

bomb

BEVERAGE CONTAINER MANAGEMENT BOARD

2009 ANNUAL REPORT

returning  
together







Like other bottle depot staff across Alberta, James works with Albertans every day to reduce the number of beverage containers that find their way to landfills. By collecting and sorting containers like milk cartons and jugs, glass bottles, aluminum cans, plastic bottles, juice boxes, and foil pouches, James and his fellow Albertans play a key role in the system's success and in protecting their province's environment.



James (front cover) and Shauna (this page) are staff working in an Edmonton based bottle depot.



Alberta's beverage container recycling system is one of the best, if not *the* best, in North America. Its innovative approach has led to a return rate that is approaching 85% and efficiencies that make it convenient and attractive for Albertans to recycle their beverage containers. Alberta is the only jurisdiction in North America, and to our knowledge the world, that now accepts **all** beverage containers for recycling through a deposit-refund system.

Socio-economic factors affecting the Beverage Container Management Board (BCMB) and the beverage container recycling system are constantly evolving. The BCMB is continually reviewing its programs, seeking improvements to service, and looking for innovative ways to benefit the public.

Beverage container depots are committed to making the recycling experience a positive one for Albertans as their environmental awareness increases. Depots offer added value to beverage container recycling as containers are sorted on site, resulting in less contamination and better salvage value.

The system's success is thanks to close working relationships between the regulator – the Beverage Container Management Board – and its industry partners, depot owners and staff, and all Albertans. With over 200 depots province-wide accepting more than 1.7 billion containers each year for deposit, there is much to be proud of when it comes to Alberta's leadership in environmental stewardship. Every person in the province can take ownership of and participate in the recycling of beverage containers.

All signs indicate a return rate goal of 85% by 2011 **will** be achieved and the number of containers reaching landfills will continue to decrease significantly, an accomplishment all Albertans can be proud of as we strive to reduce our environmental footprint for future generations.

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# about the BCMB

The Beverage Container Management Board is responsible for the collection and recycling of beverage containers throughout Alberta. The BCMB and its two collection system agents, the Alberta Beverage Container Recycling Corporation (ABCRC) and the Alberta Beer Container Corporation (ABCC), work in partnership with the Alberta Bottle Depot Association (ABDA) to ensure the collection and processing of used beverage containers.

## MANDATE

The Board operates within policy parameters set out by the Minister of Alberta Environment. The BCMB was incorporated under the *Societies Act* on October 9, 1997 and established as a management board under the Beverage Container Recycling Regulation pursuant to Section 175 (jj) of the *Environmental Protection and Enhancement Act* on December 1, 1997.

By Order in Council 505/2008 dated October 22, 2008, the Beverage Container Recycling Amendment Regulation extended the Beverage Container Recycling Regulation for five years, expiring October 31, 2013. The BCMB operates in

accordance with the above, as well as the following by-laws set by the Board:

- Beverage Container Management Board General Bylaw
- Beverage Container Management Board Administrative Bylaw
- Beverage Container Management Board Fee Bylaw
- Beverage Container Management Board Administrative Compliance Bylaw

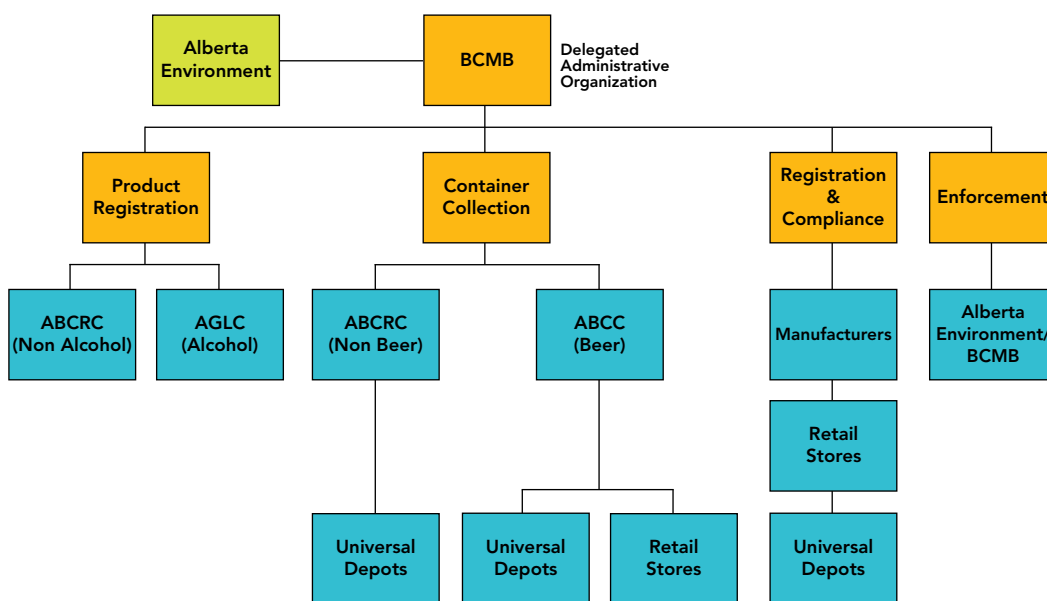
## STRUCTURE

The governance structure of the BCMB consists of a 16-member Board of Directors composed of an equal number (five each) of members from beverage manufacturers, the depot industry, and the public, as well as one non-voting representative from Alberta Environment.

## FUNDING FOR OPERATIONS

The Government of Alberta does not supply or receive any funding for or from the operation of the beverage container recycling system. Depot operators and beverage manufacturers fund the administrative costs of the BCMB through a levy based on beverage container returns.

## Beverage Container System



BCMB = Beverage Container Management Board  
 ABCC = Alberta Beer Container Corporation  
 ABCRC = Alberta Beverage Container Recycling Corporation  
 AGLC = Alberta Gaming & Liquor Commission

## alberta's beverage container recycling system

In Alberta, beverage manufacturers are responsible for post-consumption collection of their beverage containers, and they have designated two collection system agents that gather their containers from bottle depots around Alberta – the Alberta Beverage Container Recycling Corporation and the Alberta Beer Container Corporation.

Manufacturers (through their collection system agent) pay a handling commission to the depots for each of their containers received. In return, the depot operator sorts the containers into different groups. Refillable containers are sorted by size and manufacturer. Non-refillable containers are sorted into groups consisting of the same material, size and colour.

