SASKATCHEWAN WASTE MANAGEMENT ADVISORY GROUP PROPOSAL ON USED OIL WASTE MANAGEMENT IN SASKATCHEWAN

JUNE 1994

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July 18, 1994
Presentation
SERM Executive Council

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Sections

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EXECUTIVE SUMMARY

Saskatchewan Environment and Resource Management established a joint stakeholder/government group (Waste Management Advisory Group) in March 1993 to develop comprehensive management plans for three major waste streams: used oil, tires and lead acid batteries. The Waste Management Advisory Group consists of representatives from small and large business, the oil industry, crown corporations, Saskatchewan Waste Reduction Council, urban and rural municipalities and the provincial government.

The Waste Management Advisory Group identified used oil waste (i.e. used oil, filters and oil containers) as the first waste stream to be addressed. The process started with a stakeholder workshop in April, 1993. Two interested stakeholder groups were developed to focus on:

1. Used Oil Waste Collection
2. Used Oil End Use

The mandate of the collection committee was to develop recommendations that would lead to an affordable, universally accessible and self-financed collection system based on the concepts of user pay and industry stewardship. The collection committee has representation from oil marketers, used oil collectors, crown corporations, urban and rural municipalities and the province.

The collection committee has identified that in the Province of Saskatchewan there is estimated to be:

i) 53 million litres of new oil sales.
ii) Of the 53 million litres, 37 million litres of oil is recoverable; 16 million litres is consumed primarily as dedusting oil in the potash industry.
iii) 1.8 million small filters (less than 8") and .9 million large filters sold.
iv) 17 million litres of new oil sales are in containers less than 26 litres in size.

The collection committee has targeted the development of a collection system to collect 60% of the collectible used oil waste (including 22 million litres of used oil).

The collection committee has met bi-monthly over the past year and developed a recommended plan supported by committee members to accomplish this target.

The mandate of the end use committee was to develop recommendations that would facilitate end uses in a level playing field to close the loop with used oil collection. Representation on the committee was primarily from existing and potential end users as well as government.

The recommendations of both committees are combined to provide the recommended program of the Waste Management Advisory group.

The Waste Management Advisory Group is recommending an organizational structure independent of government to manage the used oil waste management system. A fund would be developed outside government to support the system through a legislated Environmental Handling Charge on the sale of recoverable new oil, oil in containers and filters. A Return Incentive would be instituted to encourage the return of used oil waste and a Secondary Return Incentive put in place to support marketing neutral collection sites in the Province. A deposit system is not recommended. After a three year starting period, a joint review by industry and government is recommended to assess the success of the program.

The Waste Management Advisory Group recommends the Province of Saskatchewan provide a short term loan to initially establish the required organizational structure.

The Waste Management Advisory Group anticipates that the Return Incentive will motivate a collection structure to solicit and recover used oil from the industrial, agricultural, small commercial and installed markets. Through the Secondary Return Incentive, the committee anticipates the development of collection sites to collect used oil from the Do-it-yourself users, as well as filters and plastic bottles from all users.

The Waste Management Advisory Group expects this comprehensive, integrated regional plan to fulfil the mandate of the committees. Industry stewardship in a level-playing-field will ensure the collection system is in place to significantly reduce the waste going to landfills with costs absorbed correctly by the user.

The Waste Management Advisory Group further recommends that if the tire and battery industries develop similar systems, the forming of a Saskatchewan Tires, Batteries and Oil Resource Recovery Association to bring tires and batteries into a common waste management system with used oil waste. The advantages of this type of system would be the efficiencies of one operational staff, one fund, one administrator and the opportunity to develop common collection sites for all waste streams (i.e. used oil, tires, batteries). The Saskatchewan Resource Recovery Association would be restricted to using the monies collected into the fund from one waste stream, to support the collection and handling costs of that waste stream.

BACKGROUND & OVERVIEW

Early in 1993 the Province of Saskatchewan made the decision to follow an open and consultive process with industry, environmental groups, muncipalities, crown corporations and large Saskatchewan companies to develop waste management plans for used oil, tires and batteries.

A Waste Management Advisory Group (see Appendix C) was formed in March 1993 with representation from these sectors to develop a management plan for the three waste streams.

The WMAG began by making the decision to begin with used oil waste, as it was perceived as the most critical and of the highest profile. The WMAG developed a set of Guiding Principals (see Appendix A) and organized a stakeholder meeting for late April 1993.

The Minister for SERM made it clear at the stakeholder meeting, the Province was not prepared to provide monies for end use and the collection of used oil. Any management plan was to be self financed. Two study committees and committee chairman were established at the stakeholders meeting to develop managment plans for used oil waste collection and used oil end use. As well Terms of Reference (see Appendix B) were established for the committees.

It became clear quickly that the end use committee would require a minimum number of meetings and deliberations while the collection committee would require significant deliberations, meetings and study. The more meetings the collection committee had the more intricate the "Plan" became.

It also became evident of the need to integrate a management plan with neighbouring provinces. The Chairman of the Waste Management Advisory Group and the Chairman of the Collection Committee met with a joint industry/government troup in Alberta (August 1993) and the Manitoba Provincial Government (January 1994) in an effort to promote hamronization. As well, in September 1993, oil and filter marketers formed a Western Canada Task Force to develop a management plan for used oil, filters and containers. Through this Saskatchean Collection Committee Chairman's participation, there was a two-way dialogue with this task force. The result is the Western Canada Task Force Stewardship Proposal mirrors this WMAG Proposal closely. The differences would seem to be only in Provincial adaption.

The collection committee (see Appendix C) met nearly thirty times and the end use committee (see Appendix C) three or four times. Through ten WMAG meetings the committee recommendations were refined and combined to form this WMAG proposed "Used Oil Waste Management Plan".

DEFINITIONS

1. "**administrator**" means the independent firm responsible for handling the FUND.

2. "**AUOMA**" refers to the Alberta Used Oil Management Association. This is the used oil waste management association created in Alberta to manage a pilot used oil waste collection project at bottle return depots.

3. "**base oil**" refers to synthetic or petroleum hydrocarbon based oil that has been refined or re-refined for the purpose of blending a finished oil.

4. "**Board**" refers to Directors elected by the Saskatchewan Used Oil Management Association (SUOMA) to manage the used oil waste management program on behalf of SUOMA.

5. "**bulk oil**" refers to oil sold in other than "containers".

6. "**carrier**" is any person registered in Saskatchewan to engage in the transport of more than 1,200 litres of used oil.

7. "**container**" means any device to store less than twenty-six litres of lubricant oil.

8. "**Do-it-yourself**" or "**DIY**" market refers to users who purchase oil to make oil changes themselves (driveways, back lanes, home garages, etc.). In this report, it does not include farmers, small commercial or other users who change their own oil as a part of their business.

9. An "**Eco-centre**" is a marketing neutral return facility registered with SUOMA. It may be eligible for a SRI from the FUND (in addition to the RI on used oil, filter or container return) to maintain its strategic long-term existence to support a universally accessible collection system. The number of Eco-Centres will be determined by SUOMA.

10. "**Environmental Handling Charge**" or "**EHC**" refers to the fee applied to the sale of newly blended oil and filters to pay the costs of encouraging collection, and the actual collection of used oil waste in the Province.

11. "**filter**" is defined as any spin - on or element - style fluid filter used in hydraulic, transmission or internal combustion engine applications (includes both oil and fuel filters).

12. the "**FUND**" refers to the revenue collected from an EHC on the sale of "oil" and "filters".

Definitions Continued

13. "**generator**" is a person registered in Saskatchewan to cause more than 1,200 litres of used lubricant oil to be transported.

14. "**grey oil**" is a term for oil with water contamination. The product will be deemed "grey oil" when it contains 10% or more water content.

15. "**industrial seller**" means a seller who sells lubricating oil or filters directly to industrial customers by contract;

16. "**industry stewardship**" is the accepted responsibility of those involved in business to ensure that their goods and services are provided to fulfil the best interest of their customers and the environment.

17. "**installed markets**" refers to locations who change oil for the user (i.e., dealerships, service stations and Quick Lubes).

18. "**manufacturer seller**" means a manufacturer who sells exclusively for resale or direct ships to a user.

19. "**marketing neutral**" refers to return facilities that do not sell the new products that become the waste the facility collects.

20. "**oil**" means any oil sold for the same purposes that a normal petroleum hydrocarbon based oil would be used. It includes vegetable and synthetic oils used for those purposes. It would not include vegetable oils or other oils used for cooking, etc.

21. "**point of display**" means an area of a seller's premises where containers of oil are displayed;

22. "**point of sale**" means an area of a seller's premises where the transaction to purchase oil takes place;

23. "**polluter**" means any person who transports, stores or uses used oil waste in a prohibited way.

24. "**private return facility**" is an independently developed, owned and operated return facility whose only potential source of benefit from the FUND is the RI on used oil, filter or container return.

25. "**processor**" is defined as someone in the province or an out of province receiver who transforms used oil waste into an acceptable product to SERM and is registered as such with SERM. Each processor must have the testing equipment to determine the quantity of used oil waste returned.

Definitions Continued

26. **"public collection system"** is a system of private return facilities or Eco-centres accessible to the user at no charge for container quantities.

27. **"receiver"** is a registered person to whom a consignment is being or is intended to be transported to.

28. **"return facility"** means a place for the return and short-term storage of used oil waste. Where applicable, the storage facility must be an approved registered facility under the "Hazardous Substances and Waste Dangerous Goods Regulations".

29. **"return incentive" or "RI"** refers to the refund issued to Saskatchewan carriers or designated Saskatchewan generators upon the return and acceptance of used oil waste by the processor.

30. **"SARM"** refers to Saskatchewan Association of Rural Municipalities.

31. **"Saskatchewan Resource Recovery Association " or "SRRA"** refers to the association that could be formed to manage the collection of tires, batteries and used oil waste in the Province of Saskatchewan.

32. **"Saskatchewan Used Oil Waste Management Association" or "SUOMA"** refers to the association that will be formed to manage used oil waste in Saskatchewan.

33. **"Secondary Return Incentive" or "SRI"** refers to a further incentive to be offered to support Eco-centres.

34. **"seller"** means a person who, as a manufacturer, wholesaler, distributor or retailer, sells or offers for sale oil or filters and includes, without limitation, every bulk oil plant, service station, department store, grocery store, auto supply store, drug store or other business that sells or offers for sale oil or filters;

35. **"SERM"** refers to Saskatchewan Environment and Resource Management Department of the Saskatchewan Government.

36. **"SUMA"** refers to Saskatchewan Urban Municipalities Association.

37. **"test method"** for used oil waste content will be defined by a standard industry test method to be determined by SUOMA.

38. **"urban region"** is defined as a Saskatchewan Urban Municipality of more than 1,000 residents.

Definitions Continued

39. **"used oil"** is oil that has been used to the point where it is no longer suitable for its original intended use.

40. **"used oil waste"** means any used oil, filter that may contain used oil, oil or fuel, and containers that may contain used oil or oil.

41. **"user"** is defined as the person who turns the original product (oil, filter, container) into a waste stream. It is not limited to those who use the public collection system.

42. **"virgin oil"** refers to oil that has not yet been used for its intended purpose and has had no opportunity to be contaminated by foreign substances.

43. **"Waste Management Advisory Group"** or **"WMAG"** refers to the stakeholder/government group established by SERM to develop comprehensive waste management plans for used oil, tires and lead acid batteries.

44. **"wholesale seller"** means a seller who sells oil exclusively for resale.

BASIC ASSUMPTIONS

1. There will not be a perfect system. The committee's objective has been to develop the optimum system.

2. User pay, but industry stewardship. The user (generator) would pay the costs, but it is industry's (marketers, carriers, receivers and governments) responsibility to ensure a proper waste management system is in place.

3. The Saskatchewan approach will be to address all market sectors, not just the DIY market.

4. A good waste management system would collect approximately 50% of new oil sales. This has significance in the sense of any EHC instituted.

5. There is a good registered generator-carrier-receiver system in place in Saskatchewan that can be used in the implementation of a Saskatchewan used oil waste management program.

6. Any concern over the end use of used oil leaving the Province of Saskatchewan is the responsibility of the Province and not the responsibility of the Waste Management Advisory Group.

7. The Saskatchewan Collection system will encourage the collection of plastic oil containers and filters, not just handle their return at depots with the used oil.

8. The polluter is responsible for any costs associated with the improper disposal of used oil waste.

9. Grease will not be included in the scope of the committee.

5

SUMMARY OF
WASTE MANAGEMENT ADVISORY GROUP RECOMMENDATIONS
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1. A Saskatchewan Used Oil Waste Management Association (SUOMA) be established outside government to manage used oil waste collection in Saskatchewan.

2. Stakeholders involved in the sale of oil, filters, oil in containers as well as in the collection or processing of used oil waste will be members of, or represented in SUOMA. (See Section 7 - SUOMA Membership).

3. SUOMA would meet a minimum of annually and a Board would be elected to direct the management of used oil waste. (See Section 8 - SUOMA Board).

4. The Province provide enabling legislation where SUOMA is delegated the authority to collect an environmental handling charge (EHC) to support the used oil waste collection program within the concept of user pay. The Province would legislate an upper limit to the EHC. To increase the upper limit, the Board would need to substantiate the need for the increase and request the Province to make the increase. It is important the system not collect EHC's from one market segment to support collection from another market segment. (See Appendix D - Universal EHC).

5. The EHC be collected on the sale of each new recoverable litre of oil sold. The container EHC be an add-on to the oil EHC. The EHC on filters be on the sale of the new filter.

6. The EHC be collected and remitted by a seller member of SUOMA from the first sale of new oil or filters in the Province to a non-member.

7. GST/PST not be applicable to EHC's. It would not be appropriate to apply tax to an Environmental Handling Charge (effectively tax on tax). If GST/PST is made applicable to the EHC's, then GST/PST rebates would be required on the payment of RI's and SRI's.

8. To ensure the EHC's universal collection, the implementation of the EHC's would be subsequent to enabling legislation (Spring 1995).

9. The FUND developed by the EHC be collected and administered outside of government. (See Appendix F - FUND Revenue Estimates).

10. There be no deposit system for used oil waste in the province.

11. A return incentive (RI) system be instituted in the province to provide financial incentive for the collection of used oil waste. The same rate of RI would apply to used oil waste returned from all market sectors and would be determined by the Board/Operating staff of SUOMA.

12. The return incentive for used oil waste be paid to Saskatchewan carriers returning used oil waste to approved processors. Where used oil waste is returned to an approved processor by an out-of-province carrier, the return incentive would be paid to the Saskatchewan generator. (See Model (b) in Section 6 - Models).

13. To ensure no RI is paid on used oil that has not had the EHC charged, it is recommended SUOMA:

    i) issue RI's based on manifest dates after the date of implementation of the RI.

    ii) an used oil inventory be taken of all registered tanks at the time of EHC implementation or at the time of registration (if after the EHC implementation date).

14. The setting of the oil collection program EHC's be left for determination by the Board of SUOMA. The quidelines to be:

    i) equal to or as close to the rates of neighbouring provinces as possible (not more than 5¢/L difference);

    ii) reflect the true cost of proper recycling or other resource management utilizing the best available economically practical technology.

    As well, the beginning dates of EHC's/RI's and SRI's is left to be determined by the Board of SUOMA with support of the operations staff. It is expected the start of EHC's and RI's to be coincident, or as close to coincident as possible.

15. The Board/operational staff be formed initially (late 1994) to project and determine the detail of the collection program. The EHC/RI portion of the program would be implemented with enabling legislation (during 1995) and the Board and operational staff would review and suitably adjust the program to optimize used oil waste collection.

16. The province provide initial start-up monies on a loan basis. This would include establishment of SUOMA with limited liability and the hiring of the initial operating staff.

17. The Board and operational staff would work to develop a network of 50 to 60 Eco-centres. The quidelines would be urban population to determine the need for an Eco-centre.

18. SUOMA would provide as necessary, capital loans and Secondary Return Incentives to support the private Eco-centre operator who provides the best proposal in each urban region. Where there are extenuating circumstances, consideration may be given by the Board for SUOMA owning the collection equipment. This would be the maximum involvement by SUOMA (no maintenance or operational cost support).

19. There be a joint review by the Board and government after three years to access the success of the program. Final goals would be established and major revisions made as required. The Board/Operational staff would provide annual statistics to the province.

20. Regulation effective with RI implementation to ensure the user is not charged for return of container quantities of used oil, filters or containers to the public collection system.

21. Regulation effective with EHC implementation to ensure point of sale educational materials, as well as signage indicating the EHC being charged. Standard signage to be supplied by SUOMA at seller's cost.

22. SERM maintain the registration of approved carriers, processors and out-of-province receivers for used oil waste.

23. After a convenient and universally accessible collection system is in place, the province adequately enforce:

    i) legislation and summary offence regulations which provide a system of fines for those who mismanage used oil waste.

    ii) the collection of EHC's.

24. The Province and Municipalities review regulations on the storage and transportation of small quantities of used oil (under 1,200 litres).

25. It is recommended that SUOMA play a consultive role only as it pertains to liability issues (i.e. no monies made available for contaminated product, etc.). SUOMA would instead assist members with obtaining insurance, recommending operational procedures to reduce risks and providing training material and programs at a cost.

26. SUOMA would not provide additional monies from the FUND for loans, grants or any forms of subsidy to end users, processors or for market development, except where:

    i) no processors exist or,

    ii) where there would be an economic advantage for the fund.

27. SUOMA would not provide monies from the FUND for increasing the level of waste management (the 4 R's). This should not be the responsibility of the oil user through the EHC, but instead the responsibility of society (government).

    The levels of waste management (the 4 R's) are recognized as being in decreasing levels:

    i) (RE-REFINED LUBE OIL) this process recovers as much as possible of the original value of the oil.

ii) (SECONDARY FUELS)
(ASPHALT MIX)
(SOLUTION MINING) these processes reduce the amount of crude oil that has to be refined to create the fuel it replaces.

28. SUOMA would not provide any incentives in different EHC's or RI's for re-refined motor oils. These oils need to be collected the same as virgin oils and it is not the responsibility of the FUND to encourage their use.

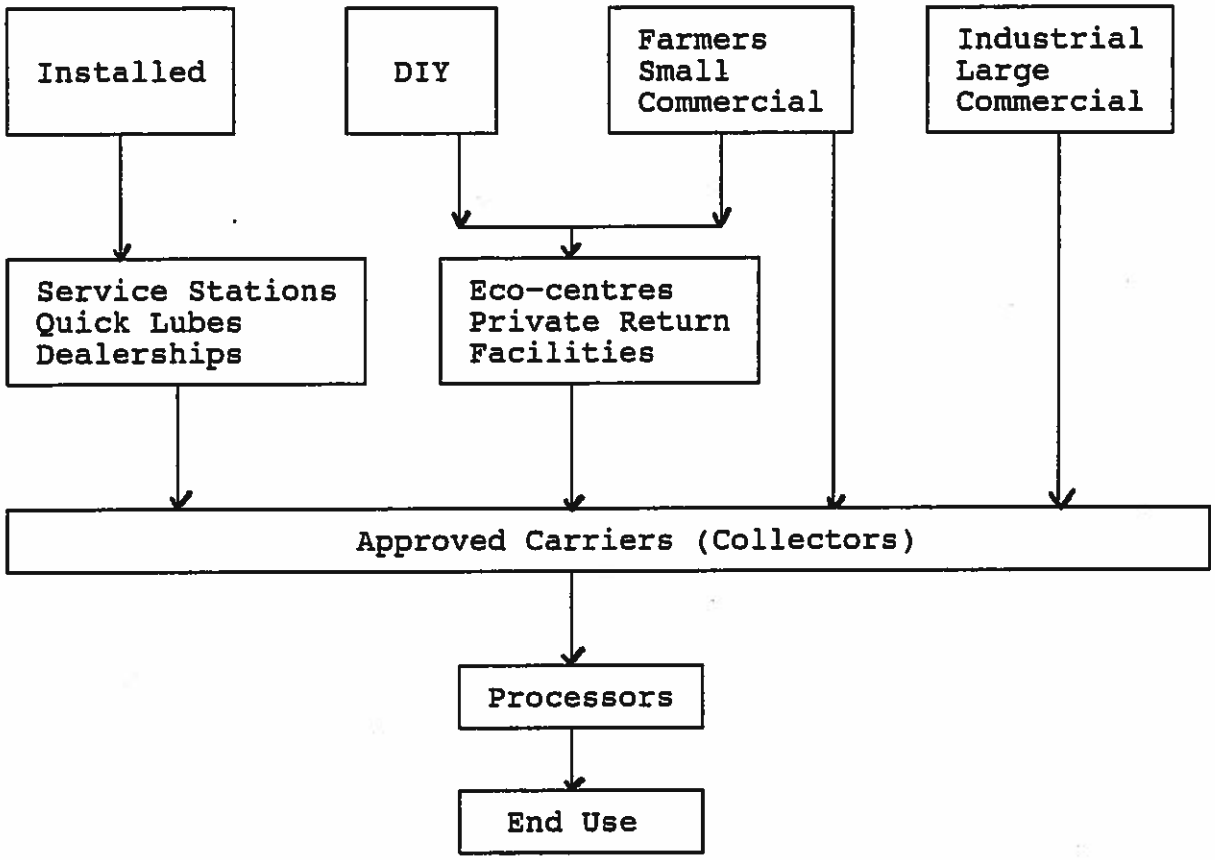
29. It is recommended that SERM develop a very clear set of standards and guidelines, as they pertain to the development of new processor or end use proponents.

30. If the tire and battery industries in Saskatchewan develop similar systems, a Saskatchewan tire, battery and used oil Resource Recovery Collection Association (SRRA) be formed to create an efficient, cost effective consolidated waste management program. Boards for each waste stream would delegate the authority to SRRA to collect EHC's and provide operational staff. SRRA would manage the collection of all the waste streams involved within the guidelines of the Boards for each waste stream. (See Model (d) in Section 6 - Organizational Structure, also see Section 10 SRRA Organization).

31. SRRA would be chartered to dedicate monies collected from each waste stream to the collection of that waste stream while facilitating the Eco-centre concept for the collection of all the waste streams.

32. The primary recommendation of the Waste Management Advisory Group is to get-on-with-it while leaving the Board the flexibility and latitude to manage the system. The Board would then be able to ensure a successful, effective, affordable, accessible and self-financed collection system.

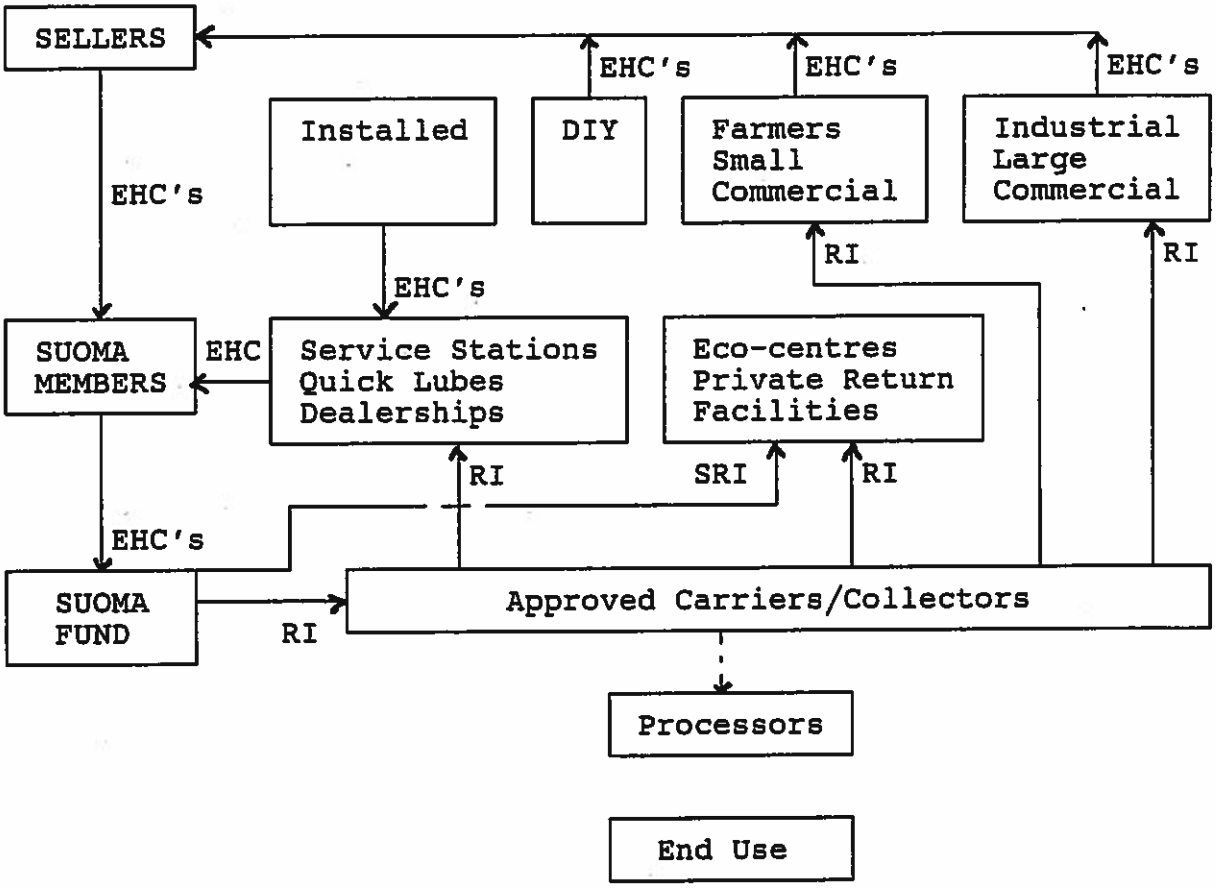
6(a) **USED OIL WASTE PRODUCT FLOW MODEL**



NOTE:

1. Processors and end users may be one in the same (i.e. Kalium Chemicals).
2. Containers will return primarily through Public Collection system.
3. Wheat City and Inland Metals would be typical filter processors where IPSCO would be the end user.
4. A container processor might be someone who washes and grinds plastic bottles and ships the material outside Saskatchewan.

