



## 2021 – 2023 BUSINESS PLAN

BCMB BOARD APPROVED: NOVEMBER 25, 2020

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## Introduction

As we look ahead to the next three years, our planning is shaped by the reality that the world has changed vastly since March 2020. While the Beverage Container Management Board's (BCMB) vision and mandate remain the same, we are coping with and tackling business planning through the lens of a global pandemic. COVID-19 has brought new challenges to the beverage container recycling industry and forced the BCMB to rethink certain aspects of regulating the beverage container industry in Alberta. Some projects that were to begin or be completed in 2020 were delayed so resources could be focused on our pandemic response, which also included a realignment of our budget to ensure core operations were secured.

Perhaps the most significant impact was the initial decrease in the collection (return) rate for beverage containers. The collection rate is the percentage of containers returned to depots compared to the number of beverage containers sold (previously referred to as the return rate). As a result of the lockdown and caution on the part of Albertans, as well as the temporary closure of most depots in the province during March and April, beverage container returns temporarily stopped. However, depots, the Collection System Agent (Alberta Beverage Container Recycling Corporation) and the main Collection Service Provider (Alberta Beer Container Corporation) responded quickly. They incorporated new health and safety standards to protect their staff and the public, allowing the industry to reopen in record time.

At the same time, there was an unexpected increase in beverage container sales, most likely due to the amount of time spent at home by Albertans during the pandemic lockdown, and beverage container returns increased to higher than normal levels after the lockdown. Although the collection rate is slightly lower than previous years, the volume of beverage containers collected in 2020 is similar to previous years at around two billion containers.

Initial negative effects on the BCMB's budget were reversed (our budget is linked to the number of beverage containers returned to depots) and with the excellent collaboration and support of industry stakeholders, Alberta remains a leader in beverage container recycling.

On that note, the BCMB would like to recognize the efforts of its industry stakeholder groups. The Alberta Beverage Container Recycling Corporation (ABCRC), the Alberta Bottle Depot Association (ABDA), the province's 224 depots, the Alberta Beer Container Corporation (ABCC) and the many beverage manufacturers and distributors navigated the pandemic with excellence. As front-line workers handling used beverage containers, these organizations and individuals guided us through our industry's pandemic response in a coordinated and seamless manner. They are responsible for our industry's success, the protection of their staff and the public, and a world-class program.

## Industry Response to COVID-19

When the pandemic hit in March, leadership teams from the BCMB and key beverage container recycling industry stakeholders were quick to respond. Weekly and sometimes daily meetings were held to assess risk, develop plans to implement safety measures and to continue to achieve our mandate to protect Alberta's environment.

Recycling was deemed an essential service by the Government of Alberta, allowing the industry to adapt and provide services to Albertans in a safe manner. The BCMB provided regular updates and health and safety information to the industry and responded to the needs of those it regulates. This included pausing or eliminating regulatory fees and operating and compliance programs to allow space and funding for COVID-19 safety measures and practices.

While many Albertans faced lay-offs and job losses, the efforts of the beverage container recycling industry to maintain as much business continuity as possible relieved some of the economic burden on those employed within the industry. Additionally, providing Albertans the opportunity to continue to safely return their beverage containers and receive a refund of the deposits became more valuable in these challenging economic times.

A social media campaign led by the ABCRC encouraged Albertans to continue to return beverage containers and promoted the safety of depots. The adoption of provincial guidelines and retrofitting of depots to meet, and in many situations exceed health and safety standards was executed quickly by depot permit holders, in spite of little to no revenue coming into their depots at the start of the pandemic.

Responsive and supportive staff from Alberta Environment and Parks and the flexibility and trust of the BCMB Board of Directors helped BCMB management to achieve success in an ever-changing environment.

Looking ahead COVID-19 and the resulting economic crisis will continue to challenge the beverage container recycling industry. The BCMB knows the system needs to adapt to these new realities and that has led to an important decision to base the BCMB operating fees on beverage sales instead of volumes recovered. This change reflects a broader regulatory decision to adopt a user pays system where all beverage containers sold and purchased by consumers pay for the collection, recycling and regulatory costs of the system. More details on the change can be found in the Financial Plan section on page 32.

To remove burden from those we regulate, the BCMB has also approved the removal of some operational stakeholder fees with a goal of reducing 'red tape' and streamlining processes. These fees contributed to regular operating processes such as the administration of beverage container registration and depot permit renewals. Regardless of fee payment, these administrative tasks are required and are better rolled into the BCMB's operating fee.

We will also continue our close working relationship with Alberta Environment and Parks and other key

stakeholders as we do our part to help the Government of Alberta deliver on its desired outcomes related to environmental, social and economic sustainability. We are dedicated to continual improvement and to serving Albertans in meeting excellent environmental outcomes.

## Accountability Statement

The BCMB Business Plan for the period January 1, 2021 through December 31, 2023 was prepared in accordance with the requirements of the Beverage Container Recycling Regulation, which was enacted under the *Environmental Protection and Enhancement Act* and the organization's by-laws. The BCMB's existing and proposed policies and procedures, as of November 2020, and the Board's accountability obligations, responsibilities and relationships have all been considered in the preparation of this Business Plan.

The BCMB Business Plan also purposefully aligns with the Government of Alberta and Ministry of Environment and Parks' 2020-2023 Business Plans and priorities given our role as a Delegated Administrative Organization.

The BCMB is committed to achieving the outcomes and targets laid out in its Business Plan and will continue to work with the Ministry of Environment and Parks towards achieving "*environment and ecosystem health and integrity, sustainable economic development and public well-being.*"<sup>1</sup>

Approved by the Board of Directors: November 25, 2020

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

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<sup>1</sup> [Alberta Environment and Parks 2020-2023 Business Plan, p. 69.](#)

## Vision & Mandate

The BCMB is a not-for-profit association incorporated under the Societies Act of Alberta. We are charged with the responsibility of regulating and delivering Alberta's beverage container system. The BCMB is a Delegated Administrative Organization (DAO) created through legislation to aid the Ministry of Environment and Parks in achieving its goals and objectives but we function as an arms-length, self-funded, legal entity in carrying out our services and mandate.

The BCMB's membership and Board of Directors includes representatives of Alberta beverage manufacturers, depots, the public (environmental organizations, municipalities and interested citizens) and a non-voting representative from the Government of Alberta. Our organization operates in accordance with a number of [by-laws](#) that can be found on our website.

The 2021-2023 BCMB Business Plan focuses on enhancing and strengthening the core business functions and systems necessary for the successful operation of the beverage container recycling industry in Alberta. The plan demonstrates alignment from our vision and mandate to end results. We place specific focus on outcomes, key strategies and performance metrics to guide our planning and decisions about key projects and initiatives that will help us achieve our desired outcomes. This work is done in collaboration with BCMB's stakeholders as their input and support is crucial to our success.

### 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.

### Our Value Statements

The BCMB's Vision and Mandate are clarified through the following nine value statements:

1. **We value** health and safety. We ensure measures are in place so that customers and staff feel safe and know their health is important to our industry.
2. **We value** our regulatory role. We strive to be leaders in the oversight of beverage container recycling and are proficient at protecting the system's reputation. We work continuously with our stakeholders to improve customer experience and satisfaction.
3. **We value** a system that encourages a circular economy where producers are responsible for their products from development to end of life.
4. **We value** meaningful and measurable targets for our industry. The development and use of

targets that allow us to measure progress in beverage container recycling and environmental protection makes the industry accountable and provides incentive for continuous improvement.

5. **We value** strong alignment among system stakeholders. A collaborative industry with joint decision making and open communication that works from a common framework will be better prepared to succeed.
6. **We value** diversity and inclusion. We explore ways in which our industry and the people who work in it can reflect the differences and qualities of the Albertans we serve. We recognize that diversity and inclusion drive innovation, and we are proud to support and foster creativity in our stakeholders to reflect their unique experiences.
7. **We value** innovation and technology that enhances the efficiency and effectiveness of our system. Our industry is responsive to and seeks opportunities to improve system communication, information and security.
8. **We value** higher collection and recycling rates. Our efforts focus on the highest possible return of containers, while minimizing the impact of the system on the environment.
9. **We value** greater awareness and public participation. We 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.



## Outcomes

Alberta Environment and Parks' 2020-2023 Business Plan states that it represents "the interests of Albertans in delivering a balanced, common-sense and results-based approach to the stewardship of Alberta's environment while enabling sustainable resource development that supports social and economic well-being."<sup>2</sup> As a DAO, the BCMB places specific emphasis on helping Alberta Environment and Parks and the Government of Alberta achieve their stewardship goals through efforts to increase the collection (return) rate for beverage containers, to provide an accessible system to Albertans and to include as many containers as possible in the beverage container recycling system. With 224 depots in more than 160 communities in Alberta, we are well positioned to carry out these efforts.

Our vision is *to be the leader in stewarding beverage containers to minimize their impact on the environment*. To achieve this, we use industry collaboration and awareness programs to enhance the public's knowledge about recycling and to provide Albertans with convenient access to depots where they can return their used beverage containers for a refund. From an economic standpoint, beverage containers are a resource and have created their own economy in Alberta through the beverage container recycling system by providing employment for Albertans and revenue for depot owners, manufacturers, retailers and recycling companies. Just as important are the social benefits provided by depots and beverage container recycling such as raising funds for communities or charitable organizations and providing opportunities for under-employed individuals to gain job experience or earn money through the collection and return of used beverage containers.

The BCMB understands the importance of balancing efforts to steward beverage containers in our communities with sustainable practices. Outcome Two in Environment and Parks' 2020-2023 Business Plan states that, "Alberta, as a resource-based economy that contributes significantly to Canada's economic well-being, will continue work to balance interrelated environment, economy, and social needs through responsible development of the province's natural resources."<sup>3</sup> To this end, and with our vision and mandate guiding us, the BCMB has five interconnected and desired outcomes for Alberta's beverage container system as seen in the following diagram (each outcome is explained in more detail on page 10).

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<sup>2</sup> [Alberta Environment and Parks 2020-2023 Business Plan, p. 69.](#)

<sup>3</sup> [Alberta Environment and Parks 2020-2023 Business Plan, p. 72.](#)



## A LEADER IN STEWARDING BEVERAGE CONTAINERS

### ENVIRONMENTAL PROTECTION

Reduce Impact



### FISCAL STEWARDSHIP

Risk Management



### GOVERNANCE EXCELLENCE

Management Systems



### CUSTOMER EXCELLENCE

Continuous Improvement



### SYSTEM EFFICIENCY & EFFECTIVENESS

Innovation & Adaptation








LEADERSHIP, COLLABORATION AND CULTURE



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

## Key Strategies

Our desired outcomes will be realized with purposeful attention to the key strategies set out for each outcome.

Outcome	Key Strategy	
<b>ENVIRONMENTAL PROTECTION</b>  <b>Reduce Impact</b>	Minimize Impact	Minimize the environmental impact of beverage containers through reuse and recycling
	Sustainability	Improve the sustainability of beverage container system and work towards a circular economy for beverage container recycling.
	Reduce Footprint	Reduce the environmental footprint of the system
<b>FISCAL STEWARDSHIP</b>  <b>Risk Management</b>	Accountability	Introduce accountability measures to minimize system risk
	Reporting	Report clearly (using meaningful and measurable targets) on the achievement of our mandate and government expectations
	Transparency	Maintain full transparency regarding operations and finances
<b>GOVERNANCE EXCELLENCE</b>  <b>Management Systems</b>	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
<b>CUSTOMER EXCELLENCE</b>  <b>Continuous Improvement</b>	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 and inclusive
<b>SYSTEM EFFICIENCY &amp; EFFECTIVENESS</b>  <b>Innovation &amp; Adaptation</b>	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

## 2021-2023 Key Projects/Initiatives

The BCMB is focusing its efforts on two major projects over the next three years that will support and help us achieve our desired outcomes.

### 1. Information Technology Strategy

The BCMB has undertaken the development of a comprehensive information technology strategy that will involve significant updating and streamlining of all IT systems to comply with information security standards and align with systems used by key stakeholders like the Collection System Agent (ABCRC) and the BCMB's Data Collection Agent. In jointly considering technology and innovation with our stakeholders, we will improve confidence in and acceptance of the system; improve communication, information and security; and increase the efficiency and effectiveness of processes.

The information technology strategy also includes an upgrade of the Customer Relationship Management System, working to provide key stakeholders with transparent access to information, and allowing the BCMB to centralize our data management, reporting and communication tools.