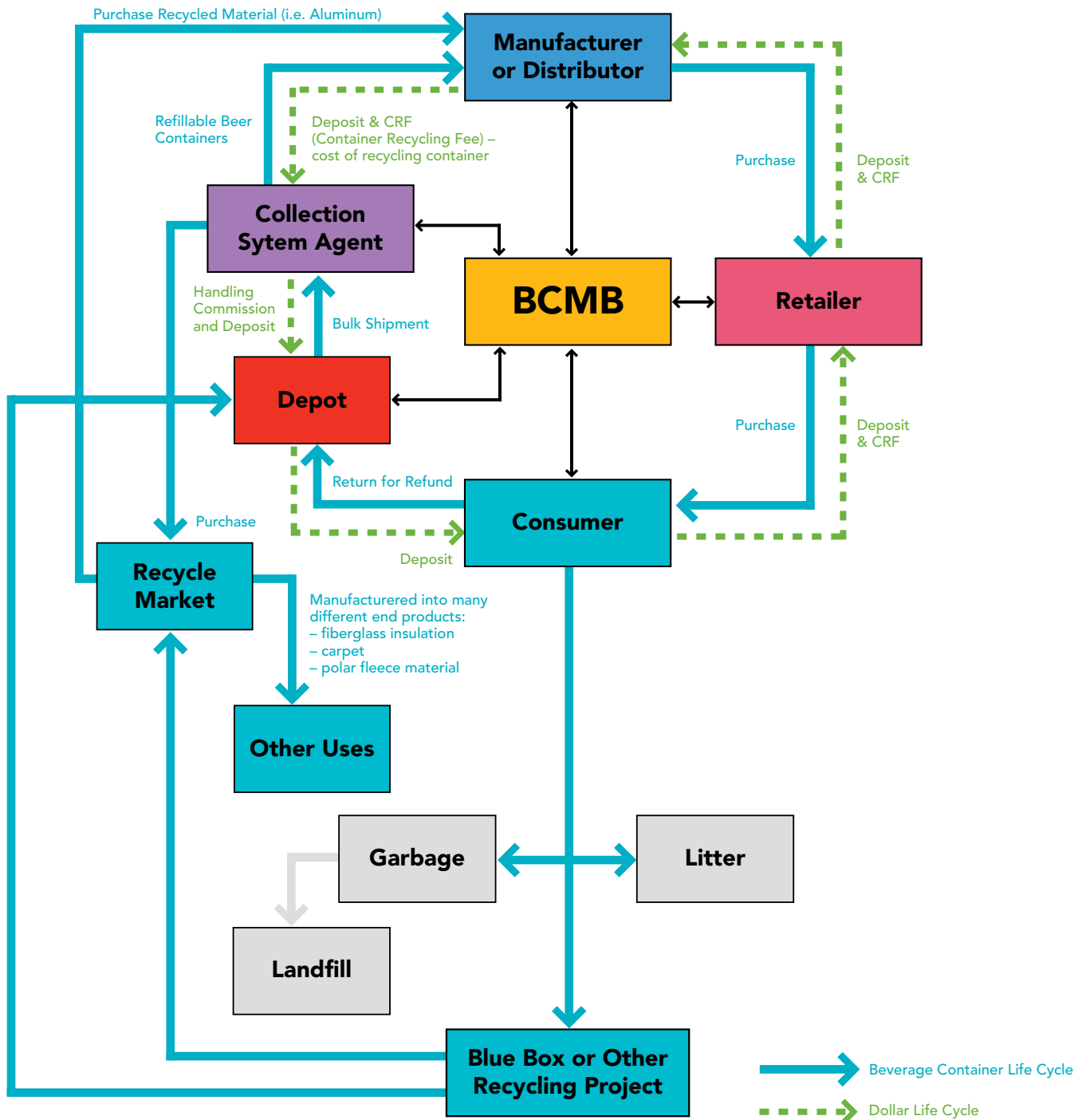
This handling commission is the only source of income for bottle depots. The Alberta government does not subsidize depots in any way. As an incentive for consumers to recycle, the provincial government imposes a refundable deposit on each beverage container. Consumers are entitled to a cash refund of the full deposit they have paid on each container and are reimbursed at a bottle depot. Beverage container manufacturers are required to reimburse the bottle depots for the deposits they pay out on each of the containers.

Alberta's innovative beverage container recycling system has achieved one of the best recycling records in Canada. Approximately 82% of the containers sold in the province are recycled. This conserves more than 390,000 cubic metres of landfill space every year.

The system has grown to include 216 universal bottle depots that accept all beverage containers and 66 Class D (beer containers only) depots. The BCMB has registered over 85,000 alcohol and non-alcohol beverage products.

Beverage container recycling has become a way of life for Albertans. Every indication is that our system will remain an effective, convenient, and cost efficient means for Albertans to participate in environmental stewardship.

# Beverage Container Life Cycle





Milk, cream, and meal replacement containers were added to the deposit-refund system on June 1, 2009, making Alberta the first jurisdiction in North America to do so.



## 2009 highlights

The Beverage Container Management Board had a number of milestones in 2009. New containers were added to the recycling system, the return rate continued to increase, and significant enhancements to operations and governance resulted in more efficiencies and innovation.

- The overall return rate for beverage containers rose to 82% from 77% in 2008.
- Milk, cream, and meal replacement containers were added to the deposit-refund system on June 1, 2009, making Alberta the first jurisdiction in North America to do so.
- With the addition of milk, cream, and meal replacement containers, **ALL** beverage containers in Alberta are now accepted at depots for a refund of the deposit paid on them in stores.
- 2009 was the first year using new board governance policies, resulting in stronger decision-making processes and enhanced Board accountability and transparency.
- The number of Board members increased to 16. Fifteen are voting members – five each from the beverage manufacturing sector, the depot sector, and the public, and one is a non-voting representative from Alberta Environment.
- A Life Cycle Assessment (LCA) of recyclable materials was initiated to look at alternative uses and dispositions of materials to achieve the best environmental outcome possible.
- Over 100 depots had 100% accurate audits of refunds through the Mystery Shopper program.
- Changes were made to how handling commissions are set, resulting in more streamlined processes, the use of mediation, and updated rules and bylaws.
- A November 2009 survey found almost 99% of those surveyed recycle at least some of the time and the most popular method of doing so is through bottle depots (87%).
- The survey also indicated high ratings for five attributes: location of depots, the deposit received, cleanliness of the depot, wait time, and protection of the environment.

## letter to the minister

June 2, 2010

Honourable Rob Renner  
Minister of Alberta Environment  
Government of Alberta  
425 Legislature Building  
10800 - 97 Avenue  
Edmonton AB T5K 2B6

Dear Minister Renner:

On behalf of the Board of Directors of the Beverage Container Management Board, I am pleased to present our Annual Report for the fiscal year ended December 31, 2009 in accordance with Section 5 of the Beverage Container Recycling Regulation (Alta. Reg. 101/97).

Yours truly,



Ross Risvold  
Chair  
Beverage Container Management Board

cc:  
Cal Dallas  
Parliamentary Assistant





## chair's report

On behalf of the Board of Directors of the Beverage Container Management Board, I am pleased to present our 2009 Annual Report.

2009 was an exciting year for the BCMB. A number of significant changes in the beverage container recycling system are resulting in increased return rates, streamlined decision-making processes, and more positive experiences for customers at depots across the province.

I am particularly proud of how well beverage container stakeholders worked together to bring the return rate to 82%, just shy of the goal of 85% by 2011. Depots, manufacturers, retailers, hotel and liquor store owners, governments, environmental organizations, and the public are all contributing to the system and making it successful.

In June 2009, the number of Board members increased to 16 from 12 in 2008 as a result of the introduction of dairy containers to the system. Fifteen are voting members – five each from the beverage manufacturing sector, the depot sector, and the public. One is a non-voting member who represents the Alberta Government.

The BCMB continued to enhance its quality control to ensure the public, depots, and manufacturers are satisfied with the system. Board committee work increased in 2009 to focus on key issues related to quality control and streamlining the system.

The *Return Rate Committee* took on more activities to help reach our 85% beverage container return rate goal. As well, our first *Policy Issues Task Force* developed several new BCMB policies to assist in streamlining the handling commission process. This was important to ensure the review process is predictable, cost-effective, and timely.

Another exciting initiative that began in 2009 and that I feel will greatly impact the decisions we make related to the recycling of beverage containers is the Life Cycle Assessment (LCA) of recyclable materials. The LCA will look at alternative uses and dispositions of materials designated for recycling or safe disposal under the *Environmental Protection and Enhancement Act*.

The assessment will help BCMB and other recycling organizations make well-informed decisions regarding potential end uses and management options for designated materials. It will allow for a full cost-benefit analysis of the environmental, social, and financial impacts of alternative uses for beverage containers after they have been sold in a retail outlet. This will be tremendously beneficial to our industry, and Alberta Environment's encouragement in this area has been appreciated.

One of the most exciting accomplishments of 2009 was the integration of milk and dairy containers into the deposit-refund system. Alberta is the first jurisdiction in North America to do so and we are the only jurisdiction I'm aware of that now accepts **ALL** beverage containers for refund. Again, Alberta Environment's leadership with this initiative needs to be recognized.

I'd like to welcome the new members to the Board and thank all members for their hard work this year. Board members participate on a number of committees that address several important issues and opportunities in the beverage container industry in Alberta, and they do an excellent job of representing their organizations and the public in that regard.

I especially want to thank Environment Minister Rob Renner, former Alberta Environment Parliamentary Assistant Diana McQueen, and staff of Alberta Environment for their leadership and support.

BCMB staff and our stakeholders deserve thanks as well for their support and commitment to ensuring Alberta has the best beverage container recycling system possible – one that will play a significant role in protecting our environment and benefit Albertans for generations to come.

Ross Risvold  
Chair, Beverage Container Management Board



## managing director's report

Alberta's leadership in waste reduction and environmental stewardship remains firm, and exciting new opportunities were seized and acted upon in 2009. Our growing population of 3.6 million people and often volatile economy can present challenges to any industry, but the beverage container recycling industry continues to adapt and improve in order to meet those challenges and remain successful.

Our place as a leader in beverage container recycling in North America is secure as we continue to make improvements and changes to the system to make it easier to access and more efficient for customers.

Alberta achieved another "first" in 2009, becoming the first jurisdiction in North America (and the world) to include milk, cream, and meal replacement containers in the deposit-refund system. That means **every** beverage container sold in Alberta is now part of the system, meaning a deposit is paid on every container and a refund of that deposit is available at depots across the province.

We experienced some challenges with the marking of dairy containers for the June 1 integration that led to some confusion for consumers, but overall the transition was a smooth one thanks to BCMB staff, depot staff, and our industry partners.

Return rates for a number of different milk containers rose steadily in the months after they were added to the deposit-based system and it is anticipated they will continue to increase as more Albertans become familiar with returning empty milk containers to bottle depots.

We are now handling the highest volume of containers in the history of the BCMB. Over two billion containers are sold in Alberta each year and about 1.7 billion are being returned. The overall return rate for 2009 was 82%, up from 77% in 2008 and not far from BCMB's goal of 85% by 2011.

Achieving such return rates is made easier by ensuring all Albertans have easy access to a bottle depot. In 2009, five new depots opened in Alberta – four in rural areas (Oyen, Andrew, Holden, and Myrnam) and one in Calgary. That brought the total number of depots in Alberta to 216 by the end of 2009, Canada's largest network of beverage container recycling depots. Permit applications are also being reviewed for more bottle depots in Calgary.

The BCMB worked hard this year to ensure depots were offering the best service possible to customers. An emphasis on progressive action and quality control led to increased compliance in the industry.

Our staff conducted 389 depot inspections, compared to 238 in 2008. Depots that score higher than 80% on inspections are considered in full compliance with the depot criteria set by the Board. The average score in 2009 was just over 87%. Depots not in full compliance with depot criteria are given permits with reduced time periods to allow them to rectify any deficiencies.

Our Mystery Shopper program is another "check and balance" as it helps determine the accuracy of refunds. The number of Mystery Shopper audits in 2009 was 448, compared to 292 the previous year, thanks to the hard work of a community partner helping to conduct the program. Depots work diligently to provide accurate refunds and I'm pleased that over 100 depots achieved a 100% accurate audit in 2009.



The BCMB also conducts retail inspections to ensure beverage containers have been registered by manufacturers. BCMB staff conducted 97 retail inspections this year, up more than 27% from 76 inspections in 2008.

Operational changes have led to efficiencies as well. The BCMB has improved how its financial information from depots (Uniform Code of Accounts) is collected and tracked, making our financial reporting more current.

We continue to seek innovative practices and container counting technology that will make the system more environmentally friendly. In 2010 we will complete a Benchmarking of Best Practices Study on the industry to explore innovation in other jurisdictions.

2009 was also a significant year for the Board in relation to our governance and decision-making processes, as outlined in Chair Ross Risvold's report. The expanded board allows for more public input and stakeholder representation, and bylaw changes allow the Board to more effectively govern the beverage container recycling program.

We also continue to increase the level of cooperation with our key stakeholders. A critical stakeholder mapping session was held in December with the assistance of the Alberta Research Council.

Another important milestone was the implementation of changes to how handling commissions are set, resulting in more streamlined processes, the use of mediation, and updated rules and bylaws. The Handling Commission review, which must be completed once every three years, will begin in 2010. The last review was completed in December 2007.

Perhaps the best measure of our success is not only how many people recycle their beverage containers, but also how they view their experience as they return those containers to their bottle depot.

A survey of Albertans in November 2009 found almost 99% of those surveyed recycle at least some of the time and the most popular method of doing so is through bottle depots (87%). The survey also indicated high ratings for importance of and satisfaction with the location of depots, the deposit received, cleanliness of the depot, wait time, and protecting the environment (see more on survey results on page 23).

Clearly the improvements we are making are working and Albertans are embracing the opportunity to reduce waste in landfills by recycling. It's exciting to know such a high percentage of Albertans are committed to recycling beverage containers and the BCMB will continue to make it convenient and efficient for them to do so.

I'd like to take this opportunity to thank the staff of the BCMB and the Board of Directors for their commitment and hard work in 2009 and our many stakeholders for their support and assistance with helping us maintain our leading-edge approach and ensuring Alberta's beverage container recycling system remains one of the best and most comprehensive in North America.



John Bachinski  
Managing Director, Beverage Container Management Board



**VISION**

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

**MISSION**

To govern a leading beverage container management system that is innovative, accessible and cost-effective.



## 2009-2011 business plan summary

The Beverage Container Management Board committed to achieving the planned results laid out in its 2009-2011 Business Plan.

The Board's Plan for the period January 1, 2009 through December 31, 2011 was prepared in accordance with the requirements of the Beverage Container Recycling Regulation, as amended, which was enacted under the *Environmental Protection and Enhancement Act* and the organization's bylaws.

All of the BCMB's existing and proposed policies and procedures as of May 2009, and all of the Board's accountability obligations and relationships were considered in preparing the Business Plan. As well, the Government of Alberta's and Department of Environment's Business Plan and priorities were taken into account in the development of the 2009-2011 Business Plan.

The BCMB's programs and goals contribute to the provincial goal of *sustaining the high quality of Alberta's environment*. The BCMB is a material example of the shared responsibility of citizens, communities, governments, and industry for stewardship of the environment. A key outcome of the stewardship of beverage container recycling is the minimization of waste, as well as recycling leadership in the beverage container sector.

The BCMB's programs and goals also contribute to Alberta Environment's goal of having *Albertans, communities, governments and industry working as good stewards of the environment*.

The BCMB's stated mandate from its incorporating documents is to "*establish, maintain and administer a waste minimization and recycling program for beverage containers*". It achieves this by meeting its objectives of:

- improving container recycling return rates
- reducing the environmental impact of beverage containers
- cost effectiveness and transparency in the beverage container recycling system
- governing and administering the beverage container recycling system

## goal 1

### IMPROVE CONTAINER RECYCLING RETURN RATES

#### Strategies

- 1a. Re-establish the "Return Rate" sub-committee of the Board to take the lead in identifying and planning for implementation of specific strategies to improve container recycling return rates. The membership will include representation from the Collection System Agents (CSAs) as well as depots and beverage manufacturers.
- 1b. Get informed. The Board will work with the CSAs and depots in an analysis of the existing return rates by segment – geography, container stream, consumer group or other criteria – to identify specific weaknesses in the program.
- 1c. Undertake an internal and external analysis and benchmarking of best practices in beverage container recycling. The analysis will provide options for the Board, the CSAs, and depots to consider for Alberta's container recycling system.

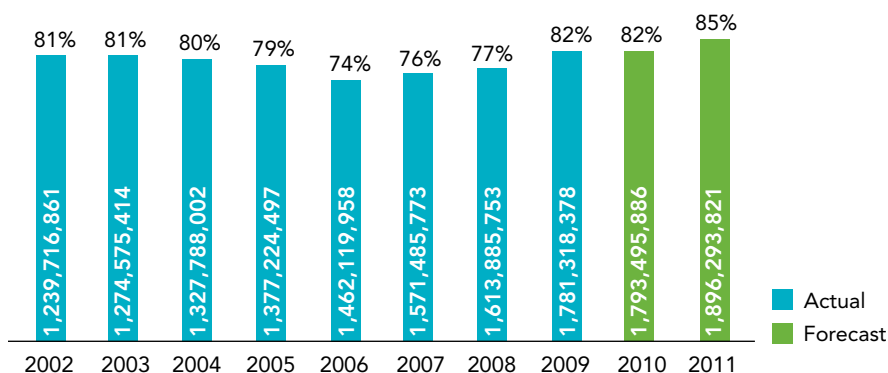
#### Performance Measures

##### Returns per Capita

Measure	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast
Returns per capita	461.39	490.39	497.69	518.44

Note: Returns per capita are calculated by dividing the most recent Alberta Government population estimate by total containers returned.