6(b) EHC/RI/SRI
CASH FLOW MODEL



NOTES:

1. Monies are not expected to flow back to DIY and installed consumers.

2. No monies flow from the fund directly to processors or end use (see Recommendation #24 for possible exceptions).

6(c)

Summary of Potential Locations of Registered Return Facilities (RRF's)

Municipality	91 Census Population
SASKATOON	186,067
REGINA	179,183

2 Eco-Centres

Municipality	91 Census Population
PRINCE ALBERT	34,181
MOOSE JAW	33,593
YORKTON	15,315
SWIFT CURRENT	14,824
NORTH BATTLE.	14,350
ESTEVAN	10,240

6 Eco-Centres

Municipality	91 Census Population
WEYBURN	9,673
LLOYDMINSTER	7,241
MELFORT	6,628

3 Eco-Centres

Total of 65 Eco-Centres

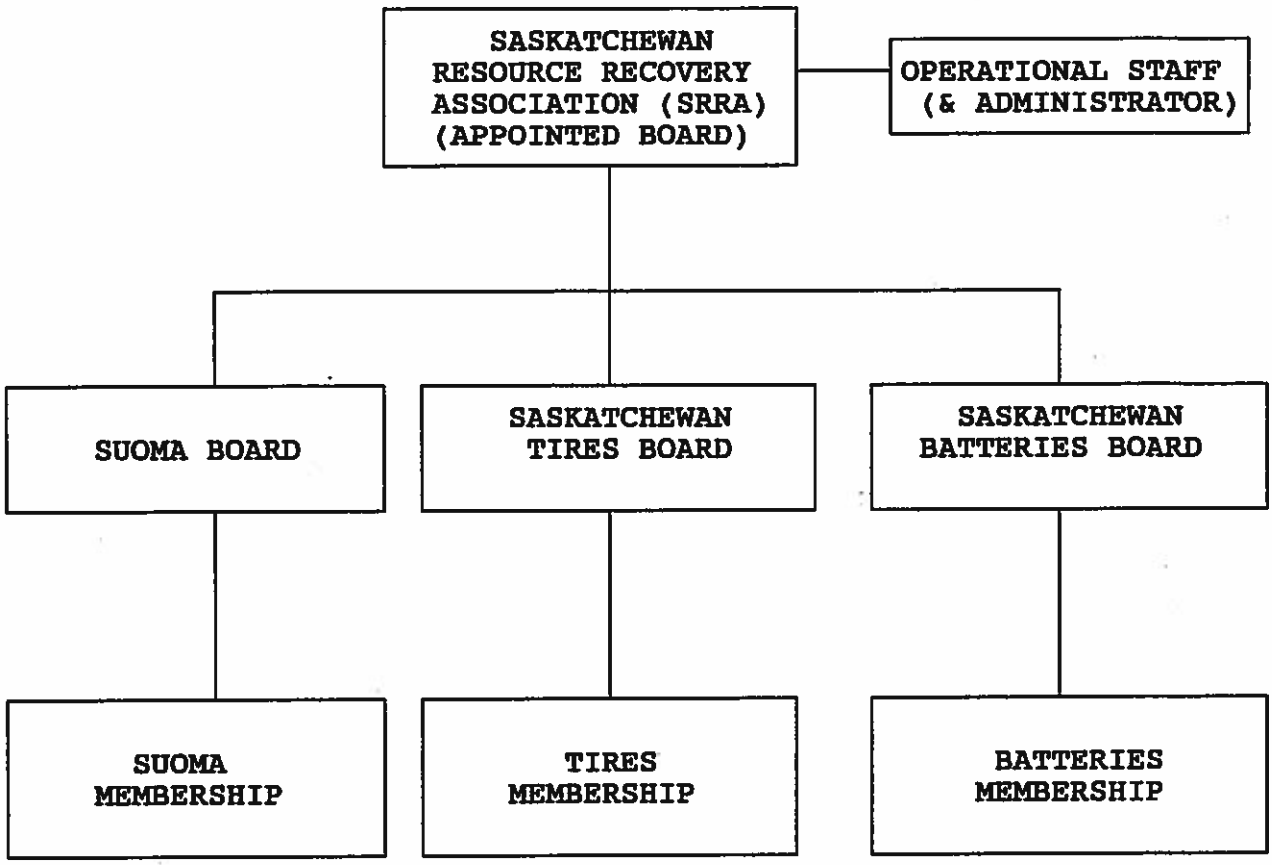
Municipality	91 Census Population
HUMBOLDT	4,989
MELVILLE	4,005
KINDERSLEY	4,572
NIPAWIN	4,419
MEADOW LAKE	4,318
BATTLEFORD	4,107
MARTENSVILLE	3,310
TISDALE	3,045
ESTERHAZY	2,896
ASSINIBOIA	2,774
WARMAN	2,644
La Ronge	2,578
ROSETOWN	2,519
MOOSOMIN	2,436
CANORA	2,381
BIGGAR	2,351
MAPLE CREEK	2,334
KAMSACK	2,323
UNITY	2,227
OUTLOOK	2,091
WYNYARD	2,022
FORT QU'APPELLE	1,953
SHAUNAVON	1,913
WATROUS	1,872
HUDSON BAY	1,868
INDIAN HEAD	1,827
Creighton	1,668
WADENA	1,599
ROSTHERN	1,560

20 Eco-Centres

Municipality	91 Census Population
LUMSDEN	1,477
PILOT BUTTE	1,450
DALMENY	1,436
WILKIE	1,401
LANIGAN	1,397
FOAM LAKE	1,359
GRAVELBOURG	1,228
ESTON	1,210
PREECEVILLE	1,205
LANGHAM	1,185
CARLYLE	1,181
SHELLBROOK	1,178
GRENFELL	1,164
LANGENBURG	1,158
KERROBERT	1,143
OXBOW	1,132
MACKLIN	1,117
DAVIDSON	1,115
KELVINGTON	1,109
BALGONIE	1,098
WHITEWOOD	1,084
CARNDUFF	1,082
GULL LAKE	1,050
CARROT RIVER	1,027
KIPLING	1,005

25 Eco-Centres

6(d)



NOTE

1. SRRA would be mandated in their charter to ensure proportionate use of the monies collected for one waste stream for the management of that stream.

2. Legislation would limit the size of EHC's and changes to the limits could only be made by a legislative change. The Provincial Government could only change the EHC limits if requested jointly by the SRRA Board and the Executive Council for the waste stream involved.

7

SASKATCHEWAN USED OIL WASTE MANAGEMENT ASSOC. MEMBERSHIP

MEMBERSHIP (Legislated)

- Anyone who makes the first sale of lubricating oil or filters in the Province of Saskatchewan.
  - Annual remittances greater than $50,000, membership fee $1,000.
  - Annual remittances greater than $10,000, membership fee $750.
  - Anyone selling lubricating oil or filters in the Province and remitting less than $10,000, membership fee $500.
- Any carrier who receives more than $1,000 annually from the fund, membership fee $500.00.
- Any registered used oil waste approved processor, membership fee $500.00.
- Any Eco-centre who receives a Secondary Return Incentive from the fund, membership fee $100.00.
- Anyone else for a $500.00 membership fee.

8

SASKATCHEWAN USED OIL WASTE MANAGEMENT ASSOC. BOARD STRUCTURE

- 3 Elected Major Oil Marketers (remit > $50,000 annually to the fund)
- 2 Elected Other Oil Marketers (remit > $ 10,000 annually to the fund)
- 1 Elected Filter Marketer (remit > $200,000 annually to the fund)
- 1 Elected Carrier (Any Carrier Member)
- Elected Eco-centre Representative (from the Eco-Centre Membership only)
- 1 Elected Registered Used Oil Waste Processor (Any Processor Member)
- 1 Plastics Industry Representative (Board Approved)
- 1 Elected Environmental Group (Board Approved)
- * 1 SARM (SARM Appointment)
- * 1 SUMA (SUMA Appointment)
- * 1 SERM (SERM Appointment)

*Non-voting Board Membership

9

SUMMARY OF PROVINCIAL GOVERNMENT SUPPORT REQUIRED

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1. Support for used oil waste management outside of the Provincial Government.

   - Media announcement by government of support for the WMAG Used Oil Waste Management Plan where waste management is outside government.

   - A strong joint industry/government approach to implementation will be the key to selling the waste management program to the people of Saskatchewan.

2. Provide a loan as well as legal support for the Association to be organized and formed to operate the plan.

   - No monies are otherwise readily available to put in place a facilitator to establish the Association and its day-to-day operations.

   - Any other efforts to raise the start-up monies would draw out the start-ups period and risk failure before the Plan got off-the-ground.

   - The monies would be a "loan" and would be paid back quickly with the establishment of EHC collection.

3. Provide enabling legislation for SUOMA to be formed with the authority to collect universal environmental handling charges (EHC's). The Province would legislate an upper limit to the EHC's.

   - Without enabling legislation, enforcement of the collection of a voluntary EHC would be impossible.

4. Regulations for start-ups of the plan:

   i) Anyone returning used oil waste to the public collection system will not be charged.

      - Since the user pays the EHC, it insures he can not be charged again.

      - The Eco-centre or private return facility will be eligible for the RI to offset it's costs.

   ii) Sellers are required to display signage that shows that an EHC is being charged and at what level.

   iii) Sellers display educational materials at point of sale, or point of display, outlining used oil waste management and the "Plan".

5. Change regulations on the storage of less than 1,200 litres of as recommended by the Collection Committee (see recommendations in succeeding pages). Harmonize transportation regulations with the storage thresholds and work with SUOMA operational staff to harmonize regulations with municipalities and the fire code.

6. SERM maintain the registration of carriers, processors and out-of-province receivers for used oil waste.

7. SERM develop a clear set of standards and guidelines, as they pertain to the development of new processor or end use proponents.

8. Assist in the inventory determination of used oil waste at the time of EHC implementation.

9. ENFORCEMENT

REFINERS ■ WHOLESALERS ■ MANUFACTURERS

Federated Co-operatives Limited

401 - 22nd Street East
P.O. Box 1050
Saskatoon, Saskatchewan, Canada
S7K 3M9
Telephone: (306) 244-3311
Fax: (306) 244-3403

June 21, 1994

Larry Lechner
Saskatchewan Environment & Resource Management
Walter Scott Building
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

USED OIL STORAGE AND TRANSPORTATION - REGULATION RECOMMENDATIONS

The Saskatchewan Used Oil Collection Committee (SUOCC) has now had the opportunity to review the approach suggested in your April 26, 1994, correspondence. We appreciate your acceptance of our amended approach:

- Regulations as they pertain to tanks operating in a public atmosphere.
- Continuing registration program for tanks or storage over 205 litres.
- Basic concept of exempting small storage from the regulations.

SUOCC however, continues to recommend that the application of regulations begin at 1,200 litres. SUOCC believes the regulation of storage between 500 and 1,200 litres of used oil will impede the collection of used oil which we all are working to improve.

SUOCC strongly believes the complete exemption of used lubricating oil volumes up to 1,200 litres is needed to enhance used oil collection. This recommendation is based on the high availability and low cost of the 250 gallon tank and the need to provide storage for oil volumes greater than 500 litres. The experience with 250 gallon tanks has been good in above ground applications and the consequence of a leak of 250 gallons or 500 litres would virtually be the same. In fact, storage in a tank would be preferred to and safer than storage in 205 litre drums or other containers.

SUOCC has reviewed the SERM draft guidelines for existing 250 gallon tanks and have the following comments:

- Guidelines for tanks up to 250 gallons are a good idea. The 1,200 litre exemption from regulated storage can be supplemented by having these guidelines.

- It is unlikely that used fuel oil tanks will have an identification plate, but if they were not home-made, they would have met the standard of the day. It is very unlikely that most older tanks could show that they met standards in fabrication. SUOCC proposes this guideline be changed to that of passing a leak test, where the tank must hold water for 24 hours when full.

- SUOCC agrees that the tank should be painted.

- SUOCC does not see a need to require a suction tube. Unloading may be by suction or by any practical means.

- SUOCC does not see a need for the 25 litre capacity inlet funnel with mesh screen and lockable cover. Guidelines should be changed to: "a suitable filling method to reduce the risk of spills".

- SUOCC agrees with identifying the tank contents. This is required by WHIMIS and we do not see why it would need to be a SERM requirement.

- SUOCC sees a need for secondary containment for Class A sites only. SUOCC recommends it not be required for other than Class A sites for storage of used oil of 1,200 litres or less. The risk of up to 1,200 litres (250 gallons) of oil doing any real environmental damage (other than making a mess) is very remote and does not warrant this expense. Experience has shown that oil does not travel as does gasoline or diesel. As well, oil is not as much of a hazard as either gasoline or diesel.

In addition:

- The work group recommends that all underground storage of used oil be fully subject to the requirements of the storage regulations. We would, however, recommend that where there is an underground installation for gasoline/diesel, as well as used oil on the same property, the deadline and requirements for compliance of the used oil storage be the same as the compliance deadline and requirements for gasoline/diesel underground storage.

- SUOCC accepts SERM's offer to initiate discussion of these issues with Saskatchewan Highways and Transportation. SUOCC suggests that this be done once the used oil storage volume exemptions have been finalized by SERM and SUOCC.

- We also recommend that above ground storage on farms of quantities of used oil greater than 1,200 L be treated the same as all other above ground storage. This issue was not addressed in the April 26, 1994, correspondence. It is recommended, however, that farm storage of less than 1,200 litres be exempted from the tank registration program.

- An existing streamline procedure for the one time movement of product was mentioned in the recent correspondence. SUOCC members are unaware of this procedure. Could you please advise details.

- There is no mention in the correspondence of allowing the carrier to also be the generator in multiple pick up situations. Will SERM address this issue?

SUOCC recommends continuing to target the April 1, 1995, deadline for implementation of the new guidelines subject to:

i) immediate announcement of the new guidelines;
ii) announcement of the direction of the provincial used oil collection strategy by year end. (Provincial support for the SUOCC final report being developed this month.)

We trust we can continue to work together to develop regulatory guidelines that will facilitate the best used oil collection system in the province while protecting our environment.

J. COBEN, CHAIRMAN, SASKATCHEWAN USED OIL COLLECTION COMMITTEE

10

SRRA BOARD STRUCTURE

* .	3 Used Oil Waste	(SUOMA Board Appointed)
* .	2 Tires	(Tires Board Appointed)
* .	1 Batteries	(Batteries Board Appointed)
.	1 SERM	(SERM Appointed)
.	1 SARM	(SARM Appointed)
.	1 SUMA	(SUMA Appointed)
* *.	1 Eco-centre	(SRRA Board Approved)
.	1 Agriculture	(SRRA Board Approved)
.	1 Crowns	(SRRA Board Approved)
.	1 Industrial Users	(SRRA Board Approved)
.	1 Small Business	(SRRA Board Approved)
.	1 Environmental Groups	(SRRA Board Approved)

* Seats on the SRRA Board would be proportionate to the monies collected by the fund.

* * Would expect the Eco-centre Representative is the same for the SRRA Board as well as all the waste stream Boards. This person would be elected by Eco-centre members and approved by the SRRA Board.

APPENDICES

A. GUIDING PRINCIPALS

B. TERMS OF REFERENCE

C. THE COMMITTEES

D. UNIVERSAL EHC

E. COLLECTION SYSTEMS

F. FUND REVENUE ESTIMATES

G. CASH FLOW MODEL

H. WESTERN CANADA STEWARDSHIP PROPOSAL

I. END USE COMMITTEE WORKING REPORT

J. COLLECTION COMMITTEE WORKING REPORT

K. COMMITTEE & WMAG RESPONSES & CONCERNS

L. STAKEHOLDER MEETING HANDOUT (6/22/94)

APPENDIX "A"

GUIDING PRINCIPLES

The province's comprehensive management systems for used oil, tires and lead-acid batteries shall be based on the following principles:

1. The protection of human health and safety, and the environment.

2. The polluter pays principle and the user pays principle. (The polluter/system-user is responsible for the costs of anticipating and preventing pollution as well as the costs of disposing of waste).

3. The responsible management of waste based on product stewardship (outlining roles and responsibilities for sellers, waste generators and government).

4. A high degree of stakeholder involvement, input and acceptance (consensus decision making).

5. Consideration of waste minimization (4 R's) as guiding but not overriding principles. The 4 R's of waste minimization are, in order of preference:

   i) Reduce
   ii) Reuse
   iii) Recycle
   iv) Recovery

6. To the maximum extent, market mechanisms and regulations should be developed to create a "level playing field" for industry.

7. The development of environmentally acceptable waste management systems should proceed based upon their own economic merits, (i.e., the market place), rather than government determination of preferred projects. The market place will determine the end-use options for the waste management issues.

8. Universal accessibility to recycling and recovery systems.

9. Integration of waste management systems where opportunities exist.

10. Liability concerns (government, industry and consumer) should be integrated into the decision making process at all levels.

11. The need for education of the public to bring about a change in consumer behaviour in regards to the management of used oil, tires and lead-acid batteries.

12. The integration of regulations and policy to minimize the barriers to effective management of used oil, tires and lead-acid batteries.

APPENDIX "B"

SASKATCHEWAN ENVIRONMENT AND RESOURCE MANAGEMENT

WASTE MANAGEMENT ADVISORY GROUP
Used Oil Working Groups

Terms of Reference
(March 24, 1993)

The Environment Management and Protection Act requires consultation prior to the development of new regulations. Consistent with the Department's desire to develop partnership solutions, the Used Oil Working Groups would be established based on the following Terms of Reference:

PRINCIPLES:

1. The principles adopted by the Waste Management Advisory Group will apply equally to both the Used Oil Working Groups.

SCOPE:

1. The term "Used Oil" is considered to include related products, including used plastic oil containers and used oil filters.

2. "Used Oil" will refer only to downstream waste products, not upstream waste such as from oil extraction or refining.

3. Sectors to be included include:

   . industrial . do-it-yourself (DIY)
   . commercial . farm

4. The scope of each Working Group's recommendations will not be limited to physical collection or end use systems, but may also include recommendations on: control issues (e.g. regulations), public relations, end uses and collection.

5. (a) The Collection Working Group will consider the role of all steps in the distribution channel, from producer to retailer to final consumer, based on the product stewardship model.
   (b) The End Use Working Group will consider end use options both within Saskatchewan and outside the province, with an emphasis on the former.

6. (a) The Collection Working Group will examine economic and other barriers to used oil collection, and will consider potential options for overcoming such barriers.
   (b) The End Use Working Group will examine economic and other barriers to used oil end use, and examine potential options for overcoming such barriers.

OBJECTIVES

1. To make recommendations to the Waste Management Advisory Group regarding the most appropriate used oil collection and end use systems for Saskatchewan. Specifically, the Working Groups would:

   - Identify methods to establish an effective province-wide collection and effective end use system for the commercial, industrial, farm and do-it-yourself (DIY) sectors;

   - Develop achievable targets for timelines and collection rates for all user sectors as well as timelines and volumes regarding end use;

   - Determine methods to ensure accountability and compliance associated with a collection and end use system; and

   - Determine an appropriate financing system which is economically efficient, accountable, and which ensures that the costs of collection and end use are shared equitably.

2. To develop an Action Plan for implementation of the comprehensive management system.

3. To provide a forum for ongoing consultation and consensus building among the major stakeholders in the process.

STRUCTURE AND ORGANIZATION:

1. The Working Groups will report directly to the Waste Management Advisory Group.

2. The chair of each Working Group will be selected from among two Advisory Group nominees, and any additional candidates which are nominated by the Working Group itself.

3. The Working Group will consist of at least one member from the Advisory Group, and will include representatives from the provincial government, municipal government, small business, environmental non-government organizations, and industry (including major suppliers, collectors, etc.).

4. The Group will seek stakeholder input and consensus through at least one broadly-based stakeholder consultation meeting.

5. The Working Groups will provide progress reports to stakeholders through minutes of its meetings, or any other appropriate methods.

APPENDIX "C"

WASTE MANAGEMENT ADVISORY GROUP
****

Chairman: Larry Lechner, Sask. Environment & Resource Management

1. Jerry Coben - Chairman Used Oil Waste Collection Committee
2. Ron Schell - Chairman Used Oil End Use Committee
3. Richard Prankus - City of Saskatoon
4. Ron Martin - Saskatchewan Government Insurance
5. Phil Wrubleski - Sarcan Recycling
6. Bryan Dykes - Federated Co-operatives Limited
7. Don Taylor - Saskatchewan Rural Municipalities
8. Dale Botting - Canadian Federation for Independent Business
9. Warren Smith - Saskatchewan Trucking Association
10. Glen Meyers - Canadian Petroleum Products Institute
11. Gus Millsap - Saskatchewan Chamber of Commerce
12. Terry Field - Saskatchewan Economic Development
13. Norm Beug - Saskatchewan Mining Association
14. Barry Marchand - Frontier Peterbuilt
15. John Barker - Saskatchewan Waste Reduction Council
16. Derrik Bellows - City of Regina
17. John Schisler - Sask Environment & Resource Management
18. Patty Blahut - Saskatchewan Wheat Pool
19. Don Schlosser - Saskatchewan Urban Municipalities

USED OIL COLLECTION COMMITTEE
****

Chairman: Jerry Coben, Federated Co-operatives Limited

1. John Schisler - SERM (Hazardous Waste Director)
2. Russell Roy - Loraas Disposal (Regina)
3. Roland Schultz - R & G Transport, Go-For Used Oil (Regina)
4. Bruce Oleson - Mr. Lube (Saskatoon/Regina)
5. Ron Schell - McGills Inc. (Saskatoon)
6. Paul McMillen - Kalium Chemical
7. Neil Ketilson - Sask Wheat Pool (Saskatoon)
8. Iain Harry - SUMA (Regina)
9. Pat Dolan - Magnum Oil (Saskatoon)
10. Roger Kinder - Star Valley Reclaimers (Alameda)
11. Phil Wrubleski - Sarcan (Saskatoon)
12. Ron Martin - SGI (Regina)
13. Les Cook - Imperial Oil
14. Jim Allard - Quaker State (Regina)
15. Doug Kyle - Sweet Grass Band Independent Living Society (S'toon)
16. Nick Postnikoff - SARM (Blaine Lake)
17. Barry Rapp - Sask. Agric. & Food (Regina)
18. Dennis Leader - Lube City
19. Kirk Neibrandt - B-Line Sanitation
20. Jerry Lupul - Mr. Lube (Saskatoon)

NOTE:

1. Russell Roy replaced by Carman Loraas
2. Nick Postnikoff replaced by Don Taylor

USED OIL END USE COMMITTEE
****

Chairman: David Grier, Saskatchewan Research Council

1. Gene Kondar - Black Gold Heating
2. Roger Maneger - Major Cutknife, Saskatchewan
3. Pat Dolan - Magnum Oil
4. Ken Foreht - Magnum OIl
5. Jamie Swallow - Go For Oil
6. Rob Plosz - Kalium Mines
7. Don Jesse - Westco Oil
8. Ken Elder - Sask Wheat Pool
9. Graham Mutch - SERM
10. Ron Schell - McGills
11. Bill Smith - Co-op Refineries
12. Bryan Dykes - Federated Co-operatives

NOTE: Ron Schell replaced David Grier as Chairman

APPENDIX "D"

A number of stakeholders have questioned whether it is a level playing field (fair) to institute an universal EHC that includes industrial users who already pay the costs of collection and transportation of used oil. The committee's discussion was that an universal EHC might not be the perfect collection mechanism, but that it was the best as:

1. Industrial users could receive a return incentive where a DIY consumer would not.

2. On a macro level EHC monies collected from the industrial user would be used to support the collection of used oil from industrial users.

3. Unrecoverable oils would be exempted from the EHC (i.e., dedusting oils, etc.).

4. The EHC/RI system would stimulate a more vibrant and financially sound collection system that would over the long term reduce transportation costs for the industrial user. In effect, the monies collected from the DIY (no return incentive) market would improve the efficiency of the system such that the industrial user would receive some benefit that the DIY user does not.

As well, stakeholders have suggested an used oil management agreement (as in British Columbia) between oil suppliers and industrial accounts might not fit well with the Saskatchewan recommendation. The committee felt it did fit even if an used oil agreement was in place between supplier and user as the costs of collection and transportation would not change:

1. If the supplier paid any collection and transportation costs and was previously compensated through the virgin lubricant oil product price, he would now receive the return incentive and reduce his product price.

2. If the user paid all the collection and transportation costs, he would now have his costs offset by the return incentive. Except in very remote areas where transportation costs might exceed the return incentive, the more used lubricant oil the user returned the better off he would be.

APPENDIX "E"

COLLECTION SYSTEMS
Advantages & Disadvantages
****

A. He Who Sells Must Collect (British Columbia Approach)

1. Advantages

   - Level playing field
   - More general accessibility
   - Utilizes existing facilities

2. Disadvantages

   - No direct funding to support the system (i.e., collection, transportation, end use).
   - Unfair distribution of cost as user will not have to pay full costs. Very difficult to fairly put costs into product price.
   - Dis-incentive to collector (retailer) since the more he collects the more it costs him to have it transported away.
   - Very difficult to financially support in Saskatchewan due to limited end use.
   - Ensuring conformance to the regulation is difficult since marketers are reluctant to send customers to competitors.
   - Very difficult to ensure adequate collection in remote areas.
   - Public awareness programs difficult.
   - More unmanned sites - more likely contamination and other problems.

B. Totally Funded Public Collection System (Other Extreme)

1. Advantages

   - Total user/polluter pay system.
   - More readily handles all used oil waste.
   - Convenient to alter and change system.
   - Good control on ensuring universal accessibility (i.e., remote locations).

- Conformance readily ensured since collection sites marketing neutral.
- Site control (acceptable manpower and product handling procedures can be assured).
- Better public awareness and perception of the collection program.
- Larger quantities handled on site.
- Easily include other waste streams (tires and batteries).
- If necessary easily expanded to a consumer refund system (DIY refund).

2. Disadvantages

- Extremely high cost.
- Difficulty in fairly choosing collectors with a public user fund.

