

**SASKATCHEWAN ASSOCIATION
FOR RESOURCE RECOVERY CORP.**

**USED OIL, FILTER, ANTIFREEZE and OIL, ANTIFREEZE &
DIESEL EXHAUST FLUID (DEF) CONTAINER PRODUCT STEWARDSHIP PROGRAM**

June 12, 2018

A. Overview

The Saskatchewan Association for Resource Recovery (SARRC or the Corporation) is a member-based, not-for-profit **corporation** (Corporation number 212129) formed by oil, filter, antifreeze and diesel exhaust fluid (DEF) first sellers (the Members) in Saskatchewan to develop, implement and maintain a province-wide used oil, filter, antifreeze, and oil, antifreeze & DEF container (designated products) recycling program in Saskatchewan. This Product Stewardship Program (PSP) was developed according to *The Used Petroleum and Antifreeze Products Stewardship Regulations* (the Regulations) and associated documents for submission to the Saskatchewan Ministry of Environment (the Ministry).

First sellers within the program have agreed to add an environmental handling charge (EHC) on prescribed products at the point of purchase. SARRC administers this money on behalf of its Members to ensure compliance with the Regulations. The EHCs are used to fund program operations, provide incentives for collection and processing of program materials, and provide public recycling opportunities to all areas of the Province.

B. History

SARRC's used oil material recycling plan was initially based on the Waste Management Advisory Group (WMAG) plan developed by a multi-faceted group of stakeholders in Saskatchewan in 1993 and 1994, and on a similar plan developed by first sellers (Western Canada Used Oil, Filter and Container Task Force – WCTF) using the principles of extended producer responsibility. The foresight of industry, combined with working inter-provincially with governments, has led to a single, comprehensive, cost-effective, sustainable and province-wide program operating in harmony in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island and New Brunswick. SARRC continues to cooperate and harmonize with other jurisdictions, while maintaining focus on Saskatchewan operations and recycling results. Recycling of oil, filters and oil containers has been managed by SARRC since 1997, while antifreeze, antifreeze containers, and DEF containers were added to the program in 2014.

SARRC was one of the founding provincial associations of the National Used Oil Material and Antifreeze Advisory Council (NUOMAAC). This organization coordinates the Canada-wide used oil material and antifreeze recycling effort and encourages consistent national standards for this unique and successful industry-led stewardship recycling program. NUOMAAC advises SARRC on emerging and national issues as described below.

C. Principles and Goals

The principles and goals of SARRC, which form the foundation of the program, are as follows:

1. Operate using the principles of extended producer responsibility (EPR) according to the spirit of the Regulations;
2. Establish and operate a province-wide used oil materials, antifreeze and antifreeze & DEF container collection and recycling system that meets the requirements of *The Used Petroleum and Antifreeze Products Collection Regulations*;
3. Facilitate cost-effective collection of used oil, used oil and diesel fuel filters, antifreeze, and oil, antifreeze & DEF containers in Saskatchewan;
4. Represent Member interests as they pertain to obligations set out in the Regulations; and
5. Operate in a transparent and responsible manner while maintaining confidentiality of individual Member information.

D. SARRC Membership

SARRC is a Member-based corporation. SARRC's mandate comes directly from its Members, who are obligated by Regulation to establish a province-wide recycling system for the designated products. As such, Membership is open to:

1. All first sellers in Saskatchewan; and
2. Subject to SARRC Board approval, large wholesalers and distributors who purchase from first sellers and re-sell prescribed products.

A current listing of SARRC's membership can be found on the SARRC website.

Members must agree to, and sign, a Membership Agreement (also available on SARRC's website). There are three main requirements of members in the SARRC Membership Agreement. These requirements are to:

1. Remit EHCs to SARRC;
2. Agree to periodic audits by SARRC; and
3. Remain members of SARRC for at least 3 years.

These requirements establish funding for SARRC, provide the basis for transparency and accountability, and ensure that funding is in place long enough to maintain a province-wide collection system.

The provincial Used Oil Management Associations (UOMAs) in Canada jointly contract a blue-chip national accounting firm to conduct annual joint EHC compliance reviews of UOMA members that save money, time and human resources, and provide consistency for UOMAs and their common members.

