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***Addressing the USEPA Dialogue on Sustainable Financing of Recycling  
– An Industry Perspective From British Columbia***

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## Role of Governments in Canada in recycling & solid waste management

- ◆ Role of Federal Government through Environment Canada – international role & coordinating role through CCME and regulator for First Nations and other Federal Lands
- ◆ Role of Provincial Governments – regulators (including setting targets & enforcing the regulation)
- ◆ Role of Regional Governments – Regional Districts – legislated responsibility managing MSW & preparing MSW Plans
- ◆ Role of Cities, Towns & Villages – closest form of government to the public for making it work & often part of the solution.

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## BC recycling Model developed over time

- It is important to understand the BC approach to financing recycling took many years to develop, and saw many revisions and refinements till it reached the stage it is today.
- In the mid to late 1980s, tire fires, biomedical waste washing up on beaches, landfills closing and extreme difficulty in siting new landfills led to the development of a Strategy in British Columbia for dealing with Municipal Solid Waste and Recycling in 1989.
- A BC Government appointed Task Force, chaired by a provincial member of the legislature, engaged local governments and other stakeholders through a series of public meetings throughout the province.
- In March, 1989 the Task Force submitted a Report to the Minister of Environment with 76 recommendations.



# Polluter pay principle & NEXT STEPS

- ◆ A key recommendation of the Task Force Report was the Polluter Pay Principle – Who ever creates the waste should pay for the recycling and/or disposal.
- ◆ In the fall of 1989 the BC Government by Legislation required:
  - Each of the 27 Regional Districts to prepare Solid Waste Management Plans by the end of 1995.
  - The Plan was to provide the blue-print for a 50% reduction in the amount going to disposal by the year 2000 for all towns, cities and unincorporated areas within that Regional District.
  - Before the Plan could be approved by the Minister of Environment, the Minister had to be assured that adequate public consultation was undertaken in developing the Plan.
- ◆ Once the Plan was approved by the Minister, the Regional District could approve bylaws and major expenditures for recycling, composting and disposal without going to a public vote or further consultation.

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## BC Government assisted Regional districts in plan implementation

- ◆ Paid for 50% of Plan development costs;
- ◆ Paid for up to 1/3 the costs of curbside recycling and composting initiatives.
- ◆ Developed a Solid Waste Management Planning Guide for Local Governments.
- ◆ Developed and put on Training Programs for Local Governments on public engagement and management of recycling and solid waste management programs.
- ◆ Developed and delivered ECO Education Programs in the elementary schools of BC on the 3 Rs of Reduce, Reuse & Recycle.
- ◆ Developing a measuring system to monitor the success of the Regional Districts in the achievement of the 50% reduction target.





## Evolution of financing recycling and solid waste in british columbia

- Pre-1990 it was the responsibility of the individual villages, towns and cities to raise the revenue to pay for dealing with municipal solid waste collection and disposal.
- There was very little recycling and most of the landfills were more like dumps, often with open burning in rural areas.
- In 1990, the larger Regional Districts were required by law to take on the overall responsibility for all solid waste management planning, recycling and disposal, including the development of financing options.

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## Paradigm shift in BC GOVERNMENT ACTION ON RECYCLING & SOLID WASTE MANAGEMENT – 1990's to 2004

- ◆ Gov. run tire & vehicle battery programs begin in July 1991 - \$3/tire levy & \$5/vehicle battery.
- ◆ Return to retail Regulation for used oil in 1992.
- ◆ Paint EPR Program in 1994 (First EPR program in North America).
- ◆ EPR Programs for Household solvents, pesticides, gasoline & pharmaceuticals in 1997.
- ◆ Amended Paint Reg. in 1997 to include all household, commercial & industrial aerosol paints

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## FURTHER BC GOVERNMENT ACTION ON RECYCLING & SOLID WASTE MANAGEMENT

- Expanded Deposit refund EPR system for beverage containers in 1998 to include all ready to serve beverages other than milk and milk substitutes.
- 2003 rescinded Return to Retail Reg. for used oil only and replaced it with a EPR Reg. for used oil, filters & oil containers.
- 2004 Consolidated all existing EPR Programs under Recycling Regulation with provisions for adding new products under a schedule in the Regulation.

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## WHAT INDUSTRY LOOKS FOR IN A REGULATION (as found in the bc RECYCLING REGULATION)

- High level targets and implementation dates should be set in the Regulation, but the details of the program should be covered in a Stewardship Plan approved by Government under the Regulation (easier to amend than a Regulation).
- To encourage cost-effective & innovative solutions, there should be an opportunity for a Producer to have their own Stewardship Plan or to combine with other Stewards under a Not-For Profit Industry Association (Government should not direct who or how the program should be run).

