

Alberta Used Oil Management Association

Business Plan 2010 – 2012

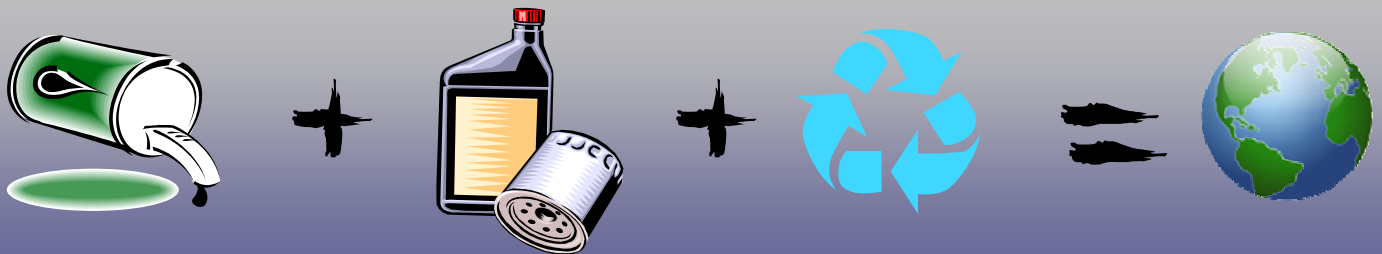


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1 ACCOUNTABILITY STATEMENT

The Alberta Used Oil Management Association's (AUOMA) Business Plan for the period January 1, 2010 through December 31, 2012 was prepared in accordance with the requirements of the organization's bylaws. All of AUOMA's existing and proposed policies and procedures as of this date, and all of the Association's accountability obligations and relationships have been considered in preparing this Budget and Business Plan.

AUOMA is committed to achieving the planned results laid out in this Business Plan.

Approved by the Board of Directors,
Alberta Used Oil Management Association
November 30th, 2009

2 LEGISLATIVE MANDATE

AUOMA has been incorporated under the Alberta Societies Act since April 22nd, 1993 for the purposes set out in the objects of the non-profit industrial association, including the establishment and administration of a waste minimization and recycling program. AUOMA is further bound by regulation under the Alberta Environment Protection and Enhancement Act (Regulation 82/97 and Appendices).

The Lubricating Oil Material Recycling and Management Regulations

AUOMA has been statutorily enabled since April 30th, 1997 to collect an Environmental Handling Charge, which forms the basis of the Lubricating Oil Material Recycling and Management Fund (the “Fund”). AUOMA is authorized to disburse funds for the administration and management of its recycling program. AUOMA is accountable to the Minister of Environment pursuant to the enabling regulation.

AUOMA’s regulatory bylaws provide for, among other things, the purposes for which the Fund will be used, the imposition of surcharges by the Association in respect of transactions in lubricating oil materials by wholesalers, and providing for all matters related to the payment of those surcharges to the Association, and registration of lubricant materials wholesalers, including prescribing the amount of any registration fee.

The Lubricating Oil Material Recycling and Management Regulation has a renewed expiry date of June 30th, 2010 and remains subject to review.

3 VISION, MISSION AND PROGRAM PARAMETERS

3.1 VISION

AUOMA supports practical principles of waste management and environmental stewardship amongst businesses and households in Alberta, enabling balance between the economic, social and environmental parameters of a sustainable, well-functioning society. To this end, AUOMA envisions:

- Every litre of used oil and related materials that can effectively be collected is recycled or reused.
- The collection, recycling and reuse of used oil materials is done through private industry, operating without government subsidization.
- Albertans are aware of the hazards of improper disposal of these used oil materials and cooperate fully in their recycling and reuse.

3.2 MISSION

AUOMA's mission is to establish and administer effective and efficient used oil materials waste minimization and recycling programs in Alberta, in keeping with Alberta Environment's mission to assure the effective stewardship of Alberta's environmental systems for a sustained high quality of life.

3.3 PROGRAM PARAMETERS

In 1997, the Alberta Government announced approval of the Lubricating Oil Material Recycling and Management Regulation establishing the Alberta Used Oil Management Association (AUOMA) as a management board responsible for managing programs to improve the collection and recycling of used oil materials in Alberta. Directors of this board are drawn from its members, retailers, government and non-government organizations, and the public-at-large.

AUOMA's Incentive Program features funding through a regulated Environmental Handling Charge (EHC) levied on wholesale suppliers, Return Incentives (RI) to private sector Collectors of used oil materials, and collection coverage assured in all markets through Freight Equalized Zone Pricing for RIs.

The program framework can be summarized as follows:

1. Programs are based on the user pay concept. The payment of EHC is tied to the point of first sale in the province to the consumer/generator rather than on the material return.
2. Programs are designed to enable the Association to reduce or cease operations if a long-term mechanism is developed to independently sustain high returns on collection and recycling of used oil related materials in Alberta.
3. Programs do not support end uses that result in road oiling and land filling, and strive to support end uses that balance optimal economic and environmental opportunity.
4. The intent of the AUOMA program is to improve service and increase the collection of used oil materials in those markets not adequately serviced, without negatively impacting the collection and servicing of those markets that were well serviced prior to the program's implementation.

5. AUOMA is subject to regulation but it is not a regulatory authority, and it does not own or control collection or recycling facilities or the materials collected and recycled.
6. AUOMA does not interfere in or advise on the business decisions of its registered members/EHC remitters or its registered Collectors and Processors, but requires members, collectors and processors to meet program requirements.

3.4 THE YEAR BEHIND ON THE YEARS AHEAD

Key goals for AUOMA in 2009 were not completed; some targets not reached. The goals and targets remain important and reappear in the plan that follows. Most significant was the impact of general market downturn, which began late 2008, on lubricating oil and oil products sales, and the subsequent decline in EHC remittances and AUOMA revenue. However, recovery of used oil products continues to grow; recycling results are very positive. The net result though, to AUOMA finances, is negative. The association projected a deficit in 2009 which continues increasingly through the planning period. For the second time in its history, AUOMA has had to call on reserve funds to meet operating needs, which will occur again and again until the funds are exhausted or net income projections reverse. The situation is being monitored and managed.