C. Oil Company Bulk Plants

The Board of Directors of SARM suggested the better location for return facilities might be at oil company bulk plants. The thinking being that bulk plants already have secondary containment and fences (where better to collect oil than where it is sold). Hours of operation might also be better.

This concept was fully discussed at WMAG and collection committee meetings. The discussion was that this is not as favourable a system as:

- The site would not be neutral from marketing. One oil company would be reluctant to send their customers to a competitor to return used oil.
- The EHC would have to be excessive to fund all bulk plants in Saskatchewan. As a consequence, how would the Board decide between two marketers in the same area (who gets funding and who doesn't)?
- Most oil company bulk plants are moving outside of town so they are not as convenient or accessible to the general public.
- Not likely a desire or opportunity to expand oil company bulk plants to handle other used oil waste (filters and containers) or other waste streams.

D. Recommended System

Outline

i) Environmental Handling Charge (EHC) collected to support collection system.

ii) Regulation - retailer must collect or advertise another return facility.

iii) Return incentive (RI) for retailers or generators returning used oil equal to the EHC paid.

iv) EHC sufficient to provide an SRI for Eco-centres. This SRI could be at a variable rate based on transportation costs.

v) Further financial assistance available for Eco-centres in remote or sparsely populated areas.

vi) Implementation of an Eco-centre concept for hazardous waste streams or other similar waste streams. The Eco-centre could include return facilities for:

(a) Use oil waste (i.e., used lubricant oil, filters, lubricant oil containers).
(b) Tires
(c) Batteries
(d) Antifreeze
(e) Paints and other household wastes.
(f) Solvents

APPENDIX F

FUND REVENUE

CALCULATION

ASSUMPTIONS

1. **EHC Rates For Containers and Filters:**

   . Containers - 5 cents per litre more than the new oil EHC.

   . Filters - $ .50/small filter.
   - $1.00/large filter.

2. Using Lubricant Profiles for 1992 as a source document for lubricant oil sales and lubricant oil sales in containers is representative of actual sales in Saskatchewan.

3. Percentage of sales in each container for Canada in Lubricant Profiles is representative of Saskatchewan with the following adjustment:

   . Due to the expectation of a higher percentage of Heavy Duty Engine Oils (HDEO) and Passenger Car Engine Oils (PCEO) in drums in Saskatchewan due to the farm trade, the percentage of oil sales in containers is reduced to 50% for PCEO's and 40% for HDEO's from Lubricant Profiles.

4. Process oils, chain oils, metal working oils, rockdrill oils, outboard motor oils, greases and 50% of "other oils" category would be exempt lubricant oils (these same lubricant oils in containers would still have the container EHC).

5. Ten percent of the "other oils" category and five percent of the "process oils" category are in containers.

6. Filter manufacturers estimate 1.8 million small filters are sold in Saskatchewan based on the small vehicle registrations in the province. No firm method has been developed to estimate large filter sales, so the AUOMA estimate of a 1:2 ratio with small filter sales is used.

7. **Membership Make-up (Estimated)**

   . 7 major oil marketers.
   . 7 intermediate oil marketers.
   . 20 other oil marketers.
   . 30 carriers.
   . 8 registered used oil waste processors.
   . 5 Eco-Centres growing to 65 in five years.
   . No miscellaneous membership fees.

REVENUE GENERATED

1. Lubricant Oil EHC - 5¢/L	
. 37.4 million litres @ 5 cents per litre	$1.87 Million
2. Container EHC - extra 5¢/L	
. 17.0 million litres @ 5 cents per litre	$ .85 Million
3. Filter EHC	
. 1.8 million small filters @ 50¢/filter	$ .90 Million
. .9 million larger filters @ $1/filter	$ .90 million
4. SUOMA Membership Fees	$ .04 Million
TOTAL FUND	**$4.56 MILLION**

REVENUE GENERATED

1. Lubricant oil EHC - 10¢/L	
. 37.4 million litres @ 10 cents per litre	$3.74 Million
2. Containers, filters and membership fees.	$2.69 Million
TOTAL FUND	**$6.43 MILLION**

PETRO:Coben27

TOTALS FOR ALL PRODUCTS

1992

PRODUCT	NFLD	PEI	NS	NB	QUE	ONT	MAN	SASK	ALB	BC	NWT	EXPORT	TOTAL
Passenger Car Engine Oils	2.100	.596	4.624	5.084	43.216	99.549	11.630	13.436	27.732	24.230	.397	3.731	236.525
Heavy Duty Engine Oils	2.768	.530	4.486	4.671	33.008	41.317	8.284	11.838	28.660	28.132	1.535	4.433	169.662
Industrial Hydraulic Oils	2.594	.189	2.774	3.137	15.286	28.131	2.432	2.987	9.678	15.619	.174	6.674	89.675
Circulating/Turbine Oils	.159	.001	.213	.837	2.375	3.226	.162	.249	1.820	.711	.100	.019	9.872
Two Cycle Engine Oils	.493	.023	.209	.210	1.706	4.478	.377	.258	.370	.969	.078	.559	9.730
Automotive Gear Oils	.400	.049	.448	.590	3.840	6.818	.765	1.270	3.580	3.102	.160	.100	21.122
Industrial Gear Oils	.459	.005	.430	.459	2.528	5.237	.288	.859	1.213	2.063	.065	.008	13.614
Automatic Transmission Oils	.412	.091	.649	.776	7.816	22.686	1.070	1.397	4.116	4.523	.113	.633	44.182
Metal Working Oils	.008	.008	.058	.027	2.769	7.378	.070	.099	.508	.133	.000	.011	11.069
Railroad Engine Oils	.066	.002	.094	.104	3.874	3.936	1.296	.061	7.838	1.386	.114	.097	18.868
Marine Engine Oils	.970	.040	2.129	.949	4.559	1.633	.000	.000	.486	7.011	.099	.615	18.691
Paper Machine Oils	.365	.000	.034	.306	2.578	.791	.106	.015	.145	1.420	.027	.000	5.787
Rockdrill Oils	.016	.000	.023	.113	.362	.877	.132	.195	.660	.909	.064	.000	3.350
Tractor/Hydraulic Oils	.027	.153	.270	.258	2.400	4.123	1.946	4.059	4.709	1.778	.026	.287	20.044
Chain Oils	.499	.089	.738	.805	1.386	1.378	.162	.180	.305	1.974	.010	.015	7.541
Aviation Engine Oils	.022	.001	.047	.033	.469	.498	.088	.086	.285	.335	.049	.439	2.352
Process Oils	.023	.003	.198	2.487	19.687	56.322	9.718	13.377	3.780	5.505	.003	64.698	175.801
"Other" Oils	.573	.047	1.471	.649	10.151	16.634	1.439	2.266	16.945	7.325	.109	6.526	64.135
Greases	.153	.032	.390	1.317	3.247	4.653	.810	.846	2.544	2.825	.118	.271	17.206
TOTAL	12.086	1.859	19.265	22.812	161.285	309.765	40.975	53.478	115.374	109.950	3.241	89.116	939.226

Volume in Millions of Litres

Packaging and Distribution

1992

PRODUCT	Total Volume	Bulk Delivery %	1 Litre Bottle %	4 Litre Jug %	5 Litre Pail %	20 Litre Pail %	60 Litre Pail %	205 Litre Drum %	All Other Sizes* %
Passenger Car Engine Oils	236.525	30.3	47.2	12.1	0.8	2.0	0.1	5.7	1.9
Heavy Duty Engine Oils	169.662	28.1	13.1	11.9	1.4	14.0	0.1	20.7	10.8
Industrial Hydraulic Oils	89.675	32.5	0.2	0.3	0.5	25.6	0.5	36.9	3.5
Circulating/Turbine Oils	9.872	36.1	0.0	0.2	0.0	2.8	0.0	56.8	4.1
Automotive Gear Oils	21.122	18.3	4.3	3.7	1.7	26.9	20.3	19.9	4.9
Industrial Gear Oils	13.614	22.4	0.0	0.0	0.0	7.3	0.0	63.0	7.3
Automotive Transmission Oils	44.182	39.3	23.4	3.6	1.4	13.9	0.0	14.4	4.0
Two Cycle Engine Oils	9.730	3.6	50.1	7.8	0.0	0.8	0.0	8.5	29.2
Railroad Engine Oils	18.868	93.3	0.0	0.0	0.0	0.0	0.0	5.5	1.2
Rockdrill Oils	3.350	12.0	0.7	6.1	0.0	21.2	0.0	55.9	4.1
Paper Machine Oils	5.787	75.9	0.0	0.0	0.0	0.2	0.0	23.5	0.4
Metal Working Oils	11.069	46.7	0.0	0.0	0.0	5.1	0.0	39.2	9.0
Tractor/Hydraulic Transmission Oils	20.044	5.9	0.1	5.2	4.9	43.9	0.0	22.2	17.9
Marine Engine Oils	18.691	72.7	0.0	0.0	0.0	0.0	0.0	24.5	2.8
Chain Oils	7.541	16.0	2.1	53.1	1.4	3.5	0.0	24.9	0.0
Aviation Engine Oils	2.352	0.0	36.3	0.0	0.0	10.5	0.0	41.8	11.4

(* Cubes, 500 ML., 10 L., 110 L.)

NOTE: All totals include export sales.
Complete packaging data covering greases and oils are not available at this time.

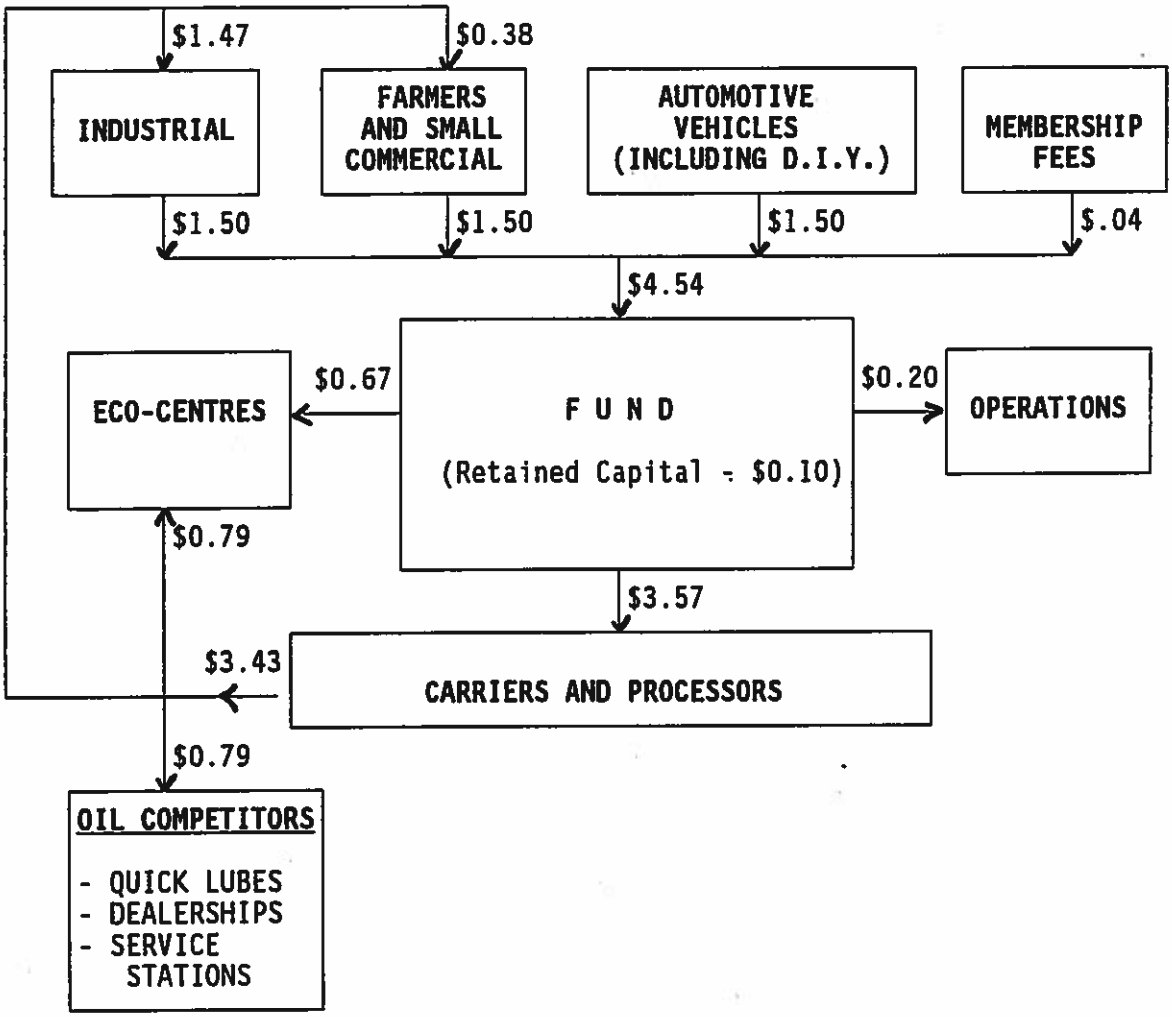
Volume in Millions of Litres

APPENDIX G

CASH FLOW MODELS

($ X 1,000,000)

CASE I (MATURE SYSTEM)



NOTE:

i) EHC - 5¢/L equiv.

ii) RI - 7¢/L equiv.

iii) Waste returned to Eco-Centres - 11.25 million equiv.

iv) Subsidy - 6.0¢/L equiv. or $10,300/Eco-Centre.

v) Total Eco-Centre gross revenue is $1.46 million or:
- $0.130/litre equiv.
- $22,400/Eco-Centre

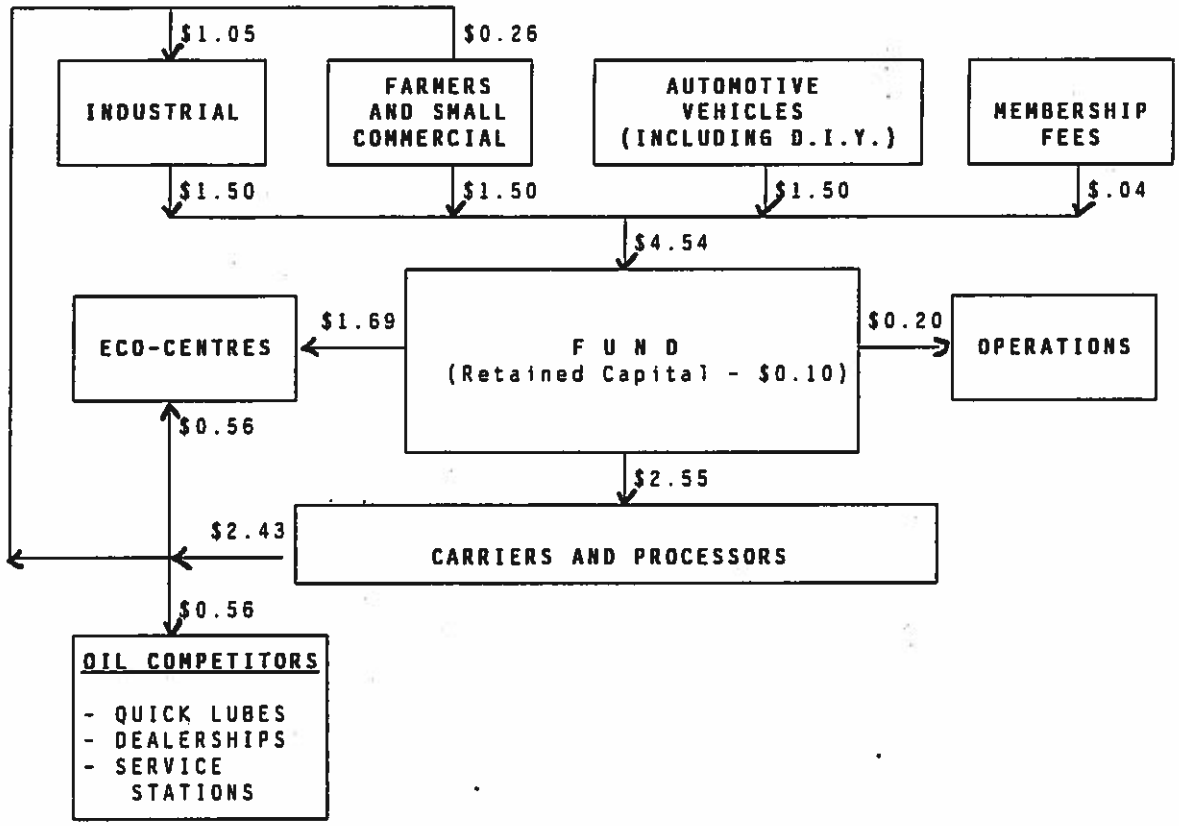
vi) Total waste returned - 51 million 56.7% equiv.

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. AUOMA anticipated EHC and RI rates.
4. Industrial, Eco-Centres and Oil Competitors can realize the full RI's (7 cents per litre).
5. Farmers & Small Commercial will realize 70% of the RI's (5 cents/litre) through carriers and processors.
6. Industrial will return 70% of used oil waste, Farmers & Small Commercial will return 50% of used oil waste, but 50% of Farmers & Small Commercial will be through Eco-Centres and Oil Competitors.
7. Returns from the Automotive market will be 50%.
8. A 50/50 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Sixty-five Eco-Centres.

($ X 1,000,000)

CASE II (MATURE SYSTEM)



NOTE:

i) EHC - 5¢/L equiv.

ii) RI - 5¢/L equiv.

iii) Waste returned to Eco-Centres - 11.25 million equiv.

iv) Subsidy - 15.0¢/L equiv. or $26,000/Eco-Centre.

v) Total Eco-Centre gross revenue is $2.25 million or:
- $0.20/litre equiv.
- $34,600/Eco-Centre

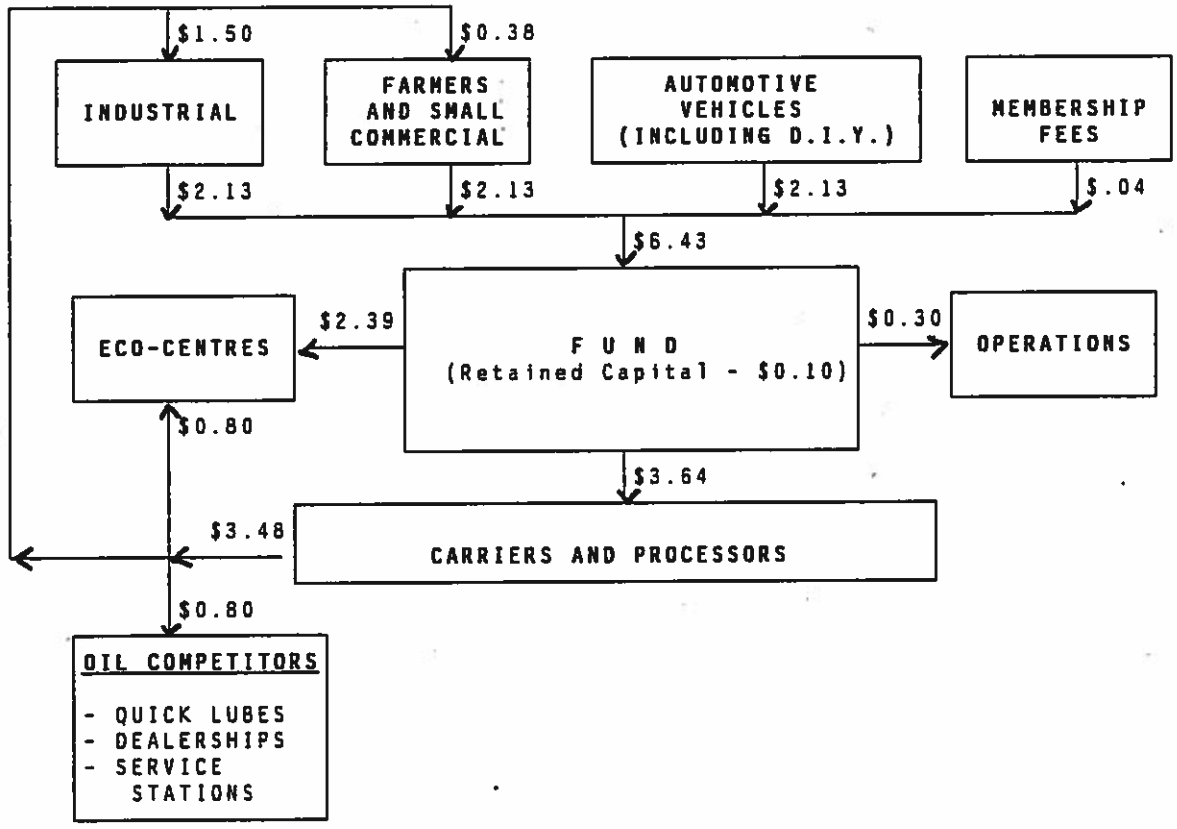
vi) Total waste returned - 51 million equiv. 56.7%

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. AUOMA anticipated EHC rates but RI rates equalling the EHC rates.
4. Industrial, Eco-Centres and Oil Competitor can realize the full RI's (5 cents per litre).
5. Farmers & Small Commercial will realize 70% of the RI's (3.5 cents per litre) through carriers and processors.
6. Industrial will return 70% of used oil waste, Farmers & Small Commercial will return 50% of used oil waste, but 50% of Farmers & Small Commercial will be through Eco-Centres and Oil Competitors.
7. Returns from the Automotive market will be 50%.
8. A 50/50 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Sixty-five Eco-Centres.

($ X 1,000,000)

CASE III (MATURE SYSTEM)



NOTES:

i) EHC - 10¢/L new oil.
- 7.14¢/L equiv.

ii) RI - 7.14¢/L equiv.

iii) Waste returned to Eco-Centres - 11.25 million equiv.

iv) Subsidy - $.212/L equiv. or $36,800/Eco-Centre.

v) Total Eco-Centre gross revenue is $3.19 million or:
- $.284/L equiv.
- $49,100/Eco-Centre

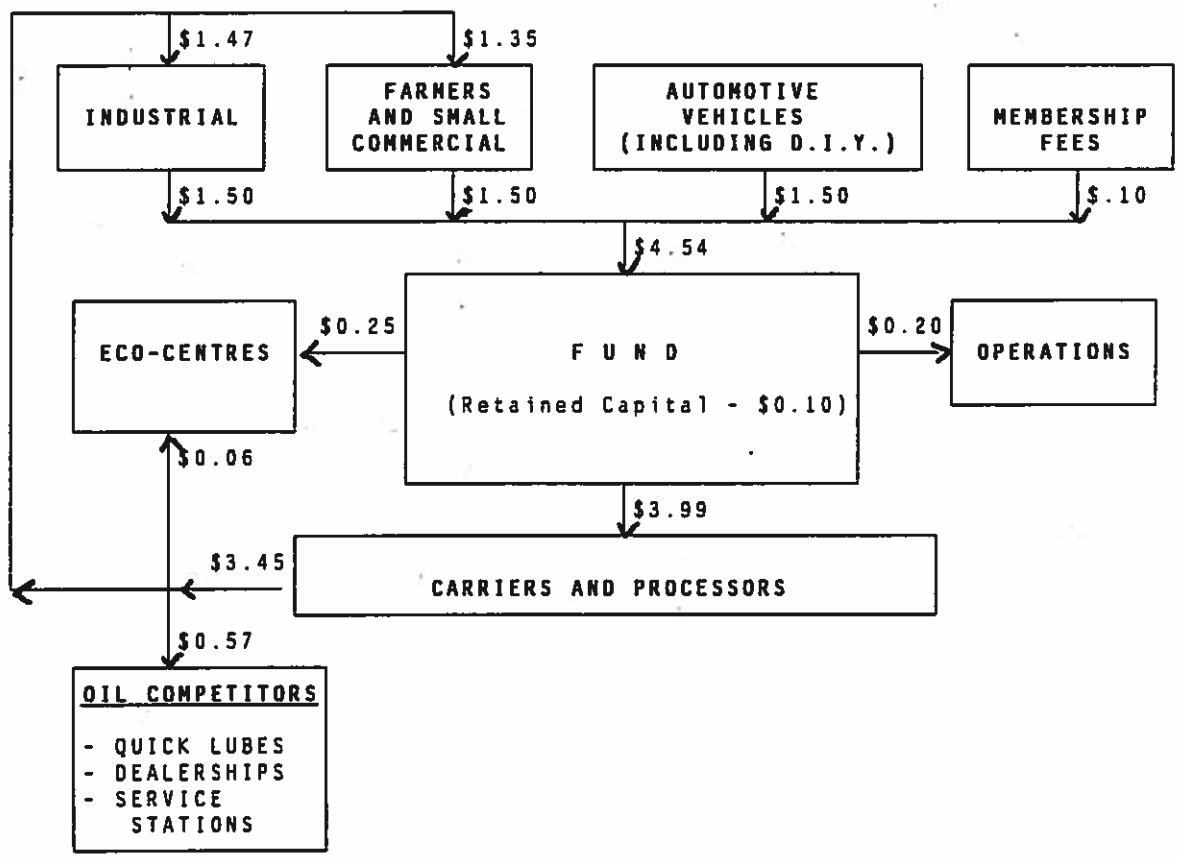
vi) Total waste returned
- 51 million equiv.
- 56.7%

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. A lubricating oil EHC of 10¢/litre and RI's equal EHC rates.
4. Industrial, Eco-Centres and Oil Competitors can realize the full RI's (7.14 cents per litre equiv.)
5. Farmers & Small Commercial will realize 70% of the RI's (5.00 cents/litre) through carriers and processors.
6. Industrial will return 70% of used oil waste, Farmers & Small Commercial will return 50% of used oil waste, but 50% of Farmers & Small Commercial will be through Eco-Centres and Oil Competitors.
7. Returns from the Automotive market will be 50%.
8. A 50/50 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Sixty-five Eco-Centres.

($ X 1,000,000)

CASE I (START UP)



NOTE:

i) EHC - 5¢/L equiv.

ii) RI - 7¢/L equiv.

iii) Waste returned to Eco-Centres - .9 million equiv.

iv) Subsidy money available - $.25 million.

