of by-laws, definition consistency and incorporation of the Framework into by-law. Board and stakeholder review is scheduled for spring/summer of 2018.

Timeline: 19 months (September 2016 to December 2018)

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



f. Records Management Policy Development

The BCMB will be developing a records management policy for the electronic retention of all BCMB records. This policy will set BCMB's standard operating procedures for a paperless environment and will ensure compliance with Alberta Environment and Parks records retention standards.

Timeline: 8 months (September 2017 to April 2018)

Governance Excellence, **compliance**, System Efficiency and Effectiveness, **responsiveness**, **technology**



Financial Plan



The BCMB has undergone some cost classification changes to our budgeting process to enhance transparency and accountability. The BCMB has in the past been budgeting certain elements of the budget based on activities. Moving forward, a more traditional financial statement presentation will be implemented. These changes do not impact the total reported cost to operate.

Below is an example of how costs of one of our key annual activities, Regional Meetings, have been reclassified. Travel as well as Facility and Meeting costs are elements of performing this activity and have historically been rolled up in this budget line. Moving forward, those costs will be included in the Travel and Facility and Meeting cost categories and the Regional Meeting cost line will be eliminated.

Example Table

Budget Line Item	Budget 2016	Actual 2016	Budget 2017	Forecast 2017	Budget 2018
Regional Meetings	\$20,000	\$23,458	\$24,000	<i>\$24,388</i>	\$ -
Travel	-	-	-	7,842	8,000
Facility and Meeting	-	-	-	16,264	18,200
Communications	-	-	-	282	1,000
TOTAL	\$20,000	\$23,458	\$24,000	\$24,388	\$27,200

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 2018 through 2020 are provided in Table 2 and 3 below.

2018 – 2020 Planned Expenditures (Table 1)

Budget Line Items	2017 Forecast	2018	2019	2020
Administrative and Management Expenses				
Salaries and Benefits	\$1,371,248	\$1,427,730	\$1,456,285	\$1,485,411
Training and Development	65,500	96,500	90,500	96,500
Board of Directors' honoraria and expense	181,780	247,406	205,190	205,190
Professional Fees	286,745	670,990	1,126,640	670,115
Compliance	85,065	-	-	-
Communications	105,000	111,080	111,080	111,080
Travel	49,040	78,620	83,696	78,620
Office	187,392	181,716	185,692	189,839
Insurance	15,000	15,000	15,000	15,000
Regional Meetings	24,388	-	-	-
Refund Compliance	52,525	-	-	-
Facility and Meeting	-	68,881	89,000	72,881
Depreciation	21,000	42,275	44,804	33,479
Bad Debts	1,011	-	-	-
Information System Maintenance	67,344	93,035	84,840	84,840
Total Administrative and Management Expenses	\$2,513,038	\$3,033,233	\$3,492,727	\$3,042,955

2018 – 2020 Planned Project Expenditure Detail (Table 2)

BCMB Projects	2017 Forecast	2018	2019	2020
a. End Use Recycling	\$40,000	\$ -	\$ -	\$ -
b. Enhancing BCMB's Information Systems	22,000	-	-	-
c. Handling Commission Reviews	199,484	-	-	-
d. AGLC Registration System Integration	10,000	15,000		
e. Management Systems Implementation	15,000	30,000		
f. CSA and CSP Performance Standards Assessment	-	-	-	-
g. Framework and By-law Development	-	-	-	-
h. E-Learning	12,000	-	-	-
i. Records Management Policy Development	-	-	-	-
Total Projects	\$298,484	\$45,000	\$ -	\$ -

BCMB Revenue Projections (Table 3)

The expected 2018 to 2020 (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 in 2018 and a rate of \$0.0014 per container in 2019 and 2020.