AUOMA did not succeed in getting an amendment to Regulation AR97-82 which would have enabled revenue increase in 2010 through an EHC adjustment on oil containers. The government committee reviewing the request did not want to address or support any levy increases at this time. The Alberta Minister of the Environment, responsible for AUOMA's regulation in government, has directed AUOMA to revisit its request but to do so with supporting documentation on improvements to program and program expenditures that might mitigate financial strain on the association. AUOMA is undertaking these reviews. Amendments to AUOMA's program operating procedures on RI expenditures have been completed, in an effort to streamline records and payouts for recycled materials. The results on this initiative seem positive but indefinite at this time.

The business plan and budget for the 2010 to 2012 period is largely affected as it should be by the results, or lack of, from the previous period. AUOMA is working diligently with its stakeholders, some more than previously experienced, in an effort to engage every meaningful resource, competency and collaboration possible, to facilitate AUOMA's success in achieving its on goals in this demanding, perhaps transforming, period.

4 BUSINESS PLAN OVERVIEW

This business plan outlines the direction AUOMA will follow over the next three years.

4.1 CORE BUSINESSES

AUOMA has three core businesses:

Core Business 1: Program Management

AUOMA administers used oil material waste minimization and recycling programs directed at the private sector.

Core Business 2: Communications

AUOMA informs stakeholders of the need and benefit of returning used oil materials for recycling.

Core Business 3: Funds Management

AUOMA prudently manages Environmental Handling Charge (EHC) and Return Incentive (RI) funds to fulfill its mandate.

4.2 GOALS

Each core business has four set goals:

1. Meaningful accountability to all stakeholders.
2. Optimized program recovery rates.
3. Informed stakeholders, including participating Wholesale Suppliers, Collectors and Processors.
4. Responsible management of used oil materials.

4.3 STRATEGIC AREAS AND PERFORMANCE MEASURES

Each goal is achieved through activities undertaken within three measured, strategic areas:

1. Wholesale Suppliers and EHC.
2. Collectors, Processors and RI.
3. Program Integrity and Growth.

5 CORE BUSINESSES IN DETAIL

5.1 CORE BUSINESS 1: PROGRAM MANAGEMENT

AUOMA administers used oil material waste minimization and recycling programs directed at the private sector.

GOAL 1: MEANINGFUL ACCOUNTABILITY TO ALL STAKEHOLDERS

Key Strategies

Wholesale Suppliers and EHC

5.1.1 MAXIMIZE THE COLLECTION OF EHC

The EHC is collected on the sale of oil, oil filters and oil containers. Through effective communication with members and registered remitters, and AUOMA's remittance enforcement policy, AUOMA will ensure that organizations that are first-sellers of EHC applicable products in Alberta are registered with AUOMA and complying with the Regulation.

AUOMA and affiliate used oil management associations in Canada (UOMA) have communicated with its EHC registrants/association membership on an opportunity to include the wholesale supply of automotive glycol products (e.g. antifreeze) and glycol/windshield washer and lubricating oil additives plastic containers in the used oil materials recycling program. These products are showing up in collections for recycling but they are not being tracked or encouraged for collection. Unfunded RIs are being paid out for these ineligible materials. AUOMA has urged regulatory inclusion for these materials to enable fund management for collection and recycling. AUOMA and its affiliates will determine a magnitude of impact by glycol-related products in its waste collection streams to in turn determine effective means to address handling these products.

AUOMA administers a material specific data management system that tracks the volumes of EHC applicable materials. This system is used to track sales and assist in ensuring EHCs are remitted. As well, regular compliance reviews are conducted to ensure the completeness and accuracy of EHC remittances. EHC management remains a collaborative effort with used oil management associations in Canada.

Key Outcome Measures

- Regulatory sanction to set EHCs through market-driven direction and authority.
- Eligibility of glycol and related products as EHC applicable and regulatory approval for inclusion.
- New EHC's with member and stakeholder support, if/as appropriate.

<u>Collection of EHC</u>	
<u>Year</u>	<u>EHC Revenue</u>
2009 projected	\$14.3 million
2009 budgeted	\$15.6 million
2010 budgeted	\$14.2 million

2011 budgeted	\$14.2 million
2012 budgeted	\$14.1 million

Collectors, Processors and RI

5.1.2 MAXIMIZE THE FLOW-THROUGH OF EHCS TO RIS

AUOMA will ensure that the cost of administering the programs will remain low, and a high percentage of the flow-through of EHCs will be to RIs and other program costs. AUOMA will monitor closely its administrative and program costs by tracking all costs and comparing them to budget and previous periods. The Board of Directors will review AUOMA's financial and operations reports at least quarterly.

Key Outcome Measures

Maximize flow-through of EHCs to RIs

Year	Percentage*
2009 projected	4.1%
2009 budgeted	3.7%
2010 budgeted	4.5%
2011 budgeted	4.8%
2012 budgeted	5.0%

*Percentage of funds management costs as a percentage of EHC.

Program Integrity and Growth

5.1.3 ENCOURAGE A SELF-SUSTAINING USED OIL MATERIAL RECYCLING INDUSTRY

AUOMA will not own or control collection or recycling facilities, or used oil materials. AUOMA will review its program regularly to address potential improvements and to encourage sustained high rates of recovery of used oil materials.

Key Outcome Measures

- Alberta Environment, Used Oil Management Associations (UOMA) and stakeholders cooperation and consensus on:
 - life cycle analysis of oil and oil containers, including cost-benefit analysis of used oil materials recycling opportunities;
 - Used oil recycling program appropriateness to cost-benefit outcomes.