E. Management Structure

Efficient program operation begins with transparent governance and a thorough understanding of responsibilities. The Regulations specify that each first seller is required to operate or participate in the operation of an effective and efficient, province-wide recycling program for prescribed materials sold. The first sellers have agreed to cooperatively form a not-for-profit corporation (SARRC) to fulfill this requirement on their behalf. First sellers (Members) then elect a Board of Directors to oversee operations of the Corporation. The Corporation then has the responsibility to deliver the program as described in this PSP.

Board of Directors

Governance of SARRC is overseen by a Board of Directors elected by Members of the Corporation. The Board of Directors is responsible for strategic direction, hiring and overseeing an Executive Director to run day to day operations of the program, reviewing program performance, and providing fiscal oversight. As per the corporate by-laws (Appendix 1), the Board of Directors is structured as follows:

- (a) two (2) Directors shall represent Oil First Sellers;
- (b) one (1) Director shall represent Filter First Sellers;
- (c) one (1) Director shall represent the Saskatchewan Association of Rural Municipalities;
- (d) one (1) Director shall represent the Saskatchewan Urban Municipalities Association;
- (e) one (1) Director, who is not also an elected representative of, or employee of, the Saskatchewan government or any Saskatchewan municipality, shall represent the public at large; and
- (f) one (1) Director shall represent emerging products for which recycling may be required in the future.

The structure of the Board ensures that at least three Directors represent Saskatchewan interests, representing urban municipalities, rural municipalities, and the public at large. All Directors, including Industry representatives, serve two-year terms and are elected at the SARRC annual general meeting. Directors are not required to be a Member or an employee of a Member, however at least one director must reside in Saskatchewan, and at least 25% of the Directors must be resident Canadians. In addition, one member of the Saskatchewan Ministry of Environment participates on the Board as an advisor.

SARRC has developed By-Laws over time (last amended in 2013) to outline governance of the Corporation, provide a framework for adoption of corporate policies, and ensure that all requirements of a not-for-profit corporation are followed. The By-Laws are available on the SARRC website and can only be amended through a vote of membership at an annual general meeting.

In addition to operational responsibilities, a key role of the Executive Director is to provide a confidential interface between Members and the Board, as the Corporation has access to sensitive business information about its Members, and access to this specific information may cause a competitive imbalance between Members. As such, the Executive Director and staff of SARRC present aggregated program data to the Board so that confidentiality is maintained.

Advisory Committee

Advisory committees are often useful to provide a mechanism for local input to be incorporated into nationally run organizations. In SARRC's case as an independent provincial program, governance and decision making are conducted locally through SARRC's Board of Directors, which ensures that local input is integrated in every aspect of SARRC's program.

To fulfill the advisory role, the National Used Oil Material and Antifreeze Advisory Council (NUOMAAC) was established in 2004 to coordinate the various provincial used oil management associations and to advise SARRC of emerging national and common interests. This committee is composed of the Executive Directors of the other provincial Used Oil Management Associations and their respective Board Chairpersons, as elected by members or directors as per specific association by-laws. Saskatchewan interests, within the national context, are represented by participation of SARRC's Executive Director and Board Chair. The NUOMAAC meets twice annually. The mandate of the NUOMAAC is to:

- Provide advice to provincial used oil management associations regarding common used oil material policy, program and regulatory coordination across Canada;
- Provide assistance in the development of new provincial used oil management associations in Canada;
- Develop a process or mechanism to review or add new products to the provincial programs;
- Assist provincial associations to co-ordinate EHC and RI rates, having regard to association requirements, collection objectives, demographics, adjacent border effects, collection rates, recycling industry factors and association business planning objectives;
- Manage trademarks, logos and copyrights for the benefit of all provincial associations;
- Meet as necessary to fulfil its mandate and assist provincial associations with strategic planning sessions.

F. Funding

Members of SARRC remit funds (Environmental Handling Charges – EHCs) based on a per unit rate common to all members on the sale of new collectible oil, oil and diesel fuel filters, antifreeze, or on the container that the oil, antifreeze or DEF is sold in (prescribed products). EHCs are applied per litre for oil and antifreeze, by filter size (under eight inches or eight inches and over) for oil filters, and by litre of container size for containers of 50 litres or less. EHCs are applied to the volume of liquid oil and antifreeze sold regardless of container size. Current EHCs and applicable products are available on the SARRC website.

