

BCUOMA – MOVING TO A NEW SYSTEM ON JULY 22, 2003, FOR COLLECTING USED OIL, WITH FILTERS AND CONTAINERS ADDED

AUDIENCE – BRAND-OWNERS, RETAILERS, INDUSTRIAL & COMMERCIAL GENERATORS AND CONSUMERS

Question & Answers

June 2, 2003

What is BCUOMA?

The British Columbia Used Oil Management Association is a not-for-profit organization incorporated under the Societies Act (British Columbia) with membership open to all brand-owners (first sellers) of oil materials in British Columbia.

A multi-stakeholder Board of Directors manages BCUOMA, with representatives from manufacturing, retailing, local government, the Province of British Columbia, and other non-government organizations.

Why is there concern for proper management of used oil materials (used oil, filters & oil containers)?

Used oil, filters and oil containers (containing more than 3% by weight of oil) are classified as a special waste under the *Special Waste Regulation*. Just 4.5 liters of used oil from a single oil change can ruin 4.5 million liters of fresh water – a year's supply for 50 people. By recycling these materials we will protect the environment and conserve non-renewable resources.

Why was BCUOMA formed?

On January 23, 2003, the *Post-Consumer Residual Stewardship Program Regulation (PCRSPR)* was amended to include used oil, filters and plastic oil containers as of July 22, 2003. On that same day the current retail-based *Return of Used Lubricating Oil Regulation* will be rescinded. The *PCRSPR* gave brand-owners until the end of March 2003 to submit their own program for the approval by the Director or form an association to develop a stewardship program on their behalf. Only BCUOMA has met this requirement.

Is this the first Industry stewardship program in British Columbia?

Under the *PCRSPR* and the *Beverage Containers Stewardship Program Regulation*, British Columbians already participate in stewardship programs for paint, paint aerosols, solvents,

household pesticides, gasoline, pharmaceuticals and beverage containers. In each of these programs, it is industry that is responsible for collecting and recycling the materials and for collecting the funds required to manage the program.

How will BCUOMA represent me as a brand-owner under the *PCRSPR*?

BCUOMA submitted a Stewardship Program Plan to the Director of the Environmental Management Branch in Victoria on March 27, 2003, on behalf of all lubricating oil material brand-owners in British Columbia. On May 2, 2003 the Director approved the program plan subject to the brand-owners becoming members of BCUOMA and notifying the Director that they have joined BCUOMA and specifying that the duties required under the *PCRSPR* will be performed on their behalf by BCUOMA. As well, BCUOMA has to advise the Director in writing that it will perform the duties on behalf of the registered brand-owners.

*If brand-owners register with BCUOMA by signing the enclosed Membership Agreement and remitting the membership fee of \$200, and send a letter to the Director of Environmental Management advising him that they have joined BCUOMA and it acts on their behalf, they are in compliance with the *PCRSPR*.*

Who is required to participate in the program?

All those who sell oil and oil filters – brand-owners (first sellers) are required by provincial regulation to participate in the program.

What will BCUOMA do?

BCUOMA's mandate is to put in place a new program to facilitate and increase collection, management and recycling of used lubricating oil in British Columbia from primarily a return-to-retail system to one that is a combination of depots and other collection facilities where the retailer voluntarily decides whether or not to be a return collection facility. In addition, as part of the new program, oil filters and plastic oil containers 30 liters or less in size, will be included in the collection and recycling system as of July 22, 2003.

As a self-sufficient organization, BCUOMA intends to cover all market segments in all geographic areas of the province. It will seek to work harmoniously with the used oil recycling associations in Alberta, Saskatchewan and Manitoba to ensure consistent standards are met.

How will things change on July 22, 2003?

On July 22, 2003, the *Return of Used Lubricating Oil Regulation* will be rescinded and retailers will no longer by law have to accept used oil. However, it will be important for retailers to recognize that it will take some time for consumers to understand and accept that they won't be able to take back their used oil to all of the same places that they have returned it to for many years.

Brand-owners and retailers are encouraged to start the education process with their industrial, commercial and retail customers well in advance of the July 22nd date by handing out BCUOMA or brand-owner specific information materials to customers who buy new oil and bring back their used oil. Customers should also be advised through the information materials that as of July 22nd they can also return oil filters and oil containers to approved collection facilities.

Will BCUOMA assist brand-owners and retailers in getting the message of change to their industrial, commercial and retail customers?

BCUOMA will assist brand-owners and retailers by providing them with a supply of 3 inch by 7 inch Point Of Sale (P.O.S.) flyers to hand out to customers and a one-page information bulletin that outlines that benefits of being a return collection facility and who to contact. To order these materials please call 1-866-254-0555. In addition, BCUOMA can assist by supplying the logo and artwork to brand-owners and large retailers who wish to supplement the BCUOMA materials with their own information.

If a retailer no longer wants to be a return collection facility as of July 22, 2003, what should they do?

Retailers, or their representative brand-owner, who want to close their collection facility as of July 22, 2003 should contact the Executive Director of BCUOMA at 604-703-1990 or at rondriedger@shaw.ca with the names, locations and addresses of the facilities that will close. In order to minimize confusion for consumers and to insure that they have access to convenient return collection facilities, it is important that a transition strategy be worked out with BCUOMA well in advance of July 22, 2003.

Who will pay for used oil, filters and containers to be picked up on August 1, 2003 from Collection Facilities and Commercial & Industrial Generators?

As of August 1, 2003, BCUOMA will pay registered Collectors a Return Incentive (RI) for used oil, filters and containers picked up from return collection facilities and commercial and industrial generators.

For industrial and commercial generators, the net cost to those responsibly managing their used oil materials should be relatively unchanged. For those retailers who wish to remain as a collection facility, there will be a significant change in the cost structure of managing these materials. Retailers will see a reduction in their disposal costs or even receive a small payment for their oil materials, which will be market driven. As of August 1, 2003, a registered Collector will be paid a return incentive by BCUOMA to pick up these materials.

Consumers will not have to pay the BCUOMA registered collection facility when they return their used oil, filters and oil containers. However, it is likely that retailers will pass on to the consumer the EHC assessed to them by the brand-owners in the form of an up-front charge shown separately on the sales slip or others may simply add it on to the shelf price. **Note: This is not a deposit/refund system.**

Is the Environmental Handling Charge (EHC) another government tax?

No, the EHC is an industry handling charge collected by BCUOMA from its member companies. All the funds collected are dedicated to increasing the collection and processing of oil materials; none of the funds go to government.

Does the consumer pay GST & PST on the EHC?

Yes, the EHC is considered as part of the selling price of the product and is eligible for the federal GST of 7% and the provincial PST of 7.5%.

Will the EHC be reduced or raised in the future?

Yes, it is possible the EHC will be reduced or raised in the future. The EHC must reflect the dynamics of the market conditions for used oil, filters and containers. Any future changes to the EHC will be coordinated with the other Canadian oil stewardship programs.

What are lubricating oil materials?

The materials designated under this category are:

Lubricating oil – means all petroleum-derived or synthetic crankcase oils, engine oils hydraulic fluids, transmission fluids, gear oils, heat transfer fluids or other oils, or fluids used for lubricating purposes in machinery or equipment.

Filter – means all spin-on or element-style fluid filters that are used in hydraulic, transmission or internal combustion engine applications including all oil, diesel fuel, coolant, storage tank, and household furnace oil filters, but does not include gasoline, air and household furnace air filters or filters without significant metal content.

It was recently decided that all four Western Canadian provinces, including British Columbia, will also be including EHC's on the following three filter types:

- **Sump type automatic transmission filters,**
- **Plastic / paper element style filters,**
- **Fuel filter used at retail and commercial pump islands.**

Oil container – means all empty containers with a capacity of 30 liters or less that are manufactured and used for the purpose of containing lubricating oil.

What quantity of used oil products is available for recycling?

Throughout British Columbia in 2002, approximately 75 million liters of used oil, 7 million filters and 2.2 million kilograms of plastic containers were available for recycling.

What quantity of used oil products are British Columbians now recycling?

At this time it is estimated that British Columbians are recovering 61% of what could be recycled for oil, 17% for filters and only 12% for oil containers.

Why are return incentives needed?

Existing market economics do not support the collection and processing steps required for this program in order to protect human health and the environment. This is because the current value of the re-processed oil material does not cover the costs of collection and processing.

Who specifically levies and collects the EHC?

The EHC is levied and collected at the wholesale level by manufacturers, marketers, wholesalers, retail distributors, jobbers, wholesale equipment suppliers and importers of oil materials as defined below.

Manufacturer: a manufacturer of oil materials who supplies their own brand of product to a jobber, a retailer or the end user.

Marketer: a marketer who owns the brand of oil materials supplied to a jobber, a retailer or the end user. In this case, the oil materials can be manufactured for the marketer by another person. A marketer who is the licensee of the oil materials supplied to a jobber, a retailer or the end user. The oil materials can be manufactured for the marketer by another person.

Wholesaler: A wholesaler, including a retail distributor, who supplies oil materials to a jobber, a retailer or the end user.

Jobber: A jobber who supplies oil materials that he/she has imported into British Columbia to a retailer or the end user.

Retailer: A retailer who supplies oil materials that he/she has imported into British Columbia to the end user.

Wholesale Equipment Supplier: A wholesale equipment supplier who, when supplying equipment to its dealers or the end users of the equipment, also supplies oil materials.

NOTE: Jobbers and retailers as defined here have the option of not registering with BCUOMA providing all their purchases and sales are in British Columbia. In this case, their supplier would be responsible for collecting and remitting the EHC. This will be typical for most jobbers and retailers.

The EHC will only be charged or paid once on the particular oil material. The charge is levied on the first sale to a non-registered buyer. Transactions between those registered with the BCUOMA are exempt from the levy.

How will BCUOMA keep track of those required to collect the EHC?

Under the new regulation, those required to levy and collect the EHC should register with BCUOMA at 1050 – Scotia 1, Scotia Place, 10060 Jasper Ave., Edmonton, AB, T5J 3R8, telephone 780-414-1510, toll free number from BC 1-866-254-0555, fax 780-414-1519. Registrants must complete and sign a membership agreement and pay a one-time fee of \$200 or as determined by the Association. Only those registered will be eligible to be brand-owners (first sellers) of oil materials in British Columbia under the BCUOMA approved Stewardship Program. BCUOMA will assign each approved applicant a registration number and issue a certificate of registration. Notification of the number and the effective date of registration will be given in writing. The company name and address will also be listed on www.usedoilrecycling.com.

When will those registered have to begin collecting the EHC?

BCUOMA will commence collection of EHC's on July 1, 2003. Members will be encouraged to submit their funds to BCUOMA electronically. For the first 6 months (July 1, 2003 to December 31, 2003 inclusive) the EHC's will be collected monthly and quarterly thereafter.

What will happen to used oil when it is returned?

In Canada, 250 million litres of oil are recovered each year. Of that amount, it is estimated that 120 million litres is re-refined. Re-refining removes the contaminants from the oil and completely restores the original lubricating properties of the oil, making it as good as new. The remainder of the used oil is being recovered and used as industrial heating fuel and feedstock for asphalt production, and many other uses for which authorization is obtained under the *Waste Management Act* and the *Special Waste Regulations*.