*Timeline: 36 months – strategy approved September 2020; implementation by Q4 2023*

Fiscal Stewardship: **accountability, reporting, transparency**; Governance Excellence: **integration alignment, system integrity**; Customer Excellence: **ensure quality service**; System Efficiency and Effectiveness: **innovation, responsiveness, technology, cost effective**



### 2. Registration and End-of-Life Container Management

With its key stakeholder groups, the BCMB is facilitating a registration and end-of-life management review to determine the best approach to improving recycling standards, and circular economy and end-of-life beverage container management in Alberta. The project's goals are to: meet a solid environmental mandate; have a system that allows only the highest quality of material streams; streamline processes and standards in registering beverage containers; and provide clear expectations and communication with stakeholders on why certain products are registered and eligible for a refund at depots and others are not.

The project will look at re-establishing and enforcing assurances or validation methods for recycling in collaboration with the CSA and Collection Service Providers (CSPs). In addition, the BCMB will look at adopting new definitions for recycling.

As well, the BCMB will complete the transition of registrations from the Alberta Gaming, Liquor and Cannabis Commission to the BCMB. Cannabis beverage container registrations were added to BCMB

registration systems in December 2019.

The Registration and End-of-Life Management project will carry significant weight in providing the BCMB and our industry with the knowledge and capacity to effectively set standards for Alberta and to assist with aligning our standards and processes with other provinces where possible.

*Timeline: 12 months (January 2021 – December 2021)*

Environmental Protection: **reduce footprint**; Governance Excellence: **system integrity**; Customer Excellence: **satisfies**; System Efficiency and Effectiveness: **innovation, responsiveness**



## Outcome 1 – Environmental Protection



The BCMB recognizes the importance of protecting and enhancing Alberta’s environment through sustainable practices. We 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.

### Key Strategies

<b>Minimize Impact</b>	Minimize the environmental impact of beverage containers through reuse and recycling
<b>Sustainability</b>	Improve the sustainability of beverage container system and work towards a circular economy for beverage container recycling.
<b>Reduce Footprint</b>	Reduce the environmental footprint of the system

### Actions

1. Continue to focus industry efforts on meeting or exceeding the Government of Alberta’s 85% collection (return) rate goal for the system.
2. Facilitate a review of registrations and end-of-life container management, defining and setting standards for recycling of beverage containers and assessing the types of beverage containers included in the system.
3. Review and introduce new performance metrics for reducing the footprint of beverage containers.
4. Establish new definitions for recycling that align with current best practices and other leading jurisdictions and that include better reporting on recycling rates as well as the collection and reuse rates for refillable containers.
5. With the Alberta Recycling Management Authority, explore the possibility of depots collecting small electronics, or other products, for recycling.

## Performance Metrics

### Minimize Impact

Performance Indicators	% of all containers returned in 2019	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
<b>Overall collection rate</b>	100% <sup>4</sup>	85.0%	86.2%	85.5%	86.0%	85.3%
<i>Collection rate: Number of containers returned through depots compared to sales reported by manufacturers for the same period.<sup>5</sup></i>						
Cans & Glass (includes refillable)	59.1%		91.8%	90.3%	90.6%	91.6%
Plastics	32.7%		81.0%	81.9%	82.5%	81.6%
Polycoats	8.2%		72.3%	71.3%	72.3%	71.1%

**Collection (Return) Rate:** The collection rate is a key measure of success in the beverage container recycling industry. Historically referred to as a return rate, the BCMB is shifting its terminology to distinguish between collection and recycling rates and to more accurately reflect the language used in most other jurisdictions. The collection rate is the percentage of containers returned by Albertans and collected by depots compared to the number of beverage containers sold by manufacturers. The recycling rate (not yet reported on) is the actual quantity of collected materials turned into a new product.

Albertans are strong supporters of beverage container recycling and the vast majority return their containers to depots for refunds. This level of engagement combined with the focus that depots, the CSA and CSPs place on customer service and system efficiencies is what makes our system in Alberta so successful.

The overall collection rate for 2019 was 85.3%, down slightly from 86% in 2018 but still above the Government of Alberta's 85% goal for the industry. However, the collection rate for 2020 is expected to be lower than previous years due to COVID-19 (82.1% as of September 2020). While the volume of beverage containers collected is higher than it has been the last three years, beverage sales are as well, and collections have not yet caught up to sales. The impact of COVID-19 on the return of beverage containers will become clearer in the coming year.

<sup>4</sup> For the 12-month period ending September 2020, the total system volume equated to 2.01 billion containers returned.

<sup>5</sup> Actuals for 2015 have been omitted from this report based on regrouping of the container categories in 2017.

## Reduce Footprint

### Descriptor Only

The BCMB has been challenged for a number of years to find a meaningful and measurable way to assess the beverage container recycling system's success in reducing its environmental footprint in Alberta. Previous indicators have included the average distance a container travels from the depot to the processing plant and landfill space saved by the recycling of containers.

In 2020, the BCMB commissioned a review of its environmental performance indicators by a third-party expert. The review found that our environmental indicators should be harmonized with those of the Government of Alberta, neighboring provinces and other leading jurisdictions and should be based more on industry best practices.

The BCMB is aiming to establish new indicators in 2021 and is considering reporting on: tonnes per capita diverted; GHG emissions and solid waste avoided; the number of reused containers; and the end-fate of all material streams, including the residual material remaining after processing. Additionally, the BCMB would like to establish reporting in the context of a circular economy which could look at items such as the effectiveness of processors, recycling credibility and use of recyclable material in new products.

The new indicators will be introduced in the 2021 Annual Report and will be included in future business plans.



## Outcome 2 – Fiscal Stewardship



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

### Key Strategies

<b>Accountability</b>	Introduce accountability measures to minimize system risk
<b>Reporting</b>	Report clearly (using meaningful and measurable targets) on the achievement of our mandate and government expectations
<b>Transparency</b>	Maintain full transparency regarding operations and finances

### Actions

1. Effective January 1, 2021, the BCMB’s operating fee will be charged on every beverage container sold in Alberta. This change transitions the Alberta system to a user pays system where the container recycling fee<sup>6</sup> charged on each container purchased, along with unredeemed deposits and the commodity value received for the materials purchased by recyclers, will fund the collection, recycling, and regulatory costs of the system. Previously, the BCMB was funded by an operating fee paid jointly by depot permit holders and manufacturers, based on the number of containers returned to depots.
2. Effective January 1, 2021, the BCMB will roll permit renewal fees and container registration fees into the operating fee to reduce ‘red-tape’ and regulatory burden and to create administrative and operational efficiencies.
3. Develop and approve an annual operating budget and three-year business plan.
4. Ensure that an external audit of the BCMB’s financials is conducted annually and that financial statements and policies are approved by the Board quarterly.
5. Conduct a quarterly risk review and maintain a risk register.
6. In keeping with CSA and CSP Operating Agreements, continue to monitor compliance and adherence to financial operating standards (manufacturer reporting and remitting, Handling Commission Review processes and payments), ensuring any required improvements are made.

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<sup>6</sup> The container recycling fee (CRF) is the amount beverage manufacturers are required to pay to cover the net cost related to recovering and processing used, non-refillable beverage containers, and to ensure Alberta maintains an effective and sustainable recycling system. The CRF depends on the material the container is made from and the size of the container. The fees are monitored on a regular basis and published each year, with the new fees usually coming into effect on February 1<sup>st</sup>.

**Performance Metrics**

**Accountability**

**Descriptor Only**

The BCMB is accountable to its stakeholders. To this end, senior management works with the Board to develop and approve an annual operating budget and three-year business plan that is submitted to the Ministry of Environment and Parks on an annual basis. The Board undertakes a full review of all value statements, outcomes and key strategies 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 by the Board on an annual basis.

**Reporting and Transparency**

Performance Indicators	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019
<b>Net system cost: total of all costs and offsetting revenues in dollars per container</b>					
	\$0.0267	\$0.0315	\$0.0280	\$0.0263	\$0.0294
<b>Net system cost by container type</b>					
Cans and Glass	\$0.0276	\$0.0207	\$0.0154	\$0.0140	\$0.0170
Plastics	\$0.0438	\$0.0468	\$0.0465	\$0.0452	\$0.0464
Polycoats	\$0.0276	\$0.0339	\$0.0438	\$0.0445	\$0.0502

**Net Cost:** The system is funded in three ways: container recycling fees (CRF) set by manufacturers and 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 (never returned to a depot); and the salvage value of the materials recovered and recycled. The true net cost is the CRF as the other revenues are derived from the system’s activities. Several factors are beyond the control of the system such as the exchange rate and scrap value of materials, both of which can be volatile. This metric also considers that as the collection 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.

As reported in *Who Pays What (2020)*, a biannual report on the performance of Canada’s beverage container recycling system, Alberta continues to have the lowest cost per container for consumers.

## Reporting and Transparency

Performance Measures	Last Actual 2019	Target 2021	Target 2022	Target 2023
<b>Collection System Agent Compliance</b>				
<b>Payment Compliance:</b> The percent of all payments made to depots within the industry standard	99.9%	100%	100%	100%
<b>Collection Compliance:</b> The number of reported loads <b>not</b> picked up from depots within the industry standard	10	2	2	2
<b>CSA Operating Compliance:</b> The inspection score based on agreed performance standards (Calgary/St. Albert)	87% (Calgary) 89% (St. Albert)	86% (Calgary) 89% (St. Albert)	87% (Calgary) 90% (St. Albert)	88% (Calgary) 91% (St. Albert)
<b>Depot Compliance</b>				
<b>UCA Filing Compliance:</b> The % of depots that filed required financial documents to the Data Collection Agent	99.5%	100%	100%	100%
<b>Manufacturer Compliance</b>				
<b>Sales Verification:</b> The % of all container sales remitted to CSA and verified by manufacturers for prior year	98.9%	100%	100%	100%

### CSA Compliance

**CSA Payment Compliance:** All depots are required by regulation to refund the deposit value of containers when returned by the public. The CSA is also required to operate according to standards set by the industry for collection from and payment to depots, which includes the refund of the deposit and a handling commission paid to each depot for each container collected. The standard set by the industry for payment is nine days.

The CSA has continued to show excellence in this area, achieving near perfect payment compliance for 2019 with only three late payments on 32,631 loads.

**CSA Collection Compliance:** The standard set by the industry for collection is based on the volume of the depot, the scheduling of appointments and the adherence to that schedule. The number of reported loads not picked up from depots improved in 2019, with only 10 loads out of 32,631 total loads being reported as non-compliant. Collection non-compliance as of October 2020 is at zero, showing marked improvement from the CSA in this area.

**CSA Operating Compliance:** An Operating agreement signed by the CSA commits them to performance standards regarding service to depots and operations. The BCMB regularly inspects the ABCRC plants in Calgary and St. Albert and evaluates data for adherence to these standards. This is a collaborative process that is intended to reduce risk and serves as a feedback mechanism to the CSA to enhance efficiencies.

**CSP Operating Compliance:** CSPs are responsible for the collection of refillable beverage containers. The largest CSP collects and recycles refillable beer. Operating and service agreements between the BCMB and CSPs commit them to performance standards regarding service to depots and operations. Monthly compliance evaluations of the BCMB's major CSP, as well as yearly evaluations of all CSPs were introduced in late 2019. Smaller CSPs include manufacturers/distributors using crystal containers. These refillable crystal containers are valuable, and as expected, no refillable crystal containers have been returned to depots, despite the \$100 deposit on these containers. Upon completion of the annual evaluation cycle, the 2021 BCMB Annual Report will report on CSP compliance performance standards.

### Depot Compliance

**UCA Filing Compliance:** Depots are paid a handling commission for each container handled and shipped properly to the CSA or back to the manufacturer directly through an appointed CSP. These handling commissions are set by a utility-like process that depends on depots reporting their costs annually using a form called the Uniform Code of Accounts (UCA). The Board has set criteria for the remittance of this information, much like the process for reporting taxes. Depots are required to report annually and within six months of their fiscal year end. The information is collected by an independent third-party (a data collection agent) that analyzes and processes the information for the purposes of setting handling commissions. Though there has been an enhanced focus on depot UCA filing compliance over the past few years, compliance in 2020 is around 97%, with a few depots behind due to COVID-19.

