



ELECTRONICS



PAINT



TIRES



USED OIL

2019/20 ANNUAL REPORT

(STANDARD VERSION)

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MESSAGE FROM THE CHAIR AND CEO

At Alberta Recycling Management Authority (ARMA), we inspire others to envision recycling products as an opportunity to build something different. This year was an exciting time, filled with changes that were future focused and impacted the growth and sustainability of our organization and the programs we oversee on behalf of the Government of Alberta. We are committed to building a circular economy with products that have been innovatively reimaged and thoughtfully reengineered to create jobs and a bigger economic impact for Alberta.

Within ARMA's newest program, municipalities and indigenous communities responded strongly to the opportunity to establish and register their used oil materials collection sites, ending the year with 178 locations. We also met on a regular basis with our registered processors to build relationships, implement our *Registered Used Oil Materials Processor Incentive Program Requirements* and gain greater understanding of this program and the industry on a provincial and national basis.

A pivotal moment in the organization's history took place in December 2019 with the Government of Alberta's red tape reduction initiative that removed environmental fees from recycling regulations. This change streamlined the approvals process for adjusting fees to bring them in line with current market and economic conditions, enabling ARMA to submit proposed rate changes directly to the Minister of Environment and Parks for approval.

In response to this development, ARMA began planning the consultation process to address challenges facing the paint and paint container recycling program. For the sustainability of the program, environmental fees need to be adjusted to reflect the actual cost to collect and recycle the leftover materials.

This year also saw a major milestone achieved in Canada's first electronics recycling program with Albertans recycling 10 million TVs and computer products. Dovetailing with this achievement was the government's initiation of discussions surrounding expansion of the electronics which has been strongly supported for a number of years by municipalities, our stakeholders and Albertans. (This would culminate in a government approved pilot project in 2020/21).

Innovation is becoming a key component of ARMA's stewardship approach as we believe ongoing innovation and development are key to fostering sustainability and evolution as an organization. We are finding opportunities to enhance and expand existing programs as well as explore new ones, working to fulfill our recycling mandate but also discover waste minimization opportunities that incorporate **rethinking**, **reducing**, **reusing**, **recovering** and **residuals** management.

ARMA is proud that the programs we manage generate 1,570 FTE and \$180 million GVA by diverting millions of kilograms of end-of-life material from landfills to be used as feedstock for the manufacturing of new products.

We recognize our key partners and stakeholders that help make Alberta's programs a success including:

- 5,265 registered producers and suppliers who remit environmental fees on the sale of new products.

- Over 150 Municipal and Indigenous communities who have set up 450 collection sites throughout the province, enabling Albertans to be within a 20-minute drive to a collection site.
- 28 processors picking up millions of scrap tires, litres of paint, used oil materials, TVs and computer equipment from collection sites and businesses, to be safely and efficiently recycled at their Alberta-based facilities.
- And the millions of Albertans who participate in these programs, whether from their homes or their businesses.

Working with a broad spectrum of stakeholders, our Board, Industry Councils and staff are committed to delivering responsible stewardship programs by effectively shaping recycling policy, minimizing waste entering the landfill, and creating a value-added processing system in respect of the circular economy. We, in collaboration with the Government of Alberta, want to provide options to Albertans to deliver on our vision - *Inspiring a future without waste.*



Caroline McAuley
Board Chair



Ed Gugenheimer
Chief Executive Officer

VISION

Inspiring a future without waste.

MISSION

- **Our mission is to be an inspiring partner and a respected steward of the environment:** We will be a leader in recycling and waste minimization best practices and innovation in effort to make the world a sustainable place.
- **We believe every place should be left better than we found it:** We will inspire Albertans to waste less, teach them to use things in different ways, and help them partner with others who share our passion.
- **Keeping our environment clean is a shared responsibility:** We will educate Albertans, support and contribute to best practices, and will be a responsible, trusted and transparent partner in the global effort to reduce waste.

MANDATE

ARMA is a not-for-profit organization incorporated under the *Societies Act* and operates as a delegated administrative organization accountable to the Alberta Minister of Environment and Parks through its Budget, Business Plan, and Annual Report.

The *Designated Material Recycling and Management Regulation* (the Regulation) authorizes ARMA to levy and collect Surcharges (environmental fees) on the sale or supply of designated material in Alberta. These funds are to be used to provide or pay for any or all of the following elements regarding designated material:

- Waste minimization and recycling Programs;
- Public information programs for the promotion of waste minimization and recycling Programs;
- Expenditures on collection, transportation, storage, processing and disposal
- Research and development activities;
- Promote the uses of recycled materials and products.

ARMA is authorized to manage four Designated Materials – electronics, paint, tires, and used oil – through a process called multi-material stewardship. Fundamental to this process is ensuring that revenue from one Program is not diverted to another Program, while at the same time realizing the synergies and cost-effectiveness of operating under a single organization.

In addition to its environmental stewardship mandate, ARMA meets its obligations under the *Societies Act* through its bylaws and governance framework. ARMA formally reports to its membership through an Annual Report and Annual General Meeting.

2019/20 STRATEGIC ACTION PLANS - ORGANIZATION

To provide direction to the annual business planning process, the Board of Directors develops strategic action plans that are incorporated within the applicable Goal or Performance Measure of the Electronics, Paint, Tire and Used Oil Recycling Programs.

Additionally, the following organizational action plans were developed and approved by the Board.

1. Position Papers

- a) Review existing position papers on reuse and energy recovery of designated electronics, paint and tires as these environmental processes are outside the scope of those approved by the Board in the incentive programs.
- b) Review existing position papers on reuse and energy recovery to determine any application to used oil materials.
- c) Review the need to develop position papers for:
 - i. Environmental Stewardship, Harmonization, Best Practices

Result: The position papers have been deferred for the foreseeable future due to the new Vision and Mission statements – inspiring a future without waste and being a leader in recycling and waste minimization practices - which has invited consideration of all 4Rs and different stewardship models to evolve with the needs of Alberta.

2. Communication

- a) Actively engage with government and key stakeholders to advocate for removing the approval of program surcharges from the regulations.
- b) Incorporate the Used Oil Materials Recycling Program in the Annual Awareness and Support Poll.

Result:

- a) Regular engagement took place with senior executives for Alberta Environment and Parks as well as the Minister to discuss all aspects of the organization and the programs.
 - i. The government updated the recycling regulations December 2019 by removing the maximum surcharges.
- b) Our government relations consultant also provided numerous opportunities to meet with various ministers and senior government officials to promote the organization and growth opportunities.
- c) Work is ongoing for the implementation of an electronics expansion pilot.
- d) The Used Oil Program was included in the 2019 poll. The next poll will be conducted in 2021/22 with the used oil program firmly established in the process.

3. Education

- a) Enhance the Board's knowledge about the designated material industries and issues affecting the Recycling Programs and stakeholders (including developing positions on key issues)
 - i. The Governance & Accountability Committee to recommend a format for the education component of Director training.

Result: Board education has been added to their meeting agenda as a standing item. This year presentations were made on EPR Across Canada, Declining Tonnage in Electronics, the Circular Economy and a success story from a Manufacturer of Recycled Tire Products.



ELECTRONICS



PAINT



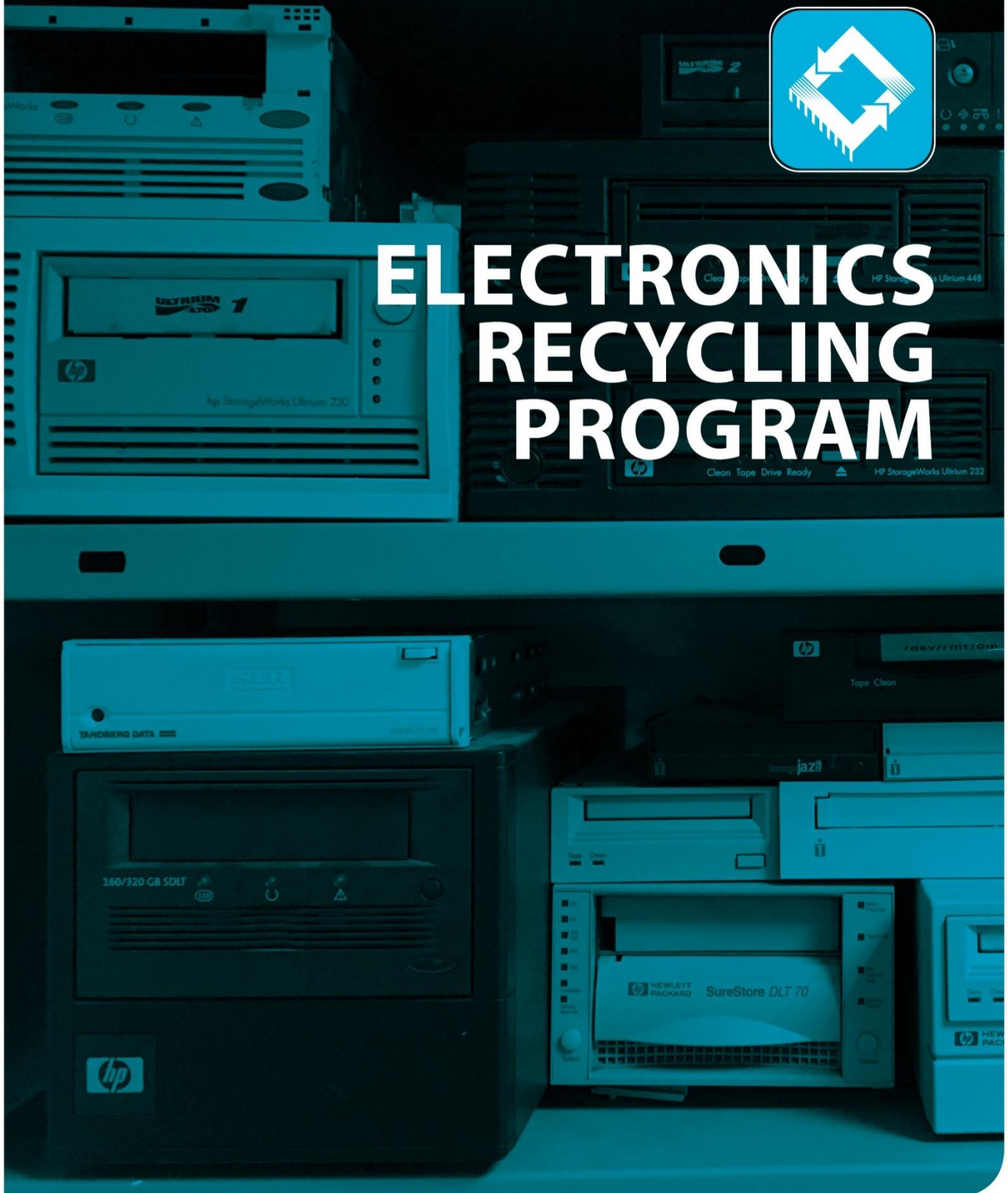
TIRES



USED OIL



ELECTRONICS RECYCLING PROGRAM



GOALS, PERFORMANCE MEASURES AND STRATEGIC ACTION PLANS

Goal E1: All designated electronics available at end-of-life are collected and processed.

In accordance with the long-term strategic direction of Program completeness, performance measures are set to ensure progress toward this goal to collect and recycle all available, designated electronics at end-of-life.

Performance Measure E1.1: Total Amount of End-of-life Electronics Processed

Annual targets are set to drive a consistently high recovery each year of end-of-life (EOL) designated electronics to measure the progress towards recycling all the material discarded by Albertans. The targets are set based on the trend of previous years' results and market expectations for the annual sales of designated material and recycled material, the trend of size and weight of products being sold into market, and estimated alternative diversions e.g. asset management, resale exports and imports.

Target

1. Total tonnes processed
The total tonnes processed in a year are the actual output of the Program, and the basis for the target.
2. Amount processed per capita
Presenting the per capita rate provides a better indicator of progress than changes in population. Additionally, the kg. per capita indicator may be useful to compare the Program's effectiveness with programs in other jurisdictions.
3. Total Cost per kg.
The total cost for the Program encompasses collecting and processing material, Program administration and developmental funding e.g. education, research and development. Developmental funding is intended to enhance Program effectiveness but is considered over and above the core Program costs and varies substantially year-over-year.
4. Recovery Rate
The recovery rate measures the amount of product processed as a percent of the amount of product purchased in a year. It is a useful target for tracking trends in changes to the recovery of material over time – how much of the annual inflow of new electronics is offset by the amount of EOL electronics removed – indicating whether the effectiveness of the Program is increasing, decreasing or levelling off. However, it should be noted that product sales revenue is an indirect measure of the amount of materials at EOL; older electronic products are not necessarily discarded when new products are purchased.

Year	Total Electronics Processed (tonnes)	Kg. per Capita	Total Cost per Kg.	Recovery Rate
2015/16 Result	16,682	4.12	\$1.02	52%
2016/17 Result	13,465	3.29	\$1.03	43%
2017/18 Result	11,992	2.88	\$1.05	37%
2018/19 Result	10,111	2.41	\$1.09	34%
2019/20 Target	9,861	2.32	\$1.19	33%
2019/20 Result	10,776	2.52	\$1.07	33%

Result

1. Total tonnes processed

The result for 2019/20 showed an increase of 6.6% over the previous year. This stabilization in processing volumes follows a period of declining volumes over the past few years as a result of the gradual recovery in the Alberta economy.

2. Amount processed per capita

The per capita rate increased in conjunction with the increase in the amount processed.

3. Total Cost per kg.

The total cost per kg. decreased by 1.9% over the prior year due to spreading the collection, processing, developmental and administrative costs over a larger amount of processed material, as well as a decrease in the electronics program's share of joint costs that benefit all programs.

4. Recovery Rate

While the total tonnes processed increased over the prior year, the recovery rate declined by 1%. This decline in the recovery rate reflects sales of new units increasing over the prior year to a larger degree than the increase in tonnes processed.

Strategic Action Plans for Performance Measure E1.1

1. Strategies to increase the recovery rate

a) Hard-to-Get (HTG) Pilot Project

- Continue pilot projects into 2019/20 with the addition of working directly with schools and institutions.
- Review the potential to convert to an approved program, including purpose, scope, value and cost-effectiveness.

Result: The approach to the HTG pilot was changed so schools could apply directly to ARMA (rather than through the registered processors) which streamlined the administrative process. Additionally, the scope of eligible applicants increased to include non-profit groups.

The pilot ran from 2016-2020; 217 schools in 45 municipalities held roundups which diverted 12,722 TVs and computer products from the landfill (average of 59 units per institution), raising \$52,100 for the schools. Based on the results and the expansion of eligible applicants, the Board moved to transition the pilot into an approved program in 2020/21.

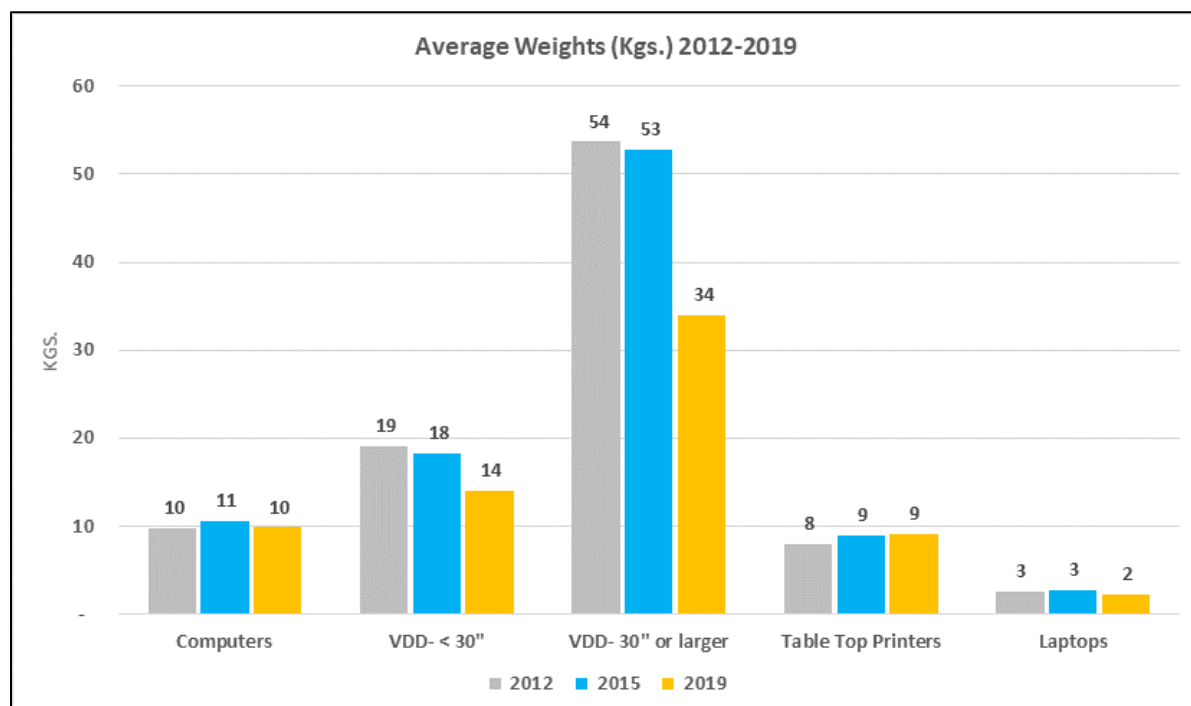
b) Review the scope of the recovery rate and how it is calculated

Result: Administration has determined an alternative methodology to recalculate the recovery rate and neutralize the impact of light-weighting of electronics products (smaller, lighter components). However, additional data is required on several categories of electronics to provide a sound basis for the calculation; this data will be collected during fieldwork completed throughout the 2020-22 Electronics Pilot Project and incorporated into a recalculated recovery rate when it becomes available.

Supplementary Information for Performance Measure E1.1: Average Weights of Products Collected

The following chart shows the average weights of EOL electronics over the course of the last seven years. This information is useful for the purposes of assessing the changing unit weights of materials coming in through municipal collection sites and into processor facilities, which is a significant driving force in the declining tonnages being handled by the program over time.

The most significant drops in weight includes video display devices ('VDD' which includes monitors, TVs and all-in-one computers) down by 26.6% in the <30" category and down by 36.7% in the 30" and larger category. As of April 1, 2019, the average weights were adjusted in these categories to reflect the decrease in weights for monitors and TVs.



Supplementary Information for Performance Measure E1.1: Materials Processed from Recovered Electronics

The following table identifies the types and amounts of material processed from EOL electronics. These materials are used for feedstock in the manufacturing of new products e.g. plastics into pellets; steel into rebar; lead recovered from leaded glass through smelting; copper wire recycled into copper feedstock; precious metals recovered from computer chips.

Material	2019/20 Result (tonnes)	2018/19 Results (tonnes)	2017/18 Result (tonnes)	2016/17 Result (tonnes)	2015/16 Result (tonnes)
Glass	2,159	2,283	3,219	3,589	5,331
Plastic	3,496	3,810	4,482	5,456	5,694
Metals	4,689	3,562	3,722	3,710	4,818
Other ^{1.}	432	456	569	710	839
Total	10,776	10,111	11,992	13,465	16,682

1. Includes batteries, toner and inks, wire and cables, and wood.

Supplementary Information for Performance Measure E.1: Disposal of Residual Materials

Processors continue to find innovative ways to minimize the amount of waste generated through their operations. Administration is reviewing the process for collecting and reporting on the residual data from registered processors as they adjust their operating procedures.

