Used Oil Management Plan for Vanuatu

March 2014
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### ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMS</td>
<td>Combustion Management Systems (formerly SMART-MIX)</td>
</tr>
<tr>
<td>UNELCO</td>
<td>Cofely Vanuatu GDG Suez</td>
</tr>
<tr>
<td>DEPC</td>
<td>Department of Environment Protection and Conservation</td>
</tr>
<tr>
<td>NCMP</td>
<td>National Chemical Management Policy 2011</td>
</tr>
<tr>
<td>PICTs</td>
<td>Pacific Island Countries and Territories</td>
</tr>
<tr>
<td>PPC</td>
<td>Pacific Petroleum Company</td>
</tr>
<tr>
<td>SPREP</td>
<td>Secretariat of the Pacific Regional Environment Programme</td>
</tr>
</tbody>
</table>
This *Used Oil Management Plan* aims at introducing and implementing a *Used Oil Stewardship System in Vanuatu*. The plan outlines the roles and responsibilities of the proposed *Managing Agency* to be established as identified in the proposed *Model Regulations* for the enforcement and monitoring of the collection and storage of used oil for its reuse, recycle or export.

This *Used Oil Management Plan* identifies the National Regulatory Framework on which the Stewardship System has to be based, the structure and functioning of the Proposed Managing Agency and the necessary Implementation Stages for collection, storage, disposal and re-use of used oil and related Monitoring and Evaluation Measures.

A *Cost Benefit Analysis* study has been completed looking at the options available to Vanuatu to manage used oil. The study concluded that in the short to medium term, enable the current privately operated collection system to be extended or duplicated until such time that legislation and regulation are in place the costs of collection, storage, and shipment of used oil for recycling will have to be voluntary. In the longer term the costs of collection, storage, and shipment or reuse must be recovered from the oil purchaser through a levy placed on the oil when it is imported into the country. Also in the longer term reuse of used oil in country should be researched as a supplementary fuel source or diesel fuel extender as this is the most cost-effective and environmentally sustainable solution.

The development of collection system for used oil on Efate and the outer islands must be examined in detail in consultation with the stakeholders. This may include establishing temporary storage sites with plastic drums (150 litre) and/or IBC’s (intermediate storage containers 1,000 litre). Ideally the containers would be stored undercover and placed in a bunded area to contain any spillages. Collection locations would be sited at service stations, hauliers/bus companies, construction companies, port authorities, and power generators. Bulk storage for collected oil would be established at Pacific Petroleum Company.

The establishment of a Product Stewardship System will need to be supported by National public awareness campaigns to:

- provide accurate information concerning the relative risks posed by used oil to Vanuatu’s natural environments and public health;
- provide accurate information on best practices that individuals and businesses can adopt to better manage used oil at a local scale; and
- provide training on the safe handling and storage of used oil.
1. **INTRODUCTION**

The specific definition and categorization of used oil varies from country to country, but typically refers to used oil from motor vehicles, construction equipment, power generators, ships, fishing boats and transmission and hydraulic oils.

Used oil that is recovered has the potential to be a valuable resource. A portion of lubricating oil is burnt off during the lubricating process but regular servicing of vehicles recovers a significant quantity of used oil. To protect the environment used oil should be collected and bulk stored for reuse as a possible burning fuel or re-refined for other uses.

At present approximately 125,000 is being collected by Pacific Petroleum Company and shipped to India; oil is collected by Pacific Petroleum Company on a returns basis from their customers, other importers do not offer this service, however a substantial amount of used oil is not being collected as there is no formal collection of used oil in Vanuatu, and it is possibly stored at various locations such as service centres, bus, hauliers, and construction depots but generally in unsatisfactory containers (steel drums) and in the open. In time, if not disposed of adequately, this oil will pose an environmental and health threat.

Disposal of used oil is still a significant issue for Vanuatu. If used oil is not managed correctly, it can cause major impacts to both the local environment, drinking water and food resources. Current methods of disposal or re-use are environmentally unacceptable and include:

- Inclusion in general rubbish;
- Poured directly into storm water drains etc;
- As a weed killer;
- Burnt with other waste;
- Ground marking of sports field;
- Preservative use in timber;
- Dust suppression; and
- Rust prevention.

**Objectives and benefits of sustainable used oil management in Vanuatu**

Financially sustainable used oil management in Vanuatu requires the establishment and operation of an appropriate framework that improves national management of used oil, and promotes shared used oil management responsibility by all stakeholders. Sustainable used oil management will:

- Minimise the unnecessary, untimely, and uncontrolled generation of used oil in Vanuatu;
- Minimise the adverse effects of used oil on the environment and people of Vanuatu;
- Ensure that management of used oil in Vanuatu conforms and complies with all relevant national and international conventions and legal requirements;
- Ensure that the costs associated with used oil treatment/final disposal in Vanuatu are met by those responsible for generating the used oil; and
- Increase the capacity of stakeholders to promote effective used oil management in Vanuatu.
Adoption of the user pays approach
The costs associated with the collection, storage and re-use/disposal of used oil will be borne by importers, retailers, consumers and users of oil.

Transparency
All used oil management activities should be conducted in an open and transparent manner and Vanuatuans should have access to information regarding used oil management where this does not infringe on the rights of individuals or private businesses.
2. BACKGROUND INFORMATION

It is estimated that approximately 750,000 litres of lubricating oils are imported into Vanuatu on an annual basis. The major uses of this oil are in power generation (UNELCO), shipping, land transport by bus and haulage operators, construction industry, and private and company vehicle fleet servicing. Other minor users include the local commercial fishing fleet, the manufacturing industry, and taxi operators.