### Manufacturer Compliance

**Sales Verification:** In the same way depots are required to submit a UCA annually to verify their costs, manufacturers are required to verify their total sales for the prior year within six months of year end. This ensures an accurate accounting of sales across sales periods and sales jurisdictions and is an important accountability step for the CSA. It also informs different calculations such as the Container Recycling Fee and the return rate by material stream. Current performance by high-volume manufacturers is excellent, with a CSA reported compliance rate of almost 99% of the total system volume. However, the compliant manufacturers account for only about 80% of all manufacturers. That means some smaller volume manufacturers are non-compliant with the Regulation.

**Outcome 3 - Governance Excellence**



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

**Key Strategies**

<b>Compliance</b>	Achieve a high degree of compliance with operating and reporting requirements
<b>Integration &amp; Alignment</b>	Ensure a high level of integration and alignment with by-laws, policies and operations
<b>Communication</b>	Deliver timely, clear and effective communication
<b>System Integrity</b>	Ensure stakeholder trust through system integrity

**Actions**

1. Where applicable, identify and rectify depot viability issues and consider solutions for maintaining the optimum number of depots in Alberta through BCMB policies, by-laws and operating principles.
2. Continue to align the BCMB’s existing processes and governance with global best-practices on managing recycling programs.
3. Review BCMB’s regulatory role and functions and shift any industry operations to the appropriate stakeholders (ABCRC, ABDA, ABCC, depots) to ensure our work is strictly focused on regulation and protecting the reputation and success of the current system.
4. Develop and implement a comprehensive information technology strategy that streamlines and secures BCMB’s systems and aligns with systems used by key stakeholders.
5. To enhance industry reputation, place more emphasis on retail and refund compliance by increasing the number of audits and by focusing attention on underperforming retail and depot locations.
6. Continue with regular compliance audits and depot inspections (including self-inspections for high performing depots), working with depots to ensure industry standards for each area are being met and any issues or deficiencies are addressed.
7. Within the BCMB’s by-law structure, continue to review compliance frameworks, report on outcomes and make enhancements where needed.

## Performance Metrics

### Compliance

Performance Indicators	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
<b>Depot Compliance</b>					
<b>Refund Compliance:</b> The % of audits conducted that were refunded within industry standard		87%	88%	79%	91%
The % of audits conducted that were refunded within the industry standard of excellence		77%	79%	70%	83%
<b>Quality Compliance:</b> Shipments of containers from depots within industry standard		90%	91%	87%	91%
<b>Inspection Compliance:<sup>7</sup></b> The % of depots scoring above the industry standard based on industry approved criteria		87%	80%	76%	
Average actual depot inspection score of the poorest performing depots (bottom 25%)		74%	87%	90%	
<b>Operational Compliance:</b> The % of depots inspected that are compliant with BCMB by-laws and policies					70%
The % of depots with deficiencies that were corrected prior to entering the Compliance Framework <sup>8</sup>					56%
<b>Retail Compliance</b>					
<b>Retail Compliance:<sup>9</sup> NEW</b> The % of retail locations inspected that are compliant with BCMB by-laws and policies					

**Refund Compliance:** Anonymous audits are conducted on depots to measure the accuracy of the refund provided by depots to the public. To meet industry standard, a depot must provide a refund to the auditor within +/- \$0.50 of the actual (pre-counted) amount. To achieve the industry standard of excellence, a depot must refund an auditor within +/- \$0.25 of the actual refund amount.

<sup>7</sup> A new inspection process with new operational compliance standards was implemented in 2019. The inspection compliance indicators will be removed from BCMB's business plan after this year.

<sup>8</sup> The new Compliance Framework includes the following four levels: Level 1 – warning letter is issued; Levels 2 & 3 – fines are issued; Level 4 – goes directly to Compliance Director for a decision.

<sup>9</sup> A new retail inspection process will be introduced by the BCMB in 2021 and reporting will begin in the 2021 Annual Report.

In 2019, 46 audits were performed compared to 219 in 2018. The BCMB anticipated increasing the number of audits performed; however, unanticipated difficulties with BCMB contractors resulted in a temporary pause to the program and fewer refund compliance audits being performed than planned. To address the issue, the BCMB has secured a new contract with a third-party auditor group with province-wide access to auditors. Additionally, the BCMB has secured a memorandum of understanding with ABCRC for the acquisition of containers when required. As of October 2020, 152 audits had been performed.

**Quality Compliance:** The CSA audits approximately 30,000 megabags or about 2% of the over 1.5 million shipped annually from depots. The results of these audits are reported to the BCMB so it can work with the depots when elevated variances occur. The performance indicator reflects the number of audits that are reported as outside of industry standard compared to whole loads shipped over the same period. Poor performance in relation to quality control enters a depot into the BCMB's quality control framework.

**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 and previously there was a targeted focus (or repeat inspections) on the poorest 25% of performers based on previous inspections. However, a new inspection process with new compliance standards that focus on operational compliance (see below) was implemented in 2019. As a result, the two performance indicators for Inspection Compliance have been changed to Operational Compliance indicators as of 2019 (and will be removed from future business plans).

**Operational Compliance:** The new inspection process introduced by the BCMB in 2019 reflects its new by-laws. The new operational compliance process focuses on individual deficiencies rather than percentage-based scores. Depots that are found to have deficiencies are given a timeline for correction that takes the nature of the deficiency into account. As with the previous inspection process, the BCMB focuses on the lowest performing depots. High performing depots who meet several performance standards are provided the opportunity to evaluate their depot's performance through a self-inspection submitted to the BCMB annually. This process creates trust and accountability between the BCMB and the depot permit holder, allowing BCMB Compliance Officers to focus efforts in other areas of risk.

**Retail Compliance:** The BCMB is currently developing a program for regular, untargeted retail inspections which will be introduced in 2021. Like the refund compliance program for depots, audits of retail locations will be conducted by the same third-party auditor group and will be conducted across the province. Reporting on retail compliance will begin with the 2021 Annual Report and the new performance indicator will be included in future business plans.

## Integration, Alignment & Communication

### Descriptor Only

The previous performance measure for integration, alignment and communication (review, mapping and alignment of by-laws, policies and SOPs) is no longer being reported on as the work is complete. The BCMB's new by-law structure (amalgamation of 14 by-laws into seven) and compliance frameworks for depots, manufacturers and retailers was introduced in 2019. The BCMB will continue to review compliance frameworks and make enhancements where needed.