## WHAT INDUSTRY LOOKS FOR IN A REGULATION CoNt'd

- ◆ There should be a “Level Playing Field” with all Producers included, no matter how small (small free-riders can multiply & disrupt the market for producers who comply).
- ◆ Should be significant penalties for “free-riders” and government should enforce against “free-riders”.
- ◆ Producers should determine how the program will be financed and whether the fees will be visible or invisible (gov. should stay out of setting or influencing the fees – rather provide the producer with an incentive to run a cost effective program ).
- ◆ Producers have the ability to ensure no cross-subsidization for different product streams. Each stream pays their own way, which should help the move to “design for environment”.

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## WHAT INDUSTRY LOOKS FOR IN A REGULATION CoNt'd

- ◆ If the fees are visible the Regulation should require that an independent auditor be engaged annually to report on the revenue and expenditures, and the report be provided to the government and the public.
- ◆ There should not be a “middle level agency” between the producer/stewardship agency and the government (this adds significantly to the cost, bureaucracy and complexity of these programs).



## The issue of visible fees can be a controversial issue

- ◆ In BC, it is up to producers/retailers whether the fees will be visible or invisible.
- ◆ For the pharmaceutical and gasoline programs in BC, the fees are invisible (part of the selling price), while for most of the other programs the fees are visible and are shown separately on the sales receipt, at the discretion of the retailer.
- ◆ In some provinces in Canada this is a very controversial policy issue and visible fees are prohibited by regulation.
- ◆ The advantage of visible fees is that it is a powerful message to the public that there is a recycling fee for the product.
- ◆ The disadvantage to visible fees is that some members wrongly consider it a government tax, especially if gov. sets the fees.

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# Disposition of materials collected & processed

- BCUOMA allows any Collector (Hauler) and Processor to participate in the program provided they are registered:
  - Satisfactory Letter of Regulatory Compliance by independent qualified professional advising that they are in substantial compliance with environmental requirements (repeated every two years);
  - Have a valid Business Licence
- BCUOMA has controls in place to insure that payment to registered Collectors is only made once the claim has been signed off by a Registered Processor.
- The Processor must only sell the processed product for approved end-uses.
- Failure to meet requirements results in de-registration.
- Independent auditor verifies proper disposition of materials.

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# Good financial management is critical & challenging

- ◆ Program to audit fees from “producers” is very important (significant monies have been recovered by BCUOMA over the past 6 years).
- ◆ Higher recovery rates will have a significant impact on \$ required to fund the program and the environmental handling fee required to manage the higher recovery rates.
- ◆ It is very difficult to impossible to maintain the same environmental handling fee across the country when recovery rates vary greatly from province to province and state to state.
- ◆ Programs are usually designed in such a way that everyone in a province pays the same environmental handling fee but more money is required to service the rural areas.
- ◆ Despite the subsidy of rural areas, the expectations of service in rural areas can exceed what is reasonable.

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# Good financial management is critical & challenging cont'd

- ◆ Contamination of product stream with waste is a significant challenge and cost for take-back programs, especially the contribution from the “mid-night dumpers”.
- ◆ Important to have controls in place to insure that insure:
  - Claims for payments are made within specified time constraints;
  - Payments are only made for valid claims (not fabricated or duplicate claims);
- ◆ Challenge for any take-back program is to balance the need for developing synergies within a province or state for a simple, consistent message & system for take-back programs for the consumer with the need to harmonize across the country for other key components of the program that greatly assist producers who operate across the country (such as compliance audits, product list, etc.).

## Good financial management is critical & challenging cont'd

- BCUOMA shares an office with Alberta Used Oil Management Association in Edmonton to minimize costs.
- There is opportunity in the future for more provinces to join this shared office system since many of the producer members operate all across Canada.



# IN CLOSING

- ◆ Over many decades consumers have learned where to go for purchasing items & to dispose of used items, mostly in the garbage at curbside.
- ◆ With the advent of curbside recycling, composting and stewardship programs there is a whole new challenge for consumers.
- ◆ The number, complexity & diversity of the new products sold to consumers has dramatically increased while their product life is decreasing.
- ◆ Providing Producers in BC with a Level Playing Field Regulation, but giving them the freedom to set the fees and design a cost effective system, with specific audit and reporting requirements, has resulted in a very workable system for take-back of a whole range of products and packaging, with more being planned.

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# CONTACT INFORMATION

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**Thanks, a million.**

