



**AUOMA**

Business Plan 2015 - 2017

**Alberta Used Oil Management Association**

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## ACCOUNTABILITY STATEMENT

The Alberta Used Oil Management Association (“AUOMA”) Budget and Business Plan for the period January 1, 2015 through December 31, 2017 was prepared in accordance with the requirements of the *Lubricating Oil Material Recycling and Management Regulation*, as amended, which was enacted under the *Environmental Protection and Enhancement Act*. AUOMA’s business plan has been modeled after the Auditor General’s *Framework for Accountability*. All of AUOMA’s policy decisions as at December 1<sup>st</sup>, 2014, and all of the AUOMA’s accountability obligations and relationships have been considered in preparing this Budget and Business Plan. As well, the Government of Alberta’s and Department of Environment and Sustainable Resource Development’s Business Plans and priorities were taken into account in the development of AUOMA’s Business Plan.

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

Approved by the Board of Directors,  
Alberta Used Oil Management Association  
December 1<sup>st</sup>, 2014

A handwritten signature in black ink, appearing to read "Lee Wilkie". The signature is written in a cursive, flowing style.

Lee Wilkie  
Chair

## **VISION**

AUOMA is a renowned industry-driven organization facilitating the recycling of designated waste materials, and recognized leader in supporting industry best practices that achieve optimal recovery of materials and sound environmental outcomes for the benefit of all Albertans.

## **MISSION**

AUOMA manages effective and efficient used oil materials waste minimization and recycling programs in Alberta, in keeping with Alberta Environment and Sustainable Resource Development's mission, to ensure effective stewardship of environmental systems that enable a sustained high quality of life in Alberta.

AUOMA will also fulfill its mission and realize its vision through sound policies and good governance, supporting and supported by engaged stakeholders, effective communication and full accountability.

## **LEGISLATIVE MANDATE AND PROGRAM OVERVIEW**

AUOMA is an Alberta not-for-profit association established as a management board under the *Environmental Protection and Enhancement Act* to deliver programs and initiatives that facilitate the recovery and recycling of used oil and used oil materials for the benefit of all Albertans. Under the *Lubricating Oil Material Recycling and Management Regulation* (the "Regulation"), AUOMA is charged with the responsibility to administer a fund consisting mainly of environmental handling charges, a regulated levy which is remitted by producers/primary suppliers of oil materials in and into Alberta. AUOMA is also bound by the requirements of the *Lubricating Oil Material Recycling and Management Regulation* (AR 227/2002) and the *Lubricating Oil Material Environmental Handling Charge Bylaw* (AR 228/2002), appendices to the primary regulation.

By virtue of the Regulation, and primary to its accountability to registered members, AUOMA is directly accountable to the Minister of Environment and Sustainable Resource Development to carry out its mandate. AUOMA delivers programs and initiatives that align with the Government of Alberta's efforts to maximize waste diversion and recycling alternatives. AUOMA's program supports the Minister's mandate for sustaining the high quality of Alberta's environment. AUOMA is also accountable to its members and the Alberta public for the appropriate and transparent management of its funds, and to ensure sound environmental outcomes as a result of fund expenditure. AUOMA's members are lubricating oil and oil products manufacturers and primary suppliers in Alberta who are committed to supporting used oil material management. Members remit the environmental handling charges as required under the Regulation, which supports used oil material recovery and recycling in the Province, as well as respective education, advocacy communications initiatives. As a result, AUOMA and its

members play an important role in the continuing effort to improve and sustain the quality of Alberta's environment.

AUOMA's revenue consists primarily of environmental handling charges (EHC) which are to be remitted by first sellers of lubricating oil and related fluids, oil and related containers and oil filters in the Province of Alberta. EHC are set by Regulation and once remitted to AUOMA comprise the fund which is managed by AUOMA to support its program initiatives, such as program incentives for transportation and processing used oil materials.

AUOMA plans to continue its facilitation for recovery and recycling of used oil materials, and it will also strive to influence best industrial recycling practices and sound environmental outcomes.