**Outcome 4 – Customer Excellence**



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

**Key Strategies**

<b>Satisfies</b>	Deliver a system that satisfies stakeholder expectations
<b>Quality</b>	Ensure quality service to the public
<b>Awareness</b>	Achieve widespread awareness of the importance of the system
<b>Accessible</b>	Deliver a beverage container management system that is accessible and inclusive

**Actions**

1. Continue to collaborate on joint communications and initiatives with other recycling, environmental and regulatory organizations.
2. Continue to provide current and relevant information to stakeholders and the public on the BCMB’s website and contribute to the information provided to the public on the industry (Alberta Depot) website.
3. Maintain a publicly accessible database of all registered beverage containers.
4. Conduct a biannual survey of public participation and satisfaction with the beverage container recycling industry in Alberta.
5. Conduct an annual survey of depot satisfaction with the CSA.
6. Conduct an annual depot exit interview on depot customer satisfaction.
7. Continue to work with the ABCRC and ABDA to promote the “Depot, It’s Worth It” brand.

## Performance Metrics

### Satisfies/Quality

Performance Indicators	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019
<b>Public Satisfaction</b>					
Participation <sup>10</sup>	89%	89%	88%	88%	92%
Average travel time to a depot	49% < 10 mins. 35% = 11-20 mins.	49% < 10 mins. 35% = 11-20 mins.	52% < 10 mins. 35% = 11-20 mins.	52% < 10 mins. 35% = 11-20 mins.	51% < 10 mins. 35% = 11-20 mins.
<b>Customer Satisfaction</b>					
Overall satisfaction rated as very satisfied	80%	82%	86%	82%	78.5%
Average time spent in a depot <sup>11</sup>		8.7 mins.	9.2 mins.	10.1 mins.	13.7 mins.
<b>Depot Satisfaction<sup>12</sup></b>					
Depot overall satisfaction with the CSA	84% (moderately to highly satisfied)	91% (50% highly satisfied) <sup>13</sup>	98% (52% highly satisfied)	87% (43% highly satisfied)	98% (64% highly satisfied)

**Public Satisfaction:** The BCMB assesses public satisfaction through a biannual survey conducted by Ipsos. The survey targets approximately 1,000 Albertans and provides data based on a representative sample of Albertans aged 18 and older. The most recent survey was conducted in February 2020 with 1,001 online interviews completed. The most recent survey saw the highest proportion of Albertans returning beverage containers for a refund since tracking began (92%).

**Customer Satisfaction:** The BCMB assesses depot customer satisfaction through annual Depot Exit Interviews. Customers are surveyed as they are leaving a depot after returning beverage containers. In 2018, the surveys captured 1,212 Albertans in the Calgary and Lethbridge areas. In 2019, the surveys captured 1,000 Albertans at 15 rural and urban depots. Although individual rural depots have been included in past studies, a wide-scale effort was made in 2019 to gain data and insight from rural locations. 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 receive. We also know that if the customer spends less than 10 minutes at a depot, the perception of that experience is better than if they spend more than 10 minutes at a depot.

<sup>10</sup> Participation refers to the percentage of respondents to the biannual Ipsos survey who state that they return beverage containers to depots.

<sup>11</sup> This measure was new beginning in 2016.

<sup>12</sup> The BCMB conducts an annual survey of depot operators both online and in person.

<sup>13</sup> Percentage highly satisfied broken out as of 2016.

The focus on both urban and rural locations for the 2019 survey and the fact that smaller depots in rural areas usually have less staff serving customers with larger loads compared to metro depots may be reflected in longer wait times. Due to COVID-19, the 2020 Depot Exit Interviews were not held but the BCMB hopes to resume them in 2021.

**Depot Satisfaction:** The annual Depot Satisfaction Survey measures the performance of the CSA, the primary CSP for refillable beer (Brewers’ Distributor Limited), the regulator (BCMB) and the Alberta Bottle Depot Association. The survey is conducted annually by the BCMB and completed by depots. It provides all stakeholders with an appropriate timeline to implement action plans to address survey results.

The most recent survey showed overall satisfaction with the CSA had increased significantly which can be attributed to the CSA correcting issues with its enterprise resource software. Satisfaction with BCMB communication has also increased with high satisfaction ratings for the ability to contact BCMB staff and the timeliness of communication.

**Awareness**

Performance Indicators	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019
<b>Public Awareness</b>					
Individuals aware of the deposit/refund program	97%	97%	98%	98%	98%
Individuals who believe that recycling beverage containers has a significant impact on the environment	72%	72%	67%	67%	60%
Individuals aware of the deposit amount	57%	50%	52%	52%	52%
<b>Customer Awareness</b>					
Individuals aware of the Industry Brand	51%	68%	61%	63%	59%

**Public Awareness:** Captured through the biannual Ipsos survey, 98% of Albertans are aware that they can return beverage containers to a depot for a refund; however, only 52% are aware of the actual refund amount for containers based on their size (10 cents for containers 1L and under and 25 cents for containers over 1L). The BCMB strives to maintain a 98% awareness of the deposit-refund program in Alberta. Through marketing initiatives, education, a joint public website (ABCRC, BCMB, and ABDA) and other communications activities, the industry continues to target regular increases in awareness surrounding deposit values and the environmental benefits of recycling beverage containers.

The 2020 Ipsos survey found 60% of Albertans believe that beverage container recycling has a significant impact on the environment and 81% are aware of some benefit to the environment through recycling beverage containers. 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.

The percentage of Albertans aware that the beverage container industry is regulated rose to 52% from 49%, while 85% indicated that regulation is important or very important to them (up from 80%).

**Customer Awareness:** The “Depot, It’s Worth It” logo was introduced in 2015 and is trademarked by the ABDA. The brand is a key part of the CSA’s (ABCRC) ongoing marketing strategy for Alberta’s beverage container recycling industry. Branding awareness dipped in 2020 from 63% to 59% but the BCMB will continue to promote the brand and logo with the ABCRC and ABDA.

**Accessible**

Performance Measures <sup>14</sup>	Last Actual 2019	Target 2021	Target 2022	Target 2023
Number of Universal depots in Alberta <sup>15</sup>	221	225	225	225
Number of permits in development	5	1	7	10

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

As of October 2020, there were 224 depots in Alberta and one under development in Calgary that is scheduled to open in late 2021.