5.1.4 EFFECTIVE GOVERNANCE

AUOMA will fulfill its responsibility to deliver effective and efficient administration and to meet its obligations associated with sound corporate governance. AUOMA will continue to maintain and report against a corporate governance framework as laid out in its Director's Manual.

AUOMA will ensure that the documents required as part of the corporate governance framework are prepared, reviewed and reported on annually, in conjunction with AUOMA's Annual Report.

AUOMA has undertaken a governance review, updated its Director's Manual and continues to strive to achieve best practices in self-governance. AUOMA's Board reports to the Minister of Environment on an annual basis and operates also under a Memorandum of Understanding with the Minister on separation of responsibilities.

Key Outcome Measures

- Continued review of Board responsibilities and actions by Board Committee against governance policies and directives, and reports to Board.

5.1.5 ENSURE FULL ACCOUNTABILITY

AUOMA follows a comprehensive accountability framework that ensures it acts according to its mandate and objectives. The accountability framework governs AUOMA in a manner that ensures its mandate is being fulfilled, its objectives are being pursued, and that the members and the Board of Directors are well informed. AUOMA reviews, assesses and reports on project compliance, quarterly financial and operations statements, budgeting, Business Plan and Annual Reports, and an Incentive Program for Collectors and Processors. AUOMA will continue to be accountable to, and supportive of, its membership.

AUOMA's policies and protocols forming its accountability framework are reviewed periodically for reliability and currency. A 2008-09 regulatory review will be continued in 2010-11 and expanded to include major reviews of AUOMA's programs and oil materials it impacts.

Key Outcome Measures

- Finance and operations quarterly reports.
- Audit and Annual Reports.
- 2010-12 Business Plan and Budget.
- EHC Compliance Review Reports.
- Program, product and regulatory review reports.
- Board and committee meeting minutes.

5.1.6 MAINTAIN PROGRAM CONSISTENCY

Program consistency between affiliate used oil materials associations in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Ontario allows national and international members the ability to collect and remit the EHC with minimal computer software adjustments, minimal training of a new provincial program and minimal additional changes to internal procedures to ensure compliance. A significant common membership encourages national collaboration on recycling objectives. By liaising with the other used oil recycling associations and ensuring effective communication with members, AUOMA will ensure any changes or updates to the program are consistent with other provinces as is practicable.

AUOMA is inconsistent with its affiliates on two fronts. First, the rate for Environmental Handling Charges for oil containers is \$0.05/L less in Alberta than elsewhere in Canada. Second, AUOMA is the only member of a national group of used oil management associations (UOMA) unable to collaborate on joint Annual General Meetings held out-of-province because of restrictions in Alberta's Societies Act. AUOMA will continue to address these inconsistencies in hope of removing them.

Key Outcome Measures

- Continued affiliation with national used oil management associations.
- Continued program development in keeping with national standards.
- Measure of leadership in setting national program standards.
- Regulatory/legal amendments enabling improved program management.

GOAL 2: OPTIMIZED PROGRAM RECOVERY RATES

Key Strategies

Wholesale Suppliers and EHC

5.1.7 PROMOTE INCREASE IN RECOVERY RATES

AUOMA is committed to promoting recovery rates (percentage of recoverable used oil materials generated, that are collected under AUOMA's program) of used oil, oil filters and oil containers in Alberta to achieve optimal recovery.

Through effective communication with Collectors, Processors and oil material Generators and managed RIs, AUOMA will work to continue to achieve a growth in the recovery rate. AUOMA will continue to monitor the incentive program to stimulate the collection and recycling of used oil materials as needed, and ensure reliable data on collections. AUOMA may introduce changes to the incentive program to meet its objectives.

AUOMA maintains a database of return collection facilities that will accept used oil materials from consumers. The database can be accessed by the public via a toll-free number or through AUOMA's website.

Key Outcome Measures

- Diligence on collections and processing, and accuracy in reporting, to ensure optimal recovery rates.
- Modification of collections, processing and reporting procedures, if or as required.
- Creation of a technical advisory group to facilitate information exchange and cooperation amongst program stakeholders on program plans and requirements.
- EHC and RI levels at appropriate levels and relationship to optimize recovery of used oil materials.

Collectors, Processors and RI

5.1.8 ENCOURAGE COLLECTING AND RECYCLING INDUSTRY PARTICIPATION

The programs in place are required in order to improve service, increase the collection of used oil materials and enhance the collection system infrastructure, in particular for used oil filters and oil containers.

AUOMA will strive for enhanced communication with Collectors and Processors through meetings and constructive exchanges with Collectors and Processors. As required, reviews of RIs, zone allocations and any other issues that face AUOMA and its stakeholders should further enable stakeholder input to AUOMA plans and actions.

Key Outcome Measure

Enhanced communication with collectors and processors to garner C&P input and cooperation on policies, procedures and reporting.

Program Integrity and Growth

5.1.9 APPROPRIATE MEASUREMENT TOOLS

AUOMA will continue to utilize meaningful measurement tools to monitor and report on recovery rates.

AUOMA administers a material specific data management system that tracks the volumes of used oil materials collected and processed, and identifies the zone from which it was collected. This system is used to evaluate recovery rates and geographical coverage of the collection of used oil materials to assist in the enhancement of the program, as required in AUOMA's goals.

By utilizing the measurement tools that have been put in place, AUOMA is able to track the current recovery rates for comparison to the planned recovery rates.

AUOMA undertook a survey of used oil filter collections in 2009, under the aegis of the Recycling Council of Alberta Summer Ambassador Program. Results are still pending, however, it is hoped that such surveys of used oil filters and containers can be done alternately each year, in order to build a more reliable database of average material content in collections.