Goal E2: Ensure Program sustainability by confirming Surcharge and funding rates are appropriate and effectively managed.

Ongoing financial analysis and projections will ensure that the Fund balance (net assets of the Program) is consistent with Board directions, providing for longer term financial stability of the Program.

Performance Measure E2.1: Program Sustainability

Ongoing financial analysis includes:

1. Surcharge revenues remitted on the sales of designated electronics;
2. Program expenditures on the collection and processing of designated EOL electronics;
3. Investment earnings and changes in market value;
4. The Fund target and range set by the Board;
5. Potential factors that could impact the Fund balance e.g. changes in technology and product sales, processing costs, changes in product lifespan, and recovery rates.

Target

1. Provide regular reports against Program revenues and expenditure projections.
2. Identify any changes and provide possible adjustment scenarios for Surcharge rates and/or Program funding rates, including timelines and “levelling off” of the Fund balance

Result

1. Quarterly financial reports including analysis and projections of revenues and expenditures were reviewed by the Audit & Investment Committee and reported to the Board of Directors.

Following are highlights of revenues and expenditures for the year ending March 31, 2020, from the Audited Financial Statements.

1. Overall financial results

The Board of Directors has confirmed its intention to reduce externally restricted net assets in the electronics program by continuing to approve annual budget deficits until the Fund Target has been achieved.

The electronics program generated an operating deficit of \$2.5 million.

2. Total recycling revenue

- a) No adjustments were made to the environmental fees collected per unit on the sale of eligible electronics products.
- b) Recycling revenues of \$9.3 million were 11.9% higher than the prior year, signifying a recovery in the sales of electronics products.

3. Total Program expenditures

- a) Program incentives remained unchanged during the year.
- b) Total recycling expenditures of \$9.4 million were 4.5% higher than the previous year. Increased sales resulted in increased discards, partially offset by a continuing trend towards lighter product weights.
- c) Total recycling development, Program delivery expenditures, Corporate administration expenditures and Total administration expenditures of \$2.1 million were 4.8% higher than last year. The largest component of the increase related to two tri-annual assurance studies undertaken during the year.

4. Net investment income

- a) Negative net investment income of (\$264K) reflected the impact of COVID-19 on the market value of the portfolio at the end of March 2020, as compared to the strong performance of investments in the prior year of \$4.8 million.

Performance Measure E2.2: Revenue Completeness

ARMA is authorized by Regulation to identify and register companies supplying designated electronics in Alberta. This is to ensure that in accordance with the Electronics Recycling Bylaw, Surcharges are collected and remitted on the sale of new electronics. To confirm that these registered companies (Suppliers) comply with the bylaw, compliance reviews are conducted using a risk-based sampling process, based on a Supplier's revenue profile, to select the companies for review.

Target

1. Suppliers reporting 90% of total Program revenue are reviewed over a two-year period.
 - a) Table A indicates the revenue profile of the Suppliers and the frequency of reviews based on their average monthly Surcharge remittance. Higher frequencies are used for larger and medium-sized Suppliers who represent the majority of Program revenue. Small Suppliers,

collectively reporting only 5% of Program revenue, do not have a predetermined review schedule. They are selected through a combined approach of random selection and identification of Suppliers with significant changes in their remittance history.

- b) Table B indicates the percent of reported revenue to be reviewed over a two-year period to meet the target of 90%.

TABLE A: SUPPLIER SIZE PROFILE			
Average Surcharge per Month	Percent of Suppliers	Percent of Surcharges Reported	Review Frequency
Small <\$500	90.2%	4.0%	As needed
Medium \$500 - \$2,000	5.4%	5.4%	Every three years
Large >\$2,000	4.4%	90.6%	Every two years
Total	100%	100%	

TABLE B: REVENUE REVIEW		
Year	Percent Reviewed of Total Revenue	
	Annual Percent Reviewed	Two-year Total (Target 90%)
2016/17 Result	70%	-
2017/18 Result	32%	102% (16/17 + 17/18)
2018/19 Result	60%	92% (17/18 + 18/19)
2019/20 Target	32%	92% (18/19 + 19/20)
2019/20 Result	34%	94% (18/19 + 19/20)

Result

This performance measure helps to address the goal of providing for longer term financial stability for the program by verifying that the program is receiving the regulated environmental fees on sales of eligible products. The percentage reviewed on an annual basis can vary widely depending on the number of large suppliers that are reviewed each year, with a goal to review suppliers representing 90% of revenue over each two-year period. The goal this year was exceeded by 4%.

Strategic Action Plan for Performance Measure E2.2

1. Third-party online vendor responsibilities (sales and remitting)

- a) Determine requirements for third-party registration and remittances (specifically applies to companies that sell eligible electronics online via another company's website).
- b) Continue to be informed and engaged with online sales.

Result

- a) The requirements for third-party registration and remittances has been established.
- b) This is an ongoing action item for which administration will continue to work with marketplace website hosts to make them aware of concerns about their vendors not meeting reporting and remitting obligations.

Supplementary Information for Performance Measure E2.1: Supplier Registration

On an ongoing basis, ARMA endeavours to identify and register Suppliers selling designated electronics in or into the province. These companies are found either through Suppliers already registered with the Program or through a Supplier Identification Project. This identification project, completed every three years by a third-party, involves conducting research of business listings to identify possible Suppliers. The next project is scheduled for 2020/21.

Performance Measure E2.3: Sustainability of Recycling Industry

Verify that the current levels of Program funding are adequate to sustain the collection and processing of EOL electronics within Alberta's recycling industry.

- 1. Conduct a comprehensive Sustainability Review at least every four years, to determine if there is a need to adjust Program funding rates. The review is to be comprised of a professional audit of all Processors receiving Program funding and an assessment of the financial stability of the processing industry.
- 2. In the intervening years, consult with Processors to identify and analyze any significant changes occurring since the Program's last Sustainability Review.

Target

- 1. The next Sustainability Review is scheduled for 2019/20.

Result

- 1. The Board determined from the results of the 2019/20 Sustainability Review that program funding rates for transportation incentives would be adjusted effective April 1, 2020.

Goal E3: End-of-life electronics are processed in an environmentally and socially responsible manner.

Our goal is to process collected electronics to the highest possible environmental standard as outlined in the Mission Statement.

Performance Measure E3.1: Environmental Assurance – Processors

Ensure Processors meet or exceed the Processor Incentive Program Requirements. This includes compliance with applicable environmental, occupational health and safety regulations as well as industry standards related to health and safety, and transportation and export.

Target

1. Annual third-party environmental assurance reviews of all Processors are completed in accordance with the requirements stated above.
2. Third-party desktop or onsite assurance reviews, determined on a case-by case basis, of downstream processors.
3. Over and above the third-party assurance reviews, Processors sites are inspected monthly to confirm compliance with Program requirements.
4. If deficiencies are identified, the Processors or downstream processors are required to address them in accordance with approved timelines.
5. The 2020 environmental assurance summary report is completed and posted on ARMA's website.

Result

1. The third-party compliance assurance reviews of all processors were completed in accordance with the requirements of this performance measure.
2. Three onsite assurance reviews were completed of downstream processors and deficiencies identified against program requirements were addressed in accordance with approved timelines. The reviews confirmed that the electronics material was being recycled in an environmentally sound manner.
3. Processors were inspected regularly which included tracking of eligible and ineligible inventory and verifying that all required documentation for approved downstream processors and scale calibration reports were current.
 - a) Deficiencies related to program requirements were addressed according to approved timelines.
4. The 2020 environmental assurance summary report is posted on ARMA's website.

Performance Measure E3.2: Environmental Assurance - Municipal and Indigenous Community Collection Sites

Ensure that municipal and Indigenous sites that receive ARMA grant funding meet or exceed all applicable environmental standards, consistent with the terms of the funding grant.

Target

1. Registered electronics collection sites for municipalities and Indigenous communities are inspected annually to confirm adherence to the terms of the funding grant including secure storage of program material, separation of designated and non-designated material, signage visible to public. If deficiencies are identified, they are addressed in accordance with approved timelines.

Result

1. All registered electronics sites were inspected, and deficiencies related to grant funding criteria were addressed in accordance with approved timelines.

Supplementary Information for Performance Measure E3.2: Substances of Concern Diverted

The following table identifies substances of concern removed from the total electronics processed, as reported in E1.1. The weight of each material is calculated by multiplying the estimated amount contained in a product by the number of those products processed.

Material	Source	2019/20 Result	2018/19 Result	2017/18 Result	2016/17 Result	2015/16 Result
Lead (tonnes)	Circuit boards, cathode ray tubes, TVs, monitors, CPU's, laptops, and printers.	285	279	295	341	418
Mercury (kgs.)	Lamps, batteries and switches, laptops	0.31	0.28	0.31	0.27	0.25
Cadmium (kgs.)	Circuit boards, cathode ray tubes, insulated wire, TV's, monitors and CPU's	3.87	4.08	4.31	4.71	5.63
Beryllium (kgs.)	Circuit boards, TV's and monitors	12.10	11.90	12.60	14.60	17.90
Antimony (tonnes)	Circuit board, CPU's, laptops, and printers	1.26	1.32	1.41	1.47	1.71

Goal E4: There is strong awareness and support for the Electronics Recycling Program.

Public, stakeholder and industry awareness and support are critical for the Programs.

Performance Measure E4.1: Public Awareness and Support

1. An independent research firm will track:
 - a) Public awareness of the Electronics Recycling Program and Surcharges, and the changes in levels of awareness and support over time
 - b) Public support for the Electronics Recycling Program and Surcharges, and the changes in levels of support over time.

Target

The target is to maintain current levels of awareness and support for both the Program and the Surcharges, and where possible to increase both awareness and support, measured through polling.

Year	<u>PROGRAM</u>		<u>SURCHARGES</u>	
	Awareness	Support	Awareness	Support
2015/16 Result	70%	89%	55%	53%
2016/17 Result ^{1.}	66%	86%	53%	51%
2017/18 Result	64%	89%	49%	47%
2018/19 Result	52%	85%	49%	47%

1. The response scale for support questions was revised from a 10-point scale to a five-point scale in 2017. The reason for this change was to simplify the respondent's selection process and to align with a related survey by Alberta Environment and Parks. This change may cause some variation to previous results but the five-point scale will be used from this point forward.

Result

Administration has determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be conducted in 2021/22.

Performance Measure E4.2: Key Stakeholder Support

Key stakeholders are aware of the Electronics Recycling Program and the Surcharges, and the levels of awareness increase over time.

Target

1. Employ a set of public information initiatives for key stakeholders such as provincial and municipal governments, industry and the general public that will include:
 - a) Distribution of Progress Report (presents highlights of Annual Report);
 - b) Distribution of Municipal Collection Site Newsletter;
 - c) Participation at conferences, tradeshow and community events;
 - d) 2019 Collection Site Awards of Excellence;
 - e) Regional meetings with municipalities, waste authorities/commissions, and Indigenous communities;
 - f) Social media platforms.
2. Establish a survey to measure Program awareness amongst key stakeholders.

Result

1. Initiatives to increase program and organizational awareness:
 - a) The 2019 Progress Report was distributed to stakeholders by means of postcards (with a summary of results) which promoted the digitization of the annual report, created on a microsite to enhance design features. An additional element to the digital annual report was 'Success Stories' which highlighted a process or product unique to each program. These stories were then included in the Blog section of the website for further promotion.
 - b) The Collection Site Newsletter was emailed to all registered collection sites and distributed during each collection site inspection.
 - c) Board and administration attended a combination of eight tradeshow and conferences, and numerous Municipal and Commercial Paint Roundup events.
 - d) Promotion for the 2019 Collection Site Awards of Excellence winners included print and social media and a landing page on the website.
 - e) Board and administration made 26 presentations to various stakeholder groups, which more than doubled in activity over 2018/19.
 - i. A business development component was also introduced this year. It generated significant activity through meetings and discussions held with the post-secondary sector and industry-related companies/entrepreneurs, building partnerships in the areas of innovation and technology.
 - f) Social media - Facebook, LinkedIn and Twitter - were posted on regularly (usually twice a week); content included promotion of roundups, grant project openings, staff attendance at conferences, recognition of environment-related days including a joint campaign for Environment Week 2019 with the Beverage Container Management Board.
2. The first stakeholder satisfaction survey was issued to registered collection sites which indicated changes they would like to see with the program, some of which administration will be implementing in 2020 including an electronics expansion pilot.

3. A Strategic Communications Framework has been drafted for implementation in 2020/21 that includes tactical considerations to be employed i.e. listening to stakeholders and integrating their feedback.

Goal E5: There is strong participation in the collection of electronics for recycling under the Program.

Participation is the basis for higher levels of recovery, which is fundamental to Program completeness.

Performance Measure E5.1: Residential Participation and Access

Participation and access to facilities including municipal and Indigenous collection sites (including processor sites) and voluntary return-to-retailer sites for Albertans to recycle their EOL electronics is improving.

Target

1. Increase the level of residential participation for recycling EOL electronics, through increased public use of registered collection sites, measured by an independent research firm.
2. Communicate the benefits of the collection site grant Program to municipalities, and Indigenous communities that have not yet registered.

Year	Awareness of Collection Sites	Participation	Registered Collections Sites
2015/16 Result	88%	39%	363
2016/17 Result	85%	27% ^{1.}	375
2017/18 Result	81%	32%	372
2018/19 Forecast	82%	33%	380
2018/19 Result	84%	29%	365
2019/20 Target	83%	34%	386
2019/20 Result	2021/22	2021/22	353

1. Participation was down considerably from the previous years which could in part be the result of a change in how the question was framed. In 2016/17 the question specifically asked the respondent if they dropped off computer equipment and TVs in the past year (items covered by the Program). In previous years the respondent was asked if they dropped off electronics which could include ineligible material.

Result

1. Administration has determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be held in 2021 at which time awareness of collection sites will also be measured.

2. The target for collection sites had been set based on the forecast for 2018/19 of 380. There was however a drop in the number of collection sites in 2019/20, due in part to a number of retail sites no longer being able to accommodate collection areas in their stores.

Supplementary Information for Performance Measure E5.1: Proximity to Registered Collection Sites

Third-party research will be conducted every three years to measure rural and urban access to collections sites. The next project to update the proximity measurement will in 2021/22.

PROXIMITY TO COLLECTION SITES	
Driving Distance – Metro	Proximity
15 minutes	95.5%
Driving Distance – Cities	Proximity
15 minutes	100%
Driving Distance – Rural	Proximity
20 minutes	95.7%

Supplementary Information for Performance Measure E5.1: Number of Events in Roundup Program

Electronics roundups provide temporary access to electronics collection opportunities. The drop in the number of electronics roundups may be due in part to the cost of holding events as well as municipalities and Indigenous communities establishing year-round sites.

Year	Number of Roundups
2015/16 Result	84
2016/17 Result	88
2017/18 Result	74
2018/19 Result	74
2019/20 Result	67

Performance Measure E5.2: Industrial, Commercial and Institutional (ICI) Participation

The level of participation by the ICI sector in recycling their EOL electronics through the Program is increasing.

Target

1. Enhance and increase Processor usage of the ICI Roundup Grant to increase ICI recovery.

Year	Total Electronics Processed (Tonnes; Res. & Non-Res.)	Estimated Non-Res. Tonnage (Direct Collection)	Percent of Total Processed
2015/16 Result	16,682	4,634	27.8%
2016/17 Result	13,465	4,093	30.4%
2017/18 Result	11,992	3,771	31.4%
2018/19 Result	10,111	3,699	36.6%
2019/20 Target	9,861	3,205	32.5%
2019/20 Result	10,776	3,712	34.4%

Result

The result shows an increase of approximately 0.4% in the amount of ICI tonnage collected over the prior year. The non-residential tonnage represents material picked up directly from businesses. It does not include ICI material dropped off at municipal collection sites (as the source of individual drop offs is not recorded) and the amount of material leaving the Province due to corporate lease and asset management “take-back” Programs is also unknown.



ELECTRONICS



PAINT



TIRES



USED OIL



PAINT RECYCLING PROGRAM

GOALS, PERFORMANCE MEASURES AND STRATEGIC ACTION PLANS

Goal P1: All designated paint and paint containers available at end-of-life are collected and processed.

In accordance with the long-term strategic direction of Program completeness, performance measures are set to ensure progress toward this goal to collect and recycle all available, designated paint and paint containers at end of life.

Performance Measure P1.1: Total Amount of End-of-Life Designated Paint Processed

Annual targets are set to drive a consistently high recovery each year of available end-of-life designated paint collected and processed in accordance with the estimated amount discarded by Albertans. The targets are set based on the trend of previous years' results and market expectations for both the annual sales of designated material and recycled material.

Target

1. Total paint processed

The total tonnes processed in a year is the actual output of the program each year and is the basis for the target. The equivalent number of litres, based on an average weight per litre of 1.2 kg, is presented as supplementary information.

2. Amount processed per capita

Presenting the per capita rate provides a better indicator of progress than changes in population. Additionally, the kg. per capita indicator may be useful to compare the Program's effectiveness with programs in other jurisdictions.

3. Total Cost per Kg.

The total cost for the Program encompasses collecting and processing material, Program administration and developmental funding e.g. education, research and development. Development funding is intended to enhance Program effectiveness but is considered over and above the core Program costs and varies substantially year-over-year.

4. Recovery rate

The recovery rate measures the amount of product processed as a percent of the amount of product purchased in a year. It is a useful target for tracking trends in changes to the recovery of material over time - how much of the annual inflow of new paint is offset by the amount of leftover paint removed - indicating whether the effectiveness of the Program is increasing, decreasing or leveling off.

5. Capture rate

The capture rate measures the total amount processed as a percent of an estimated total amount of paint considered end-of-life (EOL). Because very little of paint sold is leftover after use, the recovery rate is very low compared to most other materials, making the capture rate a more useful performance measure for paint. Industry estimates that 85-90% of the paint sold is used, leaving 10-15% identified as EOL. For Program reporting, the amount for EOL paint is considered 12%. For example, if 100 litres of paint is sold, 12 litres (or 12%) will be EOL. If 8 litres is recovered that results in:

- a recovery rate of 8% (8 litres recovered / 100 litres sold); or
- a capture rate of 66.7% (8 litres recovered / 12 litres EOL)

Year	Total Paint Processed		Kg. per Capita	Total Cost per Kg.	Recovery Rate	Capture Rate
	Kg. (millions)	Litres (millions)				
2015/16 Result	3.13	2.61	0.77	\$1.52	9.2%	76.6%
2016/17 Result	2.67	2.22	0.65	\$1.59	9.1%	75.7%
2017/18 Result	2.64	2.20	0.63	\$1.65	9.3%	77.3%
2018/19 Result	2.62	2.19	0.62	\$1.72	9.3%	77.3%
2019/20 Target	2.52	2.10	0.59	\$1.64	9.4%	78.0%
2019/20 Result	2.74	2.28	0.64	\$1.55	10.0%	83.5%

Result

1. Total paint processed in 2019/20 shows an increase of 4.6% in non-aerosol paint over the previous year, indicating an increase in sales as a result of a gradual recovery in the economy; increased paint purchases result in increased amount of paint discarded.
2. The kg. processed per capita increased in conjunction with the increase in the amount processed.
3. The total cost per kg. was 9.9% less over the prior year due to spreading the collection, processing, developmental and administrative costs over a larger amount of processed material.
4. The recovery rate exceeded the target; the success of commercial roundups continues to be a key factor for this increase.
5. The capture rate increased in conjunction with the increase in the total paint processed.