##### Number of Containers Returned



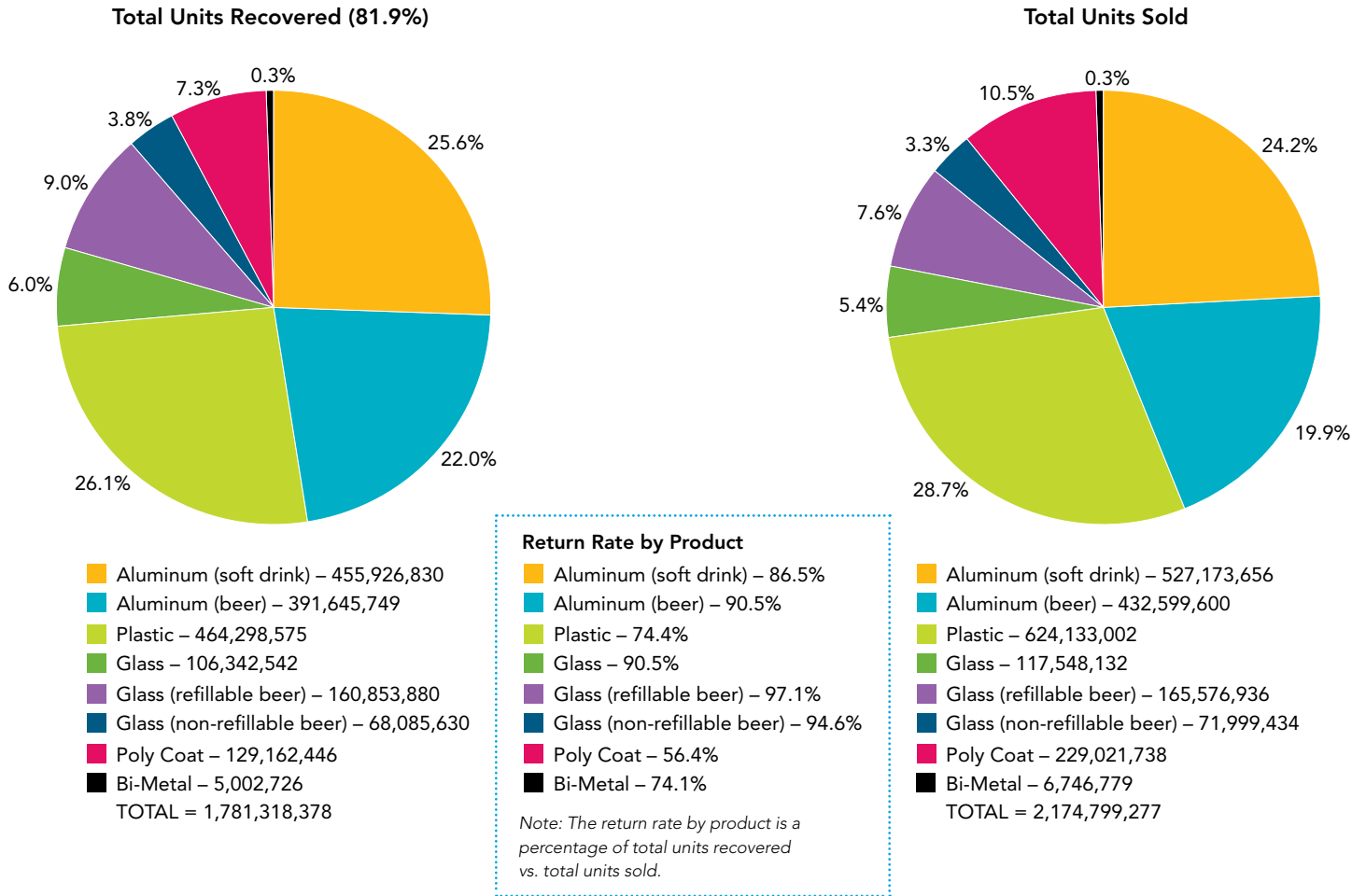
Notes: The number of containers returned is compiled from monthly statistics provided by the two Collection System Agents, ABCRC and ABCC.

Projections for 2010 to 2011 are based on a 2% increase in container sales with container returns at the targeted return rate of 82% for 2010 and 85% for 2011.

Note: Milk containers introduced to system June 1, 2009.



### 2009 Return Rates and Sales by Product



### Progress on Strategies

1a. The Return Rate Committee has been re-established and has set a Terms of Reference. In the coming year, this Committee will work closely with stakeholders, focusing on increasing consumer awareness, improving accessibility for customers, and addressing customer concerns regarding service or other unintended barriers to container recovery.

1b. Analysis of return rates by segment – electronic mapping is being developed that will assist with the collection of geographic and demographic data for depot service areas. In addition, the Return Rate Committee has highlighted the issue of return rates by container type for further research.

1c. Meyers Norris Penny began a Benchmarking of Best Practices Study of beverage container recycling in November 2009. A final report is expected in April 2010.

## goal 2

### TO REDUCE THE ENVIRONMENTAL IMPACT OR FOOTPRINT OF BEVERAGE CONTAINER USE

#### Strategy

2a. The BCMB will undertake an environmental footprint analysis that considers the life cycle impacts (material sourcing through manufacture, use and recycling) of different containers on the environment.

Note: The key measure of environmental performance is the beverage container return rate. However, the BCMB also measures the environmental impact of the beverage container recycling system as an indication of the outcomes.

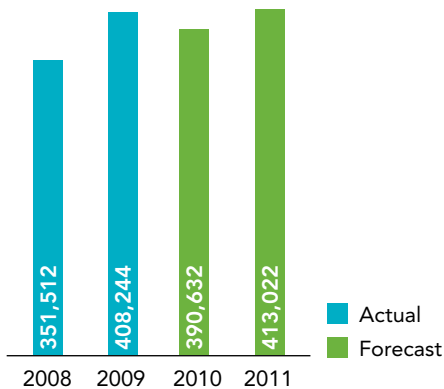
#### Performance Measures

##### Per Capita Diversion

Measure	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast
Per capita diversion	23.76 kg	23.14 kg	25.63 kg	26.70 kg

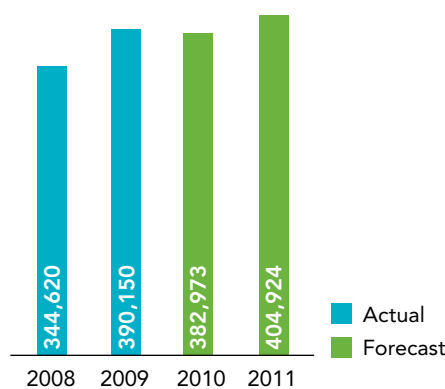
Note: Diversion per capita is calculated by dividing metric tonnes recycled, as reported by ABCRC and ABCC, by population and is reported in kilograms. Forecasts were based on 2008 averages per container.

##### Barrels of Oil Conserved



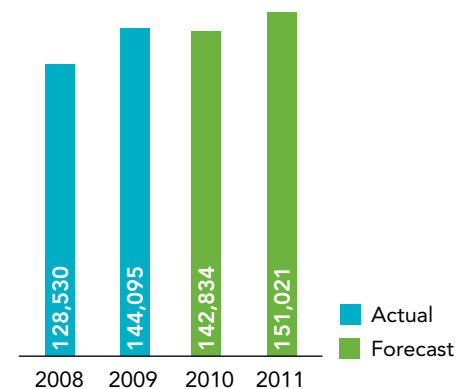
Note: Barrels of oil conserved are calculated from actual metric tonnage recycled as reported by ABCRC and ABCC, converted into energy (gigajoules) and is based on a rate of gigajoules per barrel.

##### Cubic Meters of Landfill Space Avoided



Note: Calculations for cubic meters of landfill saved are based on the metric tonnes of recycling material diverted, as reported by ABCRC and ABCC.

##### Tonnes of Greenhouse Gas Emissions (MTCO<sub>2</sub>E) Avoided



Note: Avoided greenhouse gas emissions are calculated from actual metric tonnage recycled, as reported by ABCRC and ABCC, and are reported as metric tonne carbon dioxide equivalent or MTCO<sub>2</sub>E (GHG). The calculation represents the GHGs conserved based on the weight of the beverage containers diverted from landfill.

#### Progress on Strategy

2a. A Life Cycle Assessment (LCA) of recyclable materials has begun. The LCA will look at alternative uses and dispositions of materials designated for recycling or safe disposal under the *Environmental Protection and Enhancement Act*.

## goal 3

### TO ENSURE THAT THE BEVERAGE CONTAINER RECYCLING SYSTEM OPERATES IN A COST EFFECTIVE MANNER

#### Strategies

- 3a. The BCMB will engage a cost effectiveness sub-committee of the Board to take the lead in identifying and planning for specific strategies to improve cost effectiveness in container recycling. The membership will include representation from the CSAs as well as depots and manufacturers.
- 3b. Undertake an internal and external analysis and benchmarking of best practices in beverage container recycling. Analysis will provide options for improving cost effectiveness that the Board, CSAs, and depots may apply to the system.
- 3c. The BCMB will commence an initiative to advance implementation of computer technologies in depots including the use of "Point of Sale" systems to encourage improved customer service, speed, and accuracy as well as the use of standardized accounting systems to improve tracking of depot costs.

#### Progress on Strategies

- 3a. The strategies proposed for the Cost Effectiveness Subcommittee were combined with the duties of the Return Rate Committee and cost effectiveness will continue to be a focus for the Return Rate Committee.
- 3b. See 1c.
- 3c. Preliminary meetings have been held with the existing Point of Sale (POS) vendor on their depot program and what they offer. Funds have been budgeted in 2010 for a review of the POS system. This issue continues to be a focus for the Board.

#### Performance Measures

##### Cost Per Container Returned and Net System Cost Per Container

Measure	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast
Containers returned/projected	1.6 billion	1.8 billion	1.8 billion	1.9 billion
Cost per container returned	4.93 cents	5 cents (projected)	5 cents	5 cents
Net system cost per container	1.94 cents	1.68 cents (projected)	1.68 cents	1.68 cents

Notes: 2009 Actuals for cost per container returned and net system cost per container are projections. These numbers will be available in fall 2010 and will be identified in the 2010 Annual Report.

Forecasts were based on 2008 averages per container and were updated after the 2009-2011 Business Plan was developed.

Cost per container returned is calculated by dividing the total expenses of ABCRC and ABCC by number of containers returned. The actual cost is available one year after the reporting period and will be identified in the 2010 annual report. In addition, costs per container returned are projected to remain the same and population is estimated to increase by 1.5%.

Net system cost per container is calculated by dividing the total expenses of ABCRC and ABCC, less material revenues and unredeemed deposits, by the number of containers returned. The actual cost is available one year after the reporting period and will be identified in the 2010 annual report.



## goal 4

### TO EFFECTIVELY GOVERN AND MANAGE ALBERTA'S BEVERAGE CONTAINER RECYCLING SYSTEM

#### Strategies

- 4a. The BCMB will conduct and complete its second handling commission review, the first to take place under a process that has been revised to address specific deficiencies.
- 4b. The BCMB will develop Collection System Agent (CSA) performance criteria.
- 4c. The BCMB will implement an enhanced compliance program that is aimed at helping to standardize performance and service at the province's depots.

#### Performance Measure

Under development.

#### Progress on Strategies

- 4a. Handling commission review will commence in 2010.
- 4b. A Collection System Agent (CSA) Performance Review Task Force has been formed and work has begun on reviewing the performance criteria.
- 4c. The BCMB is working on development of a depot manual as a training tool for new operators to enhance compliance. It is expected to be completed in mid-2010.

A measure related to compliance is also being developed.

## goal 5

### TO ENSURE FULL ACCOUNTABILITY AND TRANSPARENCY TO ALL ALBERTANS

#### Strategies

- 5a. The BCMB will implement a comprehensive Balanced Scorecard for the beverage container recycling system.

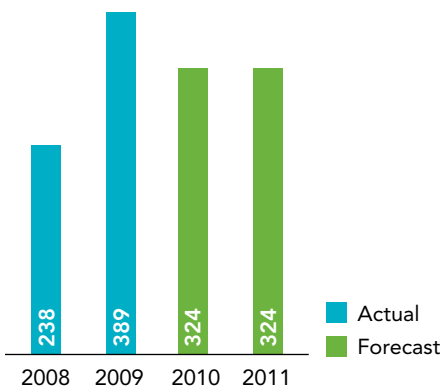
#### Performance Measures

##### Mystery Shopper Audits, Number of Product Registrations and New Manufacturers

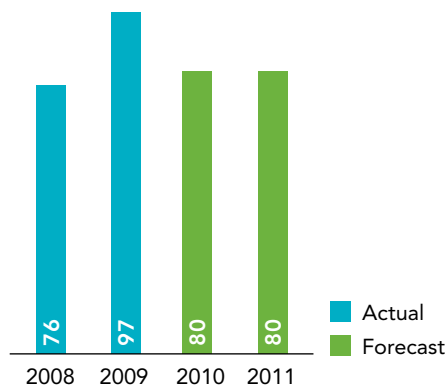
Measure	2008 Actual	2009 Actual
Mystery shopper audits	292	448
Number of product registrations	6,158	6,750
Number of new manufacturers	26	46

*Note: The 2009-2011 Business Plan does not include forecasts for mystery shopper audits, number of product registrations, or number of new manufacturers.*

##### Number of Depot Inspections



##### Number of Retail Inspections



*Note: The above measures are currently used to assess accountability and transparency.*

#### Progress on Strategies

- 5a. The Balanced Scorecard was developed in September 2009 for the 2010-2012 Business Plan and includes comprehensive performance measures for each goal.

## BCMB LEADERSHIP & GOVERNANCE

In addition to the previous measures of performance, the BCMB also committed in its 2009-2011 Business Plan to measure its leadership in the beverage container recycling sector and the quality of its governance (Section VIII-F).

The measures in this regard are:

- The results of the annual governance assessment conducted as outlined in the BCMB Governance Manual.
- The progress of the BCMB against its business plan goals.
- The audit recommendations and the BCMB action in addressing them.

Progress has been made on these measures. The governance assessment model has been developed and will be implemented in February 2010.

As well, to align with Government of Alberta performance measurement reporting standards, the BCMB has improved processes and controls on reporting of performance measures to ensure that reported results are reasonable, reliable, comparable and complete. This includes a review and update of methodology used, formal documentation of data collection and storage methods used by Collection System Agents, and management review of data preparation and performance measure calculations.



# 2009 recycling survey of albertans

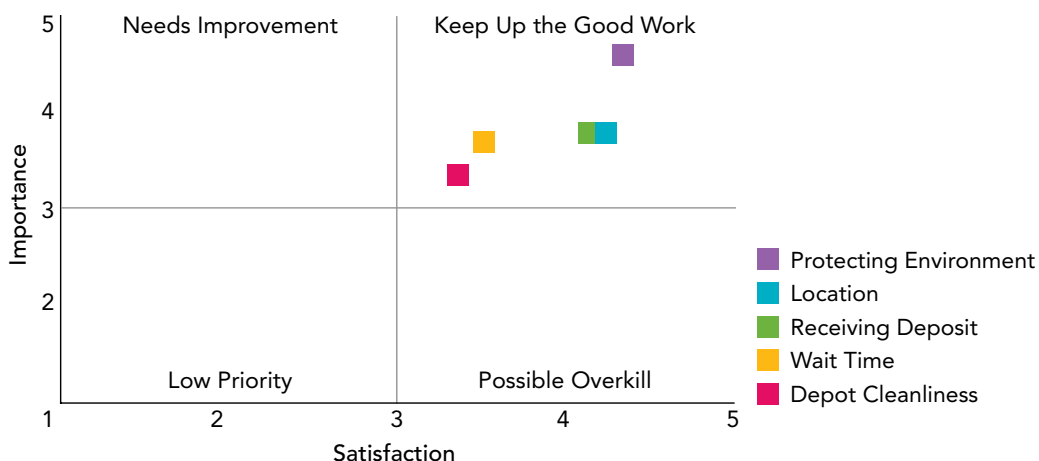
In 2009, the Beverage Container Management Board commissioned a survey by The Praxis Group to assess Albertans' opinions and behaviour related to beverage container recycling within the province. Specifically, study content focused on current recycling or redemption of beverage containers, knowledge of what can be returned for a refund, satisfaction with and importance of various aspects of bottle depots, and possible ways to increase Albertan's recycling.