Alberta Environment has encouraged AUOMA and the other recycling delegated administrative organizations (DAO) to undertake life cycle and cost-benefit analyses on products they recycle to help determine optimum end-use for the material and DAO influence on it. For AUOMA, additional program review, including full cost accounting on key program elements, has also been recommended by the department.

Key Outcome Measures

- Life cycle analyses on oil and oil containers and cost-benefit of products recycling options.
- Review of AUOMA's program, including full cost accounting on EHC revenues and RI and other key expenditures, and recommendations for program improvement.
- Further review of AUOMA's regulation and recommendations for regulatory improvement.
- Used oil container and filter surveys undertaken alternate years respectively.

5.1.10 MAINTAIN APPROPRIATE RECOVERY RATES IN ALL ZONES

AUOMA will ensure all areas of the province are achieving adequate recovery rates.

AUOMA has divided the province into 6 zones for the purpose of implementing freight-equalized RI rates as well as to facilitate tracking of regional recovery rates. As sales volumes by zone cannot be accurately determined, recycle rates by zone cannot be calculated accurately. For used oil container collections particularly, weights per volume collected challenge collectors and AUOMA on reported accuracy of materials collected, however, AUOMA strives for reasonable data through weight records for each zone.

AUOMA monitors recycle rates the following ways to best ascertain regional recovery:

- Calculate province-wide recycle rates by material.
- Yearly comparative of number of collection facilities by zone.
- Compare rural collection percentage against a long-term objective for each material.
- Lowest denominator unit of weight for used oil filters.
- Load weights/zone collections for used oil containers.
- Periodic surveys of used oil filter and container collections.

Key Outcome Measure

- Recovery rate targets by product and collection year (see [Appendix I](#)).
- A measurement of used oil materials rural collections to ascertain level of accuracy in zoned recovery rates. Determine improvements, if/as appropriate.
- Program review to ascertain value of zoned RI rates and the procedures for monitoring zoned collections.
- Continued pursuit of a mobile, downloadable electronic data processing system of used oil materials handling..

Some Assumptions for Recovery Rates

- Sales of lubricating oil and filters will continue to mirror the economic activity in the province. Oil container sales will grow at a lower rate.
- As collections reach maturity, discretionary costs will be scaled back and tailored to maintain the target levels of recovery.
- New and traditional markets for used oil materials will be largely driven by supply and demand, although AUOMA and market participants must be sensitive to sound environmental outcomes.
- Current economic downturns will impact demand for recycled materials.
- Program costs will be managed within the EHC/RI model.

5.1.11 MONITOR ACCEPTABLE MARKETS FOR PROCESSED USED OIL MATERIALS

AUOMA's program does not pay RIs for road oiling or land filling. AUOMA will monitor end uses to ensure its program requirements are being met. The association will work with stakeholders on promoting effective and practical end use of recycled products that meet optimal market and environmental objectives.

AUOMA, UOMA, Alberta Environment and stakeholders need to ascertain the impact of economic downturns on the used oil materials recycling industry and determine any appropriate measures to sustain the industry.

Key Outcome Measure

- Alberta Environment, UOMA and stakeholders cooperation on product and program reviews of used oil materials and recycling opportunities.

5.2 CORE BUSINESS 2: COMMUNICATIONS

AUOMA informs stakeholders of the need and benefit of returning used oil materials for recycling.

GOAL 3: INFORMED AND PARTICIPATING WHOLESALE SUPPLIERS, COLLECTORS AND PROCESSORS

Key Strategies

Wholesale Suppliers and EHC

5.2.1 ENCOURAGE PUBLIC AND INDUSTRY AWARENESS

AUOMA will continue to impact public awareness through “Make Every Drop Count”, “Shifting into High Gear” and other promotions. This will be accomplished through partnering with key stakeholders in order to reach a broad and diversified audience. AUOMA will participate in providing a consistent message across Western Canada by also partnering with British Columbia Used Oil Management Association (BCUOMA), Saskatchewan Association for Resource Recovery Corp. (SARRC), Manitoba Association for Resource Recovery Corp. (MARRC), Société de Gestion des Huiles Usagées (SOGHU) and Stewardship Ontario in the development of an integrated communications strategy.

Public access to AUOMA/UOMA is available through a website and call centre. Both are updated periodically, however, there is merit in checking both anew for value and utility to public need.

Key Outcome Measures

- Multimedia campaign to promote used oil materials recycling.
- Engagement of Recycling Council of Alberta student “ambassadors” in promoting recycling opportunities.
- EHC remitters/members survey on new applicable products.
- EHC remitters/members survey on EHC levels and adjustments.
- Review, update and modify as appropriate AUOMA’s call centre service and website.

Collectors, Processors and RI

5.2.2 COMMUNICATE WITH REGISTERED COLLECTORS AND PROCESSORS GROUP

As Collectors and Processors are an integral part of the AUOMA program, management will continue to exchange opinions with the Collector and Processor group on program improvements.

Key Outcome Measures

- Communicate with registered collectors and processors on mutual promotional opportunities.
- Ensure collectors and processors are aware of their rights with and obligations to environmental, transportation and other relevant legislation and regulation.

5.2.3 ASSIST ACCESS FOR GENERATORS TO REGISTERED COLLECTORS

AUOMA will continue to assist access for Generators to Registered Collectors of used oil products by regularly updating the website database for Registered Collectors. The RIs have been set by zones and by used oil material to ensure that Collectors have an incentive to service all markets in Alberta. Through communication with Collectors and Generators, AUOMA will work to ensure that communication linkages with Generators are adequate.

Key Outcome Measures

In cooperation with Collectors:

- Ensure appropriate signage/notices for Generator collection sites.
- Ensure an informed Public and Generators about used oil materials collection and recycling, including appropriate standards for recycling collection facilities.
- Maintain an improved, Collector-assisted Generator database to facilitate reliable, current contact with Generators.

Program Integrity and Growth

5.2.4 PROMOTE ADEQUATE RETURN COLLECTION FACILITY COVERAGE

The intent of the AUOMA program is to improve service and increase the collection of used oil materials in those markets not adequately serviced, without negatively impacting the collection and servicing of those markets that were well serviced prior to the program's implementation. AUOMA will follow-up with the Alberta Used Oil Recycling Corporation (AUORC) on its rural collection facilities to ensure available, appropriate service.

Summer student "ambassadors" were engaged to survey rural collection facilities to ascertain the level of service at each. Their 2009 report will cover facilities reviews in all six AUOMA zones undertaken over two years.

Key Outcome Measures

- Follow-up on reports by the summer student Ambassadors on rural used oil materials collection facilities.
- Trade show, event and media promotions of AUOMA's programs and used oil materials collection facilities.
- Multi-media promotions on used oil materials recycling.
- AUORC-AUOMA cooperation on on-going rural collection service.
- Review rural municipal awareness of and response to used oil materials recycling.

Return Collection Facility Coverage

AUOMA strives to ensure a minimum number of return collection facilities are available for all three materials in all zones. The most current data for 2009 is as follows:

Number of Collection Facilities				
Zone	Used Oil	Oil Filters	Oil Containers	Total by Zone
1	122	117	100	129
2	67	79	61	84
3	30	25	25	31
4	38	35	44	46
5	33	32	32	35
6	13	12	11	15
Total	<u>303</u>	<u>300</u>	<u>273</u>	<u>340</u>

5.3 CORE BUSINESS 3: FUNDS MANAGEMENT

AUOMA prudently manages Environmental Handling Charge (EHC) and Return Incentive (RI) funds to fulfill its mandate. Professional fund managers are engaged to provide direction and security on fund accounts.

GOAL 4: RESPONSIBLE MANAGEMENT OF USED OIL MATERIALS

Key Strategies

Wholesale Suppliers and EHC

5.3.1 COMPLIANCE WITH REGULATIONS

AUOMA will ensure that its fund management policies and procedures are in compliance with governing Regulations.

Key Outcome Measure

- Input to and direction from 2010 Regulatory Review on fund management.

Collectors, Processors and RI

5.3.2 ENSURE HIGH LEVEL OF PROGRAM COMPLIANCE

Through the development of policies and procedures, AUOMA will exercise due diligence in ensuring only those Collectors and Processors that meet the program terms and conditions receive funding through the AUOMA program.

Key Outcome Measure

- Continued implementation of RI procedures as presented in 2009 C&P Manual, and in Manual as may be amended.
- Development and implementation of a program audit.

Program Integrity and Growth

5.3.3 PROGRAM APPROVED END-USES

AUOMA does not support end-uses that result in road oiling or land filling. AUOMA does support market-driven, environmentally sound end-uses for used oil materials.

Key Outcome Measure

- Confirmation of acceptable recycling processes and product end-uses through life cycle analyses (LCA) of oil and oil containers, and cost-benefits of optional recycling opportunities.
- Review of AUOMA's recycling program pursuant to LCA and cost-benefit analyses, and modifications to the program as may be appropriate.

6 FINANCIAL PLAN

6.1 REVENUES AND EXPENDITURES

AUOMA's fiscal year-end is December 31st.

Budget

	2009 projection	2010 budget	2011 budget	2012 budget
	(In 000's)	(In 000's)	(In 000's)	(In 000's)
Revenue:				
Environmental Handling Charge	14,316	14,209	14,150	14,132
Interest and investment income	200	120	62	38
Registration fees	1	2	1	1
Total Revenue*	14,517	14,331	14,213	14,170
Expenditures:				
Program Management Costs:				
Return Incentives	14,339	13,382	13,546	13,712
Incentives for return collection facilities	36	-	-	-
Communications and public relations	233	310	325	342
Compliance Reviews	32	58	61	64
Management/Administration Contracts	52	53	57	59
Legal	20	10	11	11
Consulting	55	200	100	100
Allowance for bad debt	-	-	-	-
Total Program Management Costs*	14,767	14,013	14,100	15,287

* Figures rounded off to nearest zero

Budget (continued)

Expenditures (continued):

	2009 projection	2010 budget	2011 budget	2012 budget
	(In 000's)	(In 000's)	(In 000's)	(In 000's)
Administrative Costs:				
Management/Administration Contracts	339	349	371	384
Legal	40	41	42	44
Audit	44	41	42	44
Office and general expenses	77	95	99	107
Rent	44	62	77	80
Board expenses	35	43	44	45
Amortization	12	10	6	6
Total Administrative Costs*	590	641	681	710
Total Expenditures*	15,357	14,654	14,781	14,997
Excess Revenue Over Expenditures(Deficit)*	(840)	(323)	(567)	(818)

* Figures rounded off to nearest zero

Note on Reserve Fund

AUOMA has not contributed surplus funds to the Reserve Fund for several years. As a measure of financial security and in keeping with AUOMA's policy on maintaining a sunset clause for operations, AUOMA needs to establish a financial environment, through raised revenues/reduced costs that enables an annual contribution to the Reserve Fund. However, as a current and temporary measure to address projected program deficits, AUOMA's Board of Directors has approved drawing on reserve funds. The Board will continue to review its financial circumstances on a regular basis, including the need to readjust expenditures to offset deficient revenues, continue funds extraction from the reserve fund and/or request government amend regulation to help address revenue deficiency.

AUOMA Operating Cost Allocation

Administration: Includes expenditures resulting from the general administration of the AUOMA program including activities of the Board of Directors, management, staff, stakeholder communications, computer systems, space, supplies and overhead expenses. Management, staff and professional support costs are prorated according to the following chart.

Program Delivery: The direct cost of operating the AUOMA programs including merchandising and promotions, compliance reviews of EHC remittances and RI payments. Management, staff and professional support costs are prorated according to the following chart.