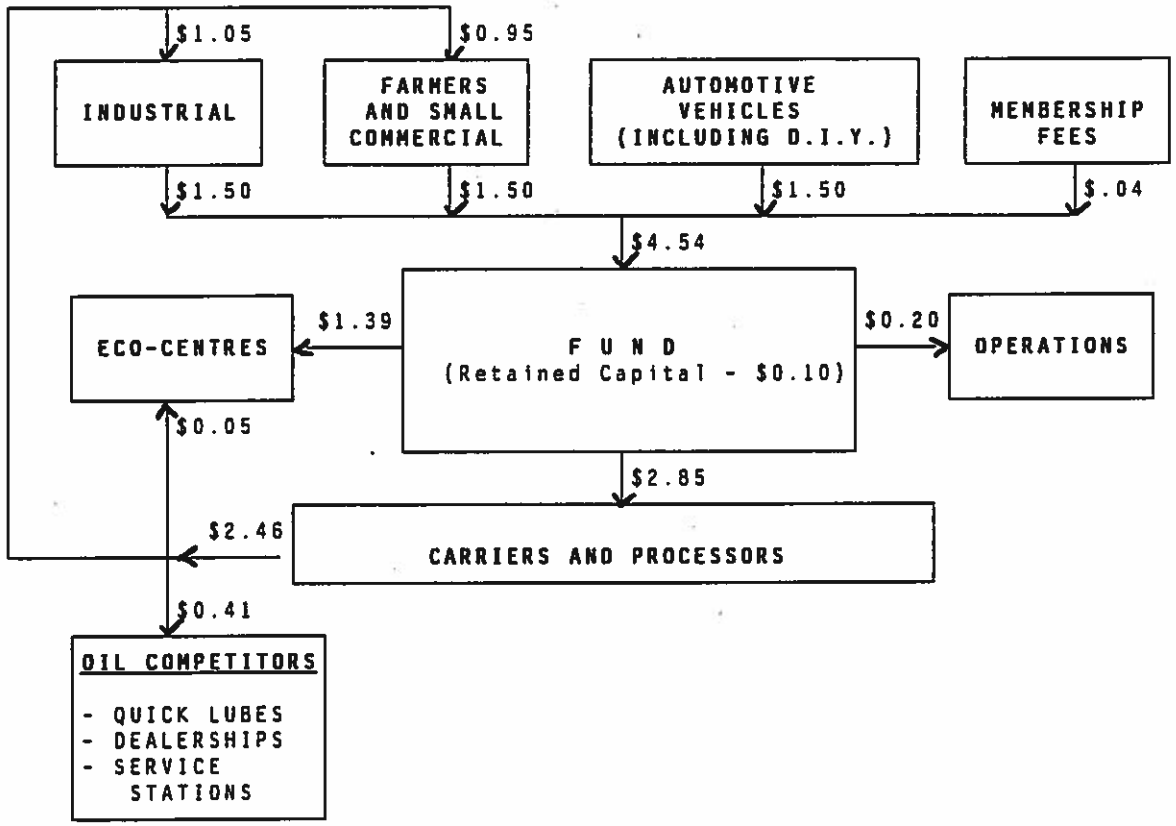
v) Total waste returned
- 57 million equiv.
- 63.3%

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. AUOMA anticipated EHC and RI rates.
4. Industrial, Eco-Centres and Oil Competitors can realize the full RI's (7 cents per litre).
5. Farmers & Small Commercial will realize 70% of the RI's (5 cents/litre) through carriers and processors.
6. Industrial will return 70% of used oil waste. Farmers & Small Commercial will return 10% through Eco-Centres and Oil Competitors, but return 100% in total (80% of returns is inventory).
7. Returns from the Automotive market will be 20%.
8. A 10/90 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Assume five Eco-Centres established.

($ X 1,000,000)

CASE II (START UP)



NOTE:

i) EHC - 5¢/L equiv.

ii) RI - 5¢/L equiv.

iii) Waste returned to Eco-Centres - .9 million equiv.

iv) Subsidy monies available - $1.39 million.

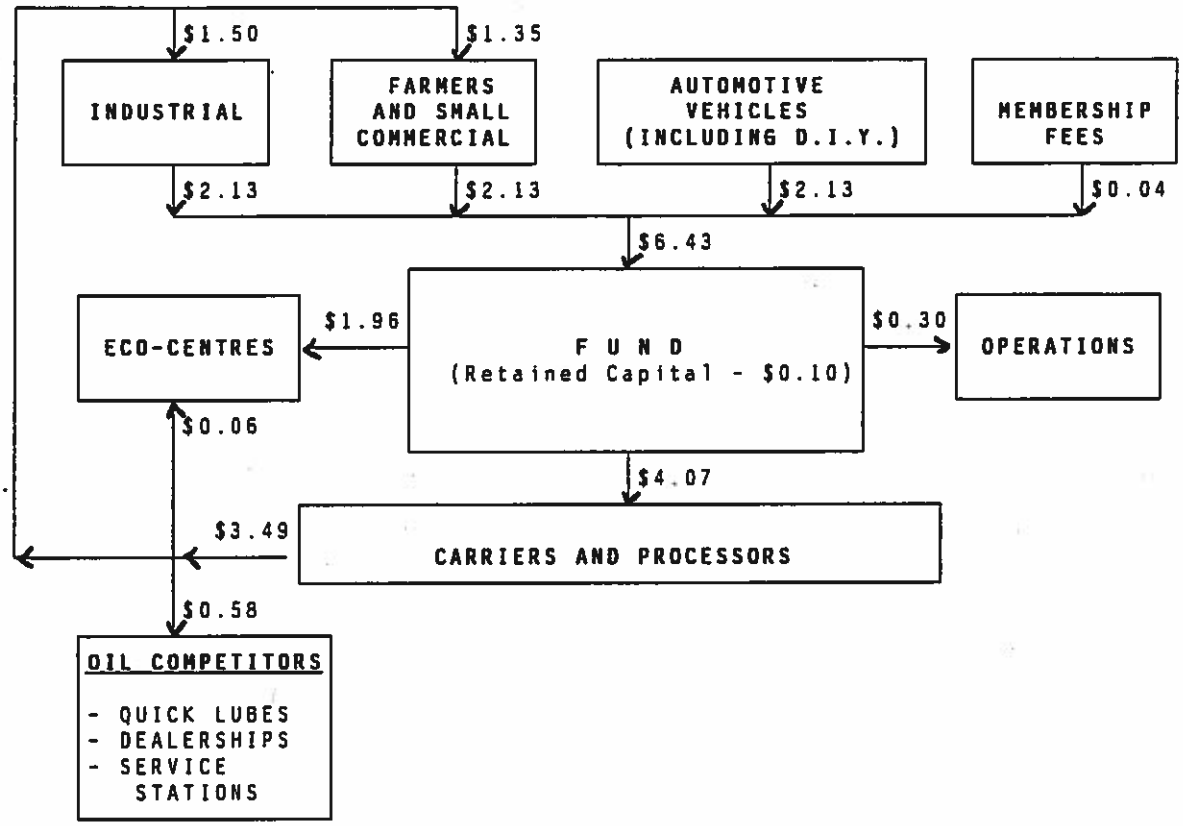
v) Total waste returned:
- 57 million equiv.
- 63.3%

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. AUOMA anticipated EHC rates but RI rates equalling the EHC rates.
4. Industrial, Eco-Centres and Oil Competitors can realize the full RI's (5 cents per litre).
5. Farmers & Small Commercial will realize 70% of the RI's (3.5 cents per litre) through carriers and processors.
6. Industrial will return 70% of used oil waste. Farmers & Small Commercial will return 10% through Eco-Centres and Oil Competitors, but return 100% in total (80% of returns in inventory).
7. Returns from the Automotive market will be 20%.
8. A 10/90 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Assume five Eco-Centres established.

($ X 1,000,000)

CASE III (START UP)



NOTES:

i) EHC - 10¢/L new oil.
- 7.14¢/L equiv.

ii) RI - 7.14¢/L equiv.

iii) Waste returned to Eco-Centres - 0.9 million equiv.

iv) Subsidy monies available - $1.96 million.

v) Total waste returned
- 57 million equiv.
- 63.3%

ASSUMPTIONS

1. Used oil waste generated is approximately the equivalent of 90 M litres of used oil.
2. A one-third share of purchases in each market sector (30 M).
3. A lubricating oil EHC of 10¢/L and AUOMA EHC's for filters & containers. RI's equal EHC rates.
4. Industrial, Eco-Centres and Oil Competitors can realize the full RI's (7.14 cents per litre equiv.)
5. Farmers & Small Commercial will realize 70% of the RI's (5.00 cents/litre) through carriers and processors.
6. Industrial will return 70% of used oil waste. Farmers & Small Commercial will return 10% through Eco-Centres and Oil Competitors, but return 100% in total (80% of returns in inventory).
7. Returns from the Automotive market will be 20%.
8. A 10/90 split on Automotive, Farmers & Small Commercial returned between Eco-Centres and Oil Competitors.
9. Assume five Eco-Centres established.

Appendix H

Western Canada Used Oil/Container/Filter Task Force

Product Stewardship Proposal

June 1, 1994

Table of Contents

A. Executive Summary

A.1 Oil and oil filter manufacturers and marketers recognize their product stewardship responsibility.

The oil and oil filter industries recognize that they have the primary responsibility to exercise active product stewardship throughout the life cycle of the products and containers they either manufacture or market in Canada. A group of industry stakeholders formed the Western Canada Used Oil / Container / Filter Task Force to determine how to best address this responsibility.

The Task Force considered several options including deposit refund systems, and mandatory return systems similar to that in effect in British Columbia for the return of used oil. The Task Force is recommending a return program for used oil, oil containers and oil filters to encourage environmentally responsible disposition of these materials. The heart of the program is an Environmental Handling Charge (EHC) to apply to most sales of new oil and filters. It is anticipated that this dynamic EHC will be reduced or eliminated over time as the value of the recovered materials increases.

A.2 The program can be briefly summarized.

Each litre of oil, each oil container, and each oil filter will have an Environmental Handling Charge (EHC) applied to it at the manufacturer, wholesaler, major retailer or importer level. The EHC will be paid into a fund managed by the industry stakeholders through a "not for profit" Industry Funding Organization (IFO). The EHC will be recovered from the user (customer) at the time of sale.

The IFO will establish the EHC rates and administer the day-to-day operation of the system in compliance with guidelines approved by its Board of Directors composed of members of the industry stakeholders.

The IFO will pay collector/transporters and/or processors for the amount of material properly returned. The collector/transporters will compete for the used oil, containers and filters available from the generators and return depots.

In turn, it is expected that greater amounts of used oil, containers, and filters will be collected from retail customers, without the need for mandatory "return to retail" provisions.

This is NOT a deposit/refund system.

Each provincial government must give the industry the authority to discharge its responsibilities.

B. Basic Goal

B.1 It is our goal to design and manage a system that encourages responsible environmental handling and disposal of our industry's products and containers through the exercise of active product stewardship which includes programs providing landfill diversion and recycling of used oil, oil filters and oil packaging materials using environmentally acceptable options. Such a system shall be designed to achieve the optimum combination of:

- Efficiency.
- Effectiveness.
- Fairness to consumers and industry stakeholders.

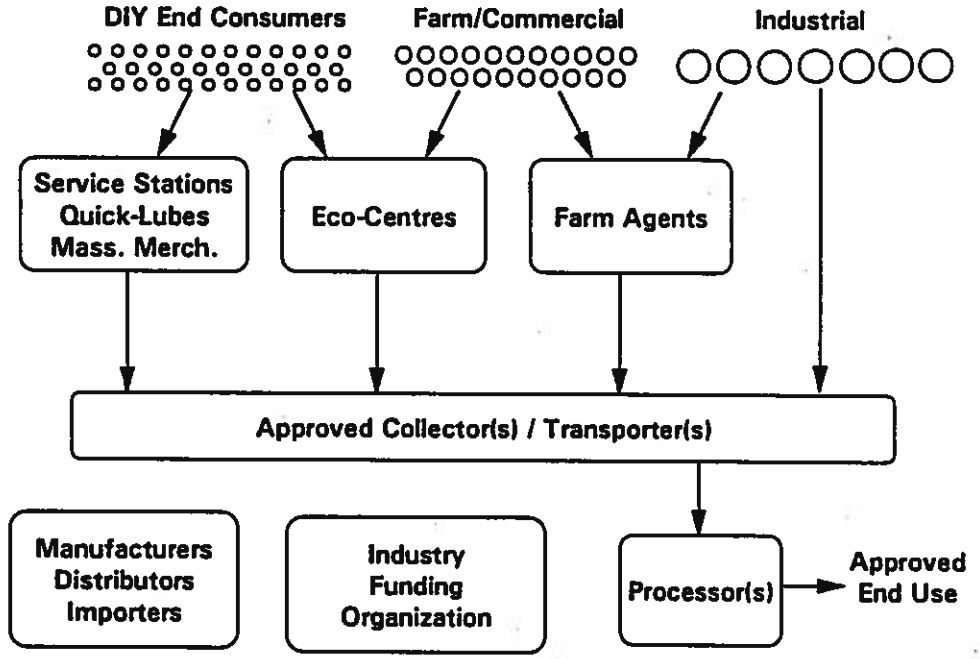
C. Principles that apply to Oil, Filters and Containers

C.1 Material must flow from the generators to an "Approved End Use".

The simplified diagram in Figure 1 illustrates the desired flow of material from the generators (Consumers, Farm/Commercial and Industrial users) through the collection network of return depots and collector/transporters to processors for re-use.

Figure 1

Generalized Collection Material Flow



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C.2 Independent Return Depots are encouraged.

A significant feature of this proposal is the existence of the independent return depots (independent of manufacturers and marketers of the products). These independent depots are identified as "Eco-Centres" in the diagrams (see I.3 for a complete definition). They may be existing recycling depots with oil/filters/containers added. This should lead to convenient "one-stop" recycling centres for consumers. Because these return depots do not directly profit from the sale of the oil and filter products they require another economic drive to exist.

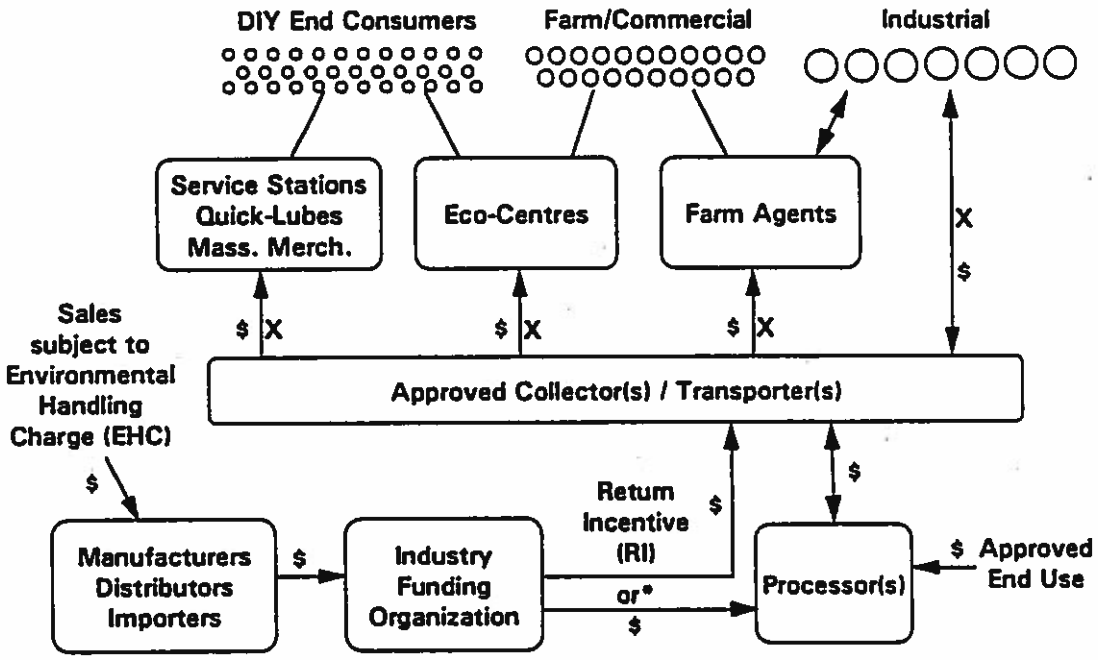
C.3 Funds flow is reversed in comparison to existing recycling economics.

The simplified funding model in Figure 2 illustrates the proposal of the Western Canada Task Force. It features an Environmental Handling Charge (EHC) to be collected on all collectable sales of oil (and applicable containers) and filter products. The EHC will be collected by licensees of an Industry Funding Organization (IFO). The funds generated by the application of the EHC are administered by the IFO. The IFO stimulates the return of

material by providing a Return Incentive (RI) to collector/transporters or processors. The RI will supplement the income from the end use so that the total will be high enough that the collector/transporters will pay return depots in order to have access to the material that they collect. This will give the return depots the economic drive that they require. There is no required payment to DIY end consumers.

Figure 2

Generalized Collection Funding Flow



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* The IFO will pay the return incentive (RI) to the collector(s) / transporter(s) or to the processors depending on the particular material.

C.4 Collector/transporters may not charge generators nor return depots for normal pick-ups of any of the three waste streams.

Collector/transporters may pay the return depots or generators a fair market price, but they cannot charge ("X" on Figure 2).

A normal pick-up is defined as any where the materials fall into the normally expected or on-specification category (described as all those accepted by the processors without any additional charges or debits).

Payments/charges for pick-ups other than normal pick-ups will be negotiated between the collector/transporter and the generator or return depot.

Any abnormal pick-ups (distance/time) will be dealt with on an exception basis by the IFO, collector/transporter and generator or return depot.

C.5 The funding model is based upon universal product stewardship.

All players shall be equally responsible for their proportionate piece of the overall problem. All industry stakeholders to be treated fairly and there will be no exceptions. Any product and container exemptions are to be for valid reasons and will apply to all industry stakeholders.

C.6 Users pay for the system.

The user of any product must be the one that pays for the costs of responsible disposal of that product, but the system must ensure that the user pays once only (no double billing). User is defined as the one in possession of the product at the time it is turned from a new product into a used product.

C.7 Governments must support the system if it is to be successful.

a) Government to support the EHC system by enacting enabling legislation or regulations that may include:
   - empowering the IFO (see G.4 and C.22 below).
   - setting requirements of EHC collection.
   - prohibiting improper disposal, supported by fines.
   - setting standards/licensing requirements for collector/transporters and processors.

b) Government is primarily responsible for creating the broad shifts in societal attitude and behaviour required for program effectiveness (see C.9 below).

c) Government is also responsible for taking corrective action to eliminate identified individuals or companies in non-compliance (see C.18 below).

d) Government will continue to control the acceptability of processing options (see C.19 below).

e) Government to financially support this system through refundable grants until EHC funds become available (see G.4i below).

C.8 The EHC amount is to be based on recovering the costs of operating the system.

The EHC rate will be based on the true cost of proper recycling or other resource management utilizing the best available economically practicable technology of the day. The EHC rate will float with impacts of changing economics, technology and market competition within the recycling industry. The system must contain a reasonable profit margin for collector/transporters and processors involved in the system infrastructure.

C.9 Public awareness/attitudes/behavior must shift to maximize return rates.

- Governments are primarily responsible for creating the broad shifts in societal attitude and behaviour required for program effectiveness.
- IFO may fund awareness advertising for the launch of the program.
- Industry stakeholders are (individually or collectively) responsible for the provision of supporting point-of-sale information.

C.10 EHC funds are to be dedicated to their intended purpose.

All EHC funds collected will be dedicated specifically to the solution of the environmental issues associated with the products to which the EHC is applied. The application of the funds is to be fairly distributed across market segments in approximate proportion to the contributions of each segment.

C.11 EHC funds are to be collected and managed by industry.

Collection and administration of any EHC funds collected will be managed and controlled by industry stakeholders through a "not for profit" Industry Funding Organization (IFO).

C.12 National harmonization of policies is to be encouraged.

- Implementation of this program may vary by province as required to adapt to the local situation. Nevertheless, the objective is to have as consistent a program as possible across Canada.
- Uniform Western Canadian EHC fund/return program management will be retained as a medium-long term goal. Implementation will begin province-by-province on the understanding that the provincial implementation must be consistent with the principles identified by the Western Canada Used Oil / Container / Filter Task Force.
- A uniform EHC amount across Western Canada will be retained as a goal. The practicality of achieving this goal will depend on the financial requirements of each province's return program. This must be worked by the individual provincial committees.

C.13 EHC funds are to cover full costs of material collection from users.

a) An efficient and effective return infrastructure for collecting DIY (see I.2) material must be established (eg. Eco-Centres).

b) The RI must be set to cover the costs of operating the Eco-Centres, and to give their operators a reasonable margin in a mature system. The RI must also cover all costs of "normal pick-ups".

c) Industrial and other customers will have access to the same RI as the Eco-Centres.

d) The EHC will be adjusted to provide funds to pay all RI and other costs.

C.14 The Return Incentive (RI) will vary by geographic zone where required to defray higher collection costs (related to transportation) from more remote areas.

C.15 There may be some subsidies from the EHC fund directly to the "Eco-Centres" to assist with start-up.

While the DIY return rates are low (in the early years of the program) the fixed costs of operating the Eco-Centres may not be fully covered by the RI (eg. amortization of capital costs). At the same time, the income from the EHC collected from the DIY customers will exceed the total RI paid to the Eco-Centres. During the start-up years, the program may be balanced by direct subsidies (payments) to Eco-Centres as determined by the IFO. This subsidy is expected to be as small as possible.

C.16 EHC to be applied at the first sale to a person or organization who is not a licensee of the provincial Industry Funding Organization (see G.4b).

In effect, this means that the EHC will usually be applied at either the manufacturer (ie. filler), or at large retailers/distributors (at their option), or at the point of importation (including end-users who import for their own use).

C.17 To facilitate the free market economic drive, a minimum of two recycling or waste management companies should be in business in each significant geographic area.

C.18 Good enforcement of the system will be required.

- Regulations requiring participation in the system must exist.
- The industry recognizes a responsibility for identifying individuals and companies in non-compliance.
- Government is responsible for taking corrective action to ensure compliance.

C.19 All processors that are properly licensed by the governing authority will be accepted.

- Governments will continue to control through processor licensing.
- Processing requirements will change with social norms.

Reasoning:

- One industry should not control another.
- Selection and/or control of processing by IFO may incur liability.
- Our management system must be "simple".

C.20 The enabling regulations for this program will be reviewed automatically at least every five years and will be amended as required.

The requirement for automatic review must be incorporated into the enabling regulations.

Markets for the recycled products may become strong enough that this program is no longer required.

As more sophisticated and comprehensive return programs are introduced the need for this one may be lessened.

Once this program is implemented it is likely that improvements will be made on an ongoing basis.

C.21 EHC generated funds are not to be used for R&D in the initial implementation.

The Western Canada Advisory Board (see G.3) may reconsider R&D funding in the future, if appropriate.

C.22 The IFOs and Western Canada Advisory Board must be protected from liability through the enabling legislation/regulations.

The IFO will also need to be protected from liability in their relationships with return depots, processors, generators, and collector/transporters.

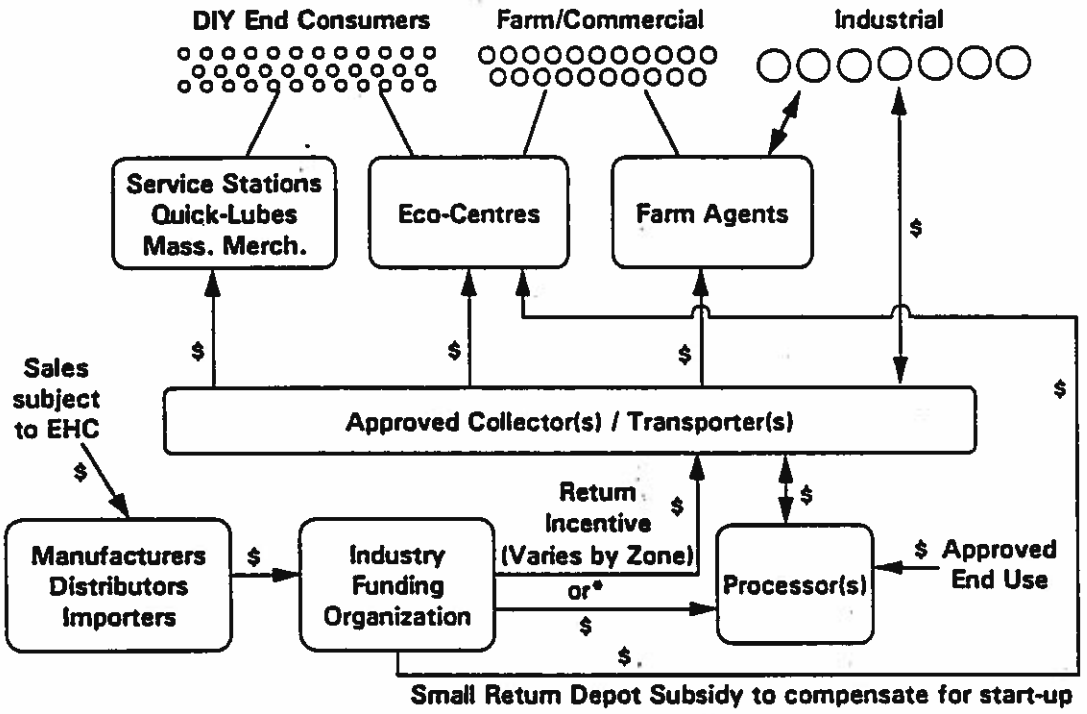
The IFO will maintain a reserve fund to assist the Eco-Centres in dealing with uncontrollable contamination of collected material.

D. Principles Specific to Used Oil

D.1 The proposed used oil funding model follows the generalized funding flow model with some specific modifications for used oil.