Strategic Action Plans for Performance Measure P1.1

1. Committee to Review Eligible Material
 - a) Develop a pilot committee to determine how products are clarified for inclusion as eligible end-of-life paint material e.g. based on end use, chemistry, recyclability.
 - b) This committee can be an extension of the Paint Industry Council and be included as a standing topic for updates at each council meeting.

Result

This task has been implemented as a standing agenda item for the Paint Industry Council. A number of products were approved for addition to the Program effective January 1, 2020.

Supplementary Information for P1.1: Processing of Latex and Oil (Alkyd) Paint

The following table identifies the types and amounts of material processed from products under the Program. The data reveals the decline of oil-based material due to the discontinuation in the manufacturing of oil-based paints (with the exception of primer) as of 2010. The total processed does not include material disposed of which is tracked in the Supplementary Information 'Disposal of Residual Materials' on page 26.

Year	Latex Processed (kg)	Percent of Total Processed	Oil Processed (kg) – Energy Recovery	Percent of Total Processed
2015/16 Result	1,824,877	58.3%	1,307,277	41.7%
2016/17 Result	1,665,599	62.4%	1,003,200	37.6%
2017/18 Result	1,791,916	67.9%	847,934	32.1%
2018/19 Result	1,752,330	66.8%	870,065	33.2%
2019/20 Result	1,675,532	61.1%	1,066,336	38.9%

Result

The amount of oil processed increased by 22.6% due to the commercial paint roundups generating materials such as leftover stains, varnishes, paint thinners, primers.

Performance Measure P1.2: Total Amount of Aerosol Paint Cans Processed

Annual targets are set to increase the total amount of designated aerosol paint cans collected and processed under the Program in accordance with the estimated amount discarded by Albertans.

Target

1. The total tonnes processed in a year is the actual output of the Program each year and is the basis for the target.
2. The recovery rate measures the amount of product processed as a percent of the amount of product purchased.

Year	Aerosol Paint Cans Processed	Recovery Rate Percent
2015/16 Result	537,516	11.0%
2016/17 Result	518,182	11.7%
2017/18 Result	628,916	13.4%
2018/19 Result	752,141	15.7%
2019/20 Target	769,793	17.1%
2019/20 Result	705,920	15.9%

Result

1. While the number of cans processed decreased by 6.5% over 2018/19, the amount in 2019/20 remains higher than previous years along with the corresponding recovery rate. A combination of

factors could contribute to this result: this was the fourth year for commercial paint roundups, enabling businesses to drop off unlimited amounts of eligible paint products for recycling and an additional processor was approved in 2018/19 to recycle aerosol cans.

Performance Measure P1.3: Total Amount of Paint Containers Processed

Annual targets are set to increase the total amount of designated paint containers collected and processed under the Program in accordance with the estimated amount discarded by Albertans.

Target

1. An incentive for the recycling of non-spray paint containers introduced on April 1, 2018 has assisted in increasing the overall amount of metal and plastic containers recycled.
2. It is important to note that the processed amounts do not include containers diverted by municipalities for scrap metal recycling (see Supplementary Indicator to Goal P1.), aerosol containers or those diverted by downstream paint recyclers.

<u>PAINT CONTAINERS PROCESSED</u>			
Year	Metal Containers (Kg.)	Plastic Containers (Kg.)	Total (Kg.)
2015/16 Result	80,089	78,715	158,804
2016/17 Result	42,537	99,479	142,016
2017/18 Result	148,273	57,578	205,851
2018/19 Result	228,709	112,857	341,566
2019/20 Result	259,567	151,466	411,033

Result

1. Reported volumes of recycled containers in 2019/20 increased by 20% over the prior year. This is due to a combination of factors including the incentive now paid on recycled containers, improved reporting by processors and the increase in paint sales.

Supplementary Information for Goal P1.3: (Non-Spray) Paint Containers Processed

In 2013/14 surveying began of municipal paint collection sites to track the outcome of empty paint containers. Over the last four years, the amount of material going to scrap metal from collection sites has increased while the amount landfilled has decreased from a high of 23% in 2013/14 (reported in previous Business Plans) to current year levels of 2%.

Handling Method	2019/20 Result	2018/19 Result	2017/18 Result	2016/17 Result	2015/16 Result
Collected by Processor ^{1.}	14%	26%	26%	27%	29%
Scrap Metal ^{2.}	85%	68%	68%	70%	67%
Collected by Processor or Scrap Metal	0%	3%	3%	1%	1%
Collected by Processor or Landfilled	0%	1%	1%	1%	1%
Landfill	1%	2%	2%	1%	2%
TOTAL	100%	100%	100%	100%	100%

1. Amount included in data table for Performance Measure P1.3

2. Indicates the site recycles metal containers as part of their general scrap metal recycling initiatives.

Result

Collection sites have shifted the amount of metal cans recycled from processor collection to including it with other scrap metal; this transition has lowered the volume of empty cans that the processors were having to collect and transport.

Supplementary Information for Goal P1: Disposal of Residual Materials

The following table identifies the amount of residual material (e.g. solidified or contaminated paint and containers) disposed by methods acceptable under the Program. The fluctuations in the results can be attributed to a combination of factors including an increase in the amount of containers recycled, offset by containers that were unable to be recycled due to the contents being hardened.

Year	Total Disposed (Kg.)	Total Processed (Kg.)	Residual material disposed of as a percent of the total processed
2015/16 Result	234,292	3,132,154	7.5%
2016/17 Result	387,778	2,668,799	14.5%
2017/18 Result	220,723	2,639,851	8.4%
2018/19 Result	244,141	2,622,395	9.3%
2019/20 Result	351,999	2,741,868	12.8%

Goal P2: Ensure Program sustainability by confirming Surcharge and funding rates are appropriate and effectively managed.

Ongoing financial analysis and projections will ensure that the Fund balance is consistent with Board directions, providing for longer term financial stability of the Program.

Performance Measure P2.1: Program Sustainability

Ongoing financial analysis includes:

1. Surcharge revenues remitted on the sale of designated paint and paint containers;
2. Program expenditures on the collection and processing of leftover paint and paint containers;
3. The Fund target and range set by the Board and, as the Fund increases, investment earnings and changes in market value;
4. Potential impacts of factors that could impact the Fund balance

Targets

1. Provide regular reports against the Program revenues and expenditures projection.
2. Identify any changes and provide possible adjustment scenarios for Surcharges and/or Program funding rates including timelines and resulting Fund balances.

Result

1. Quarterly financial reports including analysis and projections of revenues and expenditures were reviewed by the Audit & Investment Committee and reported to the Board of Directors.
2. The program was able to generate a narrow, positive return in this fiscal year. However, several initiatives and important program enhancements remain on hold due to insufficient funding until an adjustment to surcharge rates is approved through Government regulation.

Following are highlights of revenues and expenditures for the year ending March 31, 2020, from the Audited Financial Statements.

1. Overall financial results

The Paint program generated a positive operating result of \$75,000 for 2019/20. This positive outcome was possible as a result of recycling incentive changes introduced April 1, 2019. The changes were required to address a projected operating deficit and to ensure the program can continue operating in absence of an increase to environmental fees paid by consumers.

ARMA continues to advocate for an environmental fee adjustment for the paint program to address program pressures in the longer term. The program requires a fee increase to sustain recovery and service levels, and relieve the financial burden placed on municipalities to collect waste paint.

2. Total recycling revenue

- a) No adjustments were made to the environmental fees collected per unit on the sale of designated paint products.
- b) Recycling revenues of \$4.3 million were 8.3% lower than the prior year due to lower unit sales throughout the year, particularly April 2019 through December 2019. The eligible product list was clarified with additions effective January 1, 2020, which improved reported unit sales for the last three months of the year. The impact of COVID-19 on the Paint program was a sharp increase in paint sales in March as consumers worked on home projects.

3. Total program expenditures
 - a) Program incentives were shifted during the year, with decreases to the incentives paid for aerosol and oil paint processing and for bin collection.
 - b) Total recycling expenditures of \$3.7 million were 7.3% lower than the previous year. Overall increases in processing volumes were offset by the decrease to program incentives.
 - c) Total recycling development, Program delivery expenditures, and Corporate administration expenditures of \$600,000 million were 7.9% higher than the previous year. The increase was driven primarily by increased legal activity to enforce compliance with the program.

Strategic Action Plans for Performance Measure P2.1

1. Identify expenditure reductions to address the budget deficit.
 - a) In the absence of a Surcharge increase, Program expenditures need to be cut to prevent a Program deficit. Targeted incentive cuts have been introduced in the 2019/20 budget, e.g. the incentive rates for processing will be reduced to align with areas of lower processing costs or areas of lower environmental outcomes. These reductions may have an impact on municipalities where processors increase their collection charges to offset program funding reductions.
2. Longer term financial stability
 - a) Further to Action Plan #1 above, develop a longer-term plan to gain support for regulatory changes that would facilitate revenue increases, which in conjunction with a review of expenditures, would enable the Program to be financially sustainable, with consideration of any impact on municipalities.

Result

1. Reductions to processing incentives for aerosol cans, oil-based paint and the bin collection rate were implemented effective April 1, 2019.
2. The government updated the recycling regulations December 2019 by removing the maximum surcharges. With this change, administration will commence the process of proposing a rate change in the paint program in the 2020/21 fiscal year.

Performance Measure P2.2: Ensuring Revenue Completeness

ARMA is authorized by Regulation to identify and register companies supplying designated paint and paint containers in Alberta. This is to ensure that in accordance with the Paint Recycling Bylaw, Surcharges are collected and remitted on the sale of new paint products. To confirm that these registered companies (Suppliers) comply with the bylaw, compliance reviews are conducted, using a risk-based sampling process based on a Supplier's revenue profile, to select the companies for review.

Target

1. Suppliers reporting 90% of total Program revenue are reviewed over a two-year period.
 - a) Table A indicates the revenue profile of the Suppliers and the frequency of reviews based on their average monthly Surcharge remittance. Higher frequencies are used for larger and medium sized Suppliers, who represent the majority of Program revenue. Small Suppliers, collectively reporting 2.5% of Program revenue, do not have a predetermined review schedule. They are selected through a combined approach of random selection and identification of Suppliers with significant changes in their remittance history. In future years, the number of large and medium Suppliers will be adjusted to achieve the revenue coverage target.

- b) Table B indicates the percent of reported revenue to be reviewed over a two-year period to meet the target of 90%.

TABLE A: SUPPLIER SIZE PROFILE			
Average Surcharge per Month	Percent of Suppliers	Percent of Surcharges Reported	Review Frequency
Small <\$500	85.7%	3.5%	As needed
Medium \$500 - \$2,000	8.7%	5.4%	Every three years
Large >\$2,000	5.6%	91.1%	Every two years
Total	100%	100%	

TABLE B: REVENUE REVIEW		
Year	Percent Reviewed of Total Revenue	
	Annual Percent Reviewed	Two-year total (Target 90%)
2016/17 Result	16%	-
2017/18 Result	44%	60% (16/17 + 17/18)
2018/19 Result	39%	83% (17/18 + 18/19)
2019/20 Forecast	58%	97% (18/19 + 19/20)
2019/20 Result	57%	96% (18/19 + 19/20)

Result

This performance measure helps to address the goal of providing for longer term financial stability for the program by verifying that the program is receiving the regulated environmental fees on sales of eligible products. The percentage reviewed on an annual basis can vary widely depending on the number of large suppliers that are reviewed in each year, with a goal to review suppliers representing 90% of revenue over each two-year period. The goal this year was exceeded by 6%.

Supplementary Information: Supplier Registration

On an ongoing basis, ARMA endeavours to identify and register businesses selling designated paint and paint containers in or into the province. These companies are found either through Suppliers already registered with the Program or through a Supplier Identification Project. This project, completed every three years by a third-party, involves conducting research of business listings to identify possible Suppliers. The next identification project is scheduled for 2021/22.

Performance Measure P2.3: Sustainability of Recycling Industry

Verify that the current levels of Program funding are adequate to sustain the collection and processing of waste paint and paint containers within Alberta's recycling industry.

1. Conduct a comprehensive Sustainability Review at least every three years to determine if there is a need to adjust Program funding rates. The review is to be comprised of a professional audit of all Processors receiving Program funding and an assessment of the financial stability of the processing industry.
2. In the intervening years, consult with Processors to identify and analyze any significant changes occurring since the Program's last Sustainability Review.

Target

1. The Board will review the results of the 2018/19 Sustainability Review to determine if there should be adjustments to Program funding.

Result

The Sustainability Review completed in 2018/19 concluded that profitability in the industry had decreased and had reached a level that was likely unsustainable over time. Paint processors have been supplementing revenue from paint recycling through collection fees charged to municipalities, which has allowed the processors to maintain some level of profitability. The Sustainability Review concluded that in order to maintain a relatively healthy level of profitability for paint processors, processor efficiencies would need to improve and/or recycling incentives would need to be increased.

As mentioned in the Action Plan on page 28, reductions were made to the processing incentives for a few of the materials which has assisted in the short term to help prevent a deficit. However, with the regulatory amendment in December 2019 that removed the maximum fees from the paint regulation, administration will be commencing with the process of proposing a rate change in the 2020/21 fiscal year. This will help ensure long-term viability for the paint program.

Goal P3: End-of-life paint and paint containers are recycled in an environmentally and socially responsible manner.

Our goal is to process collected paint and paint containers to the highest possible environmental standard as outlined in the Mission Statement.

Performance Measure P3.1: Environmental Assurance - Processors

Ensure that Processors meet or exceed the Processor Incentive Program Requirements. This includes compliance with applicable environmental, occupational health and safety regulations as well as industry standards related to health and safety, and transportation and export.

Target

1. Processor sites are inspected regularly to confirm compliance with Program requirements.
2. Third-party desktop or onsite assurance reviews, determined on a case-by-case basis, are conducted for downstream processors.
 - a) If deficiencies are identified, the Processors or downstream processors are required to address them in accordance with approved timelines.

3. Every three years a comprehensive environmental assurance review is conducted by a third-party to ensure Processor conformance to Program requirements. The next review is scheduled for 2019/20.

Result

1. The target for regular inspections of all processor sites was met. This included verifying permits for approved downstream processors and scale calibration reports are current, separation of eligible and ineligible inventory and recycling of containers.
2. Inspections of two downstream processing facilities were conducted and no deficiencies were identified regarding program requirements or their application.
3. Environmental assurance reviews were completed for all processors in 2019/20 and any deficiencies identified were addressed in accordance with approved timelines.

Performance Measure P3.2: Environmental Assurance - Municipal and Indigenous Community Collection Sites

Ensure that municipal and Indigenous sites which receive ARMA grants meet or exceed all applicable environmental standards, consistent with the terms of the funding grant.

Target

1. Municipal collection sites are inspected annually to confirm adherence to program requirements e.g. secure storage of program material, signage visible to public. If deficiencies are identified, they are addressed in accordance with approved timelines.

Result

1. All registered paint sites were inspected, and deficiencies related to grant funding criteria were addressed in accordance with approved timelines.

Goal P4: There is strong awareness and support for the Paint Recycling Program.

Public, stakeholder and industry awareness and support are critical to the Programs.

Performance Measure P4.1: Public Awareness and Support

1. An independent research firm will track:
 - a) Public awareness of the Paint Recycling Program and Surcharges, and the changes in levels of awareness and support over time.
 - b) Public support for the Paint Recycling Program and the Surcharges, and the changes in levels of support over time.

Target

1. The target is to maintain current levels of awareness and support for both the Program and the Surcharges, and where possible to increase both awareness and support, measured through polling.

Year	Program		Surcharges	
	Awareness	Support	Awareness	Support
2015/16 Result	71%	86%	46%	61%
2016/17 Result ^{1.}	64%	84%	42%	53%
2017/18 Result	59%	82%	42%	54%
2018/19 Result	57%	82%	42%	59%

1. In 2016/17 the response scale for support questions was revised from a 10-point to a five-point scale in 2017. The reason for this change was to simplify the respondent's selection process and to align with a related survey by Alberta Environment and Parks. This change may cause some variation to previous results, but the five-point scale will be used from this point forward.

Result

- Administration has determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be held in 2021.

Performance Measure P4.2: Key Stakeholder Support

Key stakeholders are aware of the Paint Recycling Program and the Surcharges, and the levels of awareness increase over time.

Target

- Employ a set of public information initiatives for key stakeholders such as provincial and municipal governments, industry and the general public that will include:
 - Distribution of Progress Report (presents highlights of Annual Report);
 - Distribution of Municipal Collection Site Newsletter;
 - Participation at conferences, tradeshow and community events;
 - 2019 Collection Site Awards of Excellence;
 - Regional meetings with municipalities, waste authorities/commissions, and Indigenous communities.

Result

- Initiatives to increase program and organizational awareness:
 - The 2019 Progress Report was distributed to stakeholders by means of postcards (with a summary of results) which promoted the digitization of the annual report. An additional feature to the digital annual report was 'Success Stories' which highlighted a process or product unique to each program. These stories were then included in the Blog section of the website for further promotion.
 - The Collection Site Newsletter was emailed to all registered collection sites and distributed at each collection site inspection.
 - Board and administration attended a combination of eight tradeshow and conferences, and numerous Municipal and Commercial Paint Roundup events.
 - Promotion for the 2019 Collection Site Awards of Excellence winners included print and social media and a landing page on the website.

- e) Board and administration made 26 presentations to various stakeholder groups, which more than doubled in activity over 2018/19.
 - i. A business development component was also introduced this year. It generated significant activity through meetings and various discussions held with the post-secondary sector, building partnerships in the areas of innovation and technology.
- 2. The first stakeholder satisfaction survey was issued to registered collection sites. The respondents indicated dissatisfaction with the collection site grant and that more funding is needed so they do not have to subsidize collection with fees charged for pick up. With the regulatory change previously mentioned in this report, administration will commence the process of proposing a rate change in the paint program in the 2020/21 fiscal year which could alleviate the collection fees implemented by processors.
- 3. A Strategic Communications Framework has been drafted for implementation in 2020/21 that includes tactical considerations to be employed i.e. listening to stakeholders and integrating their feedback.

Strategic Action Plan for Performance Measure P4.2

- 1. Increase messaging to municipalities and Indigenous communities regarding how Program funding works and changes that may be necessary due to sustain the Program.
 - a) Include this messaging in presentations to rural and urban municipalities, environmental organizations, tribal and settlement councils, and waste minimization advisory groups.

Result

- a) Messaging regarding how the funding works – making the distinction between the collection grant and processors fees for bin collection – was added to 2019 Collection Site Newsletter.
- b) All presentations made to collection sites representatives at conferences e.g. Best Practice Presentations include a section on the funding available and how it works.

Goal P5: There is strong participation in the collection of leftover paint and paint containers for recycling under the Program.

Participation is the basis for higher levels of recovery, which is fundamental to Program completeness.