EHCs can be set by the membership by vote at the Annual General Meetings of the corporation (one member – one vote). EHCs are reviewed periodically to maintain appropriate program funding, and may be changed based on changes in market conditions, trends in material types, increased understanding of recovery or other external factors.

One such review is the three-year rolling financial and used oil material recycling plan prepared each year for approval by the SARRC Board. The annual plan reports on past performance and projects a three-year plan for operations, cash flow and materials recycled. The cost and revenue estimates are then used to substantiate for the SARRC Board the level of EHCs required for each prescribed product. Should a change in EHCs be contemplated by the Board, then engagement with membership and the advisory council would begin, followed by communications, notification, and finally a motion would be prepared for vote at the AGM.

The role of NUOMAAC in this process would be to consider national harmonization, with particular attention to adjacent jurisdictions and what the potential effects of a change in EHCs would be on other related programs.

G. Program Operation

The Regulations require the recycling program to provide service to the entire province, as defined by 39 oil collection zones, each requiring public drop-off locations for recycling program materials. The program consists of three main components: EcoCentres, volunteer drop-off locations, and commercial collectors and processors.

The fundamental requirement to serve the public across Saskatchewan is met by the EcoCentre network. Free public drop-off is provided at these EcoCentres, consisting of a permanent building which provides storage for program materials and are operated as described below. The EcoCentres ensure a minimum level of service as described in the Regulations.

EcoCentres are operated independently according to a contract with SARRC by which SARRC provides a recycling facility, a monthly payment to ensure that the EcoCentre is attended, and additional yearly payment depending on the volume of material handled by the EcoCentre. EcoCentre operators must not be associated with SARRC (i.e., not Members or registered collectors) in order to avoid conflict of interest, and are instructed to accept low volumes of material from the general public. Larger generators are encouraged to use registered collectors (described below) for pick up to minimize program costs, increase efficiency of transport, and ensure proper material handling and environmental protection. EcoCentre operators must accept program materials free of charge from the public. As described in the Regulations, each EcoCentre has been equipped with, provided with, or specified by contract to:

- funding so that attendants are on site while the site is open;
- educational information in printed or digital format (<http://usedoilrecyclingsk.com/>) respecting the product stewardship program, that is readily available for the public;
- equipment capable of transferring used oil or used antifreeze from drums;
- operate for a minimum of 10 hours per week and during that period be capable of accepting containers, used oil, used oil filters, used diesel fuel filters and used antifreeze;
- a storage tank for used oil that has a minimum total volume of 2,000 litres;
- storage receptacles for used oil filters or used diesel fuel filters that are manufactured to prevent liquids from leaking out of the receptacle;
- storage receptacles for used antifreeze that have a minimum total volume of 400 litres;
- a locking door to secure against unauthorized access;
- storage receptacles for containers that are manufactured to prevent liquids from leaking out of the receptacle;
- a sign that includes the hours of operation and the products accepted; and
- be open during hours that fall between 7:00 a.m. and 7:00 p.m.

SARRC establishes contracts with independent EcoCentre operators to provide free public drop-off. SARRC does not contract with collectors or processors, relying on the free market to provide collection through application of Return Incentives (RIs). The EcoCentre operators and locations are evaluated on the following criteria:

1. marketing neutral. (Oil, oil filters, antifreeze or DEF are not sold at the location).
2. support needed. (How cost effective is the location?).
3. user convenience. (Is it in the best urban centre? Is it a convenient consumer location? What are the hours of operation?).
4. financial stability.
5. operation as a part of another business or non-profit or municipal operation. (If stand-alone collection sites have proven to be unfeasible)

When replacing or establishing EcoCentres, SARRC will send out Requests for Proposal to a number of potential municipal, non-profit and private operators to attempt to choose the best site based on the criteria set.

Currently, 34 EcoCentres are established in the province, with an additional EcoCentre located on the Manitoba side of Flin Flon. Five oil collection zones currently do not have permanent public EcoCentres but do have free volunteer drop-off locations. These zones now require permanent facilities in the new Regulations. SARRC intends to install at least 2 new EcoCentres in 2018 and another 2 in 2019, with the final EcoCentre established by 2020 if needed in these 5 Zones.

One of the oil collection zones (Zone 6) did not require a permanent structure and was considered an `alternate zone` in previous versions of the Regulations. As such, an EcoCentre was not established in this Zone, however recent changes in the Regulations now require permanent service in this area. Zone 6 is composed of Rural Municipalities 45, 46, 75, 76 and 105. Since 1996, population of this Zone has decreased by 669 or approximately 23%. Population has been stable since 2006. The population of this Zone is summarized in Table 1 below.

Table 1. Population of Oil Collection Zone 6

	1996 ^a	2001	2006	2011	2016
RM of Mankota No. 45	506	430	382	322	292
Village of Mankota	326	248	238	211	205
Hamlet of McCord	N/A	N/A	N/A	25	30
subtotal	832	678	620	558	527
RM of Glen McPherson No. 46	172	126	112	73	72
subtotal	172	126	112	73	72
RM of Pinto Creek No. 75	271	229	204	239	283
Village of Hazenmore	73	71	57	50	70
Village of Kincaid	177	161	135	114	111
subtotal	521	461	396	403	464
RM of Auvergne No. 76	430	355	329	354	412
Town of Ponteix	544	550	531	605	563
subtotal	974	905	860	959	975
RM of Glen Bain No. 105	388	305	232	205	180
subtotal	388	305	232	205	180
Total	2887	2475	2220	2198	2218

<http://www.mds.gov.sk.ca/apps/Pub/MDS/welcome.aspx> (Accessed February and June 2018)

a- Data from Saskatchewan Municipal Directory 2002. Saskatchewan Municipal Affairs and Housing, Government of Saskatchewan.

Local service has been, and continues to be, provided by a collector based out of Hodgeville (approximately 90 km north-east of Ponteix) who is also listed as a public drop-off site. Another drop-off site is listed on SARRC's website in Ponteix. EcoCentres currently operate in Gravelbourg (92 km to the east of Ponteix), Shaunavon (78 km west of Ponteix) and in Swift Current (88 km to the north of Ponteix). The closest EcoCentre to Mankota is Gravelbourg (85 km to the northeast).

As several recycling options exist within a 100 km drive, much of the program material generated in this zone is likely being dropped off at one of the existing EcoCentres, or at businesses in Ponteix and Hodgeville that accept program materials.

SARRC estimates that, based on historic collection data and communication with collectors and generators in the area, less than 3,000 L of used oil would be generated by non-commercial, public sources. Rural-based EcoCentres (excluding Saskatoon, Regina, Prince Albert, and Moose Jaw), on average collected about 12,000 L in 2017. As such, a new EcoCentre in Zone 6 would be expected to collect about 25% of the average rural EcoCentre.

As a result of low expected volumes and the presence of multiple existing EcoCentres within a 100 km drive which provide reasonable access for recycling, SARRC proposes managing Zone 6 RMs 105,75 and 45 as part of Zone 5, and RMs 46 and 76 as part of Zone 7 for purposes of providing province-wide drop-offs.

In addition to the EcoCentres, volunteer drop-off locations also accept program materials. Currently, approximately 200 locations have volunteered to accept these materials and are listed on SARRC's website. SARRC does not provide financial support to volunteer locations, but encourages participation through outreach and the summer ambassador program.

Large volume producers, including industrial, commercial and agricultural operations, who generate more than 500 L of used oil, often have dedicated facilities to store program material who are then serviced by registered collectors as described below.

Collection and Processing

Private businesses may register with SARRC as collectors of program materials. Registered collectors must have all applicable permits and business licenses to legally operate in their jurisdiction of residence. SARRC distributes money in the form of Return Incentives (RIs) to registered collectors based on volume or weight of materials taken to an approved processor for recycling. RIs account for the logistical costs of collection in different regions of the province. For example, RIs are higher in northern and remote areas as compared to the areas immediately around Saskatoon and Regina. The RIs are determined based on market conditions, subject to Board approval, to ensure collection of program materials province-wide. SARRC maintains a list of registered collectors as well as a list of the RIs per region on its website. The RIs are intended to ensure that material is picked up, processed and recycled regardless of market fluctuations. SARRC monitors medium to long-term trends and adjusts RIs accordingly so that the basic costs of collection are covered by the RIs.