A random sample telephone survey of Albertans was conducted in October/November 2009 to obtain information on individual's beverage recycling habits. Some of the survey findings include:

- Almost 99% of Albertan's surveyed recycle at least some of the time and the most popular method of doing so is via bottle depots (86.6%).
- Most respondents (83.4%) visit a depot at least once every three to four months.
- 61% of respondents said that it takes 10 minutes or less to reach a bottle depot (includes curb-side recycling), and 81% of Albertans are within 20 minutes of a depot.
- 87% of Albertans indicate that a closer depot would not increase their recycling.

- The most commonly recycled beverage containers are aluminum soft drink cans (70.6%) and plastic bottles (70.6%).
- The least recycled beverage containers are foil pouches; 56% of respondents said they "did not know" (replied "no" or "not sure") that foil pouches could be returned for a refund.
- Most Albertans stated that the change to deposit amounts in October 2008 did not increase their recycling; however, 15.5% said this change resulted in at least a "minimal increase" in their recycling.
- 59% of respondents said donating containers to charities was one of their methods of recycling.
- Three consistent suggestions were offered on how to decrease the amount of containers that end up in landfills: increase education and awareness, raise deposits, and add more public recycling bins (blue bins).
- In rating satisfaction with the latest experience at a bottle depot, service received at the depot and convenience of the depot's location received the highest scores and depot cleanliness received the lowest score.

## Satisfaction with Recycling Opportunities



# what happens to recycled containers?

Recycling beverage containers has many environmental and economic benefits. Recycling containers saves energy, reduces landfill use, and helps combat global warming with the reduction of greenhouse gas emissions. Each beverage container material type has unique processes and energy requirements for both manufacturing and recycling. The amount of energy saved in recycling varies by material type. For example, recycling aluminum requires just 5% of the energy used to create the original products from virgin material, while plastic recycling requires 30%, and glass around 70%.

Some of the commercially useful products that come from Alberta's recycled beverage containers include: new containers, fleece jackets, fibreglass insulation, cardboard boxes, and construction re-bar.

## ALUMINUM CANS

Aluminum is made from bauxite, an ore mined from the earth. It doesn't decompose or break down. When recycled, aluminum is melted down and reshaped into new cans. In 2009, over 12,000 tonnes of material was diverted from Alberta landfills (95-99% of weight shipped is recycled, with the remaining being moisture and contaminants).

## PLASTIC CONTAINERS

The majority of plastic containers are made from polyethylene terephthalate (PET) and high density polyethylene (HDPE), most of which are petroleum-based, non-renewable resources. Shredded containers are sold to plastic recyclers who reuse the plastic to manufacture non-food containers. In some cases, used plastic is turned into a fibre used to make items like fleece jackets and vests. Over 80% of the materials in PET, HDPE and LDPE (low density polyethylene) are recycled, resulting in diversion of over 14,500 tonnes in 2009.

## GLASS CONTAINERS

Coloured glass is used to make fibreglass insulation for homes. 98% of non-refillable glass is recycled (54,000 tonnes in 2009).

## REFILLABLE GLASS BEER CONTAINERS

Refillable glass containers are returned to the manufacturer for refilling on average 14 times. Containers that are chipped, damaged, or deemed no longer suitable for reuse, as well as those subject to bottle line contamination, are culled out, crushed, and recycled. Recycling and reuse of glass beer containers resulted in over 42,000 tonnes being diverted in 2009.

## POLYCOAT JUICE & MILK CARTONS

Drink boxes (known as "aseptic" containers) and gable top juice and milk cartons (referred to as "polycoat") are made of up to three material types: paper, an aluminum lining, and a plastic coating. Containers go through a hydra-pulping process that separates the different material types. The resulting paper pulp is then used to make cardboard boxes of all shapes, sizes, and colours. About 80% of material by weight is recycled, resulting in over 3,100 tonnes being diverted in 2009. Waste cardboard boxes and bag-in-a-box containers are baled and sold to paper recyclers for the manufacturing of pulp suitable for tough objects like cardboard boxes and tubes.

## BI-METAL CONTAINERS

Metal tins and cans used as beverage containers are baled and then melted down to be turned into scrap metal, which can then be used as construction re-bar. 95% of the weight is recycled, resulting in over 322 tonnes being diverted in 2009.

# bottle depot network

With 216 universal bottle depots throughout the province and 66 beer container depots, Alberta has Canada's largest network of beverage container recycling depots. The BCMB works with depots to ensure high levels of service and convenience for customers. Through this work, material is diverted from landfills, the environmental impacts of beverage container use are reduced, and manufacturers are provided with a source of clean, recyclable materials.

Most Albertans now recycle at least some of the time, and a recent survey found the most popular method of doing so is through bottle depots. The survey also indicated that Albertans are satisfied with depot locations, the deposit they receive, the cleanliness of depots, wait times, and the end result of protecting the environment.

- Airdrie
- Alder Flats
- Alix
- Alliance
- Andrew
- Ardrossan
- Athabasca
- Banff
- Barrhead
- Bashaw
- Bassano
- Beaumont
- Beaverlodge
- Beiseker
- Bentley
- Big Valley
- Blairmore
- Bonnyville
- Bow Island
- Boyle
- Bragg Creek
- Breton
- Brooks
- Bruderheim
- Calgary (23 Depots)
- Calmar
- Camrose
- Canmore
- Carbon
- Cardston
- Caroline
- Carstairs
- Castor
- Chauvin
- Chestermere
- Clandonald
- Claresholm
- Coaldale
- Cochrane
- Cold Lake
- Consort
- Coronation
- Crossfield
- Daysland
- Delburne
- Devon
- Didsbury
- Drayton Valley
- Drumheller
- Eckville
- Edmonton (19 Depots)
- Edson
- Elk Point
- Evansburg
- Fairview
- Falher
- Falun
- Forestburg
- Fort Macleod
- Fort McMurray
- Fort Saskatchewan
- Fort Vermilion
- Fox Creek
- Gibbons
- Gleichen
- Glendon
- Glenevis
- Grande Cache
- Grande Prairie (2 Depots)
- Grimshaw
- Hanna
- Hardisty
- Hay Lakes
- High Level
- High Prairie
- High River
- Hines Creek
- Hinton
- Hobemma
- Holden
- Hughenden
- Hythe
- Innisfail
- Innisfree
- Irma
- Jasper
- Jossard
- Killam
- La Crete
- La Glace
- Lac La Biche
- Lacombe
- Lamont
- Langdon
- Leduc
- Legal
- Lethbridge (2 Depots)
- Linden
- Lloydminster
- Manning
- Mannville
- Marwayne
- Mayerthorpe
- McLennan
- Medicine Hat (2 Depots)
- Milk River
- Millet
- Morinville
- Mundare
- Myrnam
- Nanton
- New Norway
- Niton Junction
- Okotoks
- Olds
- Onoway
- Oyen
- Peace River
- Picture Butte
- Pincher Creek
- Ponoka
- Provost
- Rainbow Lake
- Raymond
- Red Deer (3 Depots)
- Red Earth Creek
- Redcliff
- Redwater
- Rimbey
- Rocky Mountain House
- Sexsmith
- Sherwood Park (2 Depots)
- Slave Lake
- Smoky Lake
- Spirit River
- Spruce Grove
- St. Albert (2 Depots)
- St. Paul
- Standoff
- Stettler
- Stony Plain
- Strathmore
- Sundre
- Swan Hills
- Sylvan Lake
- Taber
- Thorhild
- Thorsby
- Three Hills
- Tofield
- Trochu
- Turner Valley
- Two Hills
- Valleyview
- Vauxhall
- Vegreville
- Vermilion
- Viking
- Vilna
- Vulcan
- Wabamun
- Wabasca
- Wainwright
- Warburg
- Water Valley
- Westlock
- Wetaskiwin
- Whitecourt
- Wildwood



## board of directors



Back Row Standing (left to right) – Kulwant Dhillon, Michael Tarkowski, Karim Dossa, Marilyn Martin, Pat Kane, Bruce Rowe, Ken Teare, Elaine Noel-Bentley, Ian Tott, Neil Antymis  
 Front Row Seated (left to right) – Jeff Linton, Paula Kuryk, Ross Risvold (Chair), Fran Spenrath, Thomas Marr-Laing  
 Missing – Greg D’Avignon

The Beverage Container Management Board consists of a 16-member Board of Directors. Membership on the Board is set under the *Societies Act* and includes representation from a cross-section of stakeholders including: beverage manufacturers, bottle depot operators, hotel and liquor store operators, municipal governments, provincial government, non-government environmental organizations, and the public. Board members each sit for three-year terms.