Budget Line Items	2017 Forecast	2018	2019	2020
Container Fees	\$2,619,146	\$2,618,699	\$2,848,339	\$2,876,822
Depot Permit and Renewal Application Fees	44,500	49,600	36,800	40,400
Compliance Levies	25,591	25,400	25,400	25,400
Product Registration Fees	88,188	92,400	92,400	92,400
Interest and Other	36,164	26,298	24,548	24,548
Total Revenue	\$2,813,589	\$2,812,397	\$3,027,487	\$3,059,570

2018 – 2020 Budget Overview (Table 4)

Summary	2017 Forecast	2018 Budget	2019 Budget	2020 Budget
Revenue	\$2,813,589	\$2,812,397	\$3,027,487	\$3,059,570
Administrative and Management Expenses	2,513,038	3,033,233	3,492,727	3,042,955
Project Expenses	298,484	45,000	-	-
Total Expenses	2,811,522	3,078,233	3,492,727	3,042,955
Excess (Deficit) Revenue over Expenditures	2,067	(265,836)	(465,240)	16,615
Net Assets	2,881,633	2,615,797	2,150,557	2,167,172
Net Asset Target (minimum) including Wind Up and Operating Reserve ²	2,158,009	2,008,184	2,008,184	2,008,184
Ratio of Net Assets to Total Expenses	1.02	0.85	0.62	0.71

² The Board Net Asset Policy targets a total Net Asset Reserve equal to between 0.5 and 1.5 times total expenses. Wind Up costs for 2018 to 2020 are based of the most recent estimate of the required funds to cease operations.

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 or KPI: Return Rate. KPIs provide us with an indication of whether an action is achieving the outcome it was designed to achieve. 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.

The outcome of beverage container recycling is the minimization of waste through the reuse and recycling of beverage containers. There are also meaningful outcomes from an economic and social perspective that add to the sustainability of the system in achieving the environmental outcome intended: to divert waste from landfills³ and public spaces. Without deposits for example, the economy that drives the system would not be sustainable and would not produce the social benefits of a quality natural environment⁴.

The BCMB will continue the journey began last year to develop new measures that indicate progress toward these and other outcomes. Internally the BCMB has five goals and 18 Objectives that aid in the accomplishment of its mandate and moves 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.

³ Outcome 1 from Alberta Environment and Parks 2016-2019 Business Plan

⁴ Outcome 3 from Alberta Environment and Parks 2017-2020 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 2016	Estimate 2017	Target 2018	Target 2019	Target 2020
Objective: Minimize Impact						
Overall return rate	100% ⁵	86.2	85.6	85.5	85.3	85.2
<i>Return rate: Number of containers returned through depots compared to sales reported by manufacturers for the same period.</i>						
Cans & Glass (includes refillable)	59.0	91.8	90.1	90.0	89.9	89.7
Plastics	32.5	81.0	81.5	81.4	81.3	81.1
Polycoats	8.5	72.3	73.7	73.6	73.5	73.3

Return Rate: For the past several years the efforts of the industry to improve awareness and recovery of used beverage containers has been focused on the poorer performing materials. The decline in sales over the past 18 months has resulted in a decline in total volume but an increase in the return rate. The industry will continue to look for ways to protect this improved performance as the economy recovers. A recent turn in the sales volumes on a historical basis has provided the BCMB with 10 months of data that we have used to extrapolate the 2018-2020 return rates. The Return Rate is forecasted based on historical returns as compared to sales and adjusted for the expansion in the network of depots over the course of the next 36 months.

TABLE 2 

Environmental Protection				
Performance Measures and Objectives	Actual 2016	Estimate 2017	Target 2018	Target 2019
Objective: Sustainability				
Reporting of sustainability measures in annual report and business plan	Concept introduced in Business Plan (BP) and measures introduced	New measures introduced and measures benchmarked in Annual Report	Annual Report incorporates sustainability measures	

Sustainability: The BCMB is introducing sustainability reporting from a system wide perspective into the Annual Report and will look at environmental, social and economic factors. Research is currently underway and measures and outcomes will be expanded in the 2018 business plan and 2017 annual report. 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 and jobs created. Environmental factors may include: energy captured (not lost to landfill).