Figure 3

Used Oil Collection Funding Flow



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* It would be preferred to have the IFO pay the return incentive to the collector(s) / transporter(s), but the IFO may pay the processor if they choose.

The following points are provided to further explain the proposed funding model:

a) Most oil sold in all market segments will be subject to an Environmental Handling Charge (EHC)(see D.2 below), and then all market segments will benefit equally from return incentives from the EHC fund. Initial estimates of the required EHC indicate that 5 cpl is appropriate. This estimate is subject to confirmation and adjustment by provincial IFOs.

b) The principal flow of funds will be a Return Incentive (RI) to the collector/transporters and through them to the processors (if required) and to the return depots. The funding will be on a "cents-per-litre" basis. It is this payment from the collector/transporters that gives the Eco-Centres the economic drive to exist.

c) The Eco-Centre subsidy (see C.15) is shown at the right edge of Figure 3.

d) The RI will vary by geographic zone where required to defray higher collection costs (related to transportation) from more remote areas.

D.2 All oils available for collection will be subject to the EHC.

Oils will be included if they are available for normal collection unless there is a specific reason for exempting them. All excluded oils will fall into one of two categories:

- Oils totally consumed in process.
- Oils requiring abnormal special handling.

Examples of oils to be exempted are below:

Export Oil Sales	Chain Oils and Rock Drill Oils	Process Oils
Grease	Two Cycle Oils	Marine Oils
Metal Working Oils	Electrical Insulating Oils	Rust Preventatives
Form Release Oils	Saw Guide Oils	Way Oils
Textile Oils	Rolling Oils	etc.

The fact that an oil is exempt from the EHC system does not absolve the manufacturers of these oils from adequate product stewardship of these oils.

D.3 The collector/transporter is the preferred recipient of the Return Incentive (RI).

The Task Force prefers that the RI (the principal funding) should be paid to the "Collector/Transporter" instead of the "Processor", however, the IFO will have the option of paying the RI to the "Processor" if they choose. Some of the points raised are listed below:

In favour of payments to collector/transporters are the following arguments:

i) Would facilitate the administration of return incentives that vary for different geographic areas to offset large transport costs.

ii) Possibly, increased market competition as there would almost certainly be more than one collector/transporter in all geographic areas, while there may be only one processor in some areas.

iii) Possibly, fewer inter-provincial trade issues.

iv) Possibly, fewer disputes with the Industry Funding Organization over water content in the used oil, as the processor will tend to act a referee on water content.

It was noted that certificates from processors confirming that the used oil has been managed in a proper manner would be required in order for the collector/transporter to receive a payment from the fund.

In favour of payments to processors are the following arguments:

i) Processing (recycling) collected materials will be the greatest challenge.

ii) Processing requires the largest capital investment.

iii) Generally processors are larger, well managed companies.

iv) Ensuring feedstock supply is critical to processors operation.

v) Industry position requires a minimum of two processors in each market.

vi) Simpler administration because fewer in number.

D.4 A deposit/refund system for used oil is unacceptable and has been rejected.

A deposit/refund system would encourage the use of "extenders" in the used oil (eg. water, solvents). This was reviewed and rejected in 1991 (Montreal meeting).

D.5 **Those with approved on-site used oil disposition for self generated oil to get registration numbers and credits from the EHC fund.**

Records of volumes of oil generated, collected and managed on-site must be available.

The IFO will develop this further.

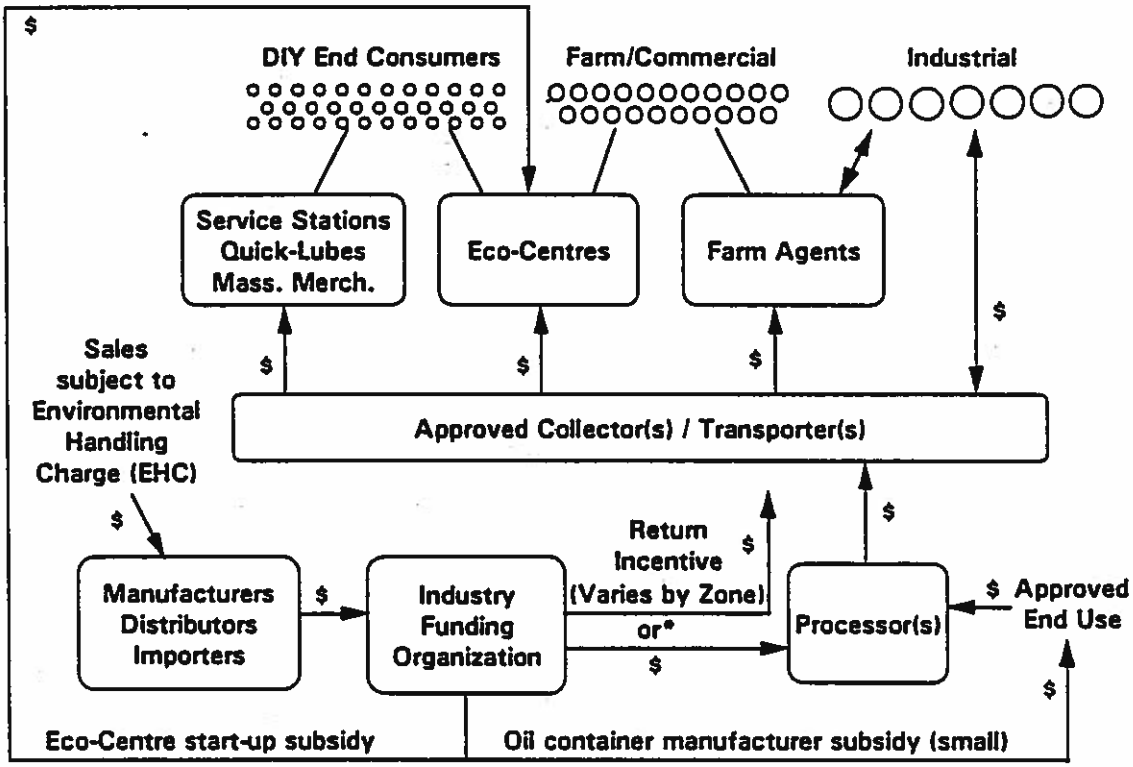
E. Principles Specific to Oil Containers

E.1 **The EHC is to be based on full containers sold (ie. fillers of oil), not on empty packages (ie. package manufacturers).**

E.2 **The proposed container funding model follows the generalized funding flow model with some specific modifications for containers.**

Figure 4

Container Collection Funding Flow



* It would be preferred to have the IFO pay the return incentive to the processor, but the IFO may pay the collector(s) / transporter(s) if they choose.

The following notes have been prepared to aid in understanding Figure 4.

a) The flow of funds from the processor(s) and from the collector/transporter(s) is based on market forces. The processor (or collector/transporter) receives a Return Incentive (RI) based on the volume of containers processed. This gives the processor an incentive to attract more containers in competition with other processors. Therefore the processor will pay the collector/transporter(s) for bringing containers to him. The collector/transporter, in turn, will pay the Eco-

Centres and other return depots and generators for the containers he collects as he is in competition with other collector/transporters. It is this payment from the collector/transporter that gives the Eco-Centres the economic drive to exist.

b) The preference is for the IFO to pay the RI to the processors. However, the IFO may pay the collector/transporters if the IFO determines that this is more appropriate.

c) There may be additional funding required to assist the Eco-Centres in starting up (see C.15 above). It is shown at the left of Figure 4.

d) In order to encourage the development of "closed loop" recycling, subsidies may be provided to oil container manufacturers. These subsidies are to be as small as possible.

e) The RI paid to the processors (or collector/transporters) will vary based upon the geographic zone where the containers are collected (see C.14).

f) Initial estimates of the required EHC indicate that 5 cpl is appropriate (can vary with container size). This estimate is subject to confirmation and adjustment by provincial IFOs and is based on a "per kg" calculation.

E.3 All containers less than 30 litres will be covered by this program.

For the purposes of ultimate regulations, the definition "all containers less than 30L" will be used to ensure that all "20L pails",.including those of just over 20L in capacity would be included. Approved out-of-province processors must be eligible for all funding. All marketers will have the option of operating their own deposit/refund program in addition to the EHC/RI system. Exemptions for deposit/refund programs may be considered by the Western Canada Advisory Board (see G.3) in the future, but initially there will be no exemptions.

E.4 Lubricant containers 30 litres and larger will NOT be included in the program, at least at the start.

All lubricant containers should be properly managed, but it was felt that tackling the keg and drum issue now would not provide good value for time spent. There are only a few containers 30L and larger going to landfill or improper disposal today.

E.5 Containers for aftermarket additives, windshield washer fluid, engine coolant and other related but non-lubricant containers will not initially be included in this program.

These containers must be added to this program later. For clarity, it is intended that ATF containers would be included in the initial program, but brake fluid containers would be added later.

The Western Canada Advisory Board must initiate discussions with industry stakeholders representing these products.

E.6 All materials of construction (not just plastic) are to be included in the return program funding system.

Metal, fibre, and other containers are within the scope of this work, but as virtually all containers today are plastic, plastic is the focus of the initial effort.

The IFO will handle containers made from other materials on an exception basis in the interim.

E.7 There may be an oil container manufacturer subsidy to encourage market development.

There may be small supplementary funding to encourage "Item 1" plastic disposition outlets (see list below). The amount of this funding is to be controlled by the IFO. Acceptable plastic disposition options are listed below:

1) Extrusion (injection, blow molding, etc) for oil containers.
2) Extrusion for other purposes.
3) Compression/form molding.
4) Energy recovery.

It may be necessary to revisit the need/desirability for supplemental funding of thermal recovery if the IFO deems appropriate.

The oil container manufacturer subsidy is intended to only remove the dis-incentive to using oil container post-consumer resin (PCR) - not to provide additional profit to the oil container manufacturer. The intent is to ensure adequate volumes of consumption of oil container PCR.

E.8 The EHC could be set to provide an economic drive to "lowest cost to re-process" packaging.

This may include providing drives to containers with less packaging, recycled content and low recycling cost. For example, a bottle with a foil label may be levied at a higher rate if it can be shown that the foil label contributes to higher recycling costs with available technology. The implementation of this provision will be delayed until after the program has had a chance to get started.

E.9 No end consumer deposit/refund system will be implemented for oil containers.

It is recognized that management of refundable deposits would add significant cost to the system. However, a deposit/refund system may be considered based upon a review of actual return rates in the future. Some of the reasons for rejecting refundable deposits at this time are listed below:

i) Many consumers are expected to return containers along with their used oil returns, so the container return rate will benefit without the need for deposits.
ii) A refundable deposit system would increase costs to the consumer.
iii) As the higher costs of a deposit/refund system are passed to the consumer, market distortions may result, both because consumers switch to other package sizes, and because of potential inter-provincial movement of containers to take advantage of refunds that may be available in one province but not in another.
iv) An advertising program should drive the container return rate without the need for a refundable deposit.

E.10 **The Western Canada Task Force strongly opposes mandatory standards for oil containers.**

- No minimum requirements for recycled plastic.
- No standard colour.
- No other mandatory standards. This system does not require them.

E.11 **Transportation packaging will be addressed.**

This issue will be addressed by the IFOs and/or the Western Canada Advisory Board (see G.3) in the first full year of operation.

E.12 **Alternative collection funding systems will be considered.**

If an alternative funding system (eg. Canadian Industry Packaging Stewardship Initiative) was proposed that would:

- Collect from commercial establishments (including used oil return depots),
- Ensure that oil bottles are acceptable in the collection system, and
- Adequately cover collection from rural markets, in addition to urban markets,

then the Western Canada Task Force program could be merged with the proposed program.

F. Principles Specific to Oil Filters

F.1 **The proposed used oil filter model follows the generalized materials and funding flow models.**

F.2 **The program will provide universal coverage.**

The EHC for oil filters will be applied to all oil filters sold in the management area (see I.7). An "oil filter" is defined as "any spin-on or element style fluid filter designed for use in any hydraulic or internal combustion engine application".

F.3 **Initially, a two-tiered EHC system is recommended.**

The preliminary recommendation is for a two-tiered EHC structure in recognition of significant transportation and processing cost disparities based on filter size (ie. filters under 8" in length to carry an EHC of $0.50, all larger filters $1.00). Both the filter size criterion and the EHC amounts would be subject to annual review by the IFO to allow for any changes necessitated by return rate experience or changing filter recycling economics.

F.4 **The Return Incentive will be paid to collector/transporters or processors.**

The RI will be paid to both collector/transporters and to end processors (in the filter recycling business they can be one and the same), based on the number/weight of filters recycled using any of the government approved end-recycling processes of the day. Collector/transporters and processors will compete for the supply of oil filters from the DIY, Farm/Commercial and Industrial segments in order to collect the related RI.

G. Administrative and Organizational Principles

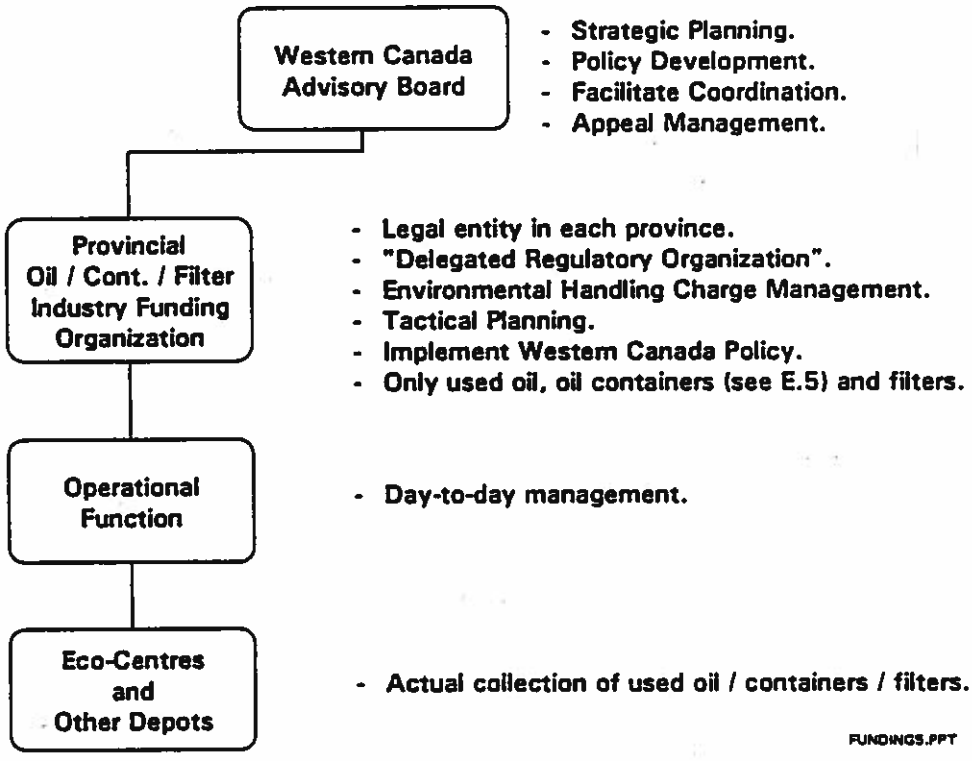
G.1 Uniform Western Canadian EHC fund/return program management will be retained as a medium-long term goal.

Uniform Western Canada EHC fund/return program management will be implemented over time as it becomes feasible. Therefore a Western Advisory Board must exist. Implementation will begin province-by-province on the understanding that the provincial implementation must be consistent with the principles identified by the Western Canada Used Oil / Container / Filter Task Force.

G.2 A summary of the proposed Western Canada organizational structure is below, with the role of each body described.

Figure 5

Generalized Organizational Proposal for Western Canada



Note: The lines connecting the boxes in Figure 5 are only to indicate the overall hierarchy of the organization. The actual relationships between the boxes will differ. For example, the relationship between the Western Canada Advisory Board and the Provincial IFOs is likely to be informal, depending primarily on interlocking membership to maintain the relationship. On the other hand, the relationship between the "Operational Function" and the Eco-Centres is likely to take the form of a contract.

G.3 There will be a Western Canada Advisory Board.

a) The Western Canada Advisory Board will be, in many ways, a continuation of the Western Canada Used Oil / Filter / Container Task Force.

b) Normally, about four meetings would be held throughout each year. These would be scheduled in the fall of the preceding year. Additional meetings would be scheduled if and when they are required. There will be a minimum of one meeting each year.

c) The membership will be open to representatives of licensees of the provincial IFOs (oil/filter manufacturers, brand owners, marketers and importers - see G.4b). The four IFO chairmen will also be members. This could result in rather large meetings. If the size of the meetings gets out of hand it may be necessary to establish some control over Advisory Board membership, or to establish an executive committee. However, it is anticipated that as the system matures attendance at meetings will be manageable.

d) The chairmanship will rotate in order to equitably share the workload.

e) Members of the Advisory Board will serve on a voluntary basis. No permanent staff nor funding will likely be required, however the provincial IFOs may be asked to provide minor administrative support (as the CPPI provides for the Task Force today).

G.4 Industry Funding Organizations (IFOs) will exist in each province.

a) The provincial IFOs will be legal entities in each province. In the case of Alberta, the IFO will be the Alberta Used Oil Management Association (AUOMA) which will be a "Delegated Regulatory Organization". It is anticipated that similar arrangements will be made in the other provinces.

b) The IFO will oversee the licensing of oil/filter manufacturers, brand owners, marketers and importers, collection of the Environmental Handling Charges (EHC) and disbursement of the Return Incentives (RI) and Subsidies (see also C.16 above).

c) There will be one IFO in each province covering all three material streams: used oil, filters and containers. No other materials will be included in this IFO (except as noted in E.5), although the Used Oil / Filter / Container IFO may coordinate its efforts with IFOs of other industries as it sees fit.

d) The IFO organization will consist of the membership, a board of directors and permanent staff (if required).

e) The IFO membership will be multi-stakeholder in nature, although licensees will retain control. Other members may include representatives of the recycling industries, retailers, municipal and provincial governments and Environmental Non-Governmental Organizations (ENGOs).

f) The board of directors will be elected annually. Industry Stakeholders must retain control as they are the ones who must show stewardship. There should be 9 (or 11) members of the board representing the following stakeholders:

- 2 Licensees who are CPPI members.
- 1 Licensee who is an oil manufacturer or brand owner/marketer, but is not a member of CPPI.
- 1 Licensee who is an oil manufacturer or brand owner/marketer (CPPI or non-CPPI).
- 1 Licensee who does not manufacture oil (ie. a retailer: installed or DIY).
- 1 Licensee who is a filter manufacturer or brand owner/marketer.
- 1 Representative of a municipal government.
- 1 Representative of the provincial government.
- 1 Representative of an ENGO.

There will be a limit of one representative per organization.

g) The board chairman is to be a representative of a licensee of the IFO.

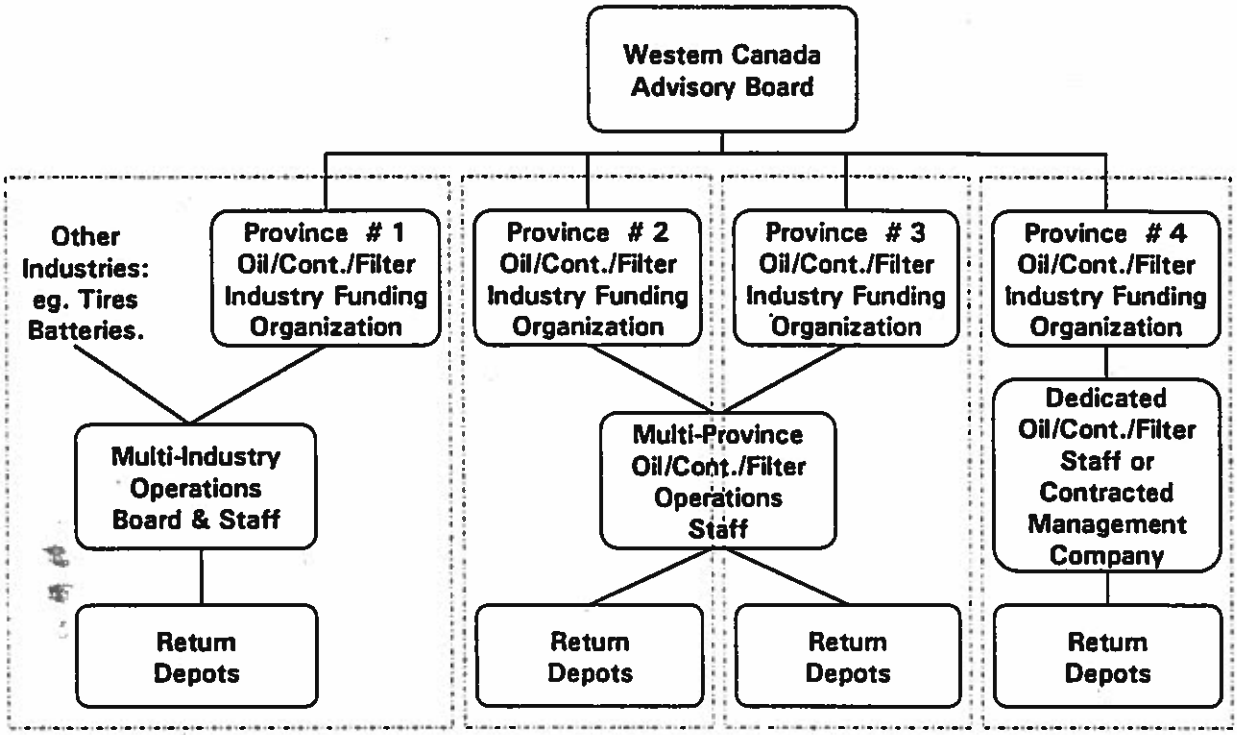
h) There will be one meeting of the general membership each year. The board will meet as required, but at least once each quarter.

i) There will be considerable effort required to get this organization running in each province. Each provincial government will be asked to financially support this system through refundable grants until EHC funds become available. Some of this money will be used to appoint a person with oil industry experience to facilitate the process.

j) An organization with permanent staff will be required to administer the program. Shown in Figure 6 are examples of ways that this could be organized. This may vary by province.

Figure 6

Examples of Possible Provincial Organizations



G.5 The recycling industry will be consulted to benefit from their expertise.

The Western Canada Advisory Board and the Provincial IFOs will work with the recycling industry, including APRA (Alberta Plastics Recycling Association) and other industries to take best advantage of their technical understanding and to avoid duplication of effort. These organizations will make their recommendations to the Western Canada Advisory Board and the IFOs.

H. Integration Principles for Oil, Containers and Filters

H.1 Invoicing rules must be flexible to accommodate practices in market segments.

For invoicing (including cash register tapes), each seller should have the option to build the EHC into the end product price or to charge it separately to consumers. The preference of this group is that the EHC would be shown as a separate item at the wholesale level, but the EHC would be included in the price at the retail level. This is to balance consumer awareness against the practicalities of the retail business. Tax (GST/PST) status of this kind of EHC needs to be determined, but the preference is that GST and PST would not apply to the EHC.

H.2 Customer communication must aid consumer understanding.

All sellers of oil and oil filters would be required by regulation to post "Point of Purchase" (P.O.P.) customer communications to inform customers of the existence of the program,

and to indicate the location of nearby return depot(s). The P.O.P. communication must meet a standard to be prescribed. Note that this is a requirement only to inform. There is to be no mandatory "return to retail" under this proposal.

To improve customer understanding of advertising and promotional communications, each seller would be permitted to quote prices in one of two ways:

i) EHC included in quoted price (either without comment or identified as "EHC inclusive").

ii) EHC excluded from quoted price, but additional EHC amount specifically identified.

Additional visibility to be achieved through use of P.O.P. notices of EHC amount and purpose.

H.3 Container return program must be integrated with the existing used oil collection program in B.C.

It is probable that the BC industry steering committee will recommend the modification of the B.C. used oil program to an EHC based system, with the elimination of the mandatory "return to retail" requirement, to optimize efficiency, effectiveness and fairness of the combined programs.

There will be no need for a mandatory "return to retail" program because the RI will provide enough funds to encourage many industry facilities to participate voluntarily.

I. Glossary of Terms

I.1 Collector/Transporter

A collector/transporter is a government approved carrier for used oil, used containers and/or filters. The collector/transporter has a truck, or contracts with a trucker. The collector/transporter visits return depots and other generators to pick up the material and deliver it to a processor.

I.2 DIY

DIY means "Do It Yourself". This refers to individual consumers who purchase oil and/or filters and install these products themselves. In most places in the text the term DIY is intended to include farm and small commercial users as well, where these users install oil in their own vehicles and equipment.

I.3 Eco-Centres

The term Eco-Centres means privately or government operated return depots which accept used oil, oil containers and filters from consumers (principally DIY, farm and small commercial). They may also accept other unrelated material for return/recycling. These depots are not affiliated with any oil marketer. "Eco-Centres" could also mean municipal recycling facilities or blue-box programs where these accept used oil, oil containers and/or filters.

I.4 EHC

EHC means Environmental Handling Charge. This is a charge paid at the time of purchase to fund the ultimate disposal of a product. This has been referred to by some in the past as a "recycling levy".

I.5 IFO

IFO means Industry Funding Organization. This term is further defined in point G.4 above.

I.6 Industry Stakeholder

Industry stakeholders include the manufacturers and/or marketers of oil and oil filter products. Most industry stakeholders are brand owners, but some other large marketers are also included.

I.7 Management Area

The management area for the EHC funded return program will initially be the province or provinces where the program is implemented. Eventually, it is expected that the management area will include all four western provinces. Ultimately, the entire country could be a single management area. This is most desirable, but may be unachievable.

I.8 Processor

Processor is defined as the last person who changes the form of the material to a useable product or a useable form that is no longer a waste material.

I.9 Return Depot

The term Return Depot includes Eco-Centres as well as others who receive used material from DIY consumers. These may be affiliated with oil or filter marketers (eg. service stations, quick-lubes, mass merchants, farm agents).

I.10 RI

RI means Return Incentive. This is the money paid by the IFO to provide the "top-up" economic drive to make the return program work. See points C.3, D.1 and E.2 for further explanations.

FINAL REPORT

USED OIL

END USE COMMITTEE

Appendix I

COMMITTEE CHAIRMAN
RON SCHELL
JUNE 20, 1994

USED OIL END USE COMMITTEE
****

Chairman: David Grier, Saskatchewan Research Council

1. Gene Kondar - Black Gold Heating
2. Roger Maneger - Major Cutknife, Saskatchewan
3. Pat Dolan - Magnum Oil
4. Ken Foreht - Magnum Oil
5. Jamie Swallow - Go For Oil
6. Rob Plosz - Kalium Mines
7. Don Jesse - Westco Oil
8. Ken Elder - Sask Wheat Pool
9. Graham Mutch - SERM
10. Ron Schell - McGills
11. Bill Smith - Co-op Refineries
12. Bryan Dykes - Federated Co-operatives

NOTE: Ron Schell replaced David Grier as Chairman

BASIC ASSUMPTIONS

1. There will be more than one end use for used oil in the province.
2. There will be a viable collection system developed to offer a supply of used oil to the end users.
3. It is feasible to collect 22 million litres of used oil annually.
4. The polluter pay principal will apply at all times, but industry stewardship will be a top priority.

SUMMARY OF END USE
COMMITTEE RECOMMENDATIONS
****

1. In considering end uses of used oil, the province will consider Protection Of The Environment as being its top priority.

2. In establishing some of the possible end uses for used oil, the end use committee recommends the following:

   a) (RE-REFINED LUBE OIL) this process recovers as much as possible of the original value of the oil.

   b) (SECONDARY FUELS)
   (ASPHALT MIX)
   (SOLUTION MINING) these processes reduces the amount of crude oil that has to be refined to create the fuel it replaces.

3. No monies be developed to provide loans, grants or any forms of subsidy <u>to end users</u>, <u>processors or for market development</u>, except where:

   a) no processors exist or,

   b) where there would be an economic advantage for the fund.

   In order for the used oil infrastructure to operate effectively, there must always be a closed loop system in place. We must always have an end use for the oil that is being collected or the loop will open and soon the whole system will back up.

4. End use decisions (i.e. what end use processes will be allowed) should be controlled and regulated by the Department Of The Environment and Resource Management. Each end use option would have to meet the standards set by SERM to be an acceptable end use option.

5. There seems to be a lack of clear guidelines and standards which makes it difficult for industry to know what criteria they have to meet. Our working group would like to recommend the following:

   a) A very clear set of standards and guidelines be developed as soon as possible by Environment and Resource Management.

   b) Clarification of the roles each branch within SERM and the jurisdiction of each branch be clearly outlined.

c) That the Department of Environment and Resource Management give greater attention to Inspections, Investigations and most most of all, Enforcement.

We believe if greater attention is given to the list above, this then would deliver Consistency, Timeliness and Clarity to all perspective end use proponents.

6. No monies be developed to increase the level of waste management (the 4 R's). This should not be the responsibility of the oil user, but instead the responsibility of society (government).

7. No incentives in the used oil management plan for re-refined motor oils. These oils need to be collected the same as virgin oils and it is not the responsibility of users to encourage their use.

Appendix K

FAX TO: Jerry Coben
Succo Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: Paul McMillen
(Name)

Kalium Canada Ltd.
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE SASKATCHEWAN USED OIL COLLECTION COMMITTEE USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

(Signature) (Date)

It is not possible for me to support this proposal in it's entirety as: (1) I have a fundamental problem with industry paying for a used oil collection system for farmers and DIY's. The polluter pays principle is a good one but the money collected should be used for the polluters benefit not to reduce the collection cost of someone elses pollution.

(2) The "Old oil into the system" has not been adequatly addressed. Old oil stockpiled will enter the system and will collect the RI when no RI has been paid on this oil.

(3) Section 12 item (i) should be a percentage not a flat rate. If the levy in Alberta is set at 5¢/L then the levy in Sask. will be 10¢/L or 100% greater. I suggest a flood of used oil will enter the province because it will be worthwhile to ship to Sask instead of Alberta. (ie 45¢/Gallon instead of 22¢/Gallon)

** TOTAL PAGE.002 **

FAX TO: Jerry Coben
Succc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: Don Taylor
(Name)

SARM
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

(Signature)

(Date)

It is not possible for me to support this proposal in it's entirety as:

SARM HAS SOME CONCERNS OVER POSSIBLE LIABILITY RESULTING FROM SITES LOCATED WITHIN R.M.'S THAT MIGHT LEAK IN FUTURE, ETC.

FAX TO: Jerry Coben
Suocc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: PHIL WRUBLESKI
(Name)

SASKATCHEWAN ASSOCIATION OF REHABILITATION CENTRES
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

Phil Wrubleski
(Signature)

June 17, 1994
(Date)

It is not possible for me to support this proposal in it's entirety as:

1. RESOURCE CONSERVATION: The Used Oil Committee End Use Working Group initial report established a ranking order for possible end uses of used oil as follows:

   a) Lube Oil -- recycled -- best use

   b) Secondary Fuels

   c) Asphalt Mix

   d) Solution Mining

   and recommended conservation of the resource is the top priority. I agree with this concept and it should appear as a recommendation in the report.

2. OIL CONTAINERS: Market development is required to provide an end use for oil containers. Specifying post-consumer content of 25% to 50% would help, but would not ensure the resin came from oil containers. An EHC on the oil attributed to the container as proposed will gradually attribute to the oil away from the container and provide no real solution for recycling oil containers.

*** SEE BACK SIDE ***

3. RECOMMENDATION #16: It is recommended that under extenuating circumstances consideration may be given by the Board to SUOMA to own collection equipment. I am concerned that this may lead to SUOMA hiring employees and operating the equipment directly.

June 16, 1994

ONE PAGE TRANSMISSION

TO: Warren Smith
Saskatchewan Trucking Association

FAX: (306) 781-7066

FROM: Jerry Coben, Petroleum
Federated Co-operatives Limited (FCL)
PH: (306) 244-3255 FAX: (306) 244-3403

Warren, thank you for the letter of June 6, 1994 and your Tuesday June 14th fax. I apologize for the delayed response.

A need identified early in the collection committee deliberations was the need to increase all regulatory thresholds to 1,200 litres for used oil. This was to include Waste Dangerous Goods Storage, Transportation of Dangerous Goods, Municipal Regulations and possibly even some things in the Saskatchewan Fire Code. As you had pointed out at a prior WMAG meeting, there was also a need to similarly address new oil thresholds.

The process of getting the change made in all these regulatory areas will take some time and it is unlikely the changes can be made in all the areas in similar time frames. The committee began with lobbying SERM on the Storage Regulations. While the debate has raged for 4 or 5 months, I'm only expecting confirmation next week of SERM's agreement to the 1,200 litre threshold.

Once agreement is acknowledged by SERM, my expectation is the used oil management staff can approach the TDG people you have indicated. With the full support of SERM, WMAG, STA and other stakeholders, it should be with the appropriate success.

The WMAG Proposal, that I forwarded to you earlier in the week, will not become legislation or regulation. The definitions that are used in the WMAG Proposal were meant only to fit the recommendations of the report (i.e. one of the recommendations of the WMAG Proposal is the <u>universal</u> 1,200 litre threshold).

Similarly, the "bulk" definition is only meant to be as opposed to the "container" definition and therefore "bulk" oil would not be subject to the container EHC. I appreciate neither "container" or "bulk" definitions fit the legislative definitions. The legislative definitions do not fit for the WMAG Proposal, but the terms were the best for everyone to understand, so they were used and defined differently.

As well, I anticipated covering this whole issue of the 1,200 litre threshold in my presentation under "Recommendation #22". I will attempt to make this whole threshold issue clear at that time.

Thank you for your concern. I know the operations staff will be appreciative of your support to make an universal threshold of 1,200 litres.

Jerry

JC:cp
LETTERS:Coben8

Saskatchewan Trucking Association

MEMORANDUM

June 14, 1994

To: Jerry Coben

From: Warren Smith

Jerry, there |MUST BE | consistency of definitions.

If you are not prepared to submit the information as previously requested then we will do it.

We are not prepared to allow any further contrary or over lapping and confusion definitions to be used.

There are two points 5 and 6 for which there are already more than one definition, there is no need for more than one except that everyone seems to want their own authorship.

Bulk is clearly defined in transportation of dangerous goods act and regulations.

Carrier is defined in several acts already, why do we need another one.

1395 Wallace Street • Regina, Saskatchewan S4N 3Z5 • Phone: (306) 569-9696 • Fax: (306) 781-7066

SASKATCHEWAN TRUCKING ASSOCIATION

United for Protection, Assistance and Advice

(306) 569-9696 FAX: (306) 781-7066
1335 Wallace Street, Regina, Saskatchewan S4N 3Z5

June 6, 1994

by Fax

Mr. J. Coben, Chair, and committee members,
Saskatchewan Waste Management Advisory Group,
c/o Federated Co-operatives Limited,
Head Office, 4th Avenue and 22nd Street,
Saskatoon, Saskatchewan.

Dear Mr. Coben:

We continue to be concerned with the reference to 1200 l of used oil.

Since the Transportation of Dangerous Goods Regulations have a threshold of 205 l and the definition of bulk has a reference to a volume of 454 l, we request that before further use of these definitions occurs, that they be submitted to the following, so that there is standardization of term and definitions.

Mr. Gene Delong,
Transport Canada,
Saskatoon, Saskatchewan

Mr. Jim Hill,
Saskatchewan Highways and Transportation,
Transportation of Dangerous Goods
Regina, Saskatchewan.

Mr. Bob Cocks, co-chair,
Operational Transportation Issues Committee,
Saskatchewan Highways and Transportation
Regina, saskatchewan.

Mr. Coben, while we appreciate and understand the desire to have a 1200 l threshold, it is imperative to have consistency in definitions and terminology to insure the safety and protection of the public.

For your consideration.

Yours sincerely,
Saskatchewan Trucking Association,

Warren K. Smith,
General Manager

city of **Regina**

File:
Date: June 20/94

Public Works Department

FAX NO. (306) 777-6801

FAX TO:

FAX NUMBER: 244 - 3403

COMPANY: FEDERATED COOPERATIVES LTD.

LOCATION: SASKATOON

ATTENTION: MR. J. COBEN

Number of Pages sent including this page: 2.

MESSAGE:

Jerry.
Attached is my revised sheet with a definition of industry stewardship at the bottom. I believe it is important to maintain a link between industry responsibility to customers and the environment. In fact, if I were writing this definition 30 years ago it would be the same except that it wouldn't have to words "and the environment" at the end.
Hope this is useful to you.

Derrick Bellows

faxsht

WASTE MANAGEMENT ADVISORY GROUP (SERM)

Defining the notion of "Industry Stewardship"

Definitions from the Oxford Dictionary

Industry

"Branch of trade or manufacture"

Steward

"Person entrusted with management of another's property, esp. paid manager of a great house or estate."

Stewardship

1 "The office of steward"

2(a) "Conduct of the office of steward; administration, management, control."

(b) (eccl) "The responsible use of resources, esp. money, time and talents in the service of God."

Biblical notion

The biblical notion of stewardship is the one which has mostly influenced understanding of the word within the environmental context. It is probably also the basis for the above definitions. The notion is that **stewards** are people (as individuals or society) who recognize and accept responsibility for something which they control but do not own. The biblical notion is that all property belongs to God and that people are allowed to use and enjoy it, but ultimately they are responsible to God for what they do with it.

Other Helpful Concepts

Some examples which may make this idea more practically meaningful to the average person are;

1) Parents are stewards of their children while they are growing up.

2) A bank is the steward for money which people have entrusted to it through deposit.

3) A boss is the steward his staff and the duties they are responsible to perform.

4) Government and the judiciary are stewards of society to ensure that people can live together in community. This one can get a bit more complicated in that government is often seen as being the primary steward of the environment on behalf of the society(s) it serves.

5) Humanity (individuals and society) is the steward of the earth.

SUGGESTED DEFINITION

"industry stewardship is the accepted responsibility of those involved in business to ensure that their goods and services are provided to fulfil the best interests of their customers and the environment."

June 16, 1994

ONE PAGE TRANSMISSION

TO: Derrick Bellows - Public Works Department
City of Regina

FAX: (306) 777-6801

FROM: Jerry Coben, Petroleum
Federated Co-operatives Limited (FCL)
PH: (306) 244-3255 FAX: (306) 244-3403

Derrick, thank you for your June 15th fax and concern over the definition of "industry stewardship".

I would appreciate it if you could suggest a two or three line definition that would better define what you feel the WMAG is suggesting using the term "industry stewardship". I will adjust the report appropriately if possible, and where time permits.

I will also review the opportunity to use "management" rather than "stewardship" where possible in the report. "Industry Stewardship" has been a common term used in all the different committee deliberations I have been in to date. As a consequence, I believe it must remain in the report at least in some situations. I have not sensed any disagreement or misunderstanding over the term.

See you on Wednesday.

JC:cp
LETTERS:Coben7

city of **Regina**

File:
Date: June 15/94

Public Works Department

FAX NO. (306) 777-6801

FAX TO:

FAX NUMBER: 244 - 3403

COMPANY: FEDERATED COOPERATIVES LTD.

LOCATION: SASKATOON

ATTENTION: MR. J. COBEN

Number of Pages sent including this page: 2.

MESSAGE:

Jerry. I just received your "FINAL DRAFT" and thought I would send my comments on the notion of stewardship. They are on the attached sheet. Your definition is OK but it does not state or imply <u>who</u> in industry is responsible to or <u>how</u> they will be held accountable. In noting where the word "stewardship" has been used in the document it seems to me that the word "management" could be used as well.

See you on June 22.

Derrick Bellows.

faxsht

FAX TO: Jerry Coben
Suooc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: Roland Schulz
(Name)
Go-For Used Oil Ltd.
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

R. Schulz
(Signature)

June 16/94
(Date)

It is not possible for me to support this proposal in it's entirety as:

- Jerry my only concern over all was if our committee approved a total exemption on any regulations under 1200 liters. This seem to be the case. I agree with the carrier definition.
- I believe we should have some mild regulations on the commercial industry for tanks under 1200 L. Basically if they could upgrade their tanks for secondary containment. This would protect the environment more.
- Over all I feel we did a great job in tackling this complex issue.

FAX TO: Jerry Coben
Suoec Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: NEIL KETILSON.
(Name)

SASK WHEAT POOL.
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

(Signature) June 20/94 (Date)

~~It is not possible for me to support this proposal in it's entirety as:~~

Barring other than some editorial changes that may enable an "outsider" to better understand the decisions we have had, I can agree to this report.

While this report identifies the basic shell of the committees work, there is a lot of important detail which is not included ie: what are the EHC and RT funding, the Board makeup of SUOMA, etc. I expect you will discuss these in more detail at the stakeholder meeting.

Neil

** TOTAL PAGE.002 **

FAX TO: Jerry Coben
Suocc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: RON MARTIN Ron Martin
(Name)

SGI
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE SASKATCHEWAN USED OIL COLLECTION COMMITTEE USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

Ron Martin
(Signature)

June 21/94
(Date)

It is not possible for me to support this proposal in it's entirety as:

Jerry you have done a very good job. This was a difficult process and hopefully we are near the end!

Ron Martin

** TOTAL PAGE.002 **

June 20, 1994

REMINDER

If you haven't already, please respond to this fax by return fax.

Jerry.

TWO PAGE TRANSMISSION

From ~~To:~~ Sask. Used Oil Collection Committee
Barry Rapp

FAX: (306) 787-0410

TO: ~~From:~~ J. Coben, Petroleum
Federated Co-operatives Limited (FCL)
PH: (306) 244-3255 FAX (306) 244-3403

In the last day or two I believe you received a fax addressed to the Sask. "Waste Management Advisory Group" (WMAG).

This terminology was in error and I apologize for the inconvenience. It was however, correctly my intention to fax you this final document. I would appreciate that you advise me of any major concerns or full acceptance of the proposal prior to the stakeholder meeting by return fax of the attached.

You will find the recommendation of a "two thirds majority vote" for the "Board" was revised by the WMAG back to a simple majority. The WMAG felt there was sufficient control of the Board in the right place and that our original proposal was the correct one. The WMAG agreed with our recommendation of not having a zone structure and not legislating that generators could not be charged for used oil pick-up. I trust this acceptable to the committee.

I look forward to your attendance and support on the 22nd.

As we discussed at the last meeting I do not feel I have the authority to sign as a Departmental representative. However, I thought I'd send a note back to let you know I received the fax. On the 22nd I have to work at the Farm Progress Show. Good luck
Barry

RECEIVED
JUN 2? 1994
RSC-REGINA

PETRO:Coben1.per
Attachment

FAX TO: Jerry Coben
Suocc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: Jim Allard
(Name)
Quaker State Inc
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

Jim Allard
(Signature)

6/20/94
(Date)

It is not possible for me to support this proposal in it's entirety as:

FAX TO: Jerry Coben
Succc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: Iain Harry
(Name)

Sask Urban Municipalities Assoc.
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

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(Signature)

June 20/94
(Date)

It is not possible for me to support this proposal in it's entirety as:

FAX TO: Jerry Coben
Suocc Chairman

Fax # (306) 244-3403
RSVP by June 20, 1994

From: S. Lupul
(Name)

Prairie Lube a/s Mr. Lube
(Company or Organization)

CONFIRMATION OF SUPPORT FOR THE
SASKATCHEWAN USED OIL COLLECTION COMMITTEE
USED OIL WASTE PROPOSAL

This will confirm that I am personally in agreement with the proposal prepared by our committee to manage used oil waste in Saskatchewan.

S. Lupul
(Signature)

June 20/94
(Date)

It is not possible for me to support this proposal in it's entirety as:

Appendix L

SASKATCHEWAN WASTE MANAGEMENT ADVISORY GROUP PROPOSAL ON USED OIL WASTE MANAGEMENT IN SASKATCHEWAN

SASKATCHEWAN WASTE MANAGEMENT ADVISORY GROUP PROPOSAL ON USED OIL WASTE MANAGEMENT IN SASKATCHEWAN

Sections

EXECUTIVE SUMMARY

Saskatchewan Environment and Resource Management established a joint stakeholder/government group (Waste Management Advisory Group) in March 1993 to develop comprehensive management plans for three major waste streams: used oil, tires and lead acid batteries. The Waste Management Advisory Group consists of representatives from small and large business, the oil industry, crown corporations, Saskatchewan Waste Reduction Council, urban and rural municipalities and the provincial government.

The Waste Management Advisory Group identified used oil waste (i.e. used oil, filters and oil containers) as the first waste stream to be addressed. The process started with a stakeholder workshop in April, 1993. Two interested stakeholder groups were developed to focus on:

1. Used Oil Waste Collection
2. Used Oil End Use

The mandate of the collection committee was to develop recommendations that would lead to an affordable, universally accessible and self-financed collection system based on the concepts of user pay and industry stewardship. The collection committee has representation from oil marketers, used oil collectors, crown corporations, urban and rural municipalities and the province.

The collection committee has identified that in the Province of Saskatchewan there is estimated to be:

i) 53 million litres of new oil sales.
ii) Of the 53 million litres, 37 million litres of oil is recoverable; 16 million litres is consumed primarily as dedusting oil in the potash industry.
iii) 1.8 million small filters (less than 8") and .9 million large filters sold.
iv) 17 million litres of new oil sales are in containers less than 26 litres in size.

The collection committee has targeted the development of a collection system to collect 60% of the collectible used oil waste (including 22 million litres of used oil).

The collection committee has met bi-monthly over the past year and developed a recommended plan supported by committee members to accomplish this target.

The mandate of the end use committee was to develop recommendations that would facilitate end uses in a level playing field to close the loop with used oil collection. Representation on the committee was primarily from existing and potential end users as well as government.

The recommendations of both committees are combined to provide the recommended program of the Waste Management Advisory group.

The Waste Management Advisory Group is recommending an organizational structure independent of government to manage the used oil waste management system. A fund would be developed outside government to support the system through a legislated Environmental Handling Charge on the sale of recoverable new oil, oil in containers and filters. A Return Incentive would be instituted to encourage the return of used oil waste and a Secondary Return Incentive put in place to support marketing neutral collection sites in the Province. A deposit system is not recommended. After a three year grace period, legislation is recommended to mandate oil and filter marketers provide the stewardship to ensure there is an adequate collection system in place.

The Waste Management Advisory Group recommends the Province of Saskatchewan provide a short term loan to initially establish the required organizational structure.

The Waste Management Advisory Group anticipates that the Return Incentive will motivate a collection structure to solicit and recover used oil from the industrial, agricultural, small commercial and installed markets. Through the Secondary Return Incentive, the committee anticipates the development of collection sites to collect used oil from the Do-it-yourself users, as well as filters and plastic bottles from all users.

The Waste Management Advisory Group expects this comprehensive, integrated regional plan to fulfil the mandate of the committees. Industry stewardship in a level-playing-field will ensure the collection system is in place to significantly reduce the waste going to landfills with costs absorbed correctly by the user.

The Waste Management Advisory Group further recommends that if the tire and battery industries develop similar systems, the forming of a Saskatchewan Tires, Batteries and Oil Resource Recovery Association to bring tires and batteries into a common waste management system with used oil waste. The advantages of this type of system would be the efficiencies of one operational staff, one fund, one administrator and the opportunity to develop common collection sites for all waste streams (i.e. used oil, tires, batteries). The Saskatchewan Resource Recovery Association would be restricted to using the monies collected into the fund from one waste stream, to support the collection and handling costs of that waste stream.

BACKGROUND & OVERVIEW

Early in 1993 the Province of Saskatchewan made the decision to follow an open and consultive process with industry, environmental groups, muncipalities, crown corporations and large Saskatchewan companies to develop waste management plans for used oil, tires and batteries.

A Waste Management Advisory Group (see Appendix C) was formed in March 1993 with representation from these sectors to develop a management plan for the three waste streams.

The WMAG began by making the decision to begin with used oil waste, as it was perceived as the most critical and of the highest profile. The WMAG developed a set of Guiding Principals (see Appendix A) and organized a stakeholder meeting for late April 1993.

The Minister for SERM made it clear at the stakeholder meeting, the Province was not prepared to provide monies for end use and the collection of used oil. Any management plan was to be self financed. Two study committees and committee chairman were established at the stakeholders meeting to develop managment plans for used oil waste collection and used oil end use. As well Terms of Reference (see Appendix B) were established for the committees.

It became clear quickly that the end use committee would require a minimum number of meetings and deliberations while the collection committee would require significant deliberations, meetings and study. The more meetings the collection committee had the more intricate the "Plan" became.

It also became evident of the need to integrate a management plan with neighbouring provinces. The Chairman of the Waste Management Advisory Group and the Chairman of the Collection Committee met with a joint industry/government troup in Alberta (August 1993) and the Manitoba Provincial Government (January 1994) in an effort to promote hamronization. As well, in September 1993, oil and filter marketers formed a Western Canada Task Force to develop a management plan for used oil, filters and containers. Through this Saskatchean Collection Committee Chairman's participation, there was a two-way dialogue with this task force. The result is the Western Canada Task Force Stewardship Proposal mirrors this WMAG Proposal closely. The differences would seem to be only in Provincial adaption.

The collection committee (see Appendix C) met nearly thirty times and the end use committee (see Appendix C) three or four times. Through ten WMAG meetings the committee recommendations were refined and combined to form this WMAG proposed "Used Oil Waste Management Plan".

DEFINITIONS

1. "**administrator**" means the independent firm responsible for handling the FUND.

2. "**AUOMA**" refers to the Alberta Used Oil Management Association. This is the used oil waste management association created in Alberta to manage a pilot used oil waste collection project at bottle return depots.

3. "**base oil**" refers to synthetic or petroleum hydrocarbon based oil that has been refined or re-refined for the purpose of blending a finished oil.

4. "**Board**" refers to Directors elected by the Saskatchewan Used Oil Management Association (SUOMA) to manage the used oil waste management program on behalf of SUOMA.

5. "**bulk oil**" refers to oil sold in other than "containers".

6. "**carrier**" is any person registered in Saskatchewan to engage in the transport of more than 1,200 litres of used oil.

7. "**container**" means any device to store less than twenty-six litres of lubricant oil.

8. "**Do-it-yourself**" or "**DIY**" market refers to users who purchase oil to make oil changes themselves (driveways, back lanes, home garages, etc.). In this report, it does not include farmers, small commercial or other users who change their own oil as a part of their business.

9. An "**Eco-centre**" is a marketing neutral return facility registered with SUOMA. It may be eligible for a SRI from the FUND (in addition to the RI on used oil, filter or container return) to maintain its strategic long-term existence to support a universally accessible collection system. The number of Eco-Centres will be determined by SUOMA.

10. "**Environmental Handling Charge**" or "**EHC**" refers to the fee applied to the sale of newly blended oil and filters to pay the costs of encouraging collection, and the actual collection of used oil waste in the Province.

11. "**filter**" is defined as any spin - on or element - style fluid filter used in hydraulic, transmission or internal combustion engine applications (includes both oil and fuel filters).

12. the "**FUND**" refers to the revenue collected from an EHC on the sale of "oil" and "filters".

Definitions Continued

13. "generator" is a person registered in Saskatchewan to cause more than 1,200 litres of used lubricant oil to be transported.

14. "grey oil" is a term for oil with water contamination. The product will be deemed "grey oil" when it contains 10% or more water content.

15. "industrial seller" means a seller who sells lubricating oil or filters directly to industrial customers by contract;

16. "industry stewardship" refers to the responsibility of sellers to ensure there is an adequate management system in place for the waste generated by the products they sell.

17. "installed markets" refers to locations who change oil for the user (i.e., dealerships, service stations and Quick Lubes).

18. "manufacturer seller" means a manufacturer who sells exclusively for resale or direct ships to a user.

19. "marketing neutral" refers to return facilities that do not sell the new products that become the waste the facility collects.

20. "oil" means any oil sold for the same purposes that a normal petroleum hydrocarbon based oil would be used. It includes vegetable and synthetic oils used for those purposes. It would not include vegetable oils or other oils used for cooking, etc.