In accordance with its delegated mandate, AUOMA ensures that the used oil management program is consistent with, and aligns with Government of Alberta goals in the following ways:

1. Through its programs dedicated to waste diversion, and used oil material recycling and processing particularly, AUOMA's programs and goals also contribute to the Goals of Alberta Environment and Sustainable Resource Development:

*Goal One: To achieve air, water, land and biodiversity conditions that support healthy ecosystems, it is critical to manage the cumulative effects of human development on the environment. Stewardship of the environment requires a collaborative effort by everyone to achieve the outcomes that Albertans and the global communities expect. The ministry provides direction for environmental stewardship through the delivery of policy, regional plans and frameworks. Policy direction is assured by ministry education, outreach, authorizations and compliance programs, and reporting environmental conditions and trends. Industry, communities and citizens also play an important role in environmental stewardship by voluntarily undertaking best management practices and complying with regulatory requirements. Their actions to reduce the growth of greenhouse gas emissions, reduce air and water pollutants, manage waste, minimize land disturbances, and manage forests and at-risk and invasive species are critical to achieve desired outcomes. The environmental outcomes of clean air, stable climate, quality water, healthy lands, forests, fish and wildlife contribute toward and enhance the quality of life of Albertans and global communities.*

(Environment and Sustainable Resource Development Business Plan 2014-17)

2. AUOMA's programs also contribute to the Department's current waste policies that are contained in Alberta's waste strategy, *Too Good to Waste*.

AUOMA is one organization in the used oil management system of Alberta businesses and services committed to minimizing waste used oil materials through effective recycling of these materials. In its seventeen year history, AUOMA has facilitated the recovery of over 1.3 billion litres of used oil, as well as over 106 million used oil filters and over 25 million kilograms of used oil containers. The program expects to recover used oil materials for 2014 as follows:

Used Oil Material	Recovery Volumes Projected 2014	Recovery Rate Projected 2014
Used Oil	101,567,300 litres	81%
Used Oil Filters	8,754,200 filters	91%
Used Oil Containers*	2,138,714 kgs	69%
Total Plastics *	2,376,349 kgs	77%

\* In the past Used Oil Container collections and recovery included two components – container/pails where the EHC has been remitted and then container/pails that are compatible but not regulated and therefore the EHC has not been remitted. It has been estimated that approximately 20% are non-program material; e.g., used anti-freeze, windshield washer and, recently, diesel exhaust fluid containers, have been collected. AUOMA includes them in the return incentive for their recovery and recycling. The Annual Report has commented about the volume and costs for these materials. To be more transparent, AUOMA reports two values for plastics – Total Plastics that will report in kgs only for all EHC and non-program collections while Used Oil Containers will report kgs and recovery rate on only program materials. The impact will be in reporting the Recovery Rate, as this change will decrease from 90%'s down to 70%'s. The misleading reporting occurred because the 90% implies it is out of 100%, when in fact it was 90% of 120%. It is important to note the actual volume collected will remain high.

AUOMA relies on a large network of used oil material generators/return collection facilities, registered collectors and processors who undertake material recovery, transportation and primary recycling.

AUOMA's funding is intended to support activities and projects that promote responsible stewardship of used oil materials, and which also support the Ministry's goals of achieving sound environmental outcomes. AUOMA's revenue is restricted by the regulated level of EHC applied to the sale of oil, containers and filters in Alberta. AUOMA's revenue is, therefore, dependent on economic factors which dictate the volume of oil and oil filter sales, and limited by the rate per unit as prescribed in provincial government regulation. AUOMA is committed to managing its financial resources to ensure a sustainable program, and continue to facilitate environmentally sound recovery and recycling activities. This business plan contains strategies and a budget which reflects AUOMA's commitment to responsible spending, balanced with its environmental objectives and performance objectives, such as optimizing recovery rates for used oil material.

## OPERATING PRINCIPLES

In delivering all of its programs, AUOMA follows a number of key principles which guide its policies, day-to-day operations, relationships with stakeholders and decision making activities:

**Protection of the Environment:** Used oil material recovery and recycling activities should result in optimal and measureable environmental outcomes.

**Accountability:** AUOMA is accountable to the Ministry, our members and all Albertans and, therefore, carries out activities in an open, transparent and fair manner.

**Innovation:** AUOMA encourages innovation and best practices in its business and networks.

**Partner and Stakeholder Involvement:** AUOMA collaborates with its partners and stakeholders in developing programs, and strives to create a level playing field for all those involved in used oil management activities, with minimal program impact on the used oil recycling market.

## ENVIRONMENTAL SCAN

The used oil program administered by AUOMA has been in existence for seventeen years.

From its early beginnings, AUOMA worked with other jurisdictions to harmonize used oil material recovery and recycling programs across Canada. AUOMA, “a made in Alberta” program, became the model after which other Canadian programs were developed. Other countries, including Australia and New Zealand have consulted with AUOMA in developing their own used oil material management programs.

AUOMA has a track record of being recognized for its stewardship efforts and has been considered a leading edge program that received world-wide recognition for best practices in impacting recycling of used oil materials.

To-date the program has been very successful in improving the collection rates for used oil, used oil containers and used oil filters while at the same time facilitating the development of a healthy used oil product recycling industry in the province.

The program has achieved very high recovery rates for all three used oil material streams. This success threatens AUOMA’s financial viability insofar as revenues from Environmental Handling Charges (EHC) are insufficient to adequately support Return Incentives (RI) paid to participants in the program in order to achieve these high recovery rates, and to fund compatible but unfunded products. Ironically, this creates a reverse incentive since increased recovery rates threaten program viability.

AUOMA research in 2011 and a business case for program improvement completed in 2012 contributed to AUOMA’s participation in a regulatory review conducted by Alberta Environment and Sustainable Resource Development (ESRD). Subsequent to the review, ESRD developed a draft Designated Materials Recycling Regulation, which address some key issues\* for AUOMA. Ratification of a new regulation is anticipated in 2015.

- ❖ *Support an increase in the eco-fee on oil containers to enable AUOMA to implement longer term program activities and attain financial sustainability.*
- ❖ *Amend the regulation to add additional automotive fluid containers to the regulated program so that an appropriate eco-fee can be collected to fund their recycling; e.g., antifreeze, glycol, windshield washer and diesel exhaust fluid containers.*
- ❖ *Amend the regulation to remove prescription on day-to-day business operations, and instead highlight the program outcomes AUOMA must work to achieve; i.e., remove AUOMA’s fee and product bylaws from regulation, and enable the association to respond to recycling market needs better.*

## 1. Financial sustainability

Continued reviews of AUOMA's financial position indicate that current RI expenditures exceed current EHC revenues, continuing to result in approximately \$0.35 million in losses. The program has needed to access funds in its reserve fund to offset projected losses. Program expenditure reductions have improved AUOMA's financial position but a break-even position is the best that can currently be expected. Some financial improvement has occurred from new product sales and sales of original equipment manufacturers (discussed below in the next section) for which EHC is now charged. AUOMA's reserve fund will continue to diminish, albeit at a slower rate, and investment into the program, through increased RI for example, will not occur, limiting AUOMA's ability to impact recycling activities and outcomes.

	2012	2013	2014	2015	2016	2017
Beginning Balance Reserve Fund	4,741,000	4,060,000	4,324,000	3,974,000	4,267,000	7,878,000
Actual/Forecasted Surplus (Deficit)	(681,000)	264,000	(351,000)	293,000	3,611,000	3,681,000
<b>Ending Balance Reserve Fund</b>	<b>4,060,000</b>	<b>4,324,000</b>	<b>3,974,000</b>	<b>4,267,000</b>	<b>7,878,000</b>	<b>11,559,000</b>

Current review of AUOMA's Return Incentive Program indicates that, irrespective of reductions to program expenditures, and the impact of that change on recycling outcomes, AUOMA's incentives cannot be sustained. AUOMA's administration costs continue to remain low by design.

AUOMA continues to allow cross-subsidization of materials recycling, i.e., the EHC-RI surplus for lubricating oil offsets the EHC-RI deficit for oil containers. AUOMA prefers that each product pay for the recovery and recycling within its product stream, however, that is currently deemed difficult for containers. AUOMA cannot make changes to EHC revenue for containers as fees are fixed in regulation. AUOMA can only influence expenditures. Reducing the incentive paid for collection or processing of used oil containers creates the risk of reducing the volume of material recovered thereby reducing the recycling recovery rate. AUOMA takes some comfort in cross-subsidization of used oil containers by funds received from used oil in that container sales are directly linked to oil sales. The solution to cross-subsidization is currently tied to AUOMA's overall strategy for financial stability. Oil filters are almost at a break-even product stream and, therefore, not deemed an issue at this time.

EHC on original equipment manufacturers (OEM) was initiated in July 2013 across Canada. Specifically the EHC will now be applied to the applicable materials for the initial fill. EHC had

always been remitted from these companies for the applicable materials sold into the after-market sales. Although still in its formative stages, this program addition will add better sales data against data on recycling outcomes and improved, necessary revenue for those outcomes.

It is estimated that recovery rates for used oil and used filters have been slightly overstated due to the volumes from initial fill have not been previously included.

## **2. Continued Business Case for New Eligible Products**

A business case has been made, successfully it appears, for automotive glycol containers (anti-freeze/diesel exhaust fluid). Their inclusion in new regulation is expected.

Missing is a business case for windshield washer containers, which appear in used oil container collections, as do used AF/DEF containers, but not in volumes to convince regulators that the WW containers should be part of AUOMA's program.

Likewise missing is a business case for used anti-freeze. A small processing industry for AF exists in Alberta, albeit not part of AUOMA's program. The majority of used AF is unaccounted, much deemed to be disposed in vacated, deep oil wells. This practice is permissible in Alberta. AUOMA has been unsuccessful in obtaining information on the actual disposal practices, especially the magnitude of disposal. It remains a subject of further interest and investigation.

## **3. The Future of the Program**

A new Designated Materials Recycling Regulation, if ratified, will have significant, positive impact on AUOMA's revenue opportunities and product mix. Despite the need for a business case for other eligible materials for AUOMA's program, a new regulation, as proposed, will greatly enhance AUOMA's impact on used oil materials recycling and the association's financial sustainability. The regulation will tie AUOMA legally more closely to other environmental delegated administration authorities, and include measures common and beneficial to the authorities. Of particular interest to AUOMA is removing specific product levies from regulation and enabling a fee-setting mechanism with stakeholder input.

## **4. Environmental Impact of Used Oil Materials Recycling**

Previous research conducted for AUOMA has given insight to the environmental impacts of used oil material collection and recycling in Alberta. From environmental impact assessments conducted, it is evident that a hierarchy of environmental values for recycling outcomes exists. For example, re-refining used oil represents a better environmental outcome than utilizing used oil as fuel; clean/steam-washed and pelletized used oil container plastics applications are ranked higher than using semi or unwashed shredded plastic oily flake. However, the relative environmental benefits of some alternate applications of materials are not well understood; e.g.,

processing of used oil through heavy oil upgraders, utilization of used container plastics in plastic lumber. Despite the environmental valuations, market demands or limitations for recycled used oil materials has a significant bearing on actual end-uses.

AUOMA will continue to monitor and contribute to environmental research on used oil materials to better determine what the environmental impact is for various end uses of these materials. Based upon these analyses, potential strategies to encourage the best possible environmental outcomes would be developed for review by AUOMA's Board of Directors, who in turn will determine if new measures for impacting specific environmental outcomes are justified.

## **GOALS, STRATEGIES AND PERFORMANCE MEASURES**

AUOMA continues to build on its goals and measures of past. However, with financial sustainability seemingly possible, AUOMA can direct its efforts to more progressive outcomes, through change in program parameters and operations. Some change remains at the discretion of AUOMA members and its Directors; some require help from Government. A new Designated Materials Recycling Regulation proposed by Alberta Environment and SRD is a positive step. It will, if approved, help AUOMA sustain its positive impact on rates of recovery of used oil materials, and improve its measurement of recovery and recycling. Improved regulation, program operations and recycling measurement will also help return AUOMA to its leadership in Canada as an environmental steward.

## **CORE BUSINESS ONE – PROGRAM AND FUND MANAGEMENT**

**GOAL ONE: Financial Sustainability** – to ensure financial sustainability of Alberta's used oil material recycling program.

AUOMA fulfilled a major goal for financial sustainability in 2014 through ESRD work on a planned, new Designated Materials Recycling Regulation. The new regulation could enable improved financing of AUOMA's Reserve Fund and program improvements, particularly in the improved incenting of used oil materials recycling and measurement.

## Strategies

Year	Strategy
2015	<ol style="list-style-type: none"> <li>1. Continue work with Minister, AESRD, DAO, et.al., on enacting a new Designated Materials Recycling Regulation, pursuant to Minister's draft regulation, including parameters that better enable AUOMA to set environmental levies and applicable products.</li> <li>2. Plan/manage new revenue streams from EHC on automotive glycol fluid containers</li> <li>3. Initiate improvements to Incentive Program, pursuant to EHC eligible product changes, particularly on used oil and automotive glycol containers.</li> <li>4. Investigate anew a need for EHC and RI on liquid automotive glycol products; i.e., anti-freeze.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Continue managing improvements to AUOMA finances, including deposits to AUOMA's Reserve Fund.</li> <li>2. Confirm automotive glycol (antifreeze) as an EHC applicable product.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Review and report on program and financial changes.</li> </ol>

## Performance Measure

### **1. AUOMA operates in a financially sustainable manner to build and then maintain a Reserve Fund in support its sunset clause**

Methodology: Based upon annual audited financial statements revenues will be compared to expenditures in the annual Statement of Revenue and Expenditures

	2013 Actual (\$)	2014 Projected (\$)	2015 Target (\$)	2016 Target (\$)	2017 Target (\$)
Excess of revenue over expenditures (deficit)	534,650	(350,533)	293,170	3,610,797	3,681,304

Amount of allocation of surplus to Reserve Fund is subject to Board review, including Board consideration of potential improvements to expenditures on Return Incentives.

**GOAL TWO: An Advanced Recycling Network in Alberta for Used Oil Materials** – to impact optimal recovery and recycling of Alberta’s used oil and related materials.

AUOMA will continue to provide incentives to ensure that the recovery and recycling of used oil materials achieves is at the highest possible rates. Effective January 1<sup>st</sup>, 2015, incentives will be directed solely to registered processors. This change acknowledges an established used oil materials recycling network in Alberta, a more realistic adherence to a supply chain business model and an opportunity to better measure the movement of the lubricating oil materials through their life-cycle.

**Strategies**

Year	Strategy
2015	<ol style="list-style-type: none"> <li>1. Implement revised Incentive Program and RI for registered Processors, including measures for compliance review.</li> <li>2. Monitor and work with registered processors and collectors on the transition of RI payment.</li> <li>3. With advice/help from AAMD&amp;C, AUMA and others, develop a reliable urban and rural collection Alberta network for used oil and related materials.</li> <li>4. Continue monitoring and reporting on used automotive glycol recovery, through UOMA on-site investigations.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Monitor and report on EHC and RI compliance.</li> <li>2. Review new network of return collection facilities (RCF).</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Continue monitoring program changes and budget</li> <li>2. Review, improve as required, recycling measures on used oil materials.</li> </ol>

## **Performance Measures**

### **2a. Percentage of used oil materials recovered**

Methodology: Calculated based upon the amount of material recovered versus the amount of material available for collection based upon sales of new lubricating oil and glycol material.

Material	2013 Actual  (%)	2014 Projected  (%)	2015 Target  (%)	2016 Target  (%)	2017 Target  (%)
Used Oil	81.1	80.5	80.4	80.4	80.3
Used Oil Filters	90.8	91.1	92.0	91.1	90.1
Used Oil Containers	81.1	77.0	75.5	74.8	74.0

Used oil containers track recovery rate is based off of previous studies to determine how much of the collected plastic are eligible material.

Material  (In 000's)	2013 Actual  (Kg)	2014 Projected  (Kg)	2015 Target  (Kg)	2016 Target  (Kg)	2017 Target  (Kg)
Used Oil Containers	2,210	2,139	2,136	2,136	2,136
Total Plastics	2,456	2,376	2,374	2,374	2,374

The weight of total plastics is the actual amount of materials that AUOMA has incented. A portion of this material is defined as ineligible based on studies conducted by Recycling Council of Alberta. The used oil containers weight is determined by the findings of the RCA studies.

### **2b. RI Compliance and End-Use of materials**

Methodology: These measures will be developed for 2016 implementation. The end-use measure would report quantity and relative percentages of the ultimate end-use of program materials, subject to a registered processor's compliance to AUOMA's Incentive Program.

**GOAL THREE: Contributing to Improved Environmental Outcomes** – to continue examining AUOMA's Incentive Program for better measurement and achievement of optimal environmental outcomes.