The Board of Directors has the following responsibilities:

- setting criteria for the system
- conducting inspections
- registering beverage containers
- issuing operating permits for container depots
- approving the collection system agents
- maintaining a system of appeals

### Public Members

**Ross Risvold (Chair)**  
Public Member

**Patrick Kane**  
**(Non-voting member)**  
Alberta Environment

**Paula Kuryk**  
Toxics/Waste Avoidance  
Caucus of the Alberta  
Environmental Network

**Elaine Noel-Bentley**  
Public Member

**Bruce Rowe**  
Alberta Urban  
Municipalities  
Association and Alberta  
Association of Municipal  
Districts & Counties

**Ken Teare**  
Public Member

### Manufacturers

**Neil Antymis**  
Alberta Soft Drink Council

**Greg D’Avignon**  
Brewers’ Container  
Council of Alberta

**Marilyn Martin**  
Alberta Beverage Council

**Fran Spenrath**  
Alberta Gaming  
and Liquor Commission

**Ian Tott**  
Alberta Dairy Council

### Depot Representatives

**Kulwant Dhillon**  
Bottle Depot Industry

**Karim Dossa**  
Bottle Depot Industry

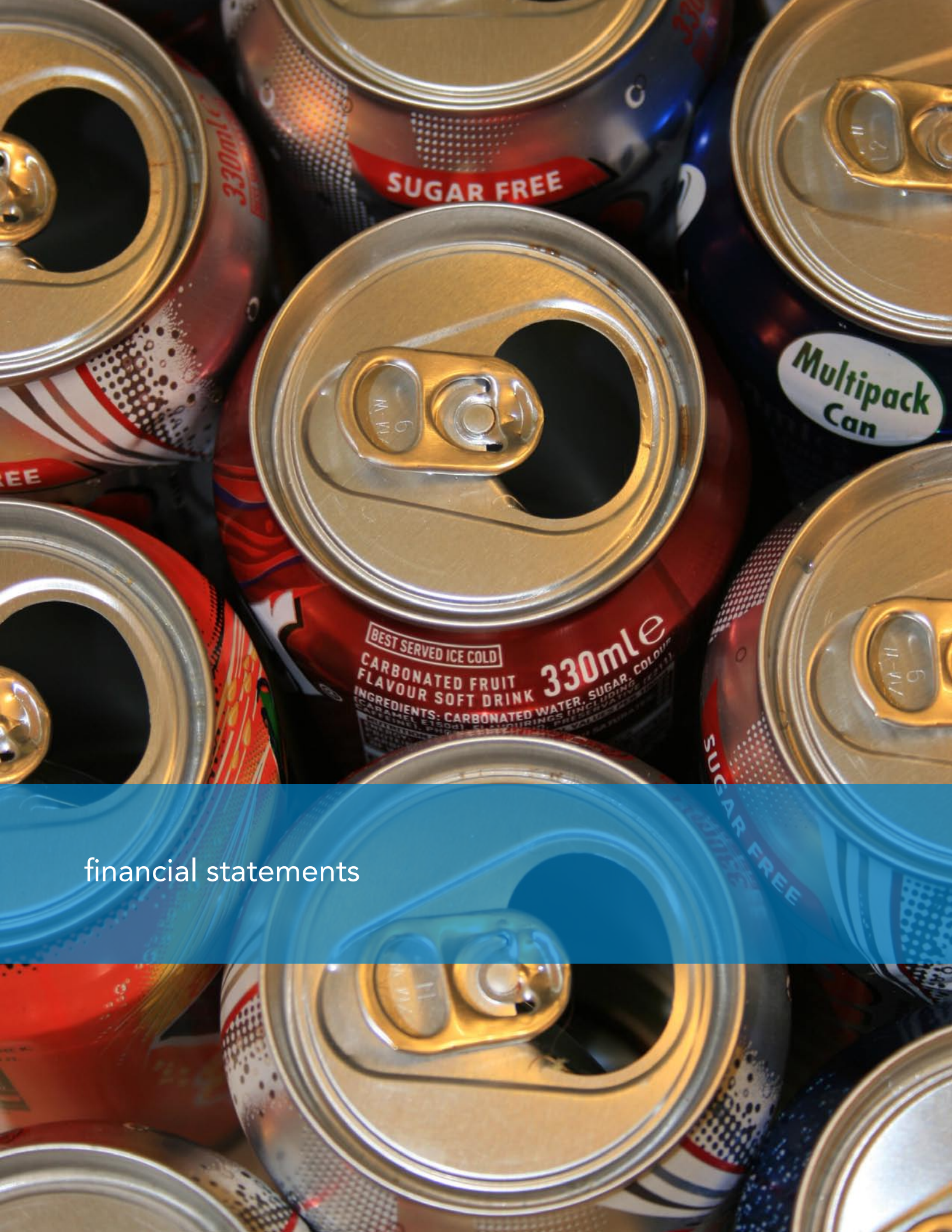
**Jeff Linton**  
Bottle Depot Industry

**Thomas Marr-Laing**  
Bottle Depot Industry

**Michael Tarkowski**  
Alberta Hotel & Lodging  
Association and Alberta  
Liquor Store Association

*Note: A list of Board committees and the members serving on each can be found on page 36 in the Financial Statements.*





financial statements

# auditors' report



PricewaterhouseCoopers LLP  
Chartered Accountants  
Edmonton

April 15, 2010

To the Directors of Beverage Container Management Board

We have audited the balance sheet of Beverage Container Management Board as at December 31, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants

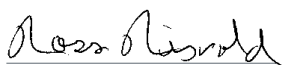
"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

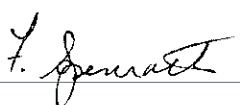
# balance sheet

AS AT DECEMBER 31, 2009

	2009	2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,022,754	\$ 1,732,299
Accounts receivable	30,792	38,156
Prepaid expenses	12,971	8,934
	2,064,517	1,779,389
<b>Restricted cash</b> (note 9)	401,999	216,242
<b>Property and equipment</b> (note 3)	54,389	82,099
	2,520,905	2,077,730
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	79,305	71,923
Current portion of obligation under capital lease (note 4)	3,520	4,567
	82,825	76,490
Obligation under capital lease (note 4)	–	3,520
	82,825	80,010
<b>Contingent liabilities</b> (note 10)		
<b>Net Assets</b>		
<b>Unrestricted</b>	2,036,081	1,781,478
<b>Restricted</b> (note 9)	401,999	216,242
	2,438,080	1,997,720
	2,520,905	2,077,730

Approved by the Board of Directors

Director 

Director 



## statement of changes in net assets

FOR THE YEAR ENDED  
DECEMBER 31, 2009

	Restricted	Unrestricted	2009	2008
<b>Balance – Beginning of year</b>	\$ 216,242	\$ 1,781,478	\$ 1,997,720	\$ 1,032,850
Transfer	183,758	(183,758)	–	–
Excess of revenue over expenditures	1,999	438,361	440,360	964,870
<b>Balance – End of year</b>	401,999	2,036,081	2,438,080	1,997,720