21. "point of display" means an area of a seller's premises where containers of oil are displayed;

22. "point of sale" means an area of a seller's premises where the transaction to purchase oil takes place;

23. "polluter" means any person who transports, stores or uses used oil waste in a prohibited way.

24. "private return facility" is an independently developed, owned and operated return facility whose only potential source of benefit from the FUND is the RI on used oil, filter or container return.

25. "processor" is defined as someone in the province or an out of province receiver who transforms used oil waste into an acceptable product to SERM and is registered as such with SERM. Each processor must have the testing equipment to determine the quantity of used oil waste returned.

Definitions Continued

26. "public collection system" is a system of private return facilities or Eco-centres accessible to the user at no charge for container quantities.

27. "receiver" is a registered person to whom a consignment is being or is intended to be transported to.

28. "return facility" means a place for the return and short-term storage of used oil waste. Where applicable, the storage facility must be an approved registered facility under the "Hazardous Substances and Waste Dangerous Goods Regulations".

29. "return incentive" or "RI" refers to the refund issued to Saskatchewan carriers or designated Saskatchewan generators upon the return and acceptance of used oil waste by the processor.

30. "SARM" refers to Saskatchewan Association of Rural Municipalities.

31. "Saskatchewan Resource Recovery Association " or "SRRA" refers to the association that could be formed to manage the collection of tires, batteries and used oil waste in the Province of Saskatchewan.

32. "Saskatchewan Used Oil Waste Management Association" or "SUOMA" refers to the association that will be formed to manage used oil waste in Saskatchewan.

33. "Secondary Return Incentive" or "SRI" refers to a further incentive to be offered to support Eco-centres.

34. "seller" means a person who, as a manufacturer, wholesaler, distributor or retailer, sells or offers for sale oil or filters and includes, without limitation, every bulk oil plant, service station, department store, grocery store, auto supply store, drug store or other business that sells or offers for sale oil or filters;

35. "SERM" refers to Saskatchewan Environment and Resource Management Department of the Saskatchewan Government.

36. "SUMA" refers to Saskatchewan Urban Municipalities Association.

37. "test method" for used oil waste content will be defined by a standard industry test method to be determined by SUOMA.

38. "urban region" is defined as a Saskatchewan Urban Municipality of more than 1,000 residents.

Definitions Continued

39. "used oil" is oil that has been used to the point where it is no longer suitable for its original intended use.

40. "used oil waste" means any used oil, filter that may contain used oil, oil or fuel, and containers that may contain used oil or oil.

41. "user" is defined as the person who turns the original product (oil, filter, container) into a waste stream. It is not limited to those who use the public collection system.

42. "virgin oil" refers to oil that has not yet been used for its intended purpose and has had no opportunity to be contaminated by foreign substances.

43. "Waste Management Advisory Group" or "WMAG" refers to the stakeholder/government group established by SERM to develop comprehensive waste management plans for used oil, tires and lead acid batteries.

44. "wholesale seller" means a seller who sells oil exclusively for resale.

BASIC ASSUMPTIONS

1. There will not be a perfect system. The committee's objective has been to develop the optimum system.

2. User pay, but industry stewardship. The user (generator) would pay the costs, but it is industry's (marketers, carriers, receivers and governments) responsibility to ensure a proper waste management system is in place.

3. The Saskatchewan approach will be to address all market sectors, not just the DIY market.

4. A good waste management system would collect approximately 50% of new oil sales. This has significance in the sense of any EHC instituted.

5. There is a good registered generator-carrier-receiver system in place in Saskatchewan that can be used in the implementation of a Saskatchewan used oil waste management program.

6. Any concern over the end use of used oil leaving the Province of Saskatchewan is the responsibility of the Province and not the responsibility of the Waste Management Advisory Group.

7. The Saskatchewan Collection system will encourage the collection of plastic oil containers and filters, not just handle their return at depots with the used oil.

8. The polluter is responsible for any costs associated with the improper disposal of used oil waste.

9. Grease will not be included in the scope of the committee.

SUMMARY OF
WASTE MANAGEMENT ADVISORY GROUP RECOMMENDATIONS

****

1. A Saskatchewan Used Oil Waste Management Association (SUOMA) be established outside government to manage used oil waste collection in Saskatchewan.

2. Stakeholders involved in the sale of oil, filters, oil in containers as well as in the collection or processing of used oil waste will be members of, or represented in SUOMA. (See Section 7 - SUOMA Membership).

3. SUOMA would meet a minimum of annually and a Board would be elected to direct the management of used oil waste. (See Section 8 - SUOMA Board).

4. The Province provide enabling legislation where SUOMA is delegated the authority to collect an environmental handling charge (EHC) to support the used oil waste collection program within the concept of user pay. The Province would legislate an upper limit to the EHC. To increase the upper limit, the Board would need to substantiate the need for the increase and request the Province to make the increase. (See Appendix D - Universal EHC).

5. The EHC be collected on the sale of each new recoverable litre of oil sold. The container EHC be an add-on to the oil EHC. The EHC on filters be on the sale of the new filter.

6. The EHC be collected and remitted by a seller member of SUOMA from the first sale of new oil or filters in the Province to a non-member.

7. To ensure the EHC's universal collection, the implementation of the EHC's would be subsequent to enabling legislation (Spring 1995).

8. The FUND developed by the EHC be collected and administered outside of government. (See Appendix F - FUND Revenue Estimates).

9. There be no deposit system for used oil waste in the province.

10. A return incentive (RI) system be instituted in the province to provide financial incentive for the collection of used oil waste. The same rate of RI would apply to used oil waste returned from all market sectors and initially equal the EHC.

11. The return incentive for used oil waste be paid to Saskatchewan carriers returning used oil waste to approved processors. Where used oil waste is returned to an approved processor by an out-of-province carrier, the return incentive would be paid to the Saskatchewan generator. (See Model (b) in Section 6 - Models).

12. The setting of the oil collection program EHC's be left for determination by the Board of SUOMA. The guidelines to be:

    i) equal to or as close to the rates of neighbouring provinces as possible (not more than 5¢/L difference);

    ii) reflect the true cost of proper recycling or other resource management utilizing the best available economically practical technology.

    As well, the beginning dates of EHC's/RI's and SRI's is left to be determined by the Board of SUOMA with support of the operations staff. It is expected the start of EHC's and RI's to be coincident, or as close to coincident as possible.

13. The Board/operational staff be formed initially (late 1994) to project and determine the detail of the collection program. The EHC/RI portion of the program would be implemented with enabling legislation (during 1995) and the Board and operational staff would review and suitably adjust the program to optimize used oil waste collection.

14. The province provide initial start-up monies on a loan basis. This would include establishment of SUOMA with limited liability and the hiring of the initial operating staff.

15. The Board and operational staff would work to develop an Eco-centre network based on urban population but limited to an economically feasible number (usually one) per urban region. (See Model (c) in Section 6 - Models, also see Appendix E - Collection Systems).

16. SUOMA would provide as necessary, capital loans and Secondary Return Incentives to support the private Eco-centre operator who provides the best proposal in each urban region. Where there are extenuating circumstances, consideration may be given by the Board to SUOMA owning the collection equipment.

17. There be legislation effective after a three year Eco-centre development period to force sellers to ensure there is at least one Eco-centre in each urban region. To be able to sell oil and filters in Saskatchewan, this would apply equally to sellers in both Rural and Urban Municipalities.

18. Regulation effective with RI implementation to ensure the user is not charged for return of container quantities of used oil, filters or containers to the public collection system.

19. Regulation effective with EHC implementation to ensure point of sale educational materials, as well as signage indicating the EHC being charged. Standard signage to be supplied by SUOMA at seller's cost.

20. SERM maintain the registration of approved carriers, processors and out-of-province receivers for used oil waste.

21. After a convenient and universally accessible collection system is in place, the province adequately enforce:

i) legislation and summary offence regulations which provide a system of fines for those who mismanage used oil waste.

ii) the collection of EHC's.

22. The Province and Municipalities change regulations on the storage and transportation of small quantities of used oil (under 1,200 litres).

23. It is recommended that SUOMA play a consultive role only as it pertains to liability issues (i.e. no monies made available for contaminated product, etc.). SUOMA would instead assist members with obtaining insurance, recommending operational procedures to reduce risks and providing training material and programs at a cost.

24. SUOMA would not provide additional monies from the FUND for loans, grants or any forms of subsidy to end users, processors or for market development, except where:

i) no processors exist or,

ii) where there would be an economic advantage for the fund.

25. SUOMA would not provide monies from the FUND for increasing the level of waste management (the 4 R's). This should not be the responsibility of the oil user through the EHC, but instead the responsibility of society (government).

The levels of waste management (the 4 R's) are recognized as being in decreasing levels:

i) (RE-REFINED LUBE OIL) this process recovers as much as possible of the original value of the oil.

ii) (SECONDARY FUELS)
(ASPHALT MIX)
(SOLUTION MINING) these processes reduce the amount of crude oil that has to be refined to create the fuel it replaces.

26. SUOMA would not provide any incentives in different EHC's or RI's for re-refined motor oils. These oils need to be collected the same as virgin oils and it is not the responsibility of the FUND to encourage their use.

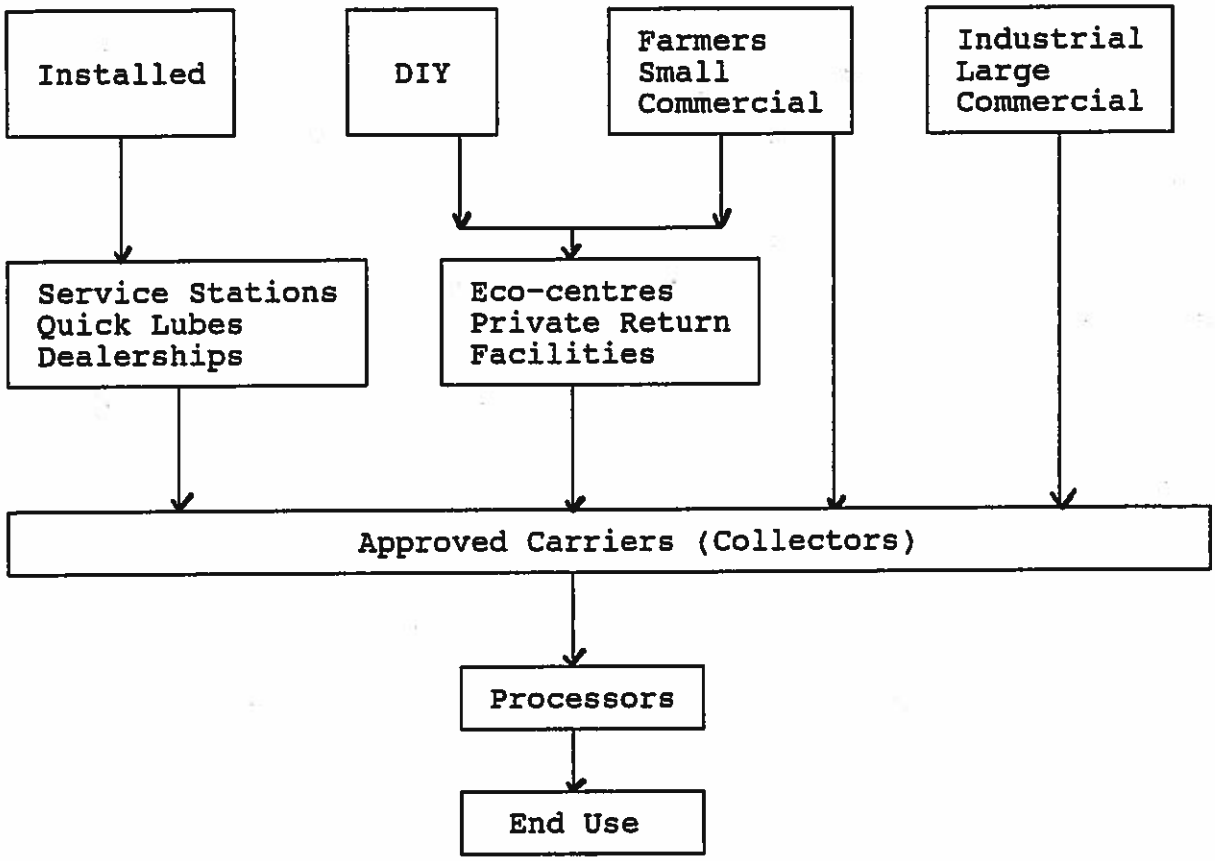
27. It is recommended that SERM develop a very clear set of standards and guidelines, as they pertain to the development of new processor or end use proponents.

28. If the tire and battery industries in Saskatchewan develop similar systems, a Saskatchewan tire, battery and used oil Resource Recovery Collection Association (SRRA) be formed to create an efficient, cost effective consolidated waste management program. Boards for each waste stream would delegate the authority to SRRA to collect EHC's and provide operational staff. SRRA would manage the collection of all the waste streams involved within the guidelines of the Boards for each waste stream. (See Model (d) in Section 6 - Organizational Structure, also see Section 10 SRRA Organization).

29. SRRA would be chartered to dedicate monies collected from each waste stream to the collection of that waste stream while facilitating the Eco-centre concept for the collection of all the waste streams.

30.. The primary recommendation of the Waste Management Advisory Group is to get-on-with-it while leaving the Board the flexibility and latitude to manage the system. The Board would then be able to ensure a successful, effective, affordable, accessible and self-financed collection system.

USED OIL WASTE
PRODUCT
FLOW MODEL



NOTE:

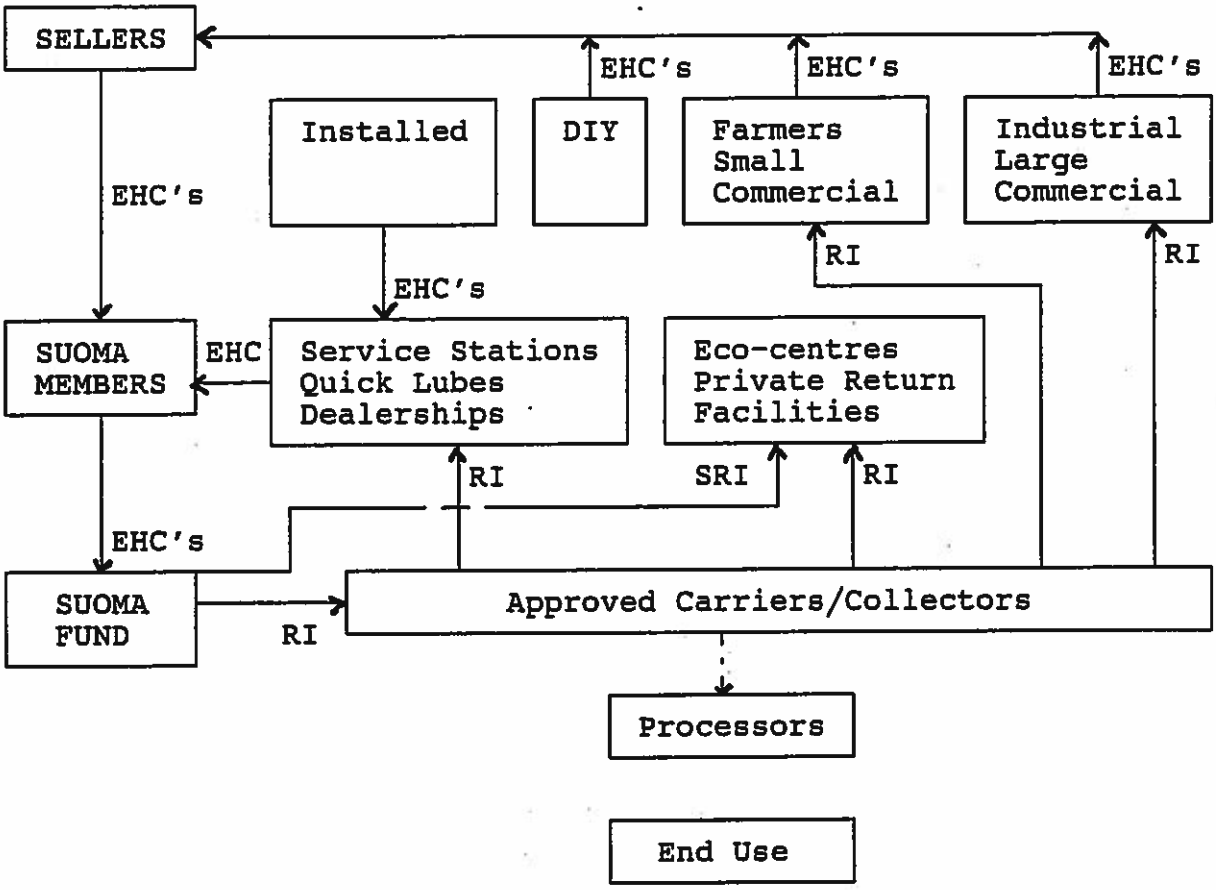
1. Processors and end users may be one in the same (i.e. Kalium Chemicals).

2. Containers will return primarily through Public Collection system.

3. Wheat City and Inland Metals would be typical filter processors where IPSCO would be the end user.

4. A container processor might be someone who washes and grinds plastic bottles and ships the material outside Saskatchewan.

EHC/RI/SRI
CASH FLOW MODEL



NOTES:

1. Monies are not expected to flow back to DIY and installed consumers.

2. No monies flow from the fund directly to processors or end use (see Recommendation #24 for possible exceptions).

Summary of Potential Locations of Registered Return Facilities (RRF's)

Municipality	91 Census Population
SASKATOON	186,067
REGINA	179,183

2 Eco-Centres

Municipality	91 Census Population
PRINCE ALBERT	34,181
MOOSE JAW	33,593
YORKTON	15,315
SWIFT CURRENT	14,824
NORTH BATTLE.	14,350
ESTEVAN	10,240

6 Eco-Centres

Municipality	91 Census Population
WEYBURN	9,673
LLOYDMINSTER	7,241
MELFORT	5,628

3 Eco-Centres

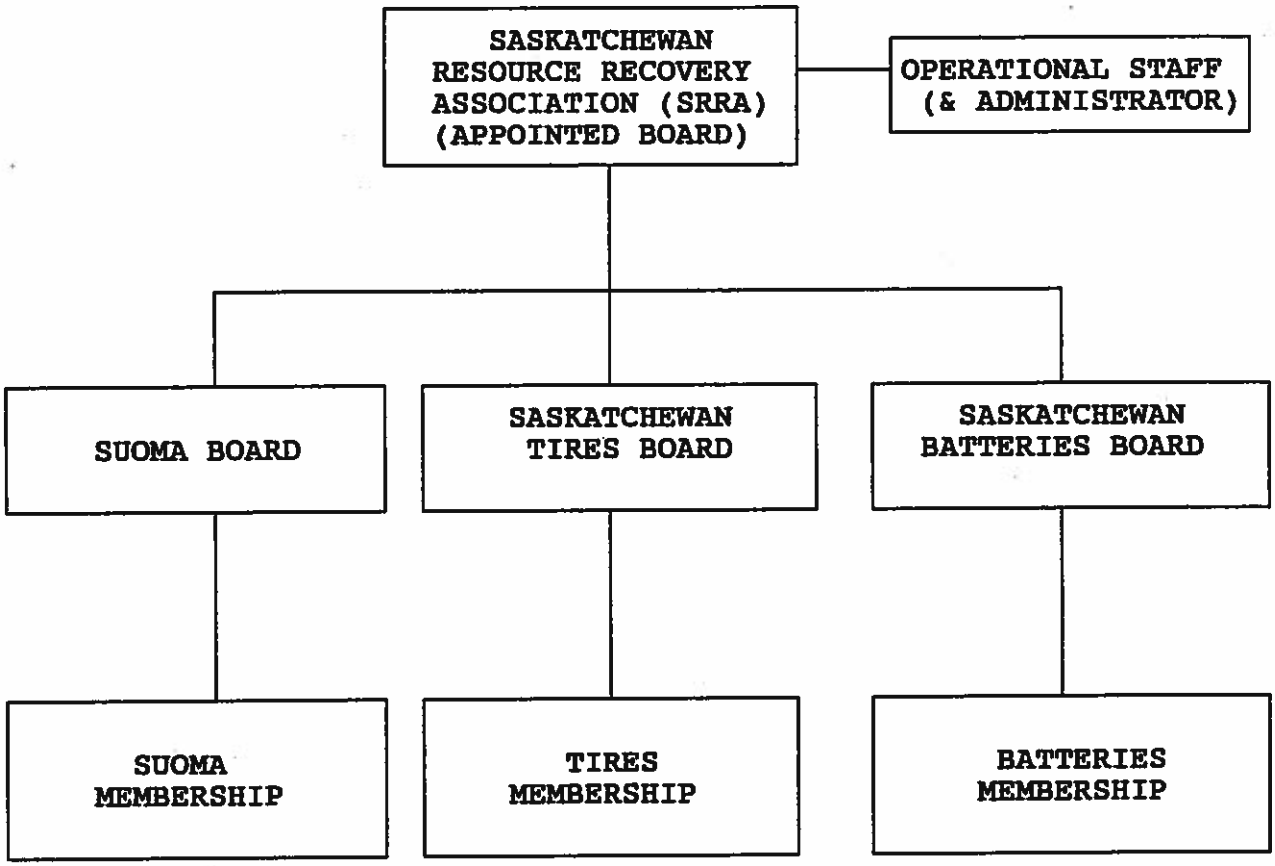
Total of 65 Eco-Centres

Municipality	91 Census Population
HUMBOLDT	4,989
MELVILLE	4,905
KINDERSLEY	4,572
NIPAWIN	4,419
MEADOW LAKE	4,318
BATTLEFORD	4,107
MARTENSVILLE	3,310
TISDALE	3,045
ESTERHAZY	2,898
ASSINIBOIA	2,774
WARMAN	2,644
La Ronge	2,578
ROSETOWN	2,519
MOOSOMIN	2,436
CANORA	2,381
BIGGAR	2,351
MAPLE CREEK	2,334
KAMSACK	2,323
UNITY	2,227
OUTLOOK	2,091
WYNYARD	2,022
FORT QU'APPELLE	1,953
SHAUNAVON	1,913
WATROUS	1,872
HUDSON BAY	1,868
INDIAN HEAD	1,827
Creighton	1,668
WADENA	1,599
ROSTHERN	1,560

20 Eco-Centres

Municipality	91 Census Population
LUMSDEN	1,477
PILOT BUTTE	1,450
DALMENY	1,436
WILKIE	1,401
LANIGAN	1,397
FOAM LAKE	1,359
GRAVELBOURG	1,226
ESTON	1,210
PREECEVILLE	1,205
LANGHAM	1,185
CARLYLE	1,181
SHELLBROOK	1,178
GRENFELL	1,164
LANGENBURG	1,158
KERROBERT	1,143
OXBOW	1,132
MACKLIN	1,117
DAVIDSON	1,115
KELVINGTON	1,109
BALGONIE	1,098
WHITEWOOD	1,064
CARNDUFF	1,062
GULL LAKE	1,050
CARROT RIVER	1,027
KIPLING	1,005

25 Eco-Centres



NOTE

1. SRRA would be mandated in their charter to ensure proportionate use of the monies collected for one waste stream for the management of that stream.

2. Legislation would limit the size of EHC's and changes to the limits could only be made by a legislative change. The Provincial Government could only change the EHC limits if requested jointly by the SRRA Board and the Executive Council for the waste stream involved.

SASKATCHEWAN USED OIL WASTE MANAGEMENT ASSOC. MEMBERSHIP

MEMBERSHIP (Legislated)

- Anyone who makes the first sale of lubricating oil or filters in the Province of Saskatchewan.

  - Annual remittances greater than $50,000, membership fee $1,000.

  - Annual remittances greater than $10,000, membership fee $750.

  - Anyone selling lubricating oil or filters in the Province and remitting less than $10,000, membership fee $500.

- Any carrier who receives more than $1,000 annually from the fund, membership fee $500.00.

- Any registered used oil waste approved processor, membership fee $500.00.

- Any Eco-centre who receives a Secondary Return Incentive from the fund, membership fee $100.00.

- Anyone else for a $500.00 membership fee.

SASKATCHEWAN USED OIL WASTE MANAGEMENT ASSOC. BOARD STRUCTURE

- 3 Elected Major Oil Marketers (remit > $50,000 annually to the fund)
- 2 Elected Other Oil Marketers (remit > $ 10,000 annually to the fund)
- 1 Elected Filter Marketer (remit > $200,000 annually to the fund)
- 1 Elected Carrier (Any Carrier Member)
- Elected Eco-centre Representative (from the Eco-Centre Membership only)
- 1 Elected Registered Used Oil Waste Processor (Any Processor Member)
- 1 Plastics Industry Representative (Board Approved)
- 1 Elected Environmental Group (Board Approved)

*
- 1 SARM (SARM Appointment)

*
- 1 SUMA (SUMA Appointment)

*
- 1 SERM (SERM Appointment)

*Non-voting Board Membership

SUMMARY OF PROVINCIAL GOVERNMENT SUPPORT REQUIRED

****

1. Support for used oil waste management outside of the Provincial Government.

   - Media announcement by government of support for the WMAG Used Oil Waste Management Plan where waste management is outside government.

   - A strong joint industry/government approach to implementation will be the key to selling the waste management program to the people of Saskatchewan.

2. Provide a loan as well as legal support for the Association to be organized and formed to operate the plan.

   - No monies are otherwise readily available to put in place a facilitator to establish the Association and its day-to-day operations.

   - Any other efforts to raise the start-up monies would draw out the start-ups period and risk failure before the Plan got off-the-ground.

   - The monies would be a "loan" and would be paid back quickly with the establishment of EHC collection.

3. Provide enabling legislation for SUOMA to be formed with the authority to collect universal environmental handling charges (EHC's). The Province would legislate an upper limit to the EHC's.

   - Without enabling legislation, enforcement of the collection of a voluntary EHC would be impossible.

4. Regulations for start-ups of the plan:

   i) Anyone returning used oil waste to the public collection system will not be charged.

      - Since the user pays the EHC, it insures he can not be charged again.