AUOMA will continue work on identifying, implementing and updating measures for environmental impacts of used oil materials recycling. AUOMA will also continue to work to ensure reliable data is received from registered processors on material flows and applications from generator to end-use.

## **Strategies**

Year	Strategy
2015	<ol style="list-style-type: none"><li>1. Continue to conduct research into environmental measurement systems, such as life cycle analyses (LCA), to identify environmental outcomes for all materials collected and processed. Establish collaborative relationships with organizations, such as CalRecycle (California), who are leaders in this area.</li><li>2. Work with registered processors to develop improved measures for the flow and ultimate disposition of materials.</li><li>3. Working with stakeholders, identify best practices for used oil recycling processes, services and outcomes amongst used oil materials recyclers in Alberta.</li></ol>
2016	<ol style="list-style-type: none"><li>1. Develop measures for environmental impacts of program and integrate into measurement and reporting system.</li><li>2. Review Incentive Program's contribution to environmental outcomes and report accordingly.</li><li>3. Report on recycling industry best practices and relative Alberta used oil material industry practices, and continuing monitoring industry standards and Alberta applications.</li></ol>
2017	<ol style="list-style-type: none"><li>1. Review Incentive Program pursuant to results from environmental impact reviews and adjust the parameters accordingly.</li></ol>

## **Performance Measure**

### **Program Environmental Impacts**

Methodology: Established LCA and other measurement tools will be used in conjunction with information on material flows and destinations to calculate environmental impacts of used oil materials recycling.

**GOAL FOUR: Effective Communication** – to effectively inform and engage key stakeholders in the mutual interest of achieving optimal recycling outcomes.

AUOMA has consistently pursued communication exercises within strict budget guidelines, such as event sponsorship, promotional activities, and print media. AUOMA’s website has created opportunities for new communications with select markets.

**Strategies**

Year	Strategy
2015	<ol style="list-style-type: none"> <li>1. Collaborate with national used oil management associations (UOMA) on communicating with EHC remitters/association members.</li> <li>2. Collaborate with Alberta Recycling (ARMA), RCA, Clean FARMS and others on communicating with Alberta stakeholders, particularly rural stakeholders.</li> <li>3. Continue to utilize Website/Internet and other electronic media to communicate with stakeholders and public-at-large.</li> <li>4. Continue Summer Ambassador Program through RCA, including work on special projects to promote used oil materials recycling, tools for promotion.</li> <li>5. Prepare 2014 Annual Report</li> <li>6. Meet with Minister and Ministry staff for planning and reporting purposes.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Continue 2015 projects, events and collaborations, including collaborations on promotions with processors/collectors.</li> <li>2. Continue website and electronic media initiatives.</li> <li>3. Prepare 2015 Annual Report.</li> <li>4. Meet with Minister and Ministry staff for planning and reporting purposes.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Continue initiatives as required/appropriate, subject to appropriate evaluation.</li> </ol>

## **Performance Measure**

### **Effectiveness of communications activities**

Methodology: 2015 – identified markets impacting AUOMA business;  
- public awareness and satisfaction with used oil recycling initiatives.  
2016 – goals and strategies assessment.

## **CORE BUSINESS TWO – GOVERNANCE**

**GOAL FIVE: Accountability and Transparency** – to be accountable and transparent on all business of the association.

AUOMA will maintain, and be governed by, its policies and procedures set out in its Governance Manual. AUOMA is accountable to the Ministry, its members and all Albertans, and will carry out its business in an open, transparent and fair manner. AUOMA will continue to work cooperatively with the Ministry to develop clear expectations for the used oil recovery and recycling program, and program reporting. AUOMA will continue to report on performance through its Annual Report and as required.

AUOMA's Board of Directors made/commenced changes to some policies in the past two years, i.e., Investment Policy and Strategy, Director Remuneration and Expense, and Levels of Spending Authority, in keeping with the Board's responsibility to sound and progressive governance. The Board likewise approved changes to its Incentive Program, moving the Return Incentive from Collectors and Used Oil Container Processors, to Processors, to be implemented January 1<sup>st</sup>, 2015. The Board's Governance, Compensation and Fund Management Committee oversees governance requirements for the Board.

AUOMA has good municipal representation through Alberta Association of Municipal Districts and Counties seat on the Board of Directors, which satisfies rural Alberta interests in AUOMA's business. Representation from cities, towns and villages would round out Board links to the regions.