Allocation:

Cost	Administration %	Program Delivery %
Executive Director	80%	20%
Finance and Administration Staff	90%	10%
Legal Support	80%	20%
Internal Audit	100%	-
Program Compliance Reviews	-	100%
Program Promotion	-	100%

6.2 MONITORING AND EVALUATION

AUOMA will continue to monitor its actual results and will compare these to the planning estimates or performance measures established for each goal. Business plan evaluation reports will be prepared by management and presented to the Board at each Board meeting.

AUOMA is prepared to assess and adjust the plan at any time to ensure that it is pursuing its goals and objectives in the most effective and efficient manner. Adjusting the plan may be expressed by modifying the approach used to manage project types and expenditures, or by modifying targets to more appropriate levels.

AUOMA is committed to evaluating its goals annually to ensure they are consistent with its mandate and objectives, and add or adjust its goals as may be desirable with regard to the above. Areas for improvement are identified as part of an annual overall evaluation by AUOMA, through its Board of Directors in conjunction with management, as part of the annual reporting function. All policies and procedures are reviewed annually to ensure consistency with AUOMA's mission, objectives and goals, and to assess effectiveness.

This business plan is updated annually and the Board approves the annual three-year business plan prior to the fiscal year-end of AUOMA.

APPENDIX I

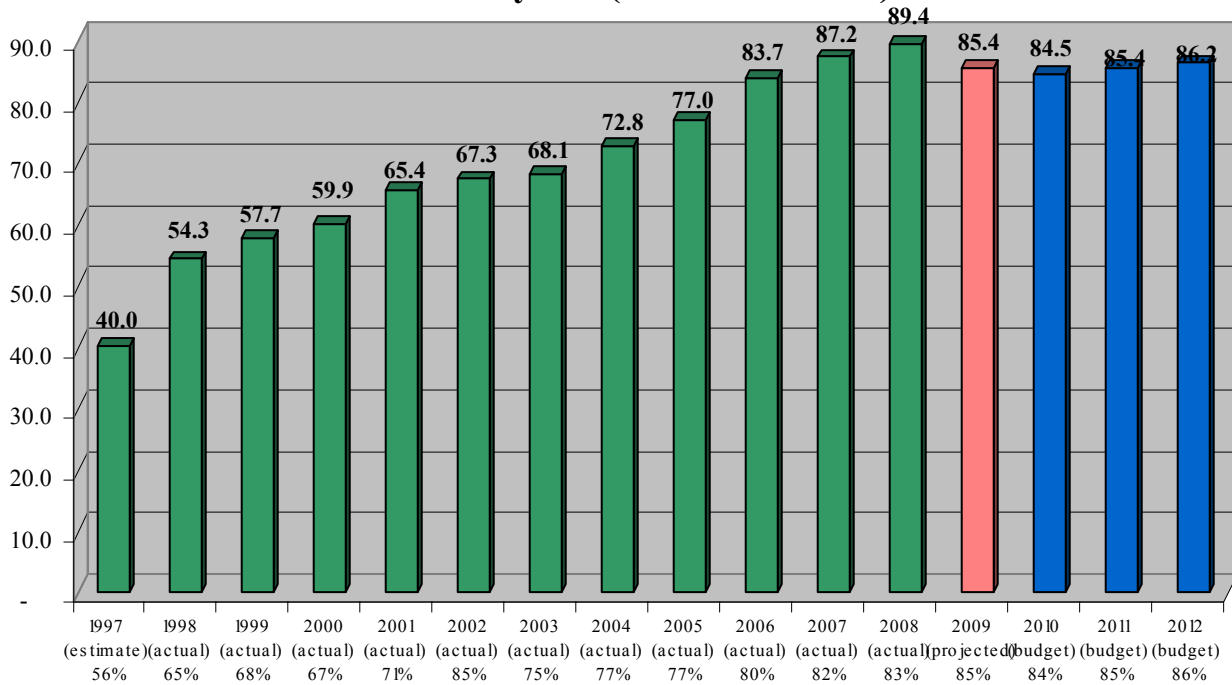
RECOVERY RATE TARGETS

Recovery Rates

Used oil recycled

Year	2009 projection	2010 budget	2011 budget	2012 budget
Estimated Sales (in millions)	155.6 L	155.6 L	155.6 L	155.6 L
Estimated Recoverable Portion (in millions)	100.4 L	100.4 L	100.4 L	100.4 L
Estimated Percentage Recovered	85.1	84.2	85.1	85.9
Estimated Quantity Recovered (in millions)	85.4 L	84.5 L	85.4 L	86.2 L

Used Oil Recycled (millions of litres)