Collectors gather materials from generators, businesses, industry, farm operations and EcoCentres and transport them to registered processors for recycling. RIs are paid out based on confirmed delivery to a processor.

SARRC also provides a processing incentive (PI) to plastic processors based on the mass of material processed. The PIs are based on market analysis, subject to Board approval, to ensure the viability of plastic processing. All processors must be legally permitted to operate in their jurisdiction.

Recycling Options

Recycling options for each material are listed below.

Used Oil

Used oil is reprocessed into re-refined lubricating oil, industrial burner fuel and other products in western Canada. Local processing is located in Regina.

Used Oil Filters

Used oil filters are processed into scrap metal and sold into the market. Most scrap metal is ultimately made into structural metal shapes for the manufacturing of industrial and agricultural products at a processor in Regina, however scrap metal may be exported from Saskatchewan based on market conditions.

Used Oil, Antifreeze and Diesel Exhaust Fluid (DEF) Containers

Used containers are shipped to processors in Alberta, Quebec and British Columbia where they are processed and converted into recycled resin for sale into the market where it is used to produce a variety of products. There is no processor for used containers in Saskatchewan, however SARRC continues to pursue collaboration with other plastic recycling programs to encourage local processing.

Antifreeze

Used antifreeze is reprocessed into new glycol in British Columbia, Alberta and Ontario. No local processing options exist.

Legacy Materials

SARRC has been operating since 1997. As such, legacy materials stockpiled prior to program initiation have had ample time to become incorporated into the program. SARRC is not aware of any stockpiled legacy material that would impact operations. Collectors and generators can store program materials for a short time in order to create transportation efficiencies, however these activities are part of the regular business cycle. In addition, RIs are not paid until delivered to a registered processor, thus incentivizing material movement. In the event that new products are considered for inclusion into the program, SARRC will study the amount of material available in Saskatchewan and plan accordingly.

H. Policies and Procedures

Over the last 20 years of program operation, policies and procedures have been developed to assist operations, ensure good governance, and maintain transparency and accountability. Some of these procedures are listed below:

1. Confidential EHC remittance;
2. Transparent Return Incentive payments;
3. EcoCentres manual to support operators financially and operationally;
4. Visit and review registered collectors and processors and EcoCentres on a three-year cycle or as needed;
5. Implement an annual Communications and Promotion Strategy and Plan; and
6. Prepare and present an Annual Report to the Minister of Environment and to members as required by the *Regulations*.

Transparency and accountability are maintained by:

1. Annual audited financial statements. Annual Financial Statements are independently reviewed and audited by a qualified firm designated at the Annual General Meeting;
2. Environmental Handling Charge Compliance reviews. SARRC coordinates with other Used Oil Management Associations to audit members on a three-year cycle to ensure that the appropriate fees are being submitted to the appropriate jurisdiction. These audits are conducted by a qualified independent firm;
3. Field inspections and reviews of registered collectors and processors on a three-year cycling or as needed; and
4. Review and follow-up of generator locations as needed.

SARRC follows standard contracting best practices on operational (i.e. lease of office space) and short-term contracts (i.e. special studies).

I. Performance Targets

Performance targets are determined to encourage improvement of the program while acknowledging practical limits for material collection. Collection rate targets are based on past program performance, benchmarking to other jurisdictions, changes in the Saskatchewan marketplace and emerging studies and information. Targets include annual collection of program materials as a proportion of total material available for collection generated in the province (collection rate) and administrative efficiency. This is calculated determining the amount of material available by taking the annual sales and subtracting a lost-in-use or consumed-in-use factor, then dividing the amount of product collected and recycled through the program by the amount available. Collection rate targets are revisited annually and are presented in the Annual Report.

Specific outcomes measured include recovery rates and impressions/reach of the public awareness programs.

J. Education and Communications

SARRC conducts an extensive and multifaceted Communication and Education program annually. The effectiveness of the strategy is measured using appropriate metrics based on the specific media (e.g., impressions and clicks on web-based advertising) and is reviewed annually. The objectives of the strategy are to encourage program participation, demonstrate the benefits of the program, and generally promote environmental awareness. Components of the Communication and Education program may include:

1. Summer ambassador program. Students are hired through the Saskatchewan Waste Reduction Council (SWRC) to attend trade shows and community events to promote public participation, and visit municipalities, retailers and collection points, such that each community or stakeholder is visited approximately every three years;
2. Television advertising designed to encourage participation in, and inform the public about, recycling options for program materials;
3. Radio advertising designed to encourage participation in, and inform the public about, recycling options for program materials;
4. Printed advertising in local newspapers, trade show programs and magazines;
5. Digital and web-based advertising;
6. Production of educational videos and programs;
7. Maintenance of a website and toll-free phone number to field inquiries;
8. Direct support to school-based environmental education;
9. Cooperation and coordination with other provincial and national stewardship groups.

Member communication is maintained throughout the year by email, direct contact, the Annual general meeting and through regular newsletters.

K. Greenhouse Gas Consideration

SARRC will develop a baseline understanding of the relationships between greenhouse gas emissions and program performance. This baseline information will then be used to develop a Greenhouse Gas Emissions Management Strategy and inform future program changes. Results of the baseline study will be presented in the 2018 Annual Report. Further steps, including examination of collection, transportation and final treatment efficiencies will be developed, as appropriate, in coordination with the Ministry.

L. Reporting

SARRC will submit an updated Product Stewardship Plan every five years and will not make changes to the PSP without Ministry approval.

An annual report will be submitted to the Ministry on or before May 1 of each year. The annual report will contain, at a minimum, the following:

- Total volume of oil, diesel exhaust fluid and antifreeze sold in Saskatchewan;
- The total number of oil filters and diesel fuel filters sold in Saskatchewan;
- The volume of used oil and used antifreeze collected;
- The combined weight of used oil filters and used diesel fuel filters collected;
- The weight of containers collected;
- the location of alternative facilities where return options are offered;
- descriptions of the types of educational information made available and the strategies adopted under the educational and informational component of the product stewardship program;
- the total amount of recycling fees collected to fund the program in Saskatchewan;
- the amount spent to operate the program in Saskatchewan;
- the amount paid out as recycling incentives, if any;
- the costs incurred to administer the program; and
- the amount spent on public education or public awareness and communication.

M. Public and Stakeholder Consultation

SARRC was established in 1996 following several years of stakeholder consultation. Industry (first sellers), government, not-for-profit groups, and the public participated in the initial development of the program. Since then, SARRC has maintained regular communication and consultation with its members through direct outreach, the Annual General Meeting, and regular newsletters. Communication with the public has continued through the Communications and Education strategy, cooperation with other stewardship groups, and direct participation of the public on the Board of Directors. Communication with the Ministry is maintained through participation of a Ministry Advisor on the Board of Directors, and regular communication.

In the event that major changes in program operation are considered, a comprehensive engagement plan will be developed to ensure that all stakeholders are identified and have a meaningful opportunity to provide input.

N. Dispute Resolution

SARRC follows a dispute resolution procedure for issues arising from collectors, processors and members not covered by a specific contract based on the following principles:

1. Provide a stepwise opportunity to dispute a fee, penalty or withholding of payment;
2. Provide a fair means to escalate a dispute; and
3. Provide a cost-effective means of resolution based on the level of escalation.

The specific procedure may vary on a case by case basis depending on the nature of the dispute, however, in general the following steps will be applied:

1. A concern or issue is raised with operational/administrative staff to discuss, learn, find facts about the issue or concern and seek resolution.
2. If the issue or concern cannot be resolved on an operational/administrative level, then the information gathered in Step 1 will be raised to SARRC's Executive Director. SARRC's Executive Director will then communicate with management or senior management of the initiating party with the goal of seeking resolution.
3. Further discussion may be warranted at the Board of Directors level, with consideration of conflict-of-interest and competition. Depending on the issue or concern, the Board may form a Committee (consisting of Directors representing the public only in cases involving Members) to further seek resolution.
4. If the issue or concern still cannot be resolved, then options such as mediation, arbitration, and court may be considered.