Performance Measure P5.1: Residential Participation and Access

Participation and access to facilities, including municipal collection sites, voluntary return-to-retailer and Processor sites, for Albertans to recycle their paint, paint containers and spray paint cans is improving.

Target

- 1. Increase the level of residential participation for recycling EOL paint, paint containers and spray paint cans through collection sites that operate year-round, measured by an independent research firm.
- 2. Communicate the benefits of the collection site grant Program to municipalities, and Indigenous communities that have not yet registered.

Year	Awareness of Municipal Collection Sites	Participation	Registered Collection Sites
2015/16 Result	85%	34%	313
2016/17 Result	82%	30%	321
2017/18 Result	81%	31%	317
2018/19 Result	84%	31%	318
2019/20 Target	83%	32%	325
2019/20 Result	2021/22	2021/22	323

Result

1. Administration determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be conducted in 2021/22 at which time awareness of collection sites as well as participation will be measured.
2. The number of collection sites increased by five over the prior year. Promotion of the program has taken place at Best Practice Presentations for municipalities and Indigenous communities as well as through the website and industry conferences.

Supplementary Information for Performance Measure P5.1: Proximity to Registered Collection Sites

Third-party research will be conducted every three years to measure rural and urban access to collections sites, awareness of these sites and participation in the program (recycled in the past 12 months). The next project to update the proximity measurement will in 2021/22.

PROXIMITY TO COLLECTION SITES	
Driving Distance – Metro	Proximity
15 minutes	94.9%
Driving Distance – Cities	Proximity
15 minutes	88.4%
Driving Distance – Rural	Proximity
20 minutes	93.0%

Supplementary Information for Performance Measure P5.1: Number of Events in Roundup Program

Paint roundups provide temporary access to paint recycling. The decline in roundup events over the last few years may be due in part to the cost of holding events as well as municipalities and Indigenous communities establishing year-round sites.

Year	Number of Roundups
2015/16 Result	85
2016/17 Result	85
2017/18 Result	71
2018/19 Result	72
2019/20 Result	67

Performance Measure P5.2: Industrial, Commercial and Institutional (ICI) Participation

The level of participation by the ICI sector in recycling their leftover paint and paint containers through the Program is increasing.

Target

1. Increasing ICI participation
 - a) Continue efforts to increase and enhance commercial paint roundups.
 - b) Work directly with municipal collection sites that do not accept ICI material volumes to help address the challenges of accepting paint from the ICI sector through additional collection initiatives.
 - i. Identify geographic gaps in ICI collection coverage and work with individual municipalities and paint Processors to develop a solution.

Result

1. A total of 18 ICI (commercial) paint roundups were held in Calgary and Edmonton between March and November 2019 with Red Deer also holding three events. For all three locations, businesses in the surrounding areas were invited to participate.
 - a) Attendance was strong at all three locations and this program will continue into the next fiscal year. The events are well received from commercial paint businesses, generating high volumes of material. These roundups also provide an opportunity to educate participants about the Program.
2. Approximately 40% of collection sites accept material from the ICI sector. This number may increase in the future; in 2020/21 administration will commence the process of proposing a rate change in the paint program which, when approved, could alleviate collection fees currently implemented by processors. This could potentially make it more cost-effective for collection sites to accept the added volume of ICI material.
3. Municipal Roundup Program: of the 67 events held this year, 44 accepted paint from the ICI sector. Event locations included Wood Buffalo, Wainwright, Innisfail, Drumheller, Strathcona County, Hinton, Hanna and Pincher Creek and Breton, illustrating the geographic spread of opportunities that have developed for the ICI sector to recycle their materials.



ELECTRONICS



PAINT



TIRES



USED OIL



TIRE RECYCLING PROGRAM

GOALS, PERFORMANCE MEASURES AND STRATEGIC ACTION PLANS

Goal T1: All designated tires available at end-of-life are collected and processed.

In accordance with the long-term strategic direction of Program completeness, performance measures are set to ensure progress toward the goal to collect and recycle all available, designated tires at end of life.

Performance Measure T1.1: Total amount of available, End-of-life Tires Processed

Annual targets are set to drive a consistently high recovery each year of end-of-life designated tires (scrap tires) to measure progress towards recycling of the material discarded by Albertans. The targets are set based on the trend of previous years' results and market expectations for both the annual sales of designated material and recycled material.

Target

1. Total tires processed
The total tonnes processed in a year is the actual output of the program each year and is the basis for the target.
2. Amount processed per capita
Presenting the per capita rate provides a better indicator of progress than changes in population. Additionally, the kg. per capita indicator may be useful to compare the Program's effectiveness with programs in other jurisdictions.
3. Total cost per Kg.
The total cost for the Program encompasses collecting and processing material, Program administration and developmental funding e.g. education, research and development. Development funding is intended to enhance Program effectiveness but is considered over and above the core Program costs and varies year-over-year.
4. Recovery Rate
The recovery rate measures the amount of product processed as a percent of the amount of product purchased in a year. It is a useful target for tracking trends in changes to the recovery of material over time – how much of the annual inflow of new tires is offset by the amount of scrap tire removed – indicating whether the effectiveness of the Program is increasing, decreasing or levelling off.
 - a) The recovery rates for car & light truck tires (PLTT), medium truck tires (MTT), specialty, industrial and other (SIO) tires are presented separately from off-the-road tires (OTR) as there is a substantial difference in the discard (lifespan) and collection process, with OTR resulting in a much lower rate.

Year	Total Tires Processed (Tonnes)	Kg. per Capita	Total Cost per Kg.	Recovery Rate for PLTT, MTT, and SIO Tires	Recovery Rate for OTR
2015/16 Result	68,659	16.96	\$0.41	96%	76%
2016/17 Result	60,666	14.81	\$0.40	87%	78%
2017/18 Result	60,333	14.50	\$0.41	82%	29%
2018/19 Result	67,611	16.09	\$0.39	86%	65%
2019/20 Target	65,508	15.43	\$0.41	81%	51%
2019/20 Result	62,328	14.59	\$0.41	86%	49%

Result

1. Total tires processed

This year there was a 7.8% decrease over the previous year due to a reduction in the cyclical demand for TDA in landfill projects however this was offset to a degree by the processing of mulch which returned to a more typical level after a fire that damaged the production line last year (see the Processed Material table on page 40).

2. Amount processed per capita

Kgs. per capita decreased in conjunction with the decrease in processing.

3. Total cost per Kg.

The total cost per kg. is higher than the prior year. This is due to the larger quantities of mulch and crumb produced which require additional processing and carry a higher recycling incentive.

4. Recovery Rate

The recovery rate for PLTT, MTT and SIO increased to 86%. The recovery rate for OTR varies widely from year to year due to fluctuations in activity for the projects that use this material. This year the recovery rate shows a decrease of 16% over the previous year due to a reduced demand for TDA, the primary end-use option for OTR material.

Strategic Action Plans for Performance Measure T1.1

1. End uses for scrap tires

- Continue to encourage TDA in road construction e.g. as embankment fill and as drainage material in landfills; monitor these uses including analyzing supply and demand.
- At the same time utilize the Life Cycle Assessment (LCA) tool to evaluate the end uses of recycled tire material in terms of their environmental impact.
- Promote research and development funding to find new end uses for recycled tire material. Use the results of the LCA to as a tool to evaluate the applications.

Result

- Administration made presentations to AEP staff regarding the benefits and performance of TDA as drainage material in municipal landfills. ARMA's TDA Bulletin, which provides insight into the performance of TDA and how it compares to conventional gravel drainage layers, has been updated to include the testing results completed by the University of

Saskatchewan (comparison of TDA and conventional aggregate). The results of the study support that TDA is suitable for use in leachate drainage blankets.

- b) The final report on phase 1 of the LCA study - a joint project with CATRA - has been completed. Phase 2 of the LCA study will include a literature review on the life cycle and use of pyrolysis.
- c) Management engaged with post-secondaries, and businesses on innovation and technology. Some innovative concepts that are currently being pursued include pyrolysis or thermal vacuum recovery, dissolving rubber tires, thermal barrier for home building, rubber polymer for roadways.

Supplementary Information for Performance Measure T1.1: Amount Processed by Tire Type

Year	PLTT and SIO Tires (Tonnes)	MTT (Tonnes)	OTR (Tonnes)
2015/16 Result	39,976	23,339	5,345
2016/17 Result	34,679	21,502	4,485
2017/18 Result	37,617	20,354	2,362
2018/19 Result	40,394	21,987	5,230
2019/20 Result	39,221	19,291	3,816

Supplementary Information for Performance Measure T1.1: Processed Material

The following table identifies the recycled materials processed from scrap tires - manufactured product, rubber crumb and shred - as a percent of the total amount of tires processed. Following are the descriptions for each material:

1. Tire-derived Aggregate (TDA) for civil engineering applications: a value-added product in municipal landfill projects for use as drainage material in leachate collection systems. TDA is produced by mechanically cutting up tires (shredding) into 6" nominal pieces, with the steel and fibre still embedded.
2. Crumb: particles of rubber ground from shred, ranging in size from pea-gravel to fine powder, with the steel and fibre removed. Uses for crumb include loose applications for infill or top dressing in sports fields and feedstock for manufactured products.
3. Mulch: Tires processed in maximum 2" pieces with the metal extracted. Mulch is used in landscaping applications.

End Use Material	2019/20 Result		2018/19 Result		2017/18 Result		2016/17 Result	
	Tonnes	Percent of Total Processed	Tonnes	Percent of Total Processed	Tonnes	Percent of Total Processed	Tonnes	Percent of Total Processed
TDA for civil engineering projects	10,718	17%	28,559	42%	17,527	29%	13,597	22%
Crumb	39,618	64%	37,924	56%	32,507	54%	39,593	66%
Mulch	11,992	19%	1,128	2%	10,299	17%	7,476	12%
TOTAL	62,328	100%	67,611	100%	60,333	100%	60,666	100%

Supplementary Information for Performance Measure T1.1: Disposal of Residual Materials

The following table identifies the residual material e.g. fibre and steel extracted during mulch and crumb processing from PLTT and OTR which is disposed of in accordance with Program-acceptable methods. Generally, the steel can be recycled. End-use opportunities fluctuate for fibre therefore when options are limited the material is sent to landfill.

Year	Total Disposed (tonnes)	Total Processed (tonnes)	Percent of Total Processed
2015/16 Result	2,215	68,659	3.23%
2016/17 Result	3,181	60,666	5.24%
2017/18 Result	2,538	60,333	4.21%
2018/19 Result	2,645	67,611	3.91%
2019/20 Result	2,294	62,328	3.68%

Goal T2: Ensure Program sustainability by confirming Surcharge and funding rates are appropriate and effectively managed.

Ongoing financial analysis and projections will ensure that the Fund balance (net assets of the Program) is consistent with Board directions, providing for longer term financial stability of the Program.

Performance Measure T2.1: Program Sustainability

Ongoing financial analysis including:

1. Surcharge revenues remitted on the sale of designated tires;
2. Program expenditures on the collection and processing of scrap tires;
3. Investment earnings and changes in market value;
4. The Fund target and range set by the Board;

5. Potential factors that could impact the Fund balance e.g. changes in technology, processing costs, product life span changes and recovery rates.

Target

1. Provide regular reports against Program revenues and expenditures projection.
2. Identify any changes and provide possible adjustment scenarios for Surcharge rates and/or Program funding rates, including timelines and resulting Fund balance.

Result

1. Quarterly financial reports including analysis and projections of revenues and expenditures were reviewed by the Audit & Investment Committee and reported to the Board of Directors.

Following are highlights of revenues and expenditures for the year ending March 31, 2020, from the Audited Financial Statements.

1. Overall financial results
The Tire program generated a loss of \$1.2 million compared to a positive result of \$1.0 million in the prior year. Lower sales of tires impacted revenue while the product mix of recycled materials shifted back to more typical levels of mulch and crumb which attract higher recycling incentives. The investment portfolio was significantly impacted by COVID-19 concerns at March 31, 2020 and resulted in a weak return for the year.
2. Total recycling revenue
 - a) No adjustments were made to the environmental fees collected per unit on the sale of designated tires.
 - b) Recycling revenues of \$24.4 million were 7.1% lower than the prior year due to weaker new tires sales throughout the year, in addition to significant sales decreases in March 2020 due to the impact of COVID-19, related business closures and operating restrictions.
3. Total program expenditures
 - a) Program incentives were shifted from the prior year, with transportation rates increasing and recycling incentives for mulch and crumb decreasing.
 - b) Total recycling expenditures of \$22.2 million were 2.2% lower than the previous year. Overall processing decreased by 7.8%. TDA production decreased from the prior year due to a reduction in the cyclical demand for landfill projects while mulch production, which carries a higher incentive, returned to more typical levels after a fire in the prior year that impacted the production of this product.
 - c) Total recycling development, Program delivery expenditures, and Corporate administration expenditures of \$3.4 million were 4.3% lower than the previous year. The decrease was driven primarily by decreased funding availability for municipal grants.
4. Net investment income
 - a) Nominal investment income of \$38K reflected the impact of COVID-19 on the market value of the portfolio at March 31, 2020, as compared to the strong performance of investments in the prior year of \$1.0 million.

Strategic Action Plans for Performance Measure T2.1

1. Fee Adjustments

- a) Advocate for the organization's ability to set fees as required (in line with regulatory amendments).
 - i. This would address the need to increase the Surcharge for MTT to support the actual program cost to recycle them.

Result

In December 2019 the government announced that maximum fees were being removed from the recycling regulations. This development allows for a streamlined administrative process to increase fees – no longer requiring a regulatory change through cabinet but with government retaining oversight - in response to changing market conditions. Discussions on the planning process for stakeholder engagement regarding an increase to the Surcharge for MTT is being deferred to 2020/21.

2. Develop communications plan for including agricultural tires in the Program

- a) Includes proposed Surcharges and Program costs for recycling these tires.

Result

Discussions on the planning process for stakeholder engagement regarding adding agricultural tires in the program has been deferred to 2020/21.

3. Collection Model

- a) Continue to evaluate the collection model for cost effectiveness and efficiency including;
 - i. Monitoring results of small generator collection pilot
 - ii. Pursuing regional reload areas
 - iii. Develop funding adjustments to address collection cost challenges and outcomes of the last Sustainability review, with a net neutral impact to the Program's expected expenditures for 2019/20.

Result

This project is ongoing as administration continues to review options to enhance tire collection, particularly for smaller tire suppliers and those in rural areas.

Performance Measure T2.2: Ensuring Revenue Completeness

ARMA is authorized by Regulation to identify and register companies supplying designated tires in Alberta. This is to ensure that in accordance with the Tire Recycling Bylaw, Surcharges are collected and remitted on the sale of new tires. To confirm that these registered companies (Suppliers) comply with the bylaw, compliance reviews are conducted, using a risk-based sampling process based on a Supplier's revenue profile, to select the companies for review.

Target

1. Suppliers reporting 70% of total Program revenue are reviewed over a two-year period.
 - a) Table A indicates the revenue profile of the Suppliers and the frequency of reviews based on their average monthly Surcharge remittance. Higher frequencies are used for larger and medium sized Suppliers who represent the majority of Program revenue. Small Suppliers, collectively reporting 17% of Program revenue, do not have a predetermined review schedule. They are selected through a combined approach of random selection and identification of Suppliers with significant changes in their remittance history.
 - b) Table B indicates the percent of reported revenue to be reviewed over a two-year period to meet the target of 70%.

TABLE A: SUPPLIER SIZE PROFILE			
Average Surcharge per Month	Percent of Suppliers	Percent of Surcharges Reported	Review Frequency
Small <\$1,000	78.8%	14.7%	As needed
Medium \$1,000 - \$2,500	14.2%	18.6%	Every three years
Large >\$2,500	7.0%	66.7%	Every two years
Total	100%	100%	

TABLE B: REVENUE REVIEW		
Year	Percent Reviewed of Total Revenue	
	Annual Percent Reviewed	Two-year total (Target 70%)
2016/17 Result	11%	-
2017/18 Result	32%	43% (16/17 + 17/18)
2018/19 Result	55%	87% (17/18 + 18/19)
2019/20 Forecast	27%	82% (18/19 + 19/20)
2019/20 Result	27%	82% (18/19 + 19/20)

Result

This performance measure helps to address the goal of providing for longer term financial stability for the program by verifying that the program is receiving the regulated environmental fees on sales of eligible products. The percentage reviewed on an annual basis can vary widely depending on the number of large suppliers that are reviewed in each year, with a goal to review suppliers representing 70% of revenue over each two-year period. The goal this year was exceeded by 12%.

Supplementary Information for Performance Measure T2.2: Supplier Registration

On an ongoing basis, ARMA endeavours to identify and register businesses selling designated tires in or into the province. These companies are found either through Suppliers already registered with the Program or through a Supplier Identification Project. This project, completed every three years by a third-party, involves conducting research of business listings to identify possible Suppliers. The next identification project is scheduled for 2020/21.

Performance Measure T2.3: Sustainability of Recycling Industry

Verify that the current levels of program funding are adequate to sustain the collection and processing of scrap tires within Alberta's recycling industry.

1. Conduct a comprehensive Sustainability Review at least every three years to determine if there is a need to adjust program funding rates. The review is to be comprised of a professional audit of all Processors receiving program funding and an assessment of the financial stability of the processing industry.
2. In the intervening years, consult with Processors to identify and analyze any significant changes occurring since the program's last Sustainability Review.

Target

1. The next Sustainability Review is scheduled for 2020/21.
2. Consult with the processors to identify any significant changes occurring since the 2017/18 Sustainability Review.

Result

The Board approved several incentive changes for implementation in 2019/20 based on the results of the Small Load Pilot Project and administrative considerations.

Transportation incentives were increased while mulch and crumb processing incentives were decreased to more towards a balanced approach for TDA, crumb and mulch products, with TDA benefiting municipalities, and crumb benefiting the numerous Municipal Demonstration Projects across the province.

Goal T3: Scrap tires are processed in an environmentally and socially responsible manner.

Our goal is to process collected tires to the highest possible environmental standard as outlined in the Mission Statement.

Performance Measure T3.1: Environmental Assurance - Processors

Ensure that Processors meet or exceed the Processor Incentive Program Requirements. This includes compliance with applicable environmental, occupational health and safety regulations as well as industry standards related to health and safety, and transportation and export. This is to ensure proper collection and processing of material.

Target

1. Processor sites are inspected monthly to confirm compliance with Program requirements.
2. If deficiencies are identified, Processors are required to address them in accordance with approved timelines.
3. Every three years a comprehensive environmental assurance review is conducted by a third-party to ensure Processor conformance to Program requirements. The next review was scheduled for 2019/20.

Result

1. The target for monthly inspections of all processors was met. Inspections included tracking of inventory; adherence to the Alberta Fire Code for storage of material; and verifying that reports for fire code inspections completed by local authorities and scale calibration were current.
2. Deficiencies related to program requirements were addressed according to approved timelines. Additionally, quality control inspections of TDA material were regularly conducted at the processor sites, inspecting material bound for municipal leachate collection projects and at the point of delivery.
3. The comprehensive environmental assurance review was completed in 2019/20. Deficiencies related to program requirements were addressed according to approved timelines.

Performance Measure T3.2: Environmental Assurance – Registered Municipal and Indigenous Community Collection Sites

Ensure that registered municipal and Indigenous tire collection sites (tire collection sites) that receive ARMA grant meet or exceed all applicable environmental standards, consistent with terms of the funding grant.

Target

1. Tire collection sites are inspected annually to confirm adherence to the terms of the funding grant, e.g. proper storage of program material, signage visible to public, etc. If deficiencies are identified, they are addressed in accordance with approved timelines.

Result

1. All tire collection sites were inspected, and deficiencies related to grant funding criteria were addressed in accordance with approved timelines.

Goal T4: There is strong awareness and support for the Tire Recycling Program.

Public, stakeholder and industry awareness and support are critical to the Programs.

Performance Measure T4.1: Public Awareness and Support

1. An independent research firm will track:

- a) Public awareness of the Tire Recycling Program and Surcharges, and the changes in levels of awareness and support over time.
- b) Public support for the Tire Recycling Program and the Surcharges, and the changes in levels of support over time.

Target

1. The target is to maintain current levels of awareness and support for both the Program and the Surcharges, and where possible to increase both awareness and support, measured through polling.

	<u>PROGRAM</u>		<u>SURCHARGES</u>	
	Awareness	Support	Awareness	Support
2015/16 Result	72%	86%	70%	64%
2016/17 Result	61%	87%	64%	61%
2017/18 Result	65%	83%	65%	60%
2018/19 Result	61%	83%	64%	62%

1. The response scale for support questions was revised from a 10-point scale to a five-point scale in 2017. The reason for this change was to simplify the respondent's selection process and to align with a related survey by Alberta Environment and Parks. This change has caused some variation to previous results.

Result

Administration has determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be held in 2021/22.

Performance Measure T4.2: Key Stakeholder Support

Key stakeholders are aware of the Tire Recycling Program and the Surcharges, and the levels of awareness increase over time.

Target

1. Employ a set of public information initiatives for key stakeholders such as provincial and municipal governments, industry and the general public that will include:
 - a) Distribution of Progress Report (presents highlights of Annual Report);
 - b) Distribution of Collection Site Newsletter;
 - c) Participation at conferences, tradeshow and community events;
 - d) 2019 Collection Site Awards of Excellence;
 - e) Regional meetings with municipalities, waste authorities/commissions, and Indigenous communities.
2. Establish a survey to measure Program awareness amongst key stakeholders.

Result

1. Initiatives to increase program and organizational awareness:

- a) The 2019 Progress Report was distributed to stakeholders by means of postcards (with a summary of results) which promoted the digitization of the annual report. An additional feature to the digital annual report was 'Success Stories' which highlighted a process or product unique to each program. These stories were then included in the Blog section of the website for further promotion.
 - b) The Collection Site Newsletter was emailed to all registered collection sites and distributed at each collection site inspection.
 - c) Board and administration attended a combination of eight tradeshow and conferences, and numerous Municipal and Commercial Paint Roundup events.
 - d) Promotion for the 2019 Collection Site Awards of Excellence winners included print and social media and a landing page on the website.
 - e) Board and administration made 26 presentations to various stakeholder groups, which more than doubled in activity over 2018/19.
 - i. A business development component was also introduced this year. It generated significant activity through meetings and various discussions held with the post-secondary sector, building partnerships in the areas of innovation and technology.
2. The first stakeholder satisfaction survey was issued to registered collection sites. The respondents were satisfied overall with the tire program and its ability to help their residents recycle scrap tires.
 3. A Strategic Communications Framework has been drafted for implementation in 2020/21 that includes tactical considerations to be employed i.e. listening to stakeholders and integrating their feedback.



ELECTRONICS



PAINT



TIRES



USED OIL



USED OIL MATERIALS RECYCLING PROGRAM

GOALS, PERFORMANCE MEASURES AND STRATEGIC ACTION PLANS

Goal UO1: All designated oil, oil filters and oil containers available at end-of-life are collected and processed.

In accordance with the long-term strategic direction of Program completeness, performance measures are set to ensure progress toward this goal to collect and recycle all available, designated oil, oil filters and oil containers at end-of-life.

Performance Measure UO1.1: Total Amount of End-of-Life Designated Oil Processed

Annual targets are set to drive a consistently high recovery each year of available end-of-life designated oil (used oil) collected and processed in accordance with the estimated amount discarded by Albertans. The targets are set based on the trend of previous years' results and market expectations for both the annual sales of designated material and recycled material.

Target

1. Total amount of used oil processed

Prior to the transition to ARMA on October 1, 2018, the used oil program under the AUOMA reported volumes processed in litres. This Annual Report presents the figures in litres to allow for consistency with historical reporting under AUOMA, and in kgs. to determine kg. per capita. The latter measurement is consistent with the reporting of Performance Measure in ARMA's other three programs, and generally in recycling programs across Canada.

The total amount processed in a year is the actual amount of material processed through the Program and is used to calculate the target.

2. Amount processed per capita

Presenting the per capita rate provides a better indicator of progress than changes in population. Additionally, the kgs. per capita indicator may be useful to compare the Program's effectiveness with programs in other jurisdictions.

3. Capture Rate

The capture rate measures the total amount processed as a percent of an estimated total amount of oil considered end-of-life (EOL). Because a portion of oil sold is consumed in use, this results in a lower recovery rate for used oil as compared to other materials and makes the capture rate a more useful performance measure. Industry estimates that 35.5% of oil sold is consumed during use, leaving 64.5% identified as EOL. For Program reporting, the amount for EOL oil will be calculated at 64.5% of the amount sold.

Year	Total Used Oil Processed		Kg. per Capita	Capture Rate
	Litres (millions)	Kg. (millions)		
2015 Result (Jan - Dec) ^{1.}	95.37	82.97	20.49	85.5%
2016 Result (Jan - Dec) ^{1.}	86.12	74.92	18.29	87.0%
2017 Result (Jan - Dec) ^{1.}	89.91	78.23	18.80	84.3%
2018/19 Result ^{2., & 3.} (Apr/18 - Mar/19)	84.49	73.50	17.49	76.6%
2019/20 Target	91.90	79.95	18.84	83.2%
2019/20 Result	86.61	75.35	17.64	79.8%

1. AUOMA results.
2. ARMA's fiscal year of April 1 to March 31 differs from AUOMA's which was January 1 – December 31. There is a three-month stub period from January 1, 2018 to March 31, 2018 which resulted from the shift in fiscal year. It is not displayed in this table but is included in the cumulative results of the program.
3. The 2018/19 result reflects the last six months of operation under AUOMA and the first six months of operation under ARMA.

Result

1. Total Amount Processed and the Capture Rate

Effective January 1, 2018, a change was implemented to the methodology for paying Return Incentives on used oil. Prior to this change, a small amount of water content was included in the processed weight and received incentives under the Program. Effective with the change, no water content is included in the processed weight. As a result, the calculated capture rate for oil is expected to be lower (and more accurate) for 2018/19 forward, compared to 2015, 2016 and 2017.

2. Amount processed per capita

Kgs. per capita increased in conjunction with the increase in processing.

Performance Measure UO1.2: Total Amount of Oil Filters Collected

Annual targets are set to increase the total amount of designated oil filters collected and processed under the Program in accordance with the estimated amount discarded by Albertans.

Targets

1. The total volume collected in a year is the actual output of the Program, and the basis for the forecast, target and projections.
2. The recovery rate measures the amount of product collected as a percent of the amount of product purchased.

	Kg. (millions)	Kg. per Capita	Recovery Rate
2015 Result (Jan - Dec) ^{1.}	5.11	1.26	86.7%
2016 Result (Jan - Dec) ^{1.}	4.67	1.14	87.3%
2017 Result (Jan - Dec) ^{1.}	4.78	1.15	87.0%
2018/19 Result ^{2. & 3.} (Apr/18 - Mar/19)	4.50	1.07	81.0%
2019/20 Target	4.69	1.11	82.1%
2019/20 Result	4.49	1.05	82.4%

1. AUOMA results.
2. ARMA's fiscal year of April 1 to March 31 differs from AUOMA's which was January 1 – December 31. There is a three-month stub period from January 1, 2018 to March 31, 2018 which resulted from the shift in fiscal year. It is not displayed in this table but is included in the cumulative results of the program.
3. The 2018/19 result reflects the last six months of operation under AUOMA and the first six months of operation under ARMA.

Result

The total kg. of filters collected for 2019/20 was lower than for the prior year, driven by lower sales of new filters and therefore lower discards. The 2019/20 recovery rate increased over the prior year, reflecting a larger decrease in sales of new units than the decrease in filters collected.

The recovery rates of filters shifted after 2017, due to a program change implemented in January 2018 by AUOMA to the methodology for paying Return Incentives on filters. Prior to this change, the program paid on collected weight included contamination or non-program material. The non-program materials are now removed from the collected volume, so the incentives are paid only on the weight of filters. While this change does not impact the methodology for calculating the collected volume, it has removed any unintentional incentive for non-program materials to be placed in the drums of filters collected for processing. As a result, the calculated recovery rate for filters is expected to be slightly lower but more accurate from 2018/19 forward, as compared to 2015-2017.

Performance Measure UO1.3: Total Amount of Oil Containers Collected

Annual targets are set to increase the total amount of designated oil containers collected and processed under the Program in accordance with the estimated amount discarded by Albertans.

Target

1. The total volume collected in a year is the actual output of the Program, and the basis for the forecast, target and projections.
2. The recovery rate measures the amount of product collected as a percent of the amount of product sold.

	Kg. (millions)	Kg. per Capita	Recovery Rate ⁴ .
2015 Result (Jan - Dec) ¹ .	2.27	0.56	90.3%
2016 Result (Jan - Dec) ¹ .	2.17	0.53	93.3%
2017 Result (Jan - Dec) ¹ .	2.56	0.61	106.3%
2018/19 Result ^{2. & 3.} (Apr/18 - Mar/19)	2.30	0.55	94.1%
2019/20 Target	2.75	0.65	103.9%
2019/20 Result	2.46	0.57	100.3%

1. AUOMA results.
2. ARMA's fiscal year of April 1 to March 31 differs from AUOMA's which was January 1 – December 31. There is a three-month stub period from January 1, 2018 to March 31, 2018 which resulted from the shift in fiscal year. It is not displayed in this table but is included in the cumulative results of the program.
3. Th2 2018/19 result reflects the last six months of operation under AUOMA and the first six months of operation under ARMA.
4. Note that the Recovery Rate may exceed 100%. The Used Oil program has historically collected and recycled non-Program automotive plastic containers (e.g. windshield washer fluid) that do not collect a Surcharge, resulting in larger processing volumes than volumes sold of eligible material. See *Strategic Action Plans for Performance Measure UO2.1* on page 54 which addresses non-Program material.

Result

The recovery rate for containers in 2019/20 climbed to 100.3%. Fiscal 2019/20 is expected to be the last year with recovery rates exceeding 100%, as ineligible containers will no longer be included in Return Incentives moving into the next fiscal year.

Performance Measure UO1.4: Total Cost per Kilogram

Annual projections for the total cost per kg. are calculated based on the trend of previous years collected and processed volumes, and expectations for administrative and developmental funding.

1. Combined total cost per kg. for used oil, filters and containers

The total cost for the Program encompasses collecting and processing material, Program administration and developmental funding e.g. education, and research and development. Development funding is intended to enhance Program effectiveness but is considered over and above the core Program costs and varies year-over-year.

	Total kg. processed - used oil, filters, containers (millions)	Total Cost per Kg.
2015 Result (Jan - Dec) ^{1.}	90.35	\$0.19
2016 Result (Jan - Dec) ^{1.}	81.76	\$0.19
2017 Result (Jan - Dec) ^{1.}	85.56	\$0.19
2018/19 Result ^{2., 3.} (Apr/18 - Mar/19)	80.30	\$0.19
2019/20 Target	87.39	\$0.18
2019/20 Result	82.29	\$0.19

1. AUOMA results;
2. ARMA's fiscal year of April 1 to March 31 differs from AUOMA's which was January 1 – December 31. There is a three-month stub period from January 1, 2018 to March 31, 2018 which resulted from the shift in fiscal year. It is not displayed in this table but is included in the cumulative results of the program. The results of the program under AUOMA from January 1, 2018 to September 30, 2018 are available on ARMA's website at albertarecycling.ca.
3. The 2018/19 result reflects the last six months of operation under AUOMA and the first six months of operation under ARMA.

Result

1. The cost per kg. for the used oil program has been relatively stable at \$0.19 / kg. for the five years of results presented.

Goal UO2: Ensure Program sustainability by confirming Surcharge and funding rates are appropriate and effectively managed.

Ongoing financial analysis and projections will ensure that the Fund balance is consistent with Board directions, providing for longer term financial stability of the Program.

Performance Measure UO2.1: Program Sustainability

Ongoing financial analysis includes:

1. Surcharge revenues remitted on the sale of designated oil materials;
2. Program expenditures on the collection and processing of used oil, filters and containers;
3. Fund target and range to be set by the Board and, as the Fund increases, investment earnings and changes in market value;
4. Potential impacts of factors that could impact the Fund balance.

Target

1. Provide regular reports against the Program revenues and expenditures projection.

2. Identify any changes and provide possible adjustment scenarios for Surcharges and/or Program funding rates including timelines and resulting Fund balances.

Result

1. Quarterly financial reports including analysis and projections of revenues and expenditures were reviewed by the Audit & Investment Committee and reported to the Board of Directors.

Following are highlights of revenues and expenditures for the year ending March 31, 2020, from the Audited Financial Statements.

1. Overall financial results

The Used Oil program generated a positive result of \$734,000 for 2019/20, with an additional positive result from the investment portfolio of \$99,000 for an overall result of \$832,000.

2. Total recycling revenue

- a) No adjustments were made to the environmental fees collected per unit on the sale of eligible oil products.
- b) Recycling revenues were \$16.2 million for this first full year of operation under ARMA, with reported unit sales of oil products -1.9% lower than the previous twelve months.

3. Total Program expenditures

- a) Program incentive rates remained unchanged during the year.
- b) Total recycling expenditures were \$14.2 million for the first full year of operation under ARMA, with processed volumes up 2.5% and 6.8% for used oil and containers and down 0.3% for filters as compared to the previous twelve months.
- c) Total Recycling development, Program delivery expenditures, and Corporate administration expenditures were \$1.3 million for the first full year of operation under ARMA.

4. Net investment income

- a) The investment portfolio returned a positive result of \$99,000. This was less than the prior year's result of \$130,000. The impacts of COVID-19 on the financial markets at March 31, 2020 was tempered by a conservative asset mix.

Strategic Action Plans for Performance Measure UO2.1

1. Explore options regarding the payment of recycling incentives on non-Program material
 - a) The program has historically collected and recycled non-Program automotive plastic containers e.g. windshield washer fluid. However, regulation does not authorize Surcharges to fund the cost to recycle these containers.

Result

Container processors were advised during 2019/20 that non-program material is not incented by ARMA. Field staff monitored material being processed during regular inspections at processing sites to gauge the current separation of eligible and ineligible material, and to educate processors leading up to April 1, 2020 when the program will no longer pay for ineligible containers (the monitoring of eligible and ineligible material will be an ongoing field task).

2. Pursue regulatory changes
 - a) Continue to work with the Government of Alberta on regulatory changes that would help achieve financial stability for the Program and fulfill its mandate.

Result

Administration continued to gain further understanding regarding how the used oil program operates and explored the need for a fee increase. In the pursuit of revenue completeness, administration identified approximately 190 original equipment manufacturers and has reached out to them for registration purposes with the appropriate UOMA program(s). This project is ongoing.

Performance Measure UO2.2: Ensuring Revenue Completeness

ARMA is required by Regulation to identify and register companies supplying designated oil materials in Alberta. This is to ensure that in accordance with the Used Oil Recycling Bylaw, Surcharges are collected and remitted on the sale of new oil materials. All Remitters must register with the Program and be reviewed within a three-year window, using joint compliance reviews in cooperation with used oil material programs in other provinces.

Target

All or substantially all Remitters will be reviewed at least once in a three-year period.

TABLE A: SUPPLIER SIZE PROFILE			
Average Surcharge per Quarter	Percent of Suppliers	Percent of Surcharges Reported	Review Frequency
Small e.g. <\$5,000	69.8%	3.0%	Every three years
Medium e.g. \$5,000 - \$25,000	18.2%	13.6%	Every three years
Large e.g. >\$25,000	12.8%	83.4%	Every three years
Total	100%	100%	

Strategic Action Plans for Performance Measure UO2.2

1. Pursue opportunities for additional shared administrative functions with other used oil management associations (UOMAs) across Canada.
 - a) Continue to work with an external consultant on conducting joint revenue compliance reviews of registered Suppliers.
 - b) Work with UOMA partners to optimize revenue collection.

Result

- a) Ninety ARMA-registered suppliers (out of 246) were selected for EHC joint revenue compliance reviews.
- b) The EHC One Window Project, a web-based Environmental Handling Charge (EHC) remittance application, was launched in January 2020. It is designed to streamline, modernize and harmonize the remittance process across the country.

Supplementary Information: Supplier Registration

On an ongoing basis, ARMA endeavors to identify and register businesses selling designated oil materials in or into the province. These companies are found either through Suppliers already registered with the Program or through a Supplier Identification Project. This project, completed every three years by a third-party, involves conducting research of business listings to identify possible Suppliers. The first identification project is scheduled for 2020/21.

Performance Measure UO2.3: Sustainability of Recycling Industry

Verify that the current levels of Program funding are adequate to sustain the collection and processing of used oil materials within Alberta's recycling industry.

1. Conduct a comprehensive Sustainability Review at least every three years to determine if there is a need to adjust Program funding rates. The review is to be conducted by an external financial expert of a sample of Processors receiving Program funding to provide an assessment of the financial stability of the processing industry.
2. In the intervening years, consult with Processors to identify and analyze any significant changes occurring since the Program's last Sustainability Review.

Target

1. The first sustainability review for registered Processors under ARMA's management of the used oil materials program was tentatively scheduled for 2020/21.

Result

A sustainability review for registered processors is now tentatively scheduled for 2021/22. This timing will allow for a full year of operations under the adjusted 2020/21 requirements for accessing recycling incentives prior to completing the review.

Goal UO3: End-of-life used oil materials are recycled in an environmentally and socially responsible manner.

Our goal is to process collected used oil materials to the highest possible environmental standard as outlined in the Mission Statement.

Performance Measure UO3.1: Environmental Assurance - Processors

Ensure that Processors meet or exceed the Processor Incentive Program Requirements, currently referred to as the Manual for Registered Collectors and Processors. This includes compliance with applicable environmental, occupational health and safety regulations as well as industry standards related to health and safety, and transportation and export.

Target

1. The following tasks will be phased in pending the development and implementation of a *Registered Oil Materials Processor Incentive Requirements* document and other related procedures:
 - a) Regular inspection of Processor sites to confirm compliance with Program requirements.
 - b) Third-party desktop or onsite assurance reviews of downstream processors determined on a case-by-case basis.
 - c) A comprehensive environmental assurance review conducted by a third-party to ensure Processor conformance to Program requirements.

Result

1. Regular inspections of all processors were conducted. Inspections included tracking of inventory; verification of storage tank registration with the Petroleum Tank Management Association of Alberta (PTMAA); confirming current scale calibration; monitoring eligible vs. ineligible containers; and verification of water testing results. There were no desktop/onsite reviews conducted of downstream processors.
2. The comprehensive environmental assurance review is tentatively scheduled for 2022/23.