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<sup>14</sup> The BCMB is currently reviewing depot viability so Requests for Applications (RFA) for new depots are not being issued at this time. The work on depot viability is expected to be complete in 2021 and targets for the number of permits in development reflect this (the significant increases in 2022 and 2023 targets anticipate ‘catch up’ if by-law requirements remain status quo).

<sup>15</sup> It typically takes three to five years for a depot to open to the public following the issuance of an RFA, so the number of depots in Alberta is anticipated to remain static for a few years with only one currently under development in Calgary, which is slated to open in late 2021.

**Outcome 5: System Efficiency & Effectiveness** 

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

**Key Strategies**

<b>Innovation</b>	Encourage innovation and continuous improvement
<b>Responsiveness</b>	Demonstrate responsiveness to changing needs
<b>Technology</b>	Capitalize on technological advancement
<b>Cost Effective</b>	Operate a system that is cost effective

**Actions**

1. Examine all system data to help determine meaningful, measurable targets to improve overall system efficiency and effectiveness.
2. Encourage the development and use of technology in depots and at the CSA to enhance logistics, service and processing levels, and to increase opportunity to communicate efficiently. Effective December 31, 2020, a Point of Return (POR) system is mandatory for depots handling six million or more containers annually (previously mandatory only for those depots handling 10 million or more containers annually).
3. Complete the transition of the registration of alcohol products from the Alberta Gaming, Liquor and Cannabis Commission to the BCMB’s online registration database by April 2021.
4. Continue to promote and encourage industry use of the QMS app launched in July 2020.
5. Where necessary, apply changes to Handling Commissions based on the Annual Review. 2021 will see the first application of this new by-law requirement wherein any changes to handling commissions greater than +/-0.3% will be applied. These changes are applied based on current UCA reporting from depots and economic indicators.

**Performance Metrics**

**Innovation**

**Descriptor Only**

The BCMB previously reported on investment in technology by the beverage container recycling industry as a performance indicator. Upon review, we have determined this is not a true, measurable indicator; however, the use of technology (rather than investment in it) is still a metric by which we determine the success of innovation in our industry.

Technology related performance measures include depots’ use of electronic R-bill reporting, the Quality Monitoring System and Point of Return software (new measure). Other technology used in the industry includes automated sorting equipment and the Beverage Container Registration Database.

**Technology**

Performance Measures	Last Actual 2019	Target 2021	Target 2022	Target 2023
Depots utilizing Electronic R-bill Reporting	59%	65%	70%	75%
Percentage of reporting that uses eR-bill	79%	80%	85%	90%
Depots utilizing Quality Monitoring System (QMS)	93%	95%	97%	99%
Depots utilizing Point of Return software <b>NEW</b>	75%	79%	81%	83%

**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. In 2019, 59% of depots reported using eR-bills, which represented 79% of all R-bill reporting. As of September 2020, 60% of depots reported using eR-bills, which represents 79% of all R-bill reporting.

**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 ABDA, the CSA and the CSP are required to use the QMS. It was first introduced to the network in 2014. Depot utilization of the QMS covers those depots that have either submitted a ticket to address a concern and/or those depots that have responded to a ticket submitted to them by another industry partner. The QMS captures hundreds of tickets per month. The data is benchmarked, and trends are identified to address issues or successes in the industry.

The CSA has significantly improved its response times, the quality of responses and its commitment to the QMS as an industry tool since it was introduced. The number of depots utilizing the QMS increased to 93% in 2019 from 81.5% in 2018 (206 of 221 total depots) and exceeded the 85% target for the year.

A new QMS app has been developed to make it much easier for depot operators and staff, the CSA and CSPs to communicate with each other. Creating and responding to a ticket can now be done quickly and easily from any Android or IOS (Apple) mobile device, and notifications about new tickets and responses are received immediately through the app which was launched in July 2020.

**Point of Return (POR) software:** POR 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. As of October 2020, 75% of depots had POR systems (169 of 224

depots). Effective December 31, 2020, it is mandatory that depots handling six million or more containers annually use a POR system (was previously 10 million).

**Automated sorting equipment technology** is designed to replace manual labor at the depot, improving the efficiency and accuracy of sorting containers. Pilots of the technology found that over time, the return from manual labor cost savings exceeded the investment costs of acquiring and maintaining the equipment. The return increases when there is a higher hourly wage paid to staff as well as with a larger number of containers sorted annually at the depot.

The online BCMB **Beverage Container Registration Database** lists all products that are registered in Alberta and includes information regarding the brand, flavor, size, material and UPC. The following material streams are currently registered for sale in Alberta: aluminum, polyethylene terephthalate (PET), hi-density polyethylene (HDPE), glass, gable top, tetra-brik, drink pouches, bag-in-a-box and bi-metal. As of October 2020, over 198,000 containers have been registered in Alberta.

An unregistered beverage container product list has been added to the database as well. These unregistered beverage containers are brought to depots by customers and identified to the BCMB by depots through the Quality Monitoring System (QMS). The BCMB uses this information to work with manufacturers selling these products in Alberta to register their containers. This feature assists depots in identifying products as registered, pending or unregistered.

The database is being streamlined so manufacturers will be able to directly register alcohol products rather than the Alberta Gaming Liquor and Cannabis Commission needing to register the products and then upload them to the BCMB database. Cannabis beverage containers have been included since December 2019.

**Cost Effectiveness**

Performance Indicators	Actual 2012	Actual 2014	Actual 2016	Actual 2018	Actual 2020
Net cost for the recycling consumer in cents per container <sup>16</sup>	2.06	1.26	1.80	2.40	2.20
Ranking of comparable deposit jurisdictions	1	1	1	1	1

**Recycling Consumer:** Consumers can be categorized into two groups: those who recycle their beverage containers and those who do not. Both groups pay the deposit and fee associated with the purchase of the container, but the consumer who does not recycle also funds the system through their contribution of the deposit. The system further benefits from the salvage value of the material recovered from the recycling consumer. This number is affected by several factors including the salvage value of the material

<sup>16</sup> Until 2018, net cost values were based on data from two years previous (i.e., 2018 value is based on data from 2016). However, the 2020 value is based on 2019 data. Source: CM Consulting, November 2020.

and the exchange rate of the country of destination of that material. This cost is paid in the form of a Container Recycling Fee that is added at point of purchase and ranged from 0 cents to 12 cents in 2019.

According to CM Consulting, the recycling consumer in Alberta paid an average of 2.20 cents for each container to fund the system in 2019.<sup>17</sup> CM Consulting's 2020 *Who Pays What* report (published biannually) is expected to be published in late 2020 or early 2021. While previous reports were based on data from two years prior to publication, the 2020 report is based on 2019 data.

**Ranking:** Comparable deposit programs exist in British Columbia, Saskatchewan, New Brunswick, Northwest Territories and Nova Scotia. CM Consulting compared the net cost of our system against other provinces. Alberta ranked first in cost per container paid by the recycling consumer, having the lowest system costs among comparable systems. Alberta ranked fifth out of six jurisdictions when comparing the cost to the 'wasting consumer' (who does not recycle).

Performance Indicator	Actual 2013	Actual 2015	Actual 2016	Actual 2018	Actual 2019
Labour seconds per container at depots <sup>18</sup>	5.13	4.91	4.77	4.34	4.20

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

Labour seconds per container was 4.20 in 2019, down from 4.34 in 2018, in keeping with the aim of increased efficiency.

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<sup>17</sup> CM Consulting, November 2020

<sup>18</sup> The BCMB's Data Collection Agent has recommended a more accurate calculation rate for labour seconds per container at depots and this will be reported on annually going forward (beginning with the 2019 Actual).



## Financial Plan

### Change in Operating Fee

In November 2020, the Board of Directors approved a significant change in how the BCMB sets its operating fee. Effective January 1, 2021, the BCMB's operating fee will be charged on every beverage container sold in Alberta. This change transitions the Alberta system to a user pays system where the container recycling fee (CRF)<sup>19</sup> charged on each container purchased, along with unredeemed deposits and the commodity value received for the materials purchased by recyclers, will fund the collection, recycling and regulatory costs of the system. Previously, the regulatory portion of the system was funded solely by returned beverage containers.

User-pay systems are an effective tool to ensure that consumers are financially responsible for the collection and recycling of the products they purchase. The beverage container recycling industry is a good example of a self-funded, user pays system as only those who purchase beverage containers are responsible for paying the CRF. The system operates without taxpayer or government funding.

The Covid-19 pandemic highlighted the risk the BCMB faces in relying on the recovery of containers to earn most of its revenue (per container fee charged on recovered volumes). When Albertans were asked to stay home due to COVID-19, recovery volumes were negatively and significantly impacted, and thus the BCMB's revenues were as well. While all containers purchased will now pay for the BCMB's regulatory operations, we will remain accountable to the Government of Alberta for the collection rate goal of 85%.

In addition to basing the BCMB's operating fee on beverage sales instead of volumes recovered, permit renewal fees and container registration fees will be eliminated and incorporated into the operating fee. These fees are part of regular business operations and rolling them into the operating fee will reduce 'red tape' and regulatory burden and allow the BCMB to create efficiencies in administrative processes.

### New Operating Reserve Fund

The establishment of an Operating Reserve Fund was also approved by the Board of Directors in November 2020 to assist with the BCMB's financial stability. The fund allows the BCMB to carry sufficient funds for situations such as organizational wind-up or significant, unanticipated costs such as a major hearing or uninsured losses. Any contributions, withdrawals and sufficiency of funds held in the Operating Reserve Fund will be based on approval by the Board of Directors at least annually.

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<sup>19</sup> The CRF is the amount beverage manufacturers are required to pay to cover the net cost related to recovering and processing used, non-refillable beverage containers, and to ensure Alberta maintains an effective and sustainable recycling system. The CRF depends on the material the container is made from and the size of the container. The fees are monitored on a regular basis, with the new fees usually coming into effect on February 1<sup>st</sup>.

## Statement of Operations

### 2021 – 2023 Revenues (Table 1)

Revenues	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
Container fees <sup>20</sup>	\$3,129,200	\$4,450,900	\$4,450,000	\$4,490,000
Federal government funding	86,000	-	-	-
Product registration fees	61,300	2,400	2,400	2,400
Permit fees	35,300	22,500	22,500	22,500
Interest and other	32,100	12,000	12,000	12,000
Compliance fees	11,900	16,000	16,000	16,000
<b>Total Revenues</b>	<b>\$3,355,800</b>	<b>\$4,503,800</b>	<b>\$4,502,900</b>	<b>\$4,542,900</b>

### 2021 – 2023 Operating Expenditures (Table 2)

Operating Expenditures	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
Salaries and benefits	\$1,240,500	\$1,595,100	\$1,627,000	\$1,659,500
Professional fees	1,150,800	1,647,900	2,113,900	1,565,420
Office	170,500	198,400	199,500	203,500
Honoraria and Board expenses	122,100	165,900	123,900	123,900
Meetings	39,400	155,800	158,900	162,100
Communications	37,400	177,700	181,300	184,900
Information technology	104,500	167,400	155,900	165,980
Travel	38,300	128,500	131,100	133,700
Depreciation	44,600	37,200	37,900	38,700
Training and Development	18,600	51,300	49,300	50,300
Insurance and licenses	16,500	27,100	27,600	28,200
Miscellaneous	-	-	-	-
Bad debts	-	-	-	-
<b>Total Operating Expenditures</b>	<b>\$2,983,200</b>	<b>\$4,352,300</b>	<b>\$4,806,300</b>	<b>\$4,316,200</b>

### 2021 – 2023 Excess of Revenues over Expenditures (Table 3)

Excess of revenues over (under) expenditures	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
	<b>\$372,600</b>	<b>\$151,500</b>	<b>\$(303,400)</b>	<b>\$226,700</b>

<sup>20</sup> Assumes container fees at .0018 per container in each of the three years.

Other Items	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
Legal settlement cost recoveries	-	-	-	-
Excess of revenues over (under) expenditures after other items	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
	<b>\$372,600</b>	<b>\$151,500</b>	<b>\$(303,400)</b>	<b>\$226,700</b>

#### 2021- 2023 Operating Fee (Table 4)

Operating Fee	2020 Forecast	2021 Budget	2022 Budget	2023 Budget
Estimated volumes	1,955,750,000	2,472,713,333	2,473,031,982	2,497,762,143
Estimated operating fee	0.0016	0.0018	0.0018	0.0018