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DATE: May 17, 2021

TO: Depot Network

RE: **New Variable Rate for Handling Commissions Effective July 1, 2021**

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### What is changing?

At the April 21, 2021 Board Meeting, the BCMB's Board of Directors approved a new variable rate for Handling Commissions. The revenue requirement (total handling commissions established through the HC review process) for depots will remain the same. However, the variable rate will provide the opportunity for more depots to achieve the return margin (the ability to recover prudently incurred fixed costs, expenses, and taxes, thus earning a fair return) set by the BCMB's Data Collection Agent (DCA) and approved by the BCMB Board.

### What is the new variable rate for handling commissions?

Handling Commissions are being recalculated so that the **first 1.5 million containers collected by a depot in a calendar year will be allocated an additional 1.5 cents**. Handling commissions have been set to account for this change. The change will redistribute revenues from larger depots to smaller depots to support the viability of Alberta's depot network.

The list of new Handling Commissions can be found in the Handling Commission By-law on the BCMB website: <https://www.bcmb.ab.ca/about/governing-documents/>

### Why is a new variable rate for handling commissions being introduced by the BCMB?

The variable rate is addressing the issue of depot viability within Alberta's common collection system, with a focus on the challenge faced by depots handling volumes less than 18 million containers to recover fixed costs.

Industry stakeholders requested a review of depot viability during the 2019-2020 Handling Commission Review process, and the establishment of a BCMB Depot Viability Committee to review the issue and make recommendations to the Board was built into the HCR negotiated agreement in 2020. The Committee's consultation and review were extensive and involved all industry stakeholders.

### When is the new variable rate being implemented?

The implementation date for the variable rate is **January 1, 2022**. However, the Board has approved a two-phase approach to adopt the new variable rate. Phase I is a half-year introduction that will see the variable rate applied between **July 1 and December 31, 2021** and an adjustment to handling commissions for that period. Phase 2 will be full implementation of the variable rate and will begin on **January 1, 2022**. The BCMB is working closely with industry stakeholders in the development and deployment of this plan.

The pandemic and its significant impact on an already struggling economy in Alberta is making the issue of depot viability, particularly in smaller rural areas, more acute than ever. Small/low volume depots close or change ownership at higher rates than urban/high volume depots and the Board felt it was imperative the variable rate be implemented as soon as possible to prevent further hardship or closures for small depots.



Where can I find more information on the new variable rate?

**Detailed information on the variable rate can be found in the attached FAQs.** This includes information on the administration of the rate(s), compliance, expected outcomes, and evaluation.

For questions regarding this information, please contact Brent Campbell, Director of Operations at:

Email: [bcampbell@bcmb.ab.ca](mailto:bcampbell@bcmb.ab.ca)

