



DATE: March 4, 2021

TO: Depot Network

RE: **New Handling Commissions: DCA's Annual Update Report and COVID-19 Relief Payment Agreement**

Attention Depot Permit Holders:

At the February 24, 2021 Board Meeting, the BCMB's Board of Directors approved new Handling Commissions, which will be effective May 1, 2021. Please read the information below to understand the Handling Commissions process, why new rates were approved, the agreement struck between Interested Parties to introduce a COVID-19 Relief Payment, and the new rates that are effective as of May 1, 2021. The updated list of Handling Commissions can be found in the Handling Commission By-law on the BCMB website: <https://www.bcmb.ab.ca/about/governing-documents/>

A. HANDLING COMMISSION REVIEW PROCESS OVERVIEW

Historically, Handling Commission Reviews (HCRs) have occurred every three years. The review, negotiation, and approval period lasts approximately one year, resulting in the approval of new Handling Commissions by the BCMB Board of Directors. Interested Parties participate in the review and negotiation of the Handling Commissions. In the last HCR, the Interested Parties included the Alberta Bottle Depot Association (ABDA), the Alberta Beverage Container Recycling Corporation (ABCRC), the Alberta Beer Container Corporation (ABCC), and a small Depot representative from the New Norway Bottle Depot.

In 2018, prior to the commencement of the last HCR in 2019, the Board approved a new process that allows for an extension of the time between HCRs if all Interested Parties agree to do so. Part of this new process includes the addition of an annual Handling Commission assessment by the BCMB's Data Collection Agent (DCA), called the DCA's Annual Update Report. The Report is submitted to the BCMB and Interested Parties by November 15 of each year. If the DCA determines that the average Handling Commission has changed by more than +/- 0.3% then the Board is required to approve new rates that reflect those changes. Prior to Board approval, Interested Parties have an opportunity to make comment on the Report in relation to clerical, typographic, or calculation errors. The Handling Commission By-law requires the rates to take effect on May 1 of the following year. This process repeats and after the second DCA's Annual Update Report is released (in this case November 15, 2021), Interested Parties have 30 days to determine if they would like to enter into a full Handling Commission Review or repeat the Annual Update process for another two years.

B. CURRENT STATUS

Three key changes to Handling Commissions since May 1, 2020

1. **The First Change:** The 2019-2020 Handling Commission Review concluded in April 2020, resulting in an increase to Handling Commissions that became effective May 1, 2020.

These rates were applicable from May 1, 2020 to December 31, 2020.

2. **The Second Change:** The BCMB Board approved a change to the BCMB's Operating Fee in November 2020 that took effect on January 1, 2021. This change transitioned the Alberta system to a user pays system where each container sold, rather than each container returned, is levied an Operating Fee (\$0.0018/container sold) and funds the regulatory costs of the system. Ultimately, as of January 1, 2021, Depot Permit Holders were no longer required to pay the BCMB Operating Fee which was previously added to the overall revenue requirement for the



system. Approximately \$1.6 million was removed from the Revenue Requirement and Handling Commissions were adjusted to reflect that change.

These rates are applicable from January 1, 2021 to April 30, 2021.

The change to the Operating Fee transitioned the Alberta system to a user pays system where the container recycling fee (CRF) 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 Third Change: The results of the DCA's Annual Update Report resulted in a 5.5% reduction to Handling Commissions that were approved by the Board at the February 24, 2021, meeting. As a result of this 5.5% reduction to Handling Commissions, the ABCRC and ABCC offered to mitigate the economic consequences of the COVID-19 Pandemic through an additional payment to depots to be paid on each beverage container properly remitted to ABCRC and ABCC. This payment is referred to as the COVID-19 Payment and was accomplished through a written agreement signed by all Interested Parties. The COVID-19 Payment consists of an additional \$0.0015 per unit recovered over and above the approved Handling Commissions. The COVID-19 Payment is effective until April 30, 2023. Please note, the COVID-19 Payment is not a Handling Commission and will not form part of the Revenue Requirement going forward.

These rates are applicable from May 1, 2021 to April 30, 2023.

See the new Handling Commission rates in the Handling Commission By-law [here](#).

Please note, because the COVID-19 Payment is not a Handling Commission it is not included in the Handling Commission By-law or schedule of rates. The COVID-19 Payment will be paid by ABCRC and ABCC directly to depots. More information on this process will follow from ABCRC and ABCC. Additionally, the BCMB is currently working with the DCA to consider any impacts on UCA reporting. There are no major changes expected, however more information will be provided once available.

Should you have any questions or concerns, please contact Brent Campbell, Director of Operational Strategy & Projects at bcampbell@bcmb.ab.ca

For questions related specifically to the Interested Party Agreement, please contact the ABDA:

Phone: (780) 454-0400

Email: info@albertadepot.ca