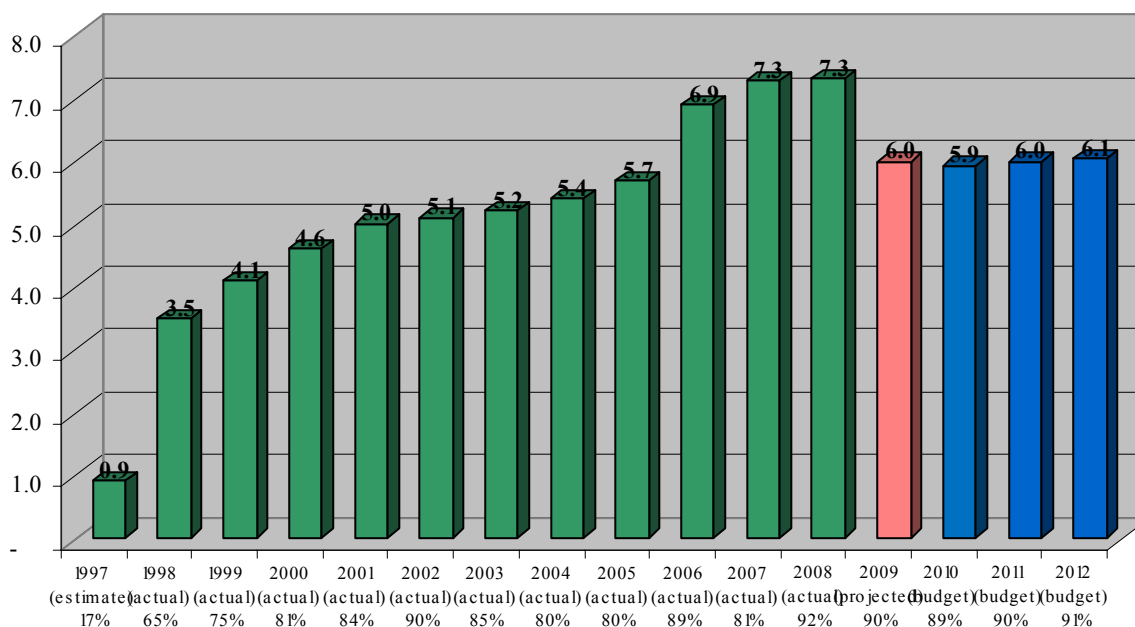
Assumptions: Annual Sales Growth – 0.0%, 0.0%, 0.0%
Annual Collections Growth – (1.0%), 1.0%, 1.0%

Increase in the percentage recovery rate in 2002 is due to an adjustment made to correct volumes of railway oil that were credited to AUMOA in error. The following years data is unaffected by this correction..

Used filters recycled

Year	2009 projection	2010 budget	2011 budget	2012 budget
Estimated Sales (in millions)	7.76 (6.63 kg)	7.76 (6.63 kg)	7.76 (6.63 kg)	7.76 (6.63 kg)
Estimated Recoverable Portion (in millions)	6.63 kg	6.63 kg	6.63 kg	6.63 kg
Estimated Percentage Recovered	90.31	89.40	90.30	91.20
Estimated Quantity Recovered (in millions)	5.99 kg	5.93 kg	5.99 kg	6.05 kg

Used Filters Recycled (millions of kgs)



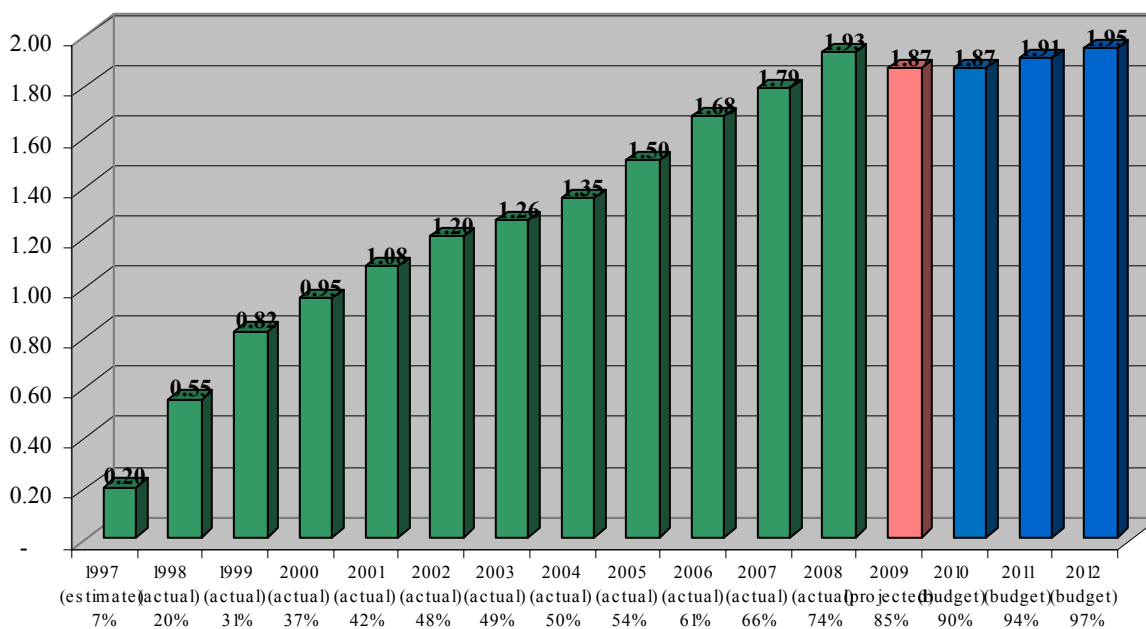
Assumptions: Annual Sales Growth – 0.0%, 0.0%, 0.0% Annual Collections Growth – (1.0)%, 1.0%, 1.0%

Drop in percentage recovery of filters occurred in 2003 because of an increase in filter sales due to the capture of some hydraulic and transmission filters not previously registered in the program. As these filters were being collected, the increased sales did not see a corresponding increase in collections, therefore, an apparent reduction in percentage recovery. Drop in 2007 rate due to deficient claims by a large collector, since corrected.

Used containers recycled

Year	2009 projection	2010 budget	2011 budget	2012 budget
Estimated Sales (in millions)	40.99 L (2.20 kg)	38.94 L (2.09 kg)	37.78 L (2.02 kg)	37.40 L (2.00 kg)
Estimated Recoverable Portion (in millions)	2.20 kg	2.09 kg	2.02 kg	2.00 kg
Estimated Percentage Recovered	85.19	89.67	94.29	97.15
Estimated Quantity Recovered (in millions)	1.87 kg	1.87 kg	1.91 kg	1.95 kg

Used Oil Containers Recycled (in thousands of kgs)



Assumptions: Annual Sales Growth – (5.0) %, (3.0)%, (1.0)% Annual Collections Growth – 0.0%, 2.0%, 2.0%.