# statement of revenues and expenditures

FOR THE YEAR ENDED  
DECEMBER 31, 2009

	Actual 2009	Budget 2009 (Unaudited)	Actual 2008
<b>Revenues</b>			
Container fees	\$ 2,147,188	\$ 2,260,000	\$ 2,155,816
Depot fees	58,777	21,500	55,500
Product registration fees	33,825	30,000	35,330
Interest and other	9,579	42,000	42,399
	2,249,369	2,353,500	2,289,045
<b>Operating expenditures</b>			
Payroll	610,141	662,700	518,168
Professional fees	311,818	343,800	235,611
Board Directors' honoraria and expenses	164,525	102,900	79,375
Office	144,335	168,800	111,205
Advertising	100,730	200,000	112,074
Refund compliance	76,668	100,000	59,473
Travel	60,578	90,000	46,456
Depreciation	37,005	34,200	47,699
Insurance and licenses	15,301	10,700	12,700
Staff training	11,641	26,000	7,265
Miscellaneous	3,458	2,000	5,847
Depot information system	1,860	20,000	-
Interest on capital lease obligation	187	200	327
	1,538,247	1,761,300	1,236,200
<b>Project expenditures</b>			
Improve return rates			
Best practices and benchmarking	18,759	100,000	-
Operate cost effectively			
Quality control project	10,761	30,000	14,517
Depot training and recognition	4,050	60,000	14,537
	14,811	90,000	29,054
Effective governance			
Handling commission review	117,332	100,000	45,127
Appeals committee	51,356	10,000	-
HR review	25,000	25,000	-
Governance project	1,213	5,000	9,935
CSA performance criteria	-	25,000	-
Regulatory review	-	-	3,859
	194,901	165,000	58,921
Ensure accountability			
Monitoring and reporting	23,831	25,000	-
Consumer survey	18,460	50,000	-
	42,291	75,000	-
<b>Total project expenditures</b>	270,762	430,000	87,975
<b>Total operating expenditures</b>	1,809,009	2,191,300	1,324,175
<b>Excess of revenue over expenditures for the year</b>	440,360	162,200	964,870

# statement of cash flows

FOR THE YEAR ENDED  
DECEMBER 31, 2009

	2009	2008
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 440,360	\$ 964,870
Item not affecting cash		
Depreciation	37,005	47,699
	477,365	1,012,569
Net change in non-cash working capital items	10,709	(11,245)
	488,074	1,001,324
<b>Investing activities</b>		
Purchase of property and equipment	(9,295)	(40,600)
Increase in restricted cash	(185,757)	(5,085)
	(195,052)	(45,685)
<b>Financing activities</b>		
Repayment of obligation under capital lease	(4,567)	(4,427)
<b>Increase in cash</b>	285,455	951,212
<b>Cash – Beginning of year</b>	1,732,299	781,087
<b>Cash – End of year</b>	2,020,754	1,732,299
<b>Supplementary information</b>		
Interest paid	187	328
Interest received	9,579	42,399

## NOTE 1 NATURE OF OPERATIONS

The Beverage Container Management Board (the "Board") was incorporated under the Societies Act of the Province of Alberta on October 9, 1997. As a not-for-profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to Section 149(1)(1) of the Income Tax Act. Pursuant to the Beverage Container Recycling Regulation, Alberta Regulation 101/97, the Board has been delegated responsibility to administer the regulation and supervision of the beverage container management system in the Province of Alberta.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

### a) Revenue recognition

Container fees represent a levy charged for each registered beverage container recycled in the Province of Alberta. Product registration and depot fees are recorded as the related service is performed.

### b) Property and equipment

Property and equipment are recorded at cost. Depreciation on these assets is provided for using the straight-line method as follows:

Assets under capital lease	5 years
Computer equipment and accessories	4 years
Computer software	4 years
Furniture and fixtures	5 years

### c) Financial instruments – recognition and measurement

The following is a summary of the accounting models elected to apply to each significant category of financial instrument outstanding:

	Classification	Measurement
Cash and restricted cash	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost

The Board had no derivative financial instruments at December 31, 2009.

CICA Handbook Section 3861 – "Financial Instruments – Disclosure and Presentation" establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed regarding the significance of financial instruments to an entity's financial position, performance and cash flows. The Board adopted this Section in its 2007 financial statements. CICA Handbook Sections 3862 and 3863, applicable for 2008, expand on the disclosure requirements of Section 3861, including quantitative and qualitative analysis of each type of risk arising from financial instruments. Not-for-profit organizations are permitted to apply Section 3861 in place of Sections 3862 and 3863, which the Board has elected to do.

# notes to financial statements

DECEMBER 31, 2009

## NOTE 3 PROPERTY AND EQUIPMENT

	2009			2008
	Cost	Accumulated depreciation	Net	Net
Assets under capital lease	\$ 24,000	\$ 21,600	\$ 2,400	\$ 7,200
Computer equipment and accessories	213,877	188,271	25,606	24,732
Computer software	92,807	74,477	18,330	40,203
Furniture and fixtures	32,341	24,288	8,053	9,964
	363,025	308,636	54,389	82,099

## NOTE 4 OBLIGATION UNDER CAPITAL LEASE

	2009	2008
Capital lease, bearing interest at 3.2% with blended monthly payments of \$396, due September 1, 2010, collateralized by specific equipment with a net book value of \$2,400	\$ 3,520	\$ 8,087
Less: Current portion	3,520	4,567
	–	3,520

Future minimum lease payment required to retire the lease obligation is as follows:

2010	\$	3,564
Less: Amount representing interest		44
		3,520



# notes to financial statements

DECEMBER 31, 2009

## NOTE 5 COMMITMENTS

Under the terms of an operating lease agreement for premises and telephone equipment, the Board is required to make the annual lease payments as follows:

2010	\$	89,640
2011		67,230

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## NOTE 6 FINANCIAL INSTRUMENTS

The Board's financial instruments include cash and restricted cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital lease. The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term to maturity. The carrying value of the obligation under capital lease approximates fair value due to the nature of the terms of this item.

## NOTE 7 BOARD MEMBER AND MANAGEMENT REMUNERATION

The Board has expensed honoraria and remuneration paid to its directors and managing director as follows:

	2009	2008
Board chairperson		
Mr. R. Risvold <sup>a,c,g,p,q,r</sup>	\$ 29,870	\$ 18,555
Board members		
Mr. G. D'Avignon <sup>p</sup>	2,205	2,310
Mr. T. Marr-Laing <sup>g,p</sup>	11,866	3,620
Ms. M. Martin <sup>c,g,p</sup>	18,025	5,810
Ms. H. Rice <sup>c</sup>	3,150	3,955
Mr. M. Tarkowski <sup>r</sup>	2,590	1,190
Ms. P. Kuryk <sup>a,r</sup>	3,430	2,275
Ms. E. Noel-Bentley <sup>r,q</sup>	2,380	–
Mr. K. Dhillon <sup>a</sup>	595	–
Mr. K. Teare <sup>c,p</sup>	5,880	–
Mr. J. Linton <sup>p,q,r</sup>	4,515	–
Mr. K. Dossa <sup>c</sup>	6,720	–
Mr. P. Kane	–	–
Ms. F. Spenrath <sup>a</sup>	–	–
Mr. N. Antymis <sup>a,q,r</sup>	–	–
Mr. I. Tott <sup>a,r</sup>	–	–
Mr. A. Kennedy (former director)	–	3,028
Mr. T. Mastel-Marr (former director)	3,150	3,570
Mr. T. Barkowitz (former director)	350	1,050
Mr. G. Boyes (former director)	4,410	–
	99,136	45,363
Managing director	163,737	154,560
	262,873	199,923

During the year, the Board expanded from 12 to 16 directors.

<sup>a</sup>member of the Audit Committee

<sup>c</sup>member of the CSA Performance Criteria Review Committee

<sup>g</sup>member of the Governance and Compensation Committee

<sup>p</sup>member of the Policy Issues Task Force Committee

<sup>q</sup>member of Quality Control Committee

<sup>r</sup>member of Return Rate Committee

## NOTE 8 BUDGET AMOUNTS

The budget amounts have been presented for information purposes and have not been audited.

## NOTE 9 INTERNALLY RESTRICTED SURPLUS

The Board of Directors internally have established a reserve fund to cover the costs of winding up the Beverage Container Management Board's programs, should the Board of Directors decide this to be necessary.

## NOTE 10 CONTINGENT LIABILITIES

In the normal course of operations, the Board is party to claims and legal proceedings. While the final outcome with respect to the claims and proceedings pending, as at December 31, 2009, cannot be determined with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

## NOTE 11 CAPITAL DISCLOSURES

As a not-for-profit entity, the Board's objective in managing capital is to safeguard its ability to continue as a going concern and to operate on a self-sufficient basis. The Board defines capital as net assets, which it targets to maintain at a sufficient level, without having established any specific quantitative targets. The Board is not subject to any externally imposed capital requirements. There have been no changes to the above from the prior year.









## CONTACT INFORMATION

Beverage Container Management Board  
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Supporting responsible  
use of forest resources

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*Alberta* 