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## Definitions

1. In this Policy:
  - A. ABDA” means the Alberta Bottle Depot Association;
  - B. “BCMB” means the Beverage Container Management Board. The BCMB is a management board within the meaning of the Environmental Protection and Enhancement Act (Alberta) whose mandate is to regulate and enhance a leading beverage container system that protects Alberta’s environment;
  - C. “Collection System Agent” or “CSA” means the collection system agent appointed by manufacturers and approved by the BCMB in accordance with the Regulation and the By-laws;
  - D. “Collection Service Provider” means a manufacturer that collects empty refillable Registered Containers that contained a beverage manufactured by that manufacturer or a person contracted by a manufacturer to collect empty refillable Registered Containers that contained a beverage manufactured by that manufacturer;
  - E. “Collector” means a Collection System Agent or a Collection Service Provider that is a party to a Service Agreement;
  - F. “Container” means a bottle, can, plastic cup or paperboard carton or a package made of metal, plastic, paper, glass or other material, or a combination of them, that contains or has contained a beverage;
  - G. “Depot” means a place operated as a business for the collection of empty Containers;
  - H. “Handling Commission” means the amount payable for each Container collected from a Depot in accordance with section 13(b) of the Regulation;
  - I. “Service Agreement” means an agreement entered into between the Alberta Bottle Depot Association and a Collection System Agent or Collection Service Provider, prescribing the manner and frequency of Container collections, the manner and frequency of payments and other matters related to the efficient operation of the beverage container system; and
  - J. “Uniform Code of Accounts” or “UCA” means the series of forms identified as such and provided to each Depot by the Data Collection Agent for the purpose of collecting financial and operational data on an annual basis.

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## Background to Policy

2. Handling Commissions are paid to Alberta Depots solely on a “per Container returned” or “variable” rate structure basis.
3. Annual UCA data received from Depots suggests that smaller Depots experience proportionately higher “fixed” operating costs on a per-unit basis (e.g. building, utility and equipment costs) versus “variable” operating costs on a per-unit basis (e.g. labour costs) than larger Depots do. This difference between smaller Depots and larger Depots raises concerns about the opportunities of “stand alone” smaller Depots to be profitable.
4. An issue of consideration before the BCMB’s first Handling Commission Review Panel (“HCRP”) was whether fixed monthly “viability” payments should be paid to all Depots in order to offset a portion of their “fixed” costs regardless of the Container volumes processed by such Depots. At the conclusion of the HCRP’s first review of Handling Commissions, the BCMB determined that no fixed monthly “viability” payments would be paid to Depots.
5. Historically, and in order for individual smaller Depots to be viable, the operators of such smaller Depots were expected by the BCMB to operate their Depots in conjunction with one or more other businesses in the same premises (“Multiple Businesses”), permitting the total fixed operating costs of such Depot operators to be shared by their Multiple Businesses, and permitting such Depot operators to rely upon revenue streams generated by all of their Multiple Businesses. For example, a Depot may be a sideline component of a convenience store.
6. While there continues to be turnover in Depot ownership in Alberta, by both smaller and larger Depots, there is no clear trend demonstrating that smaller Depots are failing at a greater rate than larger Depots.
7. There are some Depots located in remote and isolated communities in Alberta which face unique operational barriers due to the lack of all-weather road access.

## Viable Depot Network

8. The Alberta Depot network (“Network”) is the backbone for Alberta’s beverage container recycling system. In the determination of Handling Commissions by the BCMB, primary consideration will be given to maintaining the viability of the Network.
9. In determining the viability of the Network, consideration will be given to the viability of the Network as a whole, and not to the viability of individual Depots in Alberta. Handling Commissions must provide an opportunity, on a Network wide basis, and not on an individual Depot basis, to earn a fair return, but there shall be no guarantee of profitability for individual

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Depots in Alberta. For clarification purposes, it is understood that the requirement for the BCMB to establish a viable Network does not mean that every individual Alberta Depot must be viable or profitable, or that a “stand alone” Depot will always be able to support itself.

### **No Fixed Viability Payments for Depots**

**10.** As a general policy of the BCMB:

- A.** In order to support the viability of individual smaller Depots in Alberta and therefore contribute to the viability of the Network as a whole, and where it is deemed necessary or desirable by the BCMB, any particular owner or operator of a smaller Depot in Alberta may be required by the BCMB, at the time of their licensing by the BCMB and as a condition of their licensing by the BCMB, to operate their Depot in conjunction with one or more other businesses in the same premises (“Multiple Businesses”), thereby permitting the total fixed operating costs of such Depot owner or operator to be shared by their Multiple Businesses, and permitting such Depot owner or operator to rely upon revenue streams generated by all of their Multiple Businesses; and
- B.** The current variable rate structure used by the BCMB for determining Handling Commissions in Alberta will be maintained, and therefore;
  - i. no fixed “viability” payments to Alberta Depots will be implemented by the BCMB; and
  - ii. no fixed “viability” payments to Alberta Depots will be considered by the BCMB in the determination of Handling Commissions in Alberta.

### **Unique Consideration for Depots Lacking All-Weather Road Access**

**11.** The BCMB will work with the Collectors and the ABDA on a case-by-case basis to review and modify procedures, where appropriate and as required, in order to address the unique operational barriers faced by operators of Depots located in remote and isolated communities in Alberta which lack all-weather road access.

### **Application of Policy to Handling Commissions**

**12.** This Policy shall apply to the review and calculation of all Handling Commissions.