      - The Eco-centre or private return facility will be eligible for the RI to offset it's costs.

   ii) Sellers are required to display signage that shows that an EHC is being charged and at what level.

   iii) Sellers display educational materials at point of sale, or point of display, outlining used oil waste management and the "Plan".

5. Change regulations on the storage of less than 1,200 litres of as recommended by the Collection Committee (see recommendations in succeeding pages). Harmonize transportation regulations with the storage thresholds and work with SUOMA operational staff to harmonize regulations with municipalities and the fire code.

6. SERM maintain the registration of carriers, processors and out-of-province receivers for used oil waste.

7. SERM develop a clear set of standards and guidelines, as they pertain to the development of new processor or end use proponents.

8. Legislation effective three years after EHC implementation to force sellers to ensure there is an adequate public collection system in place.

9. ENFORCEMENT

REFINERS ■ WHOLESALERS ■ MANUFACTURERS

Federated Co-operatives Limited

401 - 22nd Street East
P.O. Box 1050
Saskatoon, Saskatchewan, Canada
S7K 3M9
Telephone: (306) 244-3311
Fax: (306) 244-3403

June 21, 1994

Larry Lechner
Saskatchewan Environment & Resource Management
Walter Scott Building
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

USED OIL STORAGE AND TRANSPORTATION - REGULATION RECOMMENDATIONS

The Saskatchewan Used Oil Collection Committee (SUOCC) has now had the opportunity to review the approach suggested in your April 26, 1994, correspondence. We appreciate your acceptance of our amended approach:

- Regulations as they pertain to tanks operating in a public atmosphere.
- Continuing registration program for tanks or storage over 205 litres.
- Basic concept of exempting small storage from the regulations.

SUOCC however, continues to recommend that the application of regulations begin at 1,200 litres. SUOCC believes the regulation of storage between 500 and 1,200 litres of used oil will impede the collection of used oil which we all are working to improve.

SUOCC strongly believes the complete exemption of used lubricating oil volumes up to 1,200 litres is needed to enhance used oil collection. This recommendation is based on the high availability and low cost of the 250 gallon tank and the need to provide storage for oil volumes greater than 500 litres. The experience with 250 gallon tanks has been good in above ground applications and the consequence of a leak of 250 gallons or 500 litres would virtually be the same. In fact, storage in a tank would be preferred to and safer than storage in 205 litre drums or other containers.

SUOCC has reviewed the SERM draft guidelines for existing 250 gallon tanks and have the following comments:

- Guidelines for tanks up to 250 gallons are a good idea. The 1,200 litre exemption from regulated storage can be supplemented by having these guidelines.

- It is unlikely that used fuel oil tanks will have an identification plate, but if they were not home-made, they would have met the standard of the day. It is very unlikely that most older tanks could show that they met standards in fabrication. SUOCC proposes this guideline be changed to that of passing a leak test, where the tank must hold water for 24 hours when full.

- SUOCC agrees that the tank should be painted.

- SUOCC does not see a need to require a suction tube. Unloading may be by suction or by any practical means.

- SUOCC does not see a need for the 25 litre capacity inlet funnel with mesh screen and lockable cover. Guidelines should be changed to: "a suitable filling method to reduce the risk of spills".

- SUOCC agrees with identifying the tank contents. This is required by WHIMIS and we do not see why it would need to be a SERM requirement.

- SUOCC sees a need for secondary containment for Class A sites only. SUOCC recommends it not be required for other than Class A sites for storage of used oil of 1,200 litres or less. The risk of up to 1,200 litres (250 gallons) of oil doing any real environmental damage (other than making a mess) is very remote and does not warrant this expense. Experience has shown that oil does not travel as does gasoline or diesel. As well, oil is not as much of a hazard as either gasoline or diesel.

In addition:

- The work group recommends that all underground storage of used oil be fully subject to the requirements of the storage regulations. We would, however, recommend that where there is an underground installation for gasoline/diesel, as well as used oil on the same property, the deadline and requirements for compliance of the used oil storage be the same as the compliance deadline and requirements for gasoline/diesel underground storage.

- SUOCC accepts SERM's offer to initiate discussion of these issues with Saskatchewan Highways and Transportation. SUOCC suggests that this be done once the used oil storage volume exemptions have been finalized by SERM and SUOCC.

- We also recommend that above ground storage on farms of quantities of used oil greater than 1,200 L be treated the same as all other above ground storage. This issue was not addressed in the April 26, 1994, correspondence. It is recommended, however, that farm storage of less than 1,200 litres be exempted from the tank registration program.

- An existing streamline procedure for the one time movement of product was mentioned in the recent correspondence. SUOCC members are unaware of this procedure. Could you please advise details.

- There is no mention in the correspondence of allowing the carrier to also be the generator in multiple pick up situations. Will SERM address this issue?

SUOCC recommends continuing to target the April 1, 1995, deadline for implementation of the new guidelines subject to:

i) immediate announcement of the new guidelines;
ii) announcement of the direction of the provincial used oil collection strategy by year end. (Provincial support for the SUOCC final report being developed this month.)

We trust we can continue to work together to develop regulatory guidelines that will facilitate the best used oil collection system in the province while protecting our environment.

J. COBEN, CHAIRMAN, SASKATCHEWAN USED OIL COLLECTION COMMITTEE

SRRA BOARD STRUCTURE

* .	3 Used Oil Waste	(SUOMA Board Appointed)
* .	2 Tires	(Tires Board Appointed)
* .	1 Batteries	(Batteries Board Appointed)
.	1 SERM	(SERM Appointed)
.	1 SARM	(SARM Appointed)
.	1 SUMA	(SUMA Appointed)
* *.	1 Eco-centre	(SRRA Board Approved)
.	1 Agriculture	(SRRA Board Approved)
.	1 Crowns	(SRRA Board Approved)
.	1 Industrial Users	(SRRA Board Approved)
.	1 Small Business	(SRRA Board Approved)
.	1 Environmental Groups	(SRRA Board Approved)

* Seats on the SRRA Board would be proportionate to the monies collected by the fund.

* * Would expect the Eco-centre Representative is the same for the SRRA Board as well as all the waste stream Boards. This person would be elected by Eco-centre members and approved by the SRRA Board.

APPENDICES

A. GUIDING PRINCIPALS

B. TERMS OF REFERENCE

C. THE COMMITTEES

D. UNIVERSAL EHC

E. COLLECTION SYSTEMS

F. FUND REVENUE ESTIMATES

APPENDIX "A"

GUIDING PRINCIPLES

The province's comprehensive management systems for used oil, tires and lead-acid batteries shall be based on the following principles:

1. The protection of human health and safety, and the environment.

2. The polluter pays principle and the user pays principle. (The polluter/system-user is responsible for the costs of anticipating and preventing pollution as well as the costs of disposing of waste).

3. The responsible management of waste based on product stewardship (outlining roles and responsibilities for sellers, waste generators and government).

4. A high degree of stakeholder involvement, input and acceptance (consensus decision making).

5. Consideration of waste minimization (4 R's) as guiding but not overriding principles. The 4 R's of waste minimization are, in order of preference:

   i) Reduce
   ii) Reuse
   iii) Recycle
   iv) Recovery

6. To the maximum extent, market mechanisms and regulations should be developed to create a "level playing field" for industry.

7. The development of environmentally acceptable waste management systems should proceed based upon their own economic merits, (i.e., the market place), rather than government determination of preferred projects. The market place will determine the end-use options for the waste management issues.

8. Universal accessibility to recycling and recovery systems.

9. Integration of waste management systems where opportunities exist.

10. Liability concerns (government, industry and consumer) should be integrated into the decision making process at all levels.

11. The need for education of the public to bring about a change in consumer behaviour in regards to the management of used oil, tires and lead-acid batteries.

12. The integration of regulations and policy to minimize the barriers to effective management of used oil, tires and lead-acid batteries.

APPENDIX "B"

SASKATCHEWAN ENVIRONMENT AND RESOURCE MANAGEMENT

WASTE MANAGEMENT ADVISORY GROUP
Used Oil Working Groups

Terms of Reference
(March 24, 1993)

The Environment Management and Protection Act requires consultation prior to the development of new regulations. Consistent with the Department's desire to develop partnership solutions, the Used Oil Working Groups would be established based on the following Terms of Reference:

PRINCIPLES:

1. The principles adopted by the Waste Management Advisory Group will apply equally to both the Used Oil Working Groups.

SCOPE:

1. The term "Used Oil" is considered to include related products, including used plastic oil containers and used oil filters.

2. "Used Oil" will refer only to downstream waste products, not upstream waste such as from oil extraction or refining.

3. Sectors to be included include:

   . industrial . do-it-yourself (DIY)
   . commercial . farm

4. The scope of each Working Group's recommendations will not be limited to physical collection or end use systems, but may also include recommendations on: control issues (e.g. regulations), public relations, end uses and collection.

5. (a) The Collection Working Group will consider the role of all steps in the distribution channel, from producer to retailer to final consumer, based on the product stewardship model.
   (b) The End Use Working Group will consider end use options both within Saskatchewan and outside the province, with an emphasis on the former.

6. (a) The Collection Working Group will examine economic and other barriers to used oil collection, and will consider potential options for overcoming such barriers.
   (b) The End Use Working Group will examine economic and other barriers to used oil end use, and examine potential options for overcoming such barriers.

OBJECTIVES

1. To make recommendations to the Waste Management Advisory Group regarding the most appropriate used oil collection and end use systems for Saskatchewan. Specifically, the Working Groups would:

   - Identify methods to establish an effective province-wide collection and effective end use system for the commercial, industrial, farm and do-it-yourself (DIY) sectors;

   - Develop achievable targets for timelines and collection rates for all user sectors as well as timelines and volumes regarding end use;

   - Determine methods to ensure accountability and compliance associated with a collection and end use system; and

   - Determine an appropriate financing system which is economically efficient, accountable, and which ensures that the costs of collection and end use are shared equitably.

2. To develop an Action Plan for implementation of the comprehensive management system.

3. To provide a forum for ongoing consultation and consensus building among the major stakeholders in the process.

STRUCTURE AND ORGANIZATION:

1. The Working Groups will report directly to the Waste Management Advisory Group.

2. The chair of each Working Group will be selected from among two Advisory Group nominees, and any additional candidates which are nominated by the Working Group itself.

3. The Working Group will consist of at least one member from the Advisory Group, and will include representatives from the provincial government, municipal government, small business, environmental non-government organizations, and industry (including major suppliers, collectors, etc.).

4. The Group will seek stakeholder input and consensus through at least one broadly-based stakeholder consultation meeting.

5. The Working Groups will provide progress reports to stakeholders through minutes of its meetings, or any other appropriate methods.

APPENDIX "C"

WASTE MANAGEMENT ADVISORY GROUP
****

Chairman: Larry Lechner, Sask. Environment & Resource Management

1. Jerry Coben - Chairman Used Oil Waste Collection Committee
2. Ron Schell - Chairman Used Oil End Use Committee
3. Richard Prankus - City of Saskatoon
4. Ron Martin - Saskatchewan Government Insurance
5. Phil Wrubleski - Sarcan Recycling
6. Bryan Dykes - Federated Co-operatives Limited
7. Don Taylor - Saskatchewan Rural Municipalities
8. Dale Botting - Canadian Federation for Independent Business
9. Warren Smith - Saskatchewan Trucking Association
10. Glen Meyers - Canadian Petroleum Products Institute
11. Gus Millsap - Saskatchewan Chamber of Commerce
12. Terry Field - Saskatchewan Economic Development
13. Norm Beug - Saskatchewan Mining Association
14. Barry Marchand - Frontier Peterbuilt
15. John Barker - Saskatchewan Waste Reduction Council
16. Derrik Bellows - City of Regina
17. John Schisler - Sask Environment & Resource Management
18. Patty Blahut - Saskatchewan Wheat Pool
19. Don Schlosser - Saskatchewan Urban Municipalities

USED OIL COLLECTION COMMITTEE
****

Chairman: Jerry Coben, Federated Co-operatives Limited

1. John Schisler - SERM (Hazardous Waste Director)
2. Russell Roy - Loraas Disposal (Regina)
3. Roland Schultz - R & G Transport, Go-For Used Oil (Regina)
4. Bruce Oleson - Mr. Lube (Saskatoon/Regina)
5. Ron Schell - McGills Inc. (Saskatoon)
6. Paul McMillen - Kalium Chemical
7. Neil Ketilson - Sask Wheat Pool (Saskatoon)
8. Iain Harry - SUMA (Regina)
9. Pat Dolan - Magnum Oil (Saskatoon)
10. Roger Kinder - Star Valley Reclaimers (Alameda)
11. Phil Wrubleski - Sarcan (Saskatoon)
12. Ron Martin - SGI (Regina)
13. Les Cook - Imperial Oil
14. Jim Allard - Quaker State (Regina)
15. Doug Kyle - Sweet Grass Band Independent Living Society (S'toon)
16. Nick Postnikoff - SARM (Blaine Lake)
17. Barry Rapp - Sask. Agric. & Food (Regina)
18. Dennis Leader - Lube City
19. Kirk Neibrandt - B-Line Sanitation
20. Jerry Lupul - Mr. Lube (Saskatoon)

NOTE:

1. Russell Roy replaced by Carman Loraas
2. Nick Postnikoff replaced by Don Taylor

USED OIL END USE COMMITTEE
****

Chairman: David Grier, Saskatchewan Research Council

1. Gene Kondar - Black Gold Heating
2. Roger Maneger - Major Cutknife, Saskatchewan
3. Pat Dolan - Magnum Oil
4. Ken Foreht - Magnum OIl
5. Jamie Swallow - Go For Oil
6. Rob Plosz - Kalium Mines
7. Don Jesse - Westco Oil
8. Ken Elder - Sask Wheat Pool
9. Graham Mutch - SERM
10. Ron Schell - McGills
11. Bill Smith - Co-op Refineries
12. Bryan Dykes - Federated Co-operatives

NOTE: Ron Schell replaced David Grier as Chairman

APPENDIX "D"

A number of stakeholders have questioned whether it is a level playing field (fair) to institute an universal EHC that includes industrial users who already pay the costs of collection and transportation of used oil. The question is whether it is fair that the monies collected from one market sector (industrial) be used to subsidize another (return facilities for the DIY market). The committee's discussion was that an universal EHC might not be the perfect collection mechanism, but that it was the best as:

1. Industrial users could receive a return incentive where a DIY consumer would not.

2. EHC monies collected from the industrial user that would eventually be used to support the DIY collection system would be limited to EHC monies collected on used oil "not" returned.

3. Unrecoverable oils would be exempted from the EHC (i.e., dedusting oils, etc.).

4. The EHC/RI system would stimulate a more vibrant and financially sound collection system that would over the long term reduce transportation costs for the industrial user. In effect, the monies collected from the DIY (no return incentive) market would improve the efficiency of the system such that the industrial user would receive some benefit that the DIY user does not.

As well, stakeholders have suggested an used oil management agreement (as in British Columbia) between oil suppliers and industrial accounts might not fit well with the Saskatchewan recommendation. The committee felt it did fit even if an used oil agreement was in place between supplier and user as the costs of collection and transportation would not change:

1. If the supplier paid any collection and transportation costs and was previously compensated through the virgin lubricant oil product price, he would now receive the return incentive and reduce his product price.

2. If the user paid all the collection and transportation costs, he would now have his costs offset by the return incentive. Except in very remote areas where transportation costs might exceed the return incentive, the more used lubricant oil the user returned the better off he would be.

APPENDIX "E"

COLLECTION SYSTEMS
Advantages & Disadvantages
****

A. He Who Sells Must Collect (British Columbia Approach)

1. Advantages

   - Level playing field
   - More general accessibility
   - Utilizes existing facilities

2. Disadvantages

   - No direct funding to support the system (i.e., collection, transportation, end use).
   - Unfair distribution of cost as user will not have to pay full costs. Very difficult to fairly put costs into product price.
   - Dis-incentive to collector (retailer) since the more he collects the more it costs him to have it transported away.
   - Very difficult to financially support in Saskatchewan due to limited end use.
   - Ensuring conformance to the regulation is difficult since marketers are reluctant to send customers to competitors.
   - Very difficult to ensure adequate collection in remote areas.
   - Public awareness programs difficult.
   - More unmanned sites - more likely contamination and other problems.

B. Totally Funded Public Collection System (Other Extreme)

1. Advantages

   - Total user/polluter pay system.
   - More readily handles all used oil waste.
   - Convenient to alter and change system.
   - Good control on ensuring universal accessibility (i.e., remote locations).

- Conformance readily ensured since collection sites marketing neutral.
- Site control (acceptable manpower and product handling procedures can be assured).
- Better public awareness and perception of the collection program.
- Larger quantities handled on site.
- Easily include other waste streams (tires and batteries).
- If necessary easily expanded to a consumer refund system (DIY refund).

2. Disadvantages

- Extremely high cost.
- Difficulty in fairly choosing collectors with a public user fund.

C. Oil Company Bulk Plants

The Board of Directors of SARM suggested the better location for return facilities might be at oil company bulk plants. The thinking being that bulk plants already have secondary containment and fences (where better to collect oil than where it is sold). Hours of operation might also be better.

This concept was fully discussed at WMAG and collection committee meetings. The discussion was that this is not as favourable a system as:

- The site would not be neutral from marketing. One oil company would be reluctant to send their customers to a competitor to return used oil.
- The EHC would have to be excessive to fund all bulk plants in Saskatchewan. As a consequence, how would the Board decide between two marketers in the same area (who gets funding and who doesn't)?
- Most oil company bulk plants are moving outside of town so they are not as convenient or accessible to the general public.
- Not likely a desire or opportunity to expand oil company bulk plants to handle other used oil waste (filters and containers) or other waste streams.

D. Recommended System

Outline

i) Environmental Handling Charge (EHC) collected to support collection system.

ii) Regulation - retailer must collect or advertise another return facility.

iii) Return incentive (RI) for retailers or generators returning used oil equal to the EHC paid.

iv) EHC sufficient to provide an SRI for Eco-centres. This SRI could be at a variable rate based on transportation costs.

v) Further financial assistance available for Eco-centres in remote or sparsely populated areas.

vi) Implementation of an Eco-centre concept for hazardous waste streams or other similar waste streams. The Eco-centre could include return facilities for:

(a) Use oil waste (i.e., used lubricant oil, filters, lubricant oil containers).
(b) Tires
(c) Batteries
(d) Antifreeze
(e) Paints and other household wastes.
(f) Solvents

APPENDIX F

FUND REVENUE

CALCULATION

ASSUMPTIONS

1. **EHC Rates For Containers and Filters:**

   . Containers - 5 cents per litre more than the new oil EHC.

   . Filters - $ .50/small filter.
   - $1.00/large filter.

2. Using Lubricant Profiles for 1992 as a source document for lubricant oil sales and lubricant oil sales in containers is representative of actual sales in Saskatchewan.

3. Percentage of sales in each container for Canada in Lubricant Profiles is representative of Saskatchewan with the following adjustment:

   . Due to the expectation of a higher percentage of Heavy Duty Engine Oils (HDEO) and Passenger Car Engine Oils (PCEO) in drums in Saskatchewan due to the farm trade, the percentage of oil sales in containers is reduced to 50% for PCEO's and 40% for HDEO's from Lubricant Profiles.

4. Process oils, chain oils, metal working oils, rockdrill oils, outboard motor oils, greases and 50% of "other oils" category would be exempt lubricant oils (these same lubricant oils in containers would still have the container EHC).

5. Ten percent of the "other oils" category and five percent of the "process oils" category are in containers.

6. Filter manufacturers estimate 1.8 million small filters are sold in Saskatchewan based on the small vehicle registrations in the province. No firm method has been developed to estimate large filter sales, so the AUOMA estimate of a 1:2 ratio with small filter sales is used.

7. **Membership Make-up (Estimated)**

   . 7 major oil marketers.
   . 7 intermediate oil marketers.
   . 20 other oil marketers.
   . 30 carriers.
   . 8 registered used oil waste processors.
   . 5 Eco-Centres growing to 65 in five years.
   . No miscellaneous membership fees.

REVENUE GENERATED

1. Lubricant Oil EHC - 5¢/L	
. 37.4 million litres @ 5 cents per litre	$1.87 Million
2. Container EHC - extra 5¢/L	
. 17.0 million litres @ 5 cents per litre	$ .85 Million
3. Filter EHC	
. 1.8 million small filters @ 50¢/filter	$ .90 Million
. .9 million larger filters @ $1/filter	$ .90 million
4. SUOMA Membership Fees	$ .04 Million
TOTAL FUND	**$4.56 MILLION**

REVENUE GENERATED

1. Lubricant oil EHC - 10¢/L	
. 37.4 million litres @ 10 cents per litre	$3.74 Million
2. Containers, filters and membership fees.	$2.69 Million
TOTAL FUND	**$6.43 MILLION**

PETRO:Coben27

TOTALS FOR ALL PRODUCTS

1992

PRODUCT	NFLD	PEI	NS	NB	QUE	ONT	MAN	SASK	ALB	BC	NWT	EXPORT	TOTAL
Passenger Car Engine Oils	2.100	.596	4.624	5.084	43.216	99.549	11.830	13.436	27.732	24.230	.397	3.731	236.525
Heavy Duty Engine Oils	2.768	.530	4.496	4.671	33.008	41.317	6.284	11.838	28.660	28.132	1.535	4.433	169.662
Industrial Hydraulic Oils	2.594	.189	2.774	3.137	15.286	28.131	2.432	2.987	9.678	15.619	.174	6.674	89.675
Circulating/Turbine Oils	.159	.001	.213	.837	2.375	3.226	.162	.249	1.820	.711	.100	.019	9.872
Two Cycle Engine Oils	.493	.023	.209	.210	1.706	4.478	.377	.258	.370	.969	.078	.559	9.730
Automotive Gear Oils	.400	.049	.448	.590	3.840	6.818	.765	1.270	3.580	3.102	.160	.100	21.122
Industrial Gear Oils	.459	.005	.430	.459	2.528	6.237	.288	.859	1.213	2.063	.065	.008	13.614
Automatic Transmission Oils	.412	.091	.649	.776	7.816	22.686	1.070	1.397	4.116	4.523	.113	.633	44.182
Metal Working Oils	.008	.008	.058	.027	2.769	7.378	.070	.099	.508	.133	.000	.011	11.069
Railroad Engine Oils	.066	.002	.094	.104	3.874	3.936	1.296	.061	7.838	1.386	.114	.097	18.868
Marine Engine Oils	.970	.040	2.129	.949	4.559	1.833	.000	.000	.486	7.011	.099	.615	18.691
Paper Machine Oils	.365	.000	.034	.306	2.578	.791	.106	.015	.145	1.420	.027	.000	5.787
Rockdrill Oils	.015	.000	.023	.113	.362	.877	.132	.195	.660	.909	.064	.000	3.350
Tractor/Hydraulic Oils	.027	.153	.270	.258	2.408	4.123	1.946	4.059	4.709	1.778	.026	.287	20.044
Chain Oils	.499	.089	.738	.805	1.386	1.378	.162	.180	.305	1.974	.010	.015	7.541
Aviation Engine Oils	.022	.001	.047	.033	.469	.498	.088	.086	.285	.335	.049	.439	2.352
Process Oils	.023	.003	.198	2.487	19.687	56.322	9.718	13.377	3.780	6.505	.003	64.698	175.801
"Other" Oils	.573	.047	1.471	.649	10.151	16.634	1.439	2.266	16.945	7.325	.109	6.526	64.135
Greases	.153	.032	.390	1.317	3.247	4.653	.810	.846	2.544	2.825	.118	.271	17.206
TOTAL	12.086	1.859	19.285	22.812	161.265	309.765	40.975	53.478	115.374	109.950	3.241	89.116	939.226

Volume in Millions of Litres

Packaging and Distribution

1992

PRODUCT	Total Volume	Bulk Delivery %	1 Litre Bottle %	4 Litre Jug %	5 Litre Pail %	20 Litre Pail %	60 Litre Pail %	205 Litre Drum %	All Other Sizes* %
Passenger Car Engine Oils	236.525	30.3	47.2	12.1	0.8	2.0	0.1	5.7	1.9
Heavy Duty Engine Oils	169.662	28.1	13.1	11.9	1.4	14.0	0.1	20.7	10.8
Industrial Hydraulic Oils	89.675	32.5	0.2	0.3	0.5	25.6	0.5	36.9	3.5
Circulating/Turbine Oils	9.872	36.1	0.0	0.2	0.0	2.8	0.0	56.8	4.1
Automotive Gear Oils	21.122	18.3	4.3	3.7	1.7	26.9	20.3	19.9	4.9
Industrial Gear Oils	13.614	22.4	0.0	0.0	0.0	7.3	0.0	63.0	7.3
Automotive Transmission Oils	44.182	39.3	23.4	3.6	1.4	13.9	0.0	14.4	4.0
Two Cycle Engine Oils	9.730	3.6	50.1	7.8	0.0	0.8	0.0	8.5	29.2
Railroad Engine Oils	18.868	93.3	0.0	0.0	0.0	0.0	0.0	5.5	1.2
Rockdrill Oils	3.350	12.0	0.7	6.1	0.0	21.2	0.0	55.9	4.1
Paper Machine Oils	5.787	75.9	0.0	0.0	0.0	0.2	0.0	23.5	0.4
Metal Working Oils	11.069	46.7	0.0	0.0	0.0	5.1	0.0	39.2	9.0
Tractor/Hydraulic Transmission Oils	20.044	5.9	0.1	5.2	4.9	43.9	0.0	22.2	17.9
Marine Engine Oils	18.691	72.7	0.0	0.0	0.0	0.0	0.0	24.5	2.8
Chain Oils	7.541	16.0	2.1	53.1	1.4	3.5	0.0	24.9	0.0
Aviation Engine Oils	2.352	0.0	36.3	0.0	0.0	10.5	0.0	41.8	11.4

(* Cubes, 500 ML., 10 L., 110 L.)

NOTE: All totals include export sales.
Complete packaging data covering greases and oils are not available at this time.

Volume in Millions of Litres