Performance Measure UO3.2: Environmental Assurance - Municipal and Indigenous Community Collection Sites

Ensure that municipal and Indigenous sites registered with ARMA meet or exceed all applicable environmental standards, consistent with the site requirements.

Target

1. Work with municipalities and Indigenous communities to register their collection sites for used oil materials.
2. Develop a template for Municipal Collection Site Requirements for Used Oil Materials Collection Sites, including Program signage, and implement in 2019/20.

Result

1. As of yearend, 178 sites in 74 municipalities have registered with the Program.
2. The Program was added to the *Municipal Collection Site Registration Application* and the *Municipal Site Requirements* document. New collection site signage specific to used oil materials was also created for distribution along with the revised documents.

Goal UO4: There is strong awareness and support for the Used Oil Materials Recycling Program.

Public, stakeholder and industry awareness and support are critical to the Programs.

Performance Measure UO4.1: Public Awareness and Support

1. An independent research firm will track:
 - a) Public awareness of the Used Oil Materials Recycling Program and Surcharges, and the changes in levels of awareness and support over time.
 - b) Public support for the Used Oil Materials Recycling Program and the Surcharges, and the changes in levels of support over time.

Target

1. Include the Program in the awareness and support survey and establish a baseline for the Program under ARMA.

	PROGRAM		ENVIRONMENTAL FEES	
	Awareness	Support	Awareness	Support
2018/19 Result	57%	86%	54%	64%

Result

1. The Program was included for the first time in the 2018/19 survey, the results of which provided a benchmark on which to continue building awareness and support of the program. Administration has determined that it will be sufficient to survey the public every two – three fiscal years rather than annually therefore the next survey will be released in 2021/22.

Performance Measure UO4.2: Key Stakeholder Support

Key stakeholders are aware of the Used Oil Materials Recycling Program and the Surcharges, and the levels of awareness increase over time.

Target

1. Employ a set of public information initiatives for key stakeholders such as provincial and municipal governments, industry and the general public that will include:
 - a) Distribution of Progress Report (presents highlights of Annual Report);
 - b) Distribution of Municipal Collection Site Newsletter;
 - c) Participation at conferences, tradeshow and community events;
 - d) 2019 Collection Site Awards of Excellence;
 - e) Regional meetings with municipalities, waste authorities/commissions, and Indigenous communities;
 - f) Active engagement through digital media.

Result

1. Initiatives to increase Program and organizational awareness:
 - a) The 2019 Progress Report was distributed to stakeholders by means of postcards (with a summary of results) which promoted the digitization of the annual report. An additional feature to the digital annual report was 'Success Stories' which highlighted a process or

- product unique to each program. These stories were then included in the Blog section of the website for further promotion.
- b) The Collection Site Newsletter was emailed to all registered collection sites and distributed at each collection site inspection.
 - c) Board and administration attended a combination of eight tradeshow and conferences, and numerous Municipal and Commercial Paint Roundup events.
 - d) Promotion for the 2019 Collection Site Awards of Excellence winners included print and social media and a landing page on the website.
 - e) Board and administration made 26 presentations to various stakeholder groups, which more than doubled in activity over 2018/19.
 - i. A business development component was also introduced this year. It generated significant activity through meetings and various discussions held with the post-secondary sector, building partnerships in the areas of innovation and technology.
 - f) Social media – Facebook, LinkedIn and Twitter were posted on regularly (usually twice a week); content included promotion of roundups, grant project openings, staff attendance at conferences, recognition of environment-related days including a joint campaign for Environment Week 2019 with the Beverage Container Management Board.
2. The first stakeholder satisfaction survey was issued to registered collection sites. The oil program was still relatively new under ARMA's management however respondents indicated they would like to be provided with 'proper information on qualifications and perhaps grants to help develop good facilities'. The former has been achieved with Site Requirements (and signage) developed for collection sites and discussions have ensued regarding the latter idea (grants) for self-contained collection units.
 3. A Strategic Communications Framework has been drafted for implementation in 2020/21 that includes tactical considerations to be employed i.e. listening to stakeholders and integrating their feedback.

Goal UO5: There is strong participation in the collection of used oil materials for recycling under the Program.

Participation is the basis for higher levels of recovery, which is fundamental to Program completeness.

Performance Measure UO5.1: Residential Participation and Access

Participation and access to used oil material collection sites and Processor sites, for Albertans to recycle their used oil, filters and containers is improving.

Target

1. Include the Used Oil Program in the 2019/20 awareness and support survey to measure awareness of collection sites and participation in recycling.
2. Communicate the benefits of the collection site registration Program to municipalities, and Indigenous communities.

Year	Awareness of Collection Sites	Participation	Registered Collection Sites
2019/20 Forecast	2021/22	2021/22	190
2019/20 Result	2021/22	2021/22	178

Result

1. Administration has determined that it will be sufficient to survey the public every two years rather than annually therefore the next survey will be held in 2021.
2. Communication to the municipalities and Indigenous communities has been very effective with 178 sites being registered to accept used oil materials, the first year for participation under ARMA's used oil program.

Supplementary Information for Performance Measure UO5.1: Number of Events in Roundup Program

Roundups provide temporary access to recycling. Participating municipalities and Indigenous communities can choose which program materials they want to include in their events. This was the first year that the used oil program was included, and 48 participants - approximately 72% of the total number of roundups (67) held - elected to accept this material from the general public.

Year	Number of Roundups
2019/20 Forecast	49
2019/20 Result	48

Supplementary Information for Performance Measure UO5.1: Proximity to Registered Collection Sites

Third-party research will be conducted every three to four years to measure rural and urban access to collections sites. The next project to update proximity will be in 2021/22. This will be the first time that used oil materials collection sites will be included in the project, thus allowing for another full year (2020/21) to continue communicating the opportunity to register collection sites prior to measurement.

Performance Measure UO5.2: Industrial, Commercial and Institutional (ICI) Participation

The level of participation by the ICI sector in recycling their used oil materials through the Program is increasing.

Target

1. A benchmark target for this performance measure will be developed in 2019/20.

Result

ICI generators continue to be strong participants in the program with the majority of material (approximately 97%) entering the program through this sector.

CONTRACTS

- **Alberta Environment and Parks**
- **Government of
the Northwest Territories**
- **Government of Yukon**

Contract with Alberta Environment and Parks Household Hazardous Waste (HHW)

Contract Requirement

1. Administer funding to brokers on a per kilogram basis, for delivery of municipal HHW to the Swan Hills Treatment Centre for disposal, or on a per can basis, for delivery of aerosol cans to a recycler.
 - a) Additional funding is paid to brokers for collection of HHW from rural areas.

Municipal HHW delivered to Swan Hills Treatment Centre for Disposal	2019/20 Result (Kg.)	2018/19 Result (Kg.)	2017/18 Result (Kg.)	2016/17 Result (Kg.)
Bulked acid liquids	12,000	13,625	16,121	14,285
Bulked base liquids	56,395	61,592	70,645	60,893
Bulked flammable liquids	88,873	103,815	113,766	105,070
Bulked poisonous liquids	176,374	197,506	201,682	187,690
Sub-total bulked liquids	333,642	376,538	402,214	367,938
Lab Packs	429,228	352,253	345,828	362,207
Total bulked liquids and lab packs	762,870	728,791	748,042	730,145

Municipal HHW collected per rural and urban areas	2019/20 Result (Kg.)	2018/19 Result (Kg.)	2017/18 Result (Kg.)	2016/17 Result (Kg.)
Rural	403,049	374,696	376,055	373,449
Urban	447,927	433,679	447,231	441,400
Total	850,876	808,375	823,286	814,849

Municipal HHW aerosol cans recycled	2019/20 Result (Units)	2018/19 Result (Units)	2017/18 Result (Units)	2016/17 Result (Units)
	367,041	291,050	368,929	220,952

Contract with the Government of Northwest Territories (GNWT)

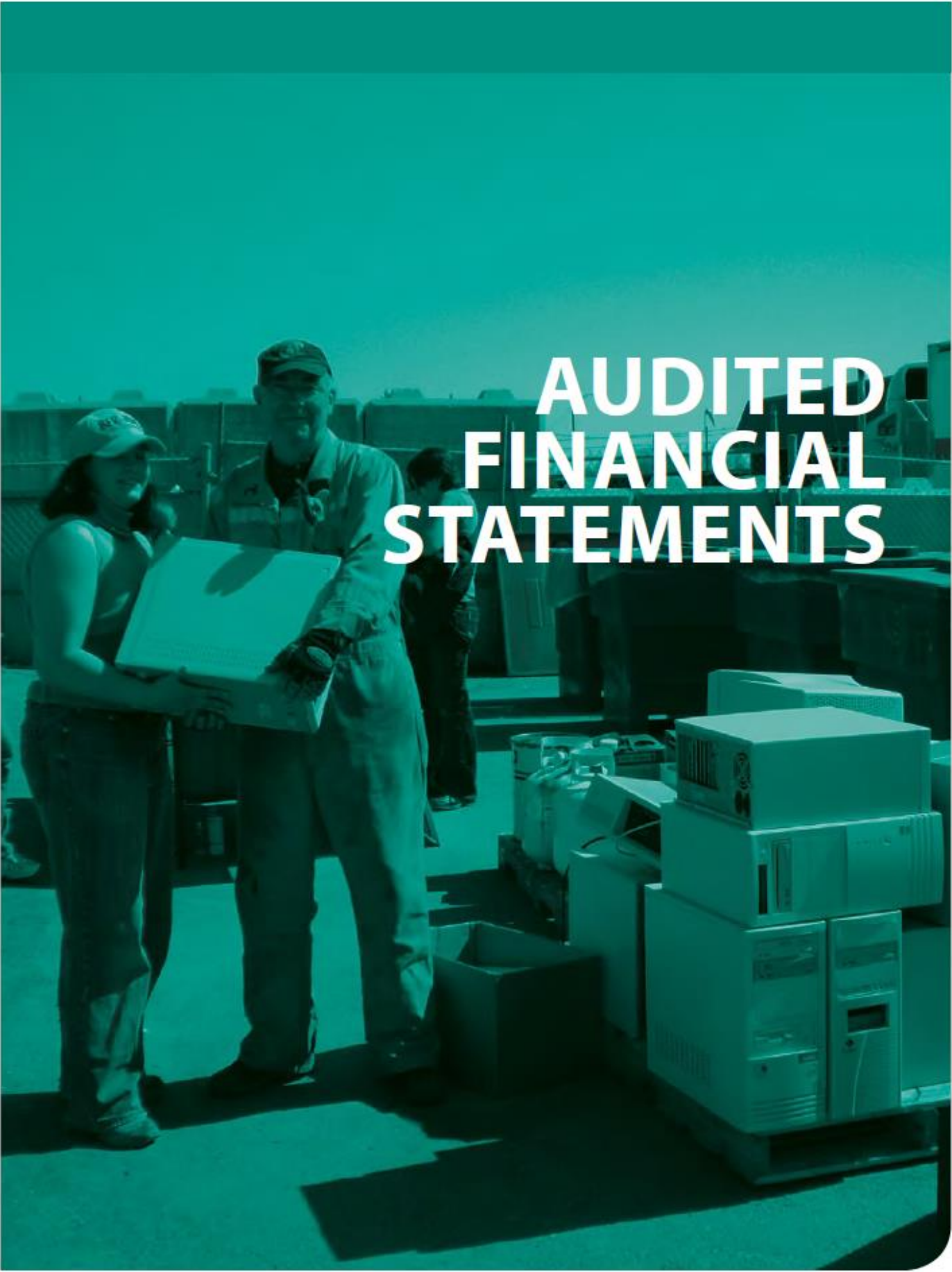
Contract Requirements

1. As of November 2015, ARMA is delivering the revenue portion of the GNWT's Electronics Recycling Program including:
 - a) Implementing and administering a registration program for Distributors of eligible electronics.
 - b) Collecting Environmental Handling Surcharges from Distributors together with applicable reports and documentation for forwarding to GNWT.
 - c) Conducting compliance reviews of Distributors on a risk-based sampling process.
 - d) Report quarterly on registration and compliance review progress.
 - i. Quarterly reporting schedule is based on ARMA's fiscal year which runs from April 1 – March 31 therefore the reports are to be submitted at the end of June, September, December and March.
2. Additional services
 - a) Provide various advisory services as requested e.g. selection of an electronics recycler, advising on eligible products.
 - b) Leverage the results of a third-party Supplier Identification Project completed every three years by Alberta's Electronics Program to identify possible Distributors for the GNWT program.

Contract with the Government of Yukon

Contract Requirements

1. As of October 2018, ARMA is delivering the revenue portion of Yukon's Tire Recycling Program including:
 - a) Implementing and administering a registration program for Producers of eligible tires.
 - b) Collecting Surcharges from Producers together with applicable reports and documentation for forwarding to Government of Yukon.
 - c) Conducting compliance reviews of Producers on a risk-based sampling process.
 - d) Report quarterly on registration and compliance review progress.
 - i. Quarterly reporting schedule is based on ARMA's fiscal year which runs from April 1 – March 31 therefore the reports are to be submitted at the end of June, September, December and March.
2. Additional services
 - a) Provide various advisory services as requested e.g. selection of a tire recycler, advising on eligible products.
 - b) Leverage the results of a third-party Supplier Identification Project completed every three years by Alberta's Tire Program to identify possible Producers for the Yukon program.

A photograph of two workers in a recycling facility. A woman on the left, wearing a cap and a dark tank top, is handing a large white box to a man on the right. The man is wearing a cap, a light-colored long-sleeved shirt, and dark pants. They are standing in front of a large pile of electronic waste, including computer monitors and towers. The background shows more workers and equipment in an industrial setting. The entire image is overlaid with a semi-transparent teal color.

AUDITED FINANCIAL STATEMENTS

August 13, 2020
Edmonton, Alberta

Independent Auditor's Report

To the Members of Alberta Recycling Management Authority

Report on the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Alberta Recycling Management Authority (the Authority), which comprise the statement of financial position as at March 31, 2020 and the statements of revenue and expenditures, changes in net assets and cash flow for the year ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2020 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

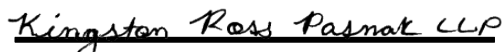
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the individual programs within the Authority to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit


Kingston Ross Pasmak LLP
Chartered Professional Accountants

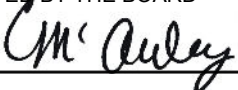
Statement of Financial Position

ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
CURRENT			
Cash	\$	2,890,804	\$ 5,650,166
Short term investments (Note 4)		36,063,633	17,452,296
Accounts receivable		7,223,393	7,836,145
Interfund receivable (Note 5)		940,052	882,764
Prepaid expenses		72,417	82,159
		<u>47,190,299</u>	<u>31,903,530</u>
LONG TERM INVESTMENTS (Note 6)		86,101,796	102,357,665
PROPERTY AND EQUIPMENT (Note 7)		<u>295,228</u>	<u>174,182</u>
		\$ 133,587,323	\$ 134,435,377
LIABILITIES AND NET ASSETS			
CURRENT			
Payable to recyclers and related accruals	\$	7,915,397	\$ 6,027,854
Accounts payable and accrued liabilities		928,444	994,531
Interfund payable (Note 5)		940,052	882,764
		<u>9,783,893</u>	<u>7,905,149</u>
COMMITMENTS (Note 9)			
EXTERNALLY RESTRICTED			
NET ASSETS (Note 10)			
Invested in property and equipment		295,228	174,182
Electronics Recycling Alberta		91,920,184	94,501,454
Paint Recycling Alberta		1,676,215	1,601,691
Tire Recycling Alberta		21,088,576	22,261,898
Used Oil Recycling Alberta		8,822,216	7,989,992
Household Hazardous Waste contract		1,011	1,011
		<u>123,803,430</u>	<u>126,530,228</u>
		\$ 133,587,323	\$ 134,435,377

APPROVED BY THE BOARD

 Director

 Director

Statement of Revenue and Expenditures

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual
Recycling revenue			
Environmental fees	\$ 54,999,152	\$ 54,115,503	\$ 46,628,397
Less: Import tire agent charges	(21,000)	(16,889)	(22,584)
Government contract - Household Hazardous Waste	1,500,000	1,400,000	1,328,500
Interest	70,400	93,248	490,911
Total recycling revenue	56,548,552	55,591,862	48,425,224
Recycling expenditures			
Recycling incentives	50,125,460	49,462,626	42,306,071
Broker contracts - Household Hazardous Waste	1,316,009	1,241,005	1,183,509
Total recycling expenditures	51,441,469	50,703,631	43,489,580
Recycling development and other			
Research and development	1,031,136	353,087	249,144
Public information	395,794	310,930	272,879
Rural Alberta project and municipal grants	1,350,451	863,257	1,164,922
Total recycling development and other	2,777,381	1,527,274	1,686,945
Program delivery expenditures			
Compensation	1,660,085	1,631,131	1,481,119
Contract program administration fees	491,261	436,805	305,062
Compliance and assurance activities	880,129	554,738	496,843
Contract delivery expenditures - Household Hazardous Waste	12,139	12,230	11,804
Program transition expense	-	-	192,382
Total program delivery expenditures	3,043,614	2,634,904	2,487,210
Corporate administration expenditures			
Compensation and professional fees	2,064,784	2,055,573	1,710,816
Office and general expenses, including amortization	1,352,460	1,307,713	1,088,642
Total corporate administration expenditures	3,417,244	3,363,286	2,799,458
Total expenditures	60,679,708	58,229,095	50,463,193
Revenue net of expenditures	(4,131,156)	(2,637,233)	(2,037,969)
Fund Investment			
Investment income	3,282,502	4,805,221	9,174,729
Unrealized investment loss	-	(4,624,903)	(2,950,201)
Investment managers and related expense	(270,600)	(269,883)	(252,803)
Net investment (loss) income	3,011,902	(89,565)	5,971,725
(Deficiency) excess of revenue over expenditures before Used Oil program transfer	-	(2,726,798)	3,933,756
Used Oil program transfer, effective October 1, 2018			7,400,152
(Deficiency) excess of revenue over expenditures	\$ (1,119,254)	\$ (2,726,798)	\$ 11,333,908

Statement of Changes in Net Assets

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020			2019
	Property and equipment	Allocated	Total	Total
Net assets, beginning of year	\$ 174,182	\$ 126,356,046	\$ 126,530,228	\$ 115,196,320
(Deficiency) excess of revenue over expenditures	-	(2,726,798)	(2,726,798)	3,933,756
Used Oil program transfer, effective October 1, 2018	-	-	-	7,400,152
Amortization of property and equipment	(100,555)	100,555	-	-
Investment in property and equipment	221,601	(221,601)	-	-
Net assets, end of year	\$ 295,228	\$ 123,508,202	\$ 123,803,430	\$ 126,530,228

Statement of Cash Flow

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019
Cash flow from operating activities		
Recycling revenue collected	\$ 55,049,494	\$ 47,004,878
Government contracts received - Household Hazardous Waste	1,475,000	1,253,500
Program expenditures	(56,619,775)	(50,397,394)
Investment income	4,805,221	9,174,729
Investment management costs	(269,883)	(252,803)
Other income	2,552	6,728
	4,442,609	6,789,638
Cash flow used by investing activities		
Investment contributions	(6,980,370)	(8,533,935)
Acquisitions of property and equipment	(221,601)	(113,012)
	(7,201,971)	(8,646,947)
Decrease in cash position	(2,759,362)	(1,857,309)
Cash, beginning of year	5,650,166	2,940,518
Transfer of used oil recycling program, effective October 1, 2018	-	4,566,957
Cash, end of year	\$ 2,890,804	\$ 5,650,166

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 1

Authority and Purpose

The Alberta Recycling Management Authority (the "Authority") is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta and operates as a delegated administrative organization (DAO), reporting to the Minister responsible for the administration of the Designated Material Recycling & Management Regulation AR 93/04 (the "Regulation"). The Authority has a mandate to establish waste minimization and recycling initiatives and programs in the Province of Alberta in accordance with sound environmental principles.

The Regulation authorizes the Authority to levy and collect advance disposal surcharges (environmental fees), which are to be used to provide or pay for any or all of the following but in respect of that specific designated material only:

- Waste minimization and recycling programs;
- Public information programs for the promotion of minimization and recycling programs;
- Expenditures on the collection, transportation, storage, processing and disposal of designated materials;
- Research and development activities related to designated materials management;
- Promotion of the use of recycled materials and products.

Under the Designation Regulations (AR 94/04), (AR 200/07), (AR 95/04) and (AR 100/18), electronics, paint, tires and used oil, respectively, have been defined as "designated materials" by the Government of Alberta. The Regulation has the effect of externally restricting the designated material reserves.

Updates to the Regulation and the Designation Regulations for each designated material, effective January 1, 2020, removed prescribed surcharge maximums and introduced the procedure for the Authority to set surcharge rates through its bylaws. This change will allow the Authority more flexibility and adaptability in determining fees that are in line with current market and economic conditions and that will support the long-term sustainability of the programs operated for each designated material. No surcharge maximums were adjusted during the three-month period following the effective date of the change to the end of the current year.

End-of-Life Electronics

The Authority administers, through Electronics Recycling Alberta, an electronics waste minimization and recycling program in the Province of Alberta. Electronics Recycling Alberta uses environmental fees levied on the supply of eligible new electronics in or into Alberta to fund used electronics recycling initiatives in accordance with the Regulation.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 1

Authority and
Purpose
continued ...

Leftover Paint Material

The Authority administers, through Paint Recycling Alberta, paint waste minimization and recycling programs in the Province of Alberta. Paint Recycling Alberta uses environmental fees levied on the supply of eligible paint and paint containers in or into Alberta to fund paint recycling initiatives in accordance with the Regulation.

Scrap Tires

The Authority administers, through Tire Recycling Alberta, used tire waste minimization and recycling programs in the Province of Alberta. Tire Recycling Alberta uses environmental fees levied on the supply of eligible new tires in or into Alberta to fund tire recycling initiatives in accordance with the Regulation.

Used Lubricating Oil Materials

Since October 1, 2018, the Authority administers, through Used Oil Recycling Alberta, used lubricating oil material, waste minimization and recycling programs in the Province of Alberta. Used Oil Recycling Alberta uses environmental fees levied on the supply of eligible new oil materials in or into Alberta to fund used oil material recycling initiatives in accordance with the Regulation. This program was managed by the Alberta Used Oil Management Association (AUOMA) to September 30, 2018.

Household Hazardous Waste

Through a contract with the Province of Alberta, the Authority administers the Province's Household Hazardous Waste ("HHW") Program. The Authority receives government funding restricted for purposes of carrying out the Household Hazardous Waste Program.

The Authority is a not-for-profit association, and accordingly, no provision for corporate income taxes has been provided in these financial statements pursuant to Section 149(1)(l) of the Income Tax Act (Canada).

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 2

Basis of Presentation

The Authority bases its accounting policies on Canadian accounting standards for not-for-profit organizations, Part III of the CPA Canada Handbook - Accounting. Based on an annual evaluation of indicators of control, it has been verified that the Authority is not subject to the Public Sector Accounting Standards Handbook.

Comparative information on a program by program basis for the Authority's four regulated programs (Electronics Recycling Alberta, Paint Recycling Alberta, Tire Recycling Alberta and Used Oil Recycling Alberta) is provided in Schedules 1, 2, 3 and 4. Each program has a separate and distinct purpose and is governed by its own legislative mandate. The Regulation requires that each program be operated and funded separately. Use of environmental fee revenue and/or net assets between the programs is not permitted by the legislation.

Schedule 5 presents comparative financial statements for the Household Hazardous Waste Program which is operated under a contract with the Government of Alberta.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 3

Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Fund Accounting

The accounts of the Authority are maintained in accordance with the principles of Fund accounting. The major reserve groupings: Electronics Recycling, Paint Recycling, Tire Recycling, Used Oil Recycling and Household Hazardous Waste, are described in Note 1. The Authority uses the restricted fund method of accounting for contributions.

Revenue Recognition

Electronics Recycling Alberta

Revenue from environmental fees on eligible electronics supplied in or into Alberta (including the city of Lloydminster) is recognized by the Authority at the time the electronics are supplied by a registered supplier to the customer. The customer is defined as a person or business entity not registered with Electronics Recycling Alberta or registered as a Payment on Purchase supplier. Interest income is recognized when earned.

Paint Recycling Alberta

Revenue from environmental fees on eligible paint and paint containers supplied in or into Alberta (including the city of Lloydminster) is recognized by the Authority at the time the paint is supplied by a registered supplier to the customer. The customer is defined as a person or business entity not registered with Paint Recycling Alberta or registered as a Payment on Purchase supplier. Interest income is recognized when earned.

Tire Recycling Alberta

Revenue from environmental fees on eligible tires supplied in or into Alberta (excluding the city of Lloydminster) is recognized by the Authority at the time the tires are supplied by a registered supplier to the customer. The customer is defined as a person or business entity not registered with Tire Recycling Alberta, or registered as a Payment on Purchase supplier. Interest income is recognized when earned.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 3

Significant

Accounting

Policies

continued. . .

Used Oil Recycling Alberta

Revenue from environmental fees on eligible lubricating oil materials supplied in or into Alberta (including sales from businesses located in the portion of the City of Lloydminster under the jurisdiction of the Province of Alberta) is recognized by the Authority at the time the lubricating oil materials are supplied by a registered supplier to the customer. The customer is defined as a person or business entity not registered with Used Oil Recycling Alberta, or a registered business where all surcharges are reported and paid to Used Oil Recycling Alberta by their suppliers. Interest income is recognized when earned.

Household Hazardous Waste Program

The Authority uses the restricted fund method of accounting for revenue from government contracts, whereby contract revenue is recognized by the Authority in the appropriate reserve when approved. Amounts agreed to or contractually required to be repaid are recognized as a reduction to approved revenue once known.

Investments

Investments are recorded at market value. The Authority's short term investments consist of money market securities, guaranteed investment certificates and bonds while the long-term investments consist of bonds and fixed income and Canadian and global equities. This policy of recording at market value will generate unrealized gains and losses on investments and are separately identified on the Statement of Revenue and Expenditures. The portfolio is held primarily for trading purposes. The portfolio is managed by third party investment managers and is subject to an investment policy set by the Board with the main objective of capital preservation.

Property and Equipment

Amortization is recorded on the straight-line basis over the estimated useful lives or current lease terms of the assets as follows:

	Years
Computer equipment and software	3
Furniture and fixtures	5
Communications equipment	5
Leasehold improvements	lease term

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 3

Significant
Accounting
Policies
continued. . .

To simplify the maintenance and tracking of property and equipment, all property and equipment are recognized as part of the net assets of Electronics Recycling Alberta. Consequently, all purchases and disposals are recorded under one program. Monthly amortization and gains/losses on disposals are recognized in each of the programs with reimbursements made from the other programs to Electronics Recycling Alberta for their portion of these charges. In this manner, the full costs of property and equipment are allocated to each of the programs based on the formula prescribed by the Board of Directors (Note 11).

Financial Instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Authority subsequently measures its financial instruments at amortized cost.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant management estimates pertain to the collectability of environmental fees, related accounts receivable, return incentives paid for ineligible containers in the Used Oil program (note 12) and the estimated useful lives of property and equipment.

The Authority identifies new suppliers, as well as reviewing electronics, paint, tires and lubricating oil material sales volumes from existing suppliers, through its compliance review activity. Any amendments arising from these reviews are recorded by the Authority as adjustments to revenue in the current period in which the amendments are made. The revenues reported represent fees collected and management's best estimate of uncollected revenue. Due to the inherent uncertainties in the industry reporting, there may be adjustments in future periods and such adjustments may be material to the financial position of the Authority.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 4

Short Term Investments

Short term investments are comprised of Money Market securities, guaranteed investment certificates and bonds:

	2020	2019
Electronics Recycling Alberta	\$21,181,733	\$9,062,835
Paint Recycling Alberta	\$1,405,660	\$1,081,701
Tire Recycling Alberta	\$9,094,236	\$4,841,008
Used Oil Recycling Alberta	\$4,382,004	\$2,466,752
	\$36,063,633	\$17,452,296

The bond coupon and guaranteed investment certificate rates range from 1.70% to 3.27%, and mature between December 18, 2020 and March 9, 2021.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 5Interfund
Balances

The Authority incurs common expenses that are attributable to the various programs that the Authority administers. For administrative purposes these shared expenses are allocated to each program. Allocation of shared expenses is performed monthly using allocation formulas as prescribed by the Board of Directors (Note 11).

At year-end, the following amounts represent the interfund accounts receivable and accounts payable and accrued liabilities of the programs administered by the Authority:

	Accounts Receivable	Accounts Payable
<i>Electronics Recycling Alberta</i>		
Paint Recycling Alberta	\$ 99,076	\$ -
Tire Recycling Alberta	\$ 550,446	\$ -
Used Oil Recycling Alberta	\$ 184,722	\$ -
Household Hazardous Waste Program	\$ 38,386	\$ -
	\$ 872,630	\$ -
<i>Paint Recycling Alberta</i>		
Electronics Recycling Alberta	\$ -	\$ 99,076
Tire Recycling Alberta	\$ 553	\$ -
Used Oil Recycling Alberta	\$ 90	\$ -
	\$ 643	\$ 99,076
<i>Tire Recycling Alberta</i>		
Electronics Recycling Alberta	\$ -	\$ 550,446
Paint Recycling Alberta	\$ -	\$ 553
Used Oil Recycling Alberta	\$ -	\$ 66,779
	\$ -	\$ 617,778
<i>Used Oil Recycling Alberta</i>		
Electronics Recycling Alberta	\$ -	\$ 184,722
Paint Recycling Alberta	\$ -	\$ 90
Tire Recycling Alberta	\$ 66,779	\$ -
	\$ 66,779	\$ 184,812
<i>Household Hazardous Waste Program</i>		
Electronics Recycling Alberta	\$ -	\$ 38,386
	\$ -	\$ 38,386

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 6**Long Term
Investments**

Long term investments consist of:

	Electronics Recycling Alberta			
	2020		2019	
	Cost	Market Value	Cost	Market Value
Bonds and fixed income	\$ 40,481,218	\$ 42,354,931	\$ 49,576,063	\$ 51,180,616
Canadian equities	12,499,971	13,189,569	12,272,880	15,838,272
Global equities	13,043,193	14,049,504	13,902,407	16,305,432
	\$ 66,024,382	\$ 69,594,004	\$ 75,751,350	\$ 83,324,320

	Tire Recycling Alberta			
	2020		2019	
	Cost	Market Value	Cost	Market Value
Bonds and fixed income	\$ 8,531,287	\$ 8,683,721	\$ 9,900,279	\$ 10,029,510
Canadian equities	2,666,371	2,653,883	2,573,681	3,123,697
Global equities	2,667,548	2,820,702	2,862,422	3,232,783
	\$ 13,865,206	\$ 14,158,306	\$ 15,336,382	\$ 16,385,990

	Used Oil Recycling Alberta			
	2020		2019	
	Cost	Market Value	Cost	Market Value
Bonds and fixed income	\$ 1,585,625	\$ 1,634,126	\$ 1,809,013	\$ 1,853,556
Canadian equities	324,833	282,536	402,801	420,819
Global equities	440,184	432,824	352,627	372,980
	\$ 2,350,642	\$ 2,349,486	\$ 2,564,441	\$ 2,647,355

The bond coupon and guaranteed investment certificate rates range from 2.11% to 3.30% and mature from June 4, 2021 to March 1, 2028.

Further information on the investment policy is provided in Note 3.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 7

Property and
Equipment

	Electronics Recycling Alberta			
	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	\$ 880,095	\$ 629,751	\$ 250,344	\$ 139,782
Furniture and fixtures	311,665	283,368	28,297	34,007
Communications equipment	20,419	3,832	16,587	393
Leasehold improvements	17,956	17,956	-	-
	\$ 1,230,135	\$ 934,907	\$ 295,228	\$ 174,182

Amortization provided for in the current year total \$100,555; (2019 - \$91,689).

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 8**Compensation**

As required under the Designated Material Recycling and Management Regulation (AR 93/04), Section 16(2) and Section 16(3), the remuneration and benefits paid to all members of the Board of Directors (on an individual basis by name) and remuneration and benefits paid to all management personnel who report directly to one or more members of the Board of Directors (on an aggregate basis) are as follows:

Board of Directors' Honoraria	2020	2019
Ms. Caroline McAuley	\$ 60,844	\$ 60,519
Ms. Lis Anderson	-	-
Mr. Jeff Dirks (until April 19, 2018)	-	-
Mr. Peter Dugandzic (September 24, 2019 - December 18, 2019)	2,850	-
Mr. Jeff Faber	11,338	11,162
Mr. John Graham	-	-
Ms. Cathy Heron	6,163	3,950
Mr. Patrick Kane (non-voting member since March 26, 2019)	-	-
Mr. Al Kemmere	4,563	7,325
Mr. Brent Kennedy	7,100	6,325
Mr. Joe Kostler	7,000	6,463
Mr. Alain Portelance (since January 28, 2020)	-	-
Mr. David Schaaf (since November 20, 2018)	9,013	3,550
Ms. Leah Seabrook (until November 20, 2018)	-	-
Ms. Rachelle Venne (since February 1, 2019)	7,650	1,100
Mr. Lee Wilkie (October 1, 2018 to July 5, 2019)	1,975	-
Mr. Ian Young (since October 22, 2018)	10,288	2,912
Board of Directors' Benefits	35,921	22,624
Subtotal	164,705	125,930
Chief Executive Officer Salary	188,183	181,985
Benefits	29,595	23,684
Subtotal	217,778	205,669
Total	\$ 382,483	\$ 331,599

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 9**Commitments**

The Authority has leased office space to October 31, 2025, leased equipment expiring between April 30, 2020 and March 31, 2025, and contracts expiring between June 30, 2020 and August 31, 2020. The approximate minimum payments required under the lease agreements in future years are as follows:

	Rent	Equipment	Contracts
2021	\$ 520,423	\$ 22,202	\$ 140,788
2022	522,587	20,234	-
2023	522,587	20,234	-
2024	522,587	20,234	-
2025	522,587	15,199	-
Thereafter	304,842	-	-
	\$ 2,915,613	\$ 98,103	\$ 140,788

Rental expense for the year is allocated to each of the four primary programs under the Authority's administration based on a formula prescribed by the Board of Directors (Note 11).

The transfer of the Used Oil Recycling program from AUOMA to the Authority effective October 1, 2018 included several commitments made by AUOMA prior to the transfer date. These commitments are included in the approximate minimum payments above and include leased office space to June 30, 2020, leased equipment expiring between April 30, 2020 and July 31, 2020, and contracts expiring between June 30, 2020 and August 31, 2020. The approximate minimum payments required under the agreements in future years are as follows:

	Rent	Equipment	Contracts
2021	\$ 11,058	\$ 1,968	\$ 140,788
	\$ 11,058	\$ 1,968	\$ 140,788

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 10

Externally Restricted Net Assets

All the net assets of the Authority are externally restricted as stipulated in the Regulation (Note 1) and are maintained for purposes set out in the Regulation.

The Authority's allocated net assets represent those net assets not invested in property and equipment. These net assets represent environmental fees collected on products sold which are in excess of incentives paid for products discarded into the program and recycled, plus investment earnings on these fees. The Authority's net assets are to be used for the purposes set out in the Regulation. They are managed in such a manner that they provide for reserve amounts that are sufficient to ensure the ongoing sustainability of the recycling programs or sufficient to allow for the event of cancellation of the program's environmental fees and the resulting windup of the program.

Note 11

Allocation of Expenses

Included in program delivery and corporate administration expenditures of \$5,549,155 (2019 - \$4,777,420) are costs that have been allocated proportionately as determined by the Board of Directors on an annual basis. Costs that can be directly attributed to the individual programs have been allocated to the specific program. The allocation formula for shared costs that benefit all programs is shown in the table below.

	Electronics Recycling Alberta	Paint Recycling Alberta	Tire Recycling Alberta	Used Oil Recycling Alberta
2020	28%	7%	40%	25%
2019	30%	7%	38%	25%

During the year ended March 31, 2020, the accounting methodology for administrative charges to the Household Hazardous Waste contract was adjusted resulting in that program being removed from the allocation formula for shared costs. This methodology has been retrospectively applied in the table above and to comparative figures (Note 17).

Where the Used Oil program carries existing commitments originating prior to the transfer of the program to the Authority effective October 1, 2018, different allocation formulas are used with no share or a lower share allocated to the Used Oil program.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 12

Ineligible Containers

The return incentive (recycling incentive) paid for used oil containers may include payment for ineligible containers from related products such as windshield washer fluid, engine coolants, and fuel or oil additives. Containers for these products are currently excluded from the regulation governing the Used Oil materials program.

Since these containers are generally made of the same plastic as used oil containers, there is limited economic or environmental benefit in separating these containers from the used oil container waste stream. There are also additional costs related to segregating these materials. On account of these factors, the Board of Directors of AUOMA historically elected not to strictly enforce the removal of these containers in return incentive payments. The Authority elected not to make changes to AUOMA's historical policy during the period covered by these financial statements.

Based on studies performed by independent consultants, AUOMA determined that the percentage of ineligible containers is approximately 21% by weight. This percentage is used to estimate the amount spent on ineligible plastics. The estimated amount is \$856,000 for the year ended March 31, 2020 (\$387,000 for the six months ended March 31, 2019).

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 13

Financial Instruments

The Authority is exposed to various risks through its financial instruments. The following analysis provides information about the Authority's risk exposure and concentration as of March 31, 2020. Unless otherwise noted, the Authority's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that electronics, paint, tire or used oil suppliers will fail to perform their respective obligations. The Authority is exposed to credit risk from these suppliers. However, the Authority has a large number of suppliers, which minimizes the concentration of credit risk. Management monitors its accounts receivable regularly and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Currency risk

The Authority has investments that are denominated in foreign currencies and is therefore exposed to currency risk. The Authority's earnings are exposed to financial risk that arises from fluctuations in foreign exchange rates and the degree of the volatility of these rates. As at March 31, 2020 foreign denominated investments amounted to \$10,696,117 (9.03%) of the Authority's total short and long term investments. The Authority does not use derivative or other financial instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Authority is exposed to interest rate risk primarily through its floating interest rate money market securities, bonds, and fixed income investments.

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

Note 14

COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Authority or its employees, contractors, suppliers, remitters, registered collection sites, registered processors and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Authority's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Authority's business, financial condition or results of operations. The impact of COVID-19 could contribute to decreased compliance in the areas of the reporting and collection of environmental fees due to the Authority by program remitters, or decreased material flows through municipal or other collection sites and through registered processors. The extent to which the COVID-19 outbreak impacts the Authority's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

Note 15

Subsequent Event - Electronics Pilot

On May 11, 2020, the Alberta Government approved a pilot project (the "Pilot") for the Authority to use \$43 million in reserve funds in the Electronics fund to recycle electronics products that were not accepted previously in the program. The Pilot and the use of the reserve funds are consistent with the allowable activities under the Regulation and the Authority's bylaws. The Pilot will collect valuable data and will inform the possibility of a permanently expanded electronics program. The Pilot planning phase commenced in May 2020, with full operations targeted to begin in fall 2020 and to last for up to two years.

Note 16

Budget Information

The Authority prepares annual operating budgets for each of the recycling programs (Note 1). Budget information, where prepared, is included for information purposes and is unaudited.

Note 17

Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1 Statement of Financial Position

Electronics Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
	CURRENT		
	Cash	\$ 1,002,813	\$ 2,058,846
	Short term investments (Note 4)	21,181,733	9,062,835
	Accounts receivable	1,057,806	852,075
	Interfund receivable (Note 5)	872,630	880,968
	Prepaid expenses	59,738	64,467
		<u>24,174,720</u>	<u>12,919,191</u>
	LONG TERM INVESTMENTS (Note 6)	69,594,004	83,324,320
	PROPERTY AND EQUIPMENT (Note 7)	295,228	174,182
		\$ 94,063,952	\$ 96,417,693
LIABILITIES AND NET ASSETS			
	CURRENT		
	Payable to recyclers and related accruals	\$ 1,168,625	\$ 1,107,843
	Accounts payable and accrued liabilities	679,915	634,214
		<u>1,848,540</u>	<u>1,742,057</u>
	COMMITMENTS (Note 9)		
	EXTERNALLY RESTRICTED NET ASSETS (Note 10)		
	Invested in property and equipment	295,228	174,182
	Allocated	91,920,184	94,501,454
		<u>92,215,412</u>	<u>94,675,636</u>
		\$ 94,063,952	\$ 96,417,693
	Basis of presentation (Note 2)		

Schedule 1(a) Statement of Revenue and Expenditures

Electronics Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual
Recycling revenue			
Environmental fees	\$ 8,214,176	\$ 9,185,069	\$ 8,270,437
Interest	8,000	105,276	28,863
Total recycling revenue	8,222,176	9,290,345	8,299,300
Recycling expenditures			
Recycling incentives	8,807,037	9,357,552	8,956,093
Total recycling expenditures	8,807,037	9,357,552	8,956,093
Recycling development and other			
Research and development	765,000	136,379	106,021
Public information	98,837	93,788	107,699
Rural Alberta project and municipal grants	118,990	57,119	108,042
Total recycling development and other	982,827	287,286	321,762
Program delivery expenditures			
Compensation	594,265	575,458	567,380
Compliance and assurance activities	324,512	182,231	106,022
Total program delivery expenditures	918,777	757,689	673,402
Corporate administration expenditures			
Compensation and professional fees	688,498	674,158	646,163
Office and general expenses, including amortization	425,869	410,008	391,015
Total corporate administration expenditures	1,114,367	1,084,166	1,037,178
Total expenditures	11,823,008	11,486,693	10,988,435
Revenue net of expenditures	(3,600,832)	(2,196,348)	(2,689,135)
Fund Investment			
Investment income	2,793,071	3,802,438	7,720,341
Unrealized investment loss	-	(3,851,565)	(2,732,295)
Investment managers and related expense	(215,000)	(214,749)	(207,765)
Net investment (loss) income	2,578,071	(263,876)	4,780,281
(Deficiency) excess of revenue over expenditures	\$ (1,022,761)	\$ (2,460,224)	\$ 2,091,146

Basis of presentation (Note 2)

Schedule 1(b) Statement of Changes in Net Assets

Electronics Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020			2019
	Property and Equipment	Allocated	Total	Total
Net assets, beginning of year	\$ 174,182	\$ 94,501,454	\$ 94,675,636	\$ 92,584,490
(Deficiency) excess of revenue over expenditures	-	(2,460,224)	(2,460,224)	2,091,146
Amortization of property and equipment	(100,555)	100,555	-	-
Investment in property and equipment	221,601	(221,601)	-	-
Net assets, end of year	\$ 295,228	\$ 91,920,184	\$ 92,215,412	\$ 94,675,636

Basis of presentation (Note 2)

Schedule 1(c) Statement of Cash Flow

Electronics Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019
Cash flow from operating activities		
Recycling revenues collected	\$ 9,095,475	\$ 8,214,528
Program expenditures	(11,277,450)	(11,069,847)
Investment income	3,802,438	7,720,341
Investment management costs	(214,749)	(207,765)
	1,405,714	4,657,257
Cash flow used by investing activities		
Investment contributions	(2,240,146)	(3,673,613)
Acquisitions of property and equipment	(221,601)	(113,012)
	(2,461,747)	(3,786,625)
(Decrease) increase in cash position	(1,056,033)	870,632
Cash, beginning of year	2,058,846	1,188,214
Cash, end of year	\$ 1,002,813	\$ 2,058,846

Basis of presentation (Note 2)

Schedule 2 Statement of Financial Position

Paint Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
	CURRENT		
	Cash	\$ 337,147	\$ 711,140
	Short term investments (Note 4)	1,405,660	1,081,701
	Accounts receivable	404,490	480,536
	Interfund receivable (Note 5)	643	-
		\$ 2,147,940	\$ 2,273,377
LIABILITIES AND NET ASSETS			
	CURRENT		
	Payable to recyclers and related accruals	\$ 309,939	\$ 466,639
	Accounts payable and accrued liabilities	62,710	83,935
	Interfund payable (Note 5)	99,076	121,112
		471,725	671,686
	COMMITMENTS (Note 9)		
	EXTERNALLY RESTRICTED NET ASSETS (Note 10)		
	Allocated	1,676,215	1,601,691
		1,676,215	1,601,691
		\$ 2,147,940	\$ 2,273,377
	Basis of presentation (Note 2)		

Schedule 2(a) Statement of Revenue and Expenditures

Paint Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual
Recycling revenue			
Environmental fees	\$ 4,117,544	\$ 4,278,727	\$ 4,545,271
Interest	12,000	13,669	137,089
Total recycling revenue	4,129,544	4,292,396	4,682,360
Recycling expenditures			
Recycling incentives	3,557,595	3,654,364	3,943,381
Total recycling expenditures	3,557,595	3,654,364	3,943,381
Recycling development and other			
Research and development	20,000	13,592	2,476
Public information	29,035	25,800	24,829
Rural Alberta project and municipal grants	30,520	18,935	15,422
Total recycling development and other	79,555	58,327	42,727
Program delivery expenditures			
Compensation	145,719	134,695	136,636
Compliance and assurance activities	99,102	144,066	137,858
Total program delivery expenditures	244,821	278,761	274,494
Corporate administration expenditures			
Compensation and professional fees	167,604	156,394	148,540
Office and general expenses, including amortization	103,082	107,715	91,342
Total corporate administration expenditures	270,686	264,109	239,882
Total expenditures	4,152,657	4,255,561	4,500,484
Revenue net of expenditures	(23,113)	36,835	181,876
Fund Investment			
Investment income	10,600	37,321	34,140
Unrealized investment gain	-	1,025	-
Investment managers and related expense	(600)	(657)	(567)
Net investment income	10,000	37,689	33,573
Excess of revenue over expenditures	\$ (13,113)	\$ 74,524	\$ 215,449

Basis of presentation (Note 2)

Schedule 2(b) Statement of Changes in Net Assets

Paint Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020		2019
	Allocated	Total	Total
Net assets, beginning of year	\$ 1,601,691	\$ 1,601,691	\$ 1,386,242
Excess of revenue over expenditures	74,524	74,524	215,449
Net assets, end of year	\$ 1,676,215	\$ 1,676,215	\$ 1,601,691

Basis of presentation (Note 2)

Schedule 2(c) Statement of Cash Flow

Paint Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019
Cash flow (used by) from operating activities		
Recycling revenues collected	\$ 4,368,441	\$ 4,592,011
Program expenditures	(4,456,163)	(4,342,191)
Investment income	37,321	34,140
Investment management costs	(657)	(567)
	(51,058)	283,393
Cash flow used by investing activities		
Investment contributions	(322,935)	(20,245)
	(322,935)	(20,245)
(Decrease) increase in cash position	(373,993)	263,148
Cash, beginning of year	711,140	447,992
Cash, end of year	\$ 337,147	\$ 711,140

Basis of presentation (Note 2)

Schedule 3 Statement of Financial Position

Tire Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
	CURRENT		
	Cash	\$ 1,061,890	\$ 2,108,812
	Short term investments (Note 4)	9,094,236	4,841,008
	Accounts receivable	1,599,082	2,465,983
	Prepaid expenses	-	3,000
		11,755,208	9,418,803
	LONG TERM INVESTMENTS (Note 6)	14,158,306	16,385,990
		\$ 25,913,514	\$ 25,804,793
LIABILITIES AND NET ASSETS			
	CURRENT		
	Payable to recyclers and related accruals	\$ 4,055,114	\$ 2,920,297
	Accounts payable and accrued liabilities	152,046	42,076
	Interfund payable (Note 5)	617,778	580,522
		4,824,938	3,542,895
	COMMITMENTS (Note 9)		
	EXTERNALLY RESTRICTED NET ASSETS (Note 10)		
	Allocated	21,088,576	22,261,898
		21,088,576	22,261,898
		\$ 25,913,514	\$ 25,804,793
	Basis of presentation (Note 2)		

Schedule 3(a) Statement of Revenue and Expenditures

Tire Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual
Recycling revenue			
Environmental fees	\$ 26,395,098	\$ 24,479,134	\$ 25,993,251
Less: Import tire agent charges	(21,000)	(16,889)	(22,584)
Interest (waived)	49,000	(36,676)	318,231
Total recycling revenue	26,423,098	24,425,569	26,288,898
Recycling expenditures			
Recycling incentives	23,205,969	22,254,178	22,746,795
Total recycling expenditures	23,205,969	22,254,178	22,746,795
Recycling development and other			
Research and development	207,136	193,291	136,101
Public information	143,822	119,745	120,172
Rural Alberta project and municipal grants	1,115,941	702,842	1,015,847
Total recycling development and other	1,466,899	1,015,878	1,272,120
Program delivery expenditures			
Compensation	788,847	752,125	744,720
Compliance and assurance activities	241,718	156,563	227,655
Total program delivery expenditures	1,030,565	908,688	972,375
Corporate administration expenditures			
Compensation and professional fees	925,362	934,730	783,823
Office and general expenses, including amortization	551,502	523,363	504,616
Total corporate administration expenditures	1,476,864	1,458,093	1,288,439
Total expenditures	27,180,297	25,636,837	26,279,729
Revenue net of expenditures	(757,199)	(1,211,268)	9,169
Fund Investment			
Investment income	368,831	775,628	1,371,384
Unrealized investment loss	-	(692,342)	(300,821)
Investment managers and related expense	(45,000)	(45,340)	(42,411)
Net investment income	323,831	37,946	1,028,152
(Deficiency) excess of revenue over expenditures	\$ (433,368)	\$ (1,173,322)	\$ 1,037,321

Basis of presentation (Note 2)

Schedule 3(b) Statement of Changes in Net Assets

Tire Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	<u>2020</u>		<u>2019</u>
	<u>Allocated</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 22,261,898	\$ 22,261,898	\$ 21,224,577
(Deficiency) excess of revenue over expenditures	<u>(1,173,322)</u>	<u>(1,173,322)</u>	<u>1,037,321</u>
Net assets, end of year	<u>\$ 21,088,576</u>	<u>\$ 21,088,576</u>	<u>\$ 22,261,898</u>

Basis of presentation (Note 2)

Schedule 3(c) Statement of Cash Flow

Tire Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019
Cash flow from operating activities		
Recycling revenue collected	\$ 25,292,470	\$ 25,839,507
Program expenditures	(24,351,794)	(26,290,172)
Investment income	775,628	1,371,384
Investment management costs	(45,340)	(42,411)
	<u>1,670,964</u>	<u>878,308</u>
Cash flow (used by) from investing activities		
Investment (contributions) proceeds	(2,717,886)	191,116
	<u>(2,717,886)</u>	<u>191,116</u>
(Decrease) increase in cash position	(1,046,922)	1,069,424
Cash, beginning of year	2,108,812	1,039,388
Cash, end of year	\$ 1,061,890	\$ 2,108,812

Basis of presentation (Note 2)

Schedule 4 Statement of Financial Position

Used Oil Recycling Alberta ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
	CURRENT		
	Cash	\$ 357,040	\$ 528,592
	Short term investments (Note 4)	4,382,004	2,466,752
	Accounts receivable	4,162,015	3,962,551
	Interfund receivable (Note 5)	66,779	1,796
	Prepaid expenses	6,594	8,607
		8,974,432	6,968,298
	LONG TERM INVESTMENTS (Note 6)	2,349,486	2,647,355
		\$ 11,323,918	\$ 9,615,653
LIABILITIES AND NET ASSETS			
	CURRENT		
	Payable to recyclers and related accruals	\$ 2,288,630	\$ 1,424,246
	Accounts payable and accrued liabilities	28,260	51,428
	Interfund payable (Note 5)	184,812	149,987
		2,501,702	1,625,661
	COMMITMENTS (Note 9)		
	EXTERNALLY RESTRICTED NET ASSETS (Note 10)		
	Allocated	8,822,216	7,989,992
		\$ 11,323,918	\$ 9,615,653
	Basis of presentation (Note 2)		

Schedule 4(a) Statement of Revenue and Expenditures

Used Oil Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual (6 months)
Recycling revenue			
Environmental fees	\$ 16,272,334	\$ 16,172,573	\$ 7,819,438
Interest	-	8,427	-
Total recycling revenue	16,272,334	16,181,000	7,819,438
Recycling expenditures			
Recycling incentives	14,554,859	14,196,532	6,659,802
Total recycling expenditures	14,554,859	14,196,532	6,659,802
Recycling development and other			
Research and development	39,000	9,825	4,546
Public information	124,100	71,597	20,179
Rural Alberta project and municipal grants	50,000	59,407	-
Total recycling development and other	213,100	140,829	24,725
Program delivery expenditures			
Compensation	131,254	168,853	32,383
Contract program administration fees	361,700	312,442	190,758
Compliance and assurance activities	206,297	71,878	25,308
Program transition expense	-	-	192,382
Total program delivery expenditures	699,251	553,173	440,831
Corporate administration expenditures			
Compensation and professional fees	283,320	290,291	132,290
Office and general expenses, including amortization	272,007	266,627	101,669
Total corporate administration expenditures	555,327	556,918	233,959
Total expenditures	16,022,537	15,447,452	7,359,317
Revenue net of program expenditures	249,797	733,548	460,121
Fund Investment			
Investment income	110,000	189,834	48,864
Unrealized investment (loss) gain	-	(82,021)	82,915
Investment managers and related expense	(10,000)	(9,137)	(2,060)
Net investment income	100,000	98,676	129,719
Excess of revenues over expenditures	\$ 349,797	\$ 832,224	589,840

Basis of presentation (Note 2)

Schedule 4(b) Statement of Changes in Net Assets

Used Oil Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020		2019 (6 months)
	Allocated	Total	Total
Net assets, beginning of year	\$ 7,989,992	\$ 7,989,992	\$ 7,400,152
Excess of revenue over expenditures	832,224	832,224	589,840
Net assets, end of year	\$ 8,822,216	\$ 8,822,216	\$ 7,989,992

Basis of presentation (Note 2)

Schedule 4(c) Statement of Cash Flow

Used Oil Recycling Alberta

ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019 (6 months)
Cash flow from operating activities		
Recycling revenue collected	\$ 16,293,108	8,358,832
Program expenditures	(14,945,954)	(7,412,808)
Investment income	189,834	48,864
Investment management costs	(9,137)	(2,060)
	<u>1,527,851</u>	<u>992,828</u>
 Cash flow used by investing activities		
Investment contributions	(1,699,403)	(5,031,193)
	<u>(1,699,403)</u>	<u>(5,031,193)</u>
 Decrease in cash position	(171,552)	(4,038,365)
Cash, beginning of year	528,592	4,566,957
Cash, end of year	\$ 357,040	\$ 528,592

Basis of presentation (Note 2)

Schedule 5 Statement of Financial Position

Household Hazardous Waste ALBERTA RECYCLING MANAGEMENT AUTHORITY

March 31, 2020

		2020	2019
ASSETS			
	CURRENT		
	Cash	\$ 131,914	\$ 242,776
	Accounts receivable	-	75,000
	Prepaid expenses	6,085	6,085
		\$ 137,999	\$ 323,861
LIABILITIES AND NET ASSETS			
	CURRENT		
	Payable to recyclers and related accruals	\$ 93,089	\$ 108,829
	Accounts payable and accrued liabilities	5,513	182,878
	Interfund payable (Note 5)	38,386	31,143
		136,988	322,850
	COMMITMENTS (Note 9)		
	EXTERNALLY RESTRICTED NET ASSETS (Note 10)		
	Allocated	1,011	1,011
		\$ 137,999	\$ 323,861
	Basis of presentation (Note 2)		

Schedule 5(a) Statement of Revenue and Expenditures and Changes in Net Assets

Household Hazardous Waste ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020 Budget Unaudited	2020 Actual	2019 Actual
Recycling revenue			
Government contract	\$ 1,500,000	\$ 1,400,000	\$ 1,328,500
Interest	1,400	2,552	6,728
Total recycling revenue	1,501,400	1,402,552	1,335,228
Recycling expenditures			
Broker contracts	1,316,009	1,241,005	1,183,509
Total recycling expenditures	1,316,009	1,241,005	1,183,509
Recycling development and other			
Rural Alberta project and municipal grants	35,000	24,954	25,611
Total recycling development and other	35,000	24,954	25,611
Program delivery expenditures			
Contract administration fees	129,561	124,363	114,304
Compliance and assurance activities	8,500	-	-
Contract delivery expenditures	12,139	12,230	11,804
Total program delivery expenditures	150,200	136,593	126,108
Total expenditures	1,501,209	1,402,552	1,335,228
Excess of revenue over expenditures	191	-	-
Net assets, beginning of year	1,011	1,011	1,011
Net assets, end of year	\$ 1,202	\$ 1,011	\$ 1,011

Basis of presentation (Note 2)

Schedule 5(b) Statement of Cash Flow

Household Hazardous Waste ALBERTA RECYCLING MANAGEMENT AUTHORITY

Year ended March 31, 2020

	2020	2019
Cash flow used by operating activities		
Government contracts received	\$ 1,475,000	\$ 1,253,500
Program expenditures	(1,588,414)	(1,282,376)
Other income	2,552	6,728
	(110,862)	(22,148)
Decrease in cash position	(110,862)	(22,148)
Cash, beginning of year	242,776	264,924
Cash, end of year	\$ 131,914	\$ 242,776

Basis of presentation (Note 2)