APPENDIX II

SUMMARY OF KEY OUTCOME MEASURES

PROGRAM MANAGEMENT (CORE BUSINESS 1)

GOAL 1 - ACCOUNTABILITY

Maximize EHC Collection (5.1.1)

- Regulatory sanction to set EHCs through market-driven direction and authority.
- Glycol products as EHC applicable and seek regulatory approval for inclusion.
- Revised EHC's with member and stakeholder support, if/as appropriate.

Collection of EHC

Year	EHC Revenue
2009 projected	\$14.3 million
2009 budgeted	\$15.6 million
2010 budgeted	\$14.2 million
2011 budgeted	\$14.2 million
2012 budgeted	\$14.1 million

Maximize EHC to RI Flow-Through (5.1.2)

Maximize flow-through of EHCs to RIs

Year	Percentage*
2009 projected	4.1%
2009 budgeted	3.7%
2010 budgeted	4.5%
2011 budgeted	4.8%
2012 budgeted	5.0%

*Percentage of funds management costs as a percentage of EHC.

Encourage a Self-Sustaining Used Oil Material Recycling Industry (5.1.3)

- Alberta Environment, Used Oil Management Associations (UOMA) and stakeholders consensus and cooperation on:
 - life cycle analysis on oil and oil containers;
 - cost-benefit analysis of used oil materials recycling opportunities;
 - Used oil recycling program appropriateness to cost-benefit outcomes.

Effective Governance (5.1.4)

- Continued review of Board responsibilities and actions by Board Committee, against governance policies and directives, and reports to Board on results.

Full Accountability (5.1.5)

- Finance and operations quarterly reports.
- Audit and Annual Reports.
- 2010-12 Business Plan and Budget.
- EHC Compliance Review Reports.
- Program, product and regulatory reviews reports.
- Board and committee meeting minutes.

Program Consistency (5.1.6)

- Continued affiliation with national used oil management associations.
- Continued program development in keeping with national standards.
- Measure of leadership in setting national program standards.
- Regulatory/legal amendments enabling improved program management.

GOAL 2 – OPTIMIZED RECOVERY RATES

Increase Recovery Rates (5.1.7)

- Diligence on collections and processing, and accuracy in reporting, to ensure optimal recovery rates.
- Modification of collections, processing and reporting procedures, if or as required.
- Creation of a technical advisory group to facilitate information exchange and cooperation amongst program stakeholders on program plans and requirements.
- EHC and RI levels at appropriate levels and relationship to optimize recovery of used oil materials.

Industry Participation (5.1.8)

- Enhanced communication with collectors and processors, especially on used oil container recycling, to garner C&P input and cooperation on program policies, procedures and reporting.

Measurements (5.1.9)

- Life cycle analysis (LCA) on oil and oil containers and cost-benefit of products recycling options.
- Review of AUOMA's program, including full-cost accounting of EHC revenues and RI and other expenditures, and recommendations for program improvement.
- Further review of AUOMA's regulation and recommendations for regulatory improvement.
- Used oil container and filter surveys undertaken alternate years respectively.

Appropriate Recovery Rates (5.1.10)

- Recovery rate targets by product and collection year (see [Appendix I](#)).
- Measurement of used oil materials rural collections for ascertained level of accuracy in zoned recovery rates. Determine improvements, if/as appropriate.
- Program review to ascertain value of zoned RI rates and the procedures for monitoring zoned collections.
- Continued review of a mobile, downloadable electronic data processing system of used oil materials handling.

Markets for Processed Used Oil Materials (5.1.11)

- Alberta Environment, UOMA and stakeholders cooperation on product and program reviews of used oil materials and recycling opportunities.

COMMUNICATIONS (CORE BUSINESS 2)

GOAL 3 – INFORMED STAKEHOLDERS

Public and Industry Awareness (5.2.1)

- Multimedia campaign to promote used oil materials recycling.
- Engage Recycling Council of Alberta student “ambassadors” in promoting recycling opportunities.
- EHC remitters/members survey on new applicable products.
- EHC remitters/members survey on EHC levels and adjustments.
- Review, update and modify as appropriate AUOMA’s call centre service and website.

Communicate with C&P (5.2.2)

- Communicate with registered collectors and processors on mutual promotional opportunities.
- Ensure collectors and processors are aware of the rights with and obligations to environmental, transportation and other relevant legislation and regulation.

Collector Access for Generators (5.2.3)

- In cooperation with Collectors:
 - Ensure Generator relationship with registered Collectors to facilitate mutual, positive service.
 - Ensure appropriate signage/notices at Generator collection sites.
 - Ensure an informed Public and Generators about used oil materials collection and recycling, including appropriate standards for recycling collection facilities.
 - Maintain an improved, Collector-assisted Generator database to ensure reliable, current contact with Generators.

Adequate Collection Facility Coverage (5.2.4)

- Follow-up on reports by summer student Ambassadors on rural used oil materials collection facilities.
- Trade show, event and media promotions of AUOMA’s programs and used oil materials collection facilities.
- Multi-media promotions on used oil materials recycling.
- AUORC-AUOMA cooperation on on-going rural collection service.
- Review rural municipal awareness of and response to used oil materials recycling.

FUNDS MANAGEMENT (CORE BUSINESS 3)

GOAL 4 – RESPONSIBLE MANAGEMENT OF USED OIL MATERIALS PROGRAM

Regulatory Compliance (5.3.1)

- Input to and direction on 2010 Regulatory Review on fund management.

Program Compliance (5.3.2)

- Continued implementation of RI procedures as presented in 2009 Collectors and Processors Manual, and in Manual as may be amended.
- Development and implementation of a program audit.

End Uses (5.3.3)

- Confirmation of acceptable recycling processes and product end-uses through life cycle analysis (LCA) of oil and oil containers, and cost-benefit of optional recycling opportunities.
- Review of AUOMA's recycling program pursuant to LCA and cost-benefit analyses, and modifications to the program as appropriate.