## Strategies

Year	Strategy
2015	<ol style="list-style-type: none"><li>1. Review policies and procedures pursuant to regulation changes that may develop, and adjust policies and procedures as required.</li><li>2. Review and renew Memorandum of Understanding between Minister and AUOMA pursuant to regulation changes.</li><li>3. Approach the Alberta Urban Municipalities Association to sit on AUOMA's Board of Directors.</li></ol>
On-going	<ol style="list-style-type: none"><li>1. Directors will:<ul style="list-style-type: none"><li>• review the Governance Manual to ensure governance and operations standards remain high and Board and staff are fulfilling their obligations;</li><li>• develop and implement an organizational disaster plan to protect the security of AUOMA records and resources.</li></ul></li><li>2. Continue to report on:<ul style="list-style-type: none"><li>• program results based on business plan strategies;</li><li>• program budgets and changes to budgets;</li><li>• end-use of collected and recycled materials, and other environmental measures.</li></ul></li></ol>

## Performance Measure

### **Governance requirements are met**

Methodology: Review and evaluation of AUOMA organization, governance, policies and programs.

**BUDGET** (AUOMA's fiscal year-end is December 31<sup>st</sup>)

	<b>2014 Actual 12M September</b>	<b>2015 Budget</b>	<b>2016 Budget</b>	<b>2017 Budget</b>
	(In 000's)	(In 000's)	(In 000's)	(In 000's)
<b>Revenue:</b>				
<b>Environmental Handling Charge+</b>	17,942	17,935	21,495	21,865
<b>Interest income</b>	49	20	20	20
<b>Registration fees</b>	3	3	3	3
<b>Total Revenue</b>	17,993	17,958	21,518	21,888
<b>Expenditures:</b>				
<b>Program Management Costs:</b>				
<b>Return Incentives++</b>	16,065	16,192	16,612	16,818
<b>Communications and public relations</b>	131	186	195	205
<b>Compliance Reviews</b>	84	85	88	90
<b>Management/Administration Contracts</b>	65	71	71	74
<b>Legal</b>	136	135	50	50
<b>Consulting</b>	57	200	100	100
<b>Allowance for bad debt</b>	0	5	5	5
<b>Total Program Management Costs</b>	16,534	16,879	17,120	17,341

**BUDGET (continued)**  
**Expenditures (continued)**

	<b>2014 Actual 12M September</b>	<b>2015 Budget</b>	<b>2016 Budget</b>	<b>2017 Budget</b>
	(In 000's)	(In 000's)	(In 000's)	(In 000's)
<b>Administrative Costs:</b>				
<b>Management/Administration Contracts</b>	439	490	488	508
<b>Legal</b>	54	54	50	50
<b>Audit</b>	63	51	52	54
<b>Office and general expenses</b>	80	81	85	89
<b>Rent</b>	55	58	59	61
<b>Board expenses +++</b>	37	48	49	101
<b>Amortization</b>	2	4	4	4
<b>Total Administrative Costs</b>	<b>729</b>	<b>786</b>	<b>787</b>	<b>799</b>
<b>Total Expenditures++</b>	<b>17,263</b>	<b>17,665</b>	<b>17,907</b>	<b>18,207</b>
<b>Excess Revenue Over Expenditures(Deficit) before Investments*</b>	<b>730</b>	<b>293</b>	<b>3,611</b>	<b>3,681</b>
<b>Revenue:</b>				
<b>Investment Income +++++</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess Revenue Over Expenditures(Deficit)*</b>	<b>762</b>	<b>293</b>	<b>3,611</b>	<b>3,681</b>

+/\* See next page

- + The increase in Revenue for the Environmental Handling Charge is based on the assumption that the regulation proposal for increasing rate for plastic containers from \$0.05 to \$0.10 and the addition of antifreeze containers to the eligible products list gets pass and comes in to effect January 1, 2016.
- ++ Adjusts Return Incentive in 2015-17 for pay on claim to Registered Processor. Does not include possible RI increase pursuant to planned EHC increase.
- +++ AUOMA will be hosting the national UOMA conference in 2017
- ++++ Includes Unrealized Capital Gain as a result of changes required for financial reporting
- \* Net return that would be directed to Reserve Fund and possibly Return Incentives after 2015.