⁵ For the 12-month period ending August 2017 the total system volume was 2.02 billion containers

TABLE 3 

Environmental Protection			
Performance Measures and Objectives	2014	2015	2016
Objective: Reduce Footprint			
Distance per container	1.76 meters	1.74 meters	1.41 meters
Landfill space saved	Measure under development		
Carbon Footprint			0.0112 tCO ₂ e

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 example: making it more difficult to landfill containers, either through greater distance or lack of accessibility, and making it more convenient to recycle containers should increase the recycling rate. For now, we will limit our measure to the average distance a container travels from the depot to the processing plant: 1.41 meters: the total distance kilometers for all loads from depots divided by the number of containers that made the trip. This number dropped significantly in 2016, 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.

Carbon Footprint: new to our reporting metrics in 2016 is an analysis of the transportation component of our industry from a carbon emissions perspective. While the distance per container only considers the distance a container travels from the depot to the plant, this metric includes other miles travelled such as industry stakeholder board and staff travel as well as distances travelled for the purposes of waste removal. It does not include the distances associated with the recycled materials transport to their end of life disposition. BCMB has partnered with Instep™ to report on the total tCO₂e per tonne of freighted material.

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 2014	Actual 2015	Actual 2016
Objective: Reporting & Transparency			
Net system cost	\$0.0216	\$0.0267	\$0.0302
<i>Net system cost: Total of all costs and offsetting revenues in dollars per container</i>			
Cans and Glass	\$0.0153	\$0.0176	\$0.0207
Plastics	\$0.0335	\$0.0438	\$0.0468
Polycoats	\$0.0236	\$0.0276	\$0.0339

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 2016	Estimate 2017	Target 2018
Objective: Reporting & Transparency			
Collection System Agent (CSA) Compliance:			
Payment Compliance: <i>The percent of all payments made to depots within the industry standard</i>	99%	99%	100%
Collection Compliance: <i>The number of reported loads <u>not</u> picked up from depots within the industry standard</i>	40	13	12
Operating Compliance: <i>The inspection score based on agreed performance standards (Calgary/Edmonton)</i>	91% (Calgary) 90% (Edmonton)	93% 92%	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 nine days. The CSA has continued to improve their performance in recent years, now actually achieving 99.98% in payment compliance, with only four 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. Through improving Collection Compliance methodology and tools for collection of that information, the 2016 Actual for Collection Compliance would have been 27, not 40. As of November 2017, the Actual KPI is 11. We estimated a final Collection Compliance score of 13. This represents a 51% improvement in Collection Compliance as compared to the previous year.

An Operating Agreement, signed by the CSA, commits them to performance standards regarding service to depots and operations. BCMB regularly inspects both Calgary and Edmonton CSA plants for adherence to these standards. This is a collaborative process that is intended to reduce risk and provide a feedback mechanism to the CSA in an effort to improve efficiency.

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 2016	Estimate 2017	Target 2018	Target 2019	Target 2020
Objective: Compliance					
Depot Compliance:					
Refund Compliance: <i>The % of audits conducted that were refunded within industry standard</i>	87%	87%			
<i>The % of audits conducted that were refunded within the industry standard of excellence</i>	77%	80%			
UCA Filing Compliance: <i>The % of depots that filed required financial documents to the Data Collection Agent</i>	99.5%	100%	100%	100%	100%
Quality Compliance: <i>Shipments of containers from depots within industry standard</i>	90%	90%			
Inspection Compliance: <i>The % of depots scoring above the industry standard based on industry approved criteria</i>	89%	96%	95%	96%	97%
<i>Average actual depot inspection score of the poorest performing depots (bottom 25%)</i>	74%	85%	85%	86%	87%
Manufacturer Compliance:					
Sales Verification: <i>The % of all container sales remitted to CSA and verified by manufacturers for prior year</i>	99.8%	99.9%	100%	100%	100%

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 six-months of their year-end to an independent body hired to manage and report on this information as part of the process used to set handling commissions. With enhanced focus on depot UCA filing compliance over the past two years, we are happy to report a 100% compliance rate. The BCMB will work to maintain this compliance rate over the next 36 months.

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: To ensure a high degree of compliance to standards, depot inspections are conducted regularly throughout the province. Typically, more than 200 inspections are conducted each year with a targeted focus on the poorest 25% of performers based on previous inspections. The desired outcome of these inspections is to respond to consumer feedback and realize a continuously improving network of accessible and safe service points. Scoring is based on several metrics with an industry standard score of 80% or higher. 2017 has seen improvement over 2016 largely due to a new inspection process that was initiated in 2017. Scoring is less subjective and has been more effective in demonstrating where depots require improvement and where they are exceeding standards. With the introduction of the new inspection process in 2017, the BCMB inspected a wide array of depots, moving away from only poor performing depots, to create a benchmark for performance. 2018 will once again see an increased focus on poorer performing depots, thus the BCMB is targeting a slight decline in performance in 2018, with a goal to increasing depot performance in 2019 and 2020.

Sales Verification: In the same way depots are required to submit a UCA annually to verify their costs, manufacturers are required to verify their total sales for the prior year within six-months of year end. This ensures an accurate accounting of sales across sales periods and sales jurisdictions and is an important accountability step for the CSA and informs different calculations such as the Container Recycling Fee and the Return Rate by material stream. Current performance is excellent, with a CSA reported compliance rate of 100%. The BCMB will work to maintain this compliance rate over the next 36 months.

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, transparency and increased compliance 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 System to gather data in the industry. The CSA/CSP and depots are expected to use the system to log and resolve issues. The data 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 2016	Actual 2017
Objective: Satisfies /Quality		
Public Satisfaction:		
Participation	89%	89%
Average travel time to a depot	49% < 10 min. 35% = 11-20 min.	49% < 10 min. 35% = 11-20 min.
Customer Satisfaction:		
Overall satisfaction rated as very satisfied	82%	86%
Average time spent in a depot	8.7 mins	9.2 mins
Depot Satisfaction:		
<i>The BCMB conducts an annual survey of depot operators both online and in person.</i>		
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 conducted in February 2016 with 1,001 online interviews being completed and will be conducted again in February 2018.

Customer Satisfaction: The BCMB assesses depot customer satisfaction through our annual Depot Exit Interviews. Customers are surveyed as they are leaving a depot after returning beverage containers. In 2016, the survey captured 1,222 Albertans in the Calgary and Lethbridge area. In 2017, the surveys captured 1,180 Albertans in the Edmonton and 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. Overall customer satisfaction remains high with a 4% increase in satisfaction in 2017. 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.

Depot Satisfaction: Stakeholder satisfaction is important to the BCMB. We survey different stakeholders in different ways to assess the level of satisfaction they have with their experience working in and using the system. 2017 saw a 7% increase in depot satisfaction with the CSA.

TABLE 9 

Customer Excellence					
Performance Measures and Objectives	Actual 2016	Actual 2017	Target 2018	Target 2019	Target 2020
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	72%	72%	75%	77%	79%
Individuals aware of the deposit value	50%	50%	55%	57%	59%
Customer Awareness:					
Individuals aware of the Industry Brand	68%	61%	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). The BCMB hopes to maintain a 97% awareness of the deposit/refund program in Alberta and as such, this is targeted in 2018-2020. Through marketing initiatives, education, joint public facing websites and other communication activities, the industry would like to target regular increases in awareness surrounding deposit values and environmental benefits of recycling beverage containers.

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 drain 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 decrease in branding awareness may be attributed to regional difference as the 2016 surveys were completed in southern Alberta and the 2017 surveys were completed in and around the Edmonton area. The BCMB will continue to support and monitor the depot branded marketing initiative and are hopeful we will see an increase in awareness over the coming years.

TABLE 10 

Customer Excellence					
Performance Measures and Objectives	Actual 2016	Actual 2017	Target 2018	Target 2019	Target 2020
Objective: Accessible					
Number of Universal depots in Alberta	217	219	224	228	232
Number of permits in development	10	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. 2018-2020 targets represent the BCMB’s targeted expansion for the depot network.

TABLE 11 

System Efficiency & Effectiveness		
Performance Measures and Objectives	2016	2017
Objective: Innovation		
Seedbed Activity – Depot pilot project participants	21	47
<i>Investment in technology: return on investment >1 demonstrated</i>		
Anker Andersen Sorting Technology	✓	
Tomra Sorting Technology		?
Point of Return Software	✓	
In-Depot Compaction	✓	
Beverage Container Registration Database		✓
Collection System Agent Enterprise Resource Software		✓
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. All stakeholders 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, the BCMB mandates it. Varying levels of automation are employed in the industry. These are a 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 two depots. The sorting equipment is designed to replace manual labor at the depot thereby improving

the efficiency and accuracy of sorting containers. The results of the pilot evidenced that over time the return from manual labor cost savings exceeded the investment costs of acquiring and maintaining the 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 been recently installed in Alberta. Although testing and evaluation is not yet complete, early indications are that it demonstrates similar benefits to the Anker Andersen technology.

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 that all new depot permits as well as all permits issued to depots handling more than 10 million containers annually, use POR software. Recently, the industry has agreed to expand this requirement to all depots.

The online BCMB Beverage Container Registration database lists over 150,000 products that are registered in Alberta including information regarding the brand, flavor, size, material and UPC. The BCMB is working on populating the database with images for all registered products in Alberta. A new feature that has been implemented in 2017 is the unregistered beverage container product list in the database. These unregistered beverage containers are brought to depots by customers and identified to the BCMB by depots through the Quality Monitoring System. BCMB uses this information to work with manufacturers selling these products in Alberta, to register their containers. This new feature assists depots in identifying containers/products that will not be registered in Alberta and should not be accepted at a depot.

The Collection System Agent, the Alberta Beverage Container Recycling Corporation, is upgrading their current enterprise resource software. This will create greater efficiency within the industry while offering enhanced reporting and integration with industry technology initiatives such as electronic R-Bill reporting and the Quality Monitoring System.

TABLE 12 

System Efficiency & Effectiveness					
Performance Measures and Objectives	Actual 2016	Estimate 2017	Target 2018	Target 2019	Target 2020
Objective: Technology					
Depots utilizing Electronic R-bill Reporting	33%	45%	55%	70%	80%
Percentage of Reporting that uses eRBill	49%	60%	75%	80%	90%
Depots utilizing Quality Monitoring System (QMS)	75%	81%			

Electronic R-bill Reporting (eR-bill): Utilizing electronic methods to compute and report shipments of containers from depots significantly reduces the number of errors on R-bills and the time required to process shipments at both ends. To encourage innovation and continuous improvement the BCMB is working towards increasing eR-bill reporting at the depot level. Currently, 45% of depots report using eR-bills, which represents 60% of all R-bill reporting. Yearly targets have been set to include all urban and metro depots by the end of 2018.

Quality Monitoring System (QMS): The QMS is an online database used to report, track and resolve operational issues in the industry. Depots, the BCMB, the CSA and CSPs are required to use the QMS. It was first introduced to the network in 2014. For purposes of Table 12, depot utilization of the QMS is considered to be those depots that have either submitted a ticket to address a concern and/or those depots that have responded to a ticket

submitted to them by another industry partner. The QMS captures hundreds of tickets per month. The data is benchmarked and trending is identified to address issues or successes in the industry. In 2016, 75% of all depots submitted or responded to a ticket through the QMS as compared to 81% of depots in 2017. Although increased comfort with and use of the QMS is indicative of a successful program, a decrease in submitted tickets and use can be reflective of less issues in the industry, however an increase in overall use may not be reflective of increased issues, but may be a result of new topics and/or issues being introduced into the QMS.

TABLE 13a 

System Efficiency & Effectiveness				
Performance Measures and Objectives	2010	2012	2014	2016
Objective: Cost Effectiveness				
Net cost for the recycling consumer in cents per container	1.1	2.06	1.26	1.8
Ranking of comparable deposit jurisdictions	1	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 deposit and 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 2016⁶ the recycling consumer paid on average 1.8 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 Provinces. Alberta ranked first in cost per container paid the recycling consumer, having the lowest system costs among comparable systems. Alberta ranked fourth out of five jurisdictions when comparing the cost to the wasting consumer in the same report.

TABLE 13b 

System Efficiency & Effectiveness				
Performance Measures and Objectives	2008	2010	2013	2016
Objective: Cost Effectiveness				
Labor seconds per container at depots	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

⁶ CM Consulting 2016 *Who Pays What*

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.