Of the 750,000 litres of lubricating oils imported in Vanuatu annually, it is estimated that approximately 40% of this volume results in used oil (i.e. 300,000 litres per annum) that needs to be appropriately managed to avoid environmental and human health impacts\(^1\). It could be expected that between 50% and 60% of all lubricating oil imported into Vanuatu could eventually be recycled annually (i.e. up to 450,000 litres).

A Cost Benefit Analysis was prepared which looked into the various options of used oil reuse/recycling or disposal. This developed two possible options to manage used oil:

- Used oil added as a diesel fuel augmenter; and
- Used oil shipped off-shore for disposal or reuse.

The study concluded that in the short to medium term, enable the current privately operated collection system to be extended or duplicated, until such time that legislation and regulation are in place the costs of collection, storage, and shipment of used oil for recycling will have to be voluntary. In the longer term the costs of collection, storage, and shipment or reuse must be recovered from the oil purchaser through a levy placed on the oil when it is imported into the country. Also in the longer term reuse of used oil in country should be researched as a supplementary fuel source or diesel fuel extender as this is the most cost-effective and environmentally sustainable solution.

The cost of collection, storage, and possible shipment of used oil for recycling overseas will have to be recovered from the oil purchaser through a levy placed on the oil when it is imported into the country for use. The Cost Benefit Analysis of Used Oil for Vanuatu is attached in Annex 1.

The process to date in Vanuatu to establish a Stewardship System includes the following activities:

- **Baseline Analysis:** Completion of an audit to assess the oil and lubricant situation in Vanuatu, including oil imports, principal users, current management practices, volumes of stored used oil, and permitting systems;
- **Coordination:** Establishment of a Steering Group that includes the regulators from both the environmental and fiscal sectors, as well as industry such as fuel and/or lubricant companies, retailers, haulers, and construction companies, to guide the establishment of the Stewardship System;
- **Cost Benefit Analysis:** Completion of a detailed Cost Benefit Analysis of likely used oil disposal options;
- **Legislation:** Preparation of Model Used Oil Regulations for Vanuatu;

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\(^1\) Envirocare Engineering Consult Ltd (2012). *Used Oil Audit Survey for Vanuatu.* Unpublished report to SPREP. 31pp
- **Sustainable Financing**: Identification of a levy system to ensure sustainability such that the Stewardship System is self-financing and the costs of collection, storage, shipment and reuse are built into the cost of the original product; and

- **Option for Re-use/Disposal**: Identification of the preferred option to re-use the used oil in country as a fuel extender.

The next necessary activities include:

- **Political support**: Obtaining Government support to introduce and implement a *Used Oil Stewardship System*;

- **Management**: Establishment of a *Managing Agency* to oversee the daily operation of the Stewardship System. The Managing Agency should be a non-profit government entity with input from the Steering Group;

- **Awareness and Outreach**: Development of an awareness program of various awareness-raising methods. These may include industry body meetings, community meetings, and newspaper advertisements, poster campaigns including billboards, education activities in schools, use of local TV and radio, and recognised used oil logos. It is however essential that the disposal/storage facilities are made accessible for the public, in tandem with these awareness-raising activities; and

- **Collection System Infrastructure**: The development of collection system for used oil on Efate and the outer islands must be examined in detail in consultation with the stakeholders. This may include establishing temporary storage sites with plastic drums (150 litre) and/or IBC’s (intermediate storage containers 1,000 litre). Ideally the containers would be stored undercover and placed in a bunded area to contain any spillages. Collection locations would be sited at service stations, hauliers/bus companies, construction companies, port authorities, and power generators. Bulk storage for collected oil would be established at Pacific Petroleum Company.
3. REGULATORY FRAMEWORK

The management of waste in Vanuatu will be regulated under the Bill for the Pollution (Control) Act 2013 (passed in Parliament 26th August 2013) and the Waste Management Act (passed in Parliament 15th May 2014). See Annex 1 for details.

Part 6 Section 44 (1) of the Bill for the Pollution (Control) Act 2013 – states
“The Minister may by Order make regulations not inconsistent with the Act for the better carrying out or giving effect to the Provisions of this Act Regulations may be made under this Act”

And Under Section 44 (2) “without the generality of subsection (1), the Minister may make regulations for any of the following purposes:

a) Provide for the effective management of waste;
b) Prescribe litter and waste control measures and standards;
c) Regulate and control all aspects of the collection, disposal and treatment of sanitary waste, including septic sludge, disposable nappies and other such waste including provisions for;
and
k) Specify toxic, noxious and hazardous waste and impose regulatory measures or prohibitions in relation to their management and disposal
q) Provide for a Product Stewardship scheme to minimise the adverse effects of waste on the environment and the scheme may provided for any or all of the following matters;
   i. Prescribing the amounts for deposits, payments, fees and refunds;
   ii. Reporting and information requirements, including information to be provided to purchasers, user and handlers of the product the subject of the scheme;
   iii. Imposing responsibilities on producer’s retailers, distributors, collection agencies and processors.

And Under Section 44 (4) for the purposes of this section

Product Stewardship Scheme means an incentive scheme:

a) In which producers who are involved in the life cycle of a product share responsibility for the management and impact of the product throughout its life cycle, including end-of-use management; and
b) That seeks to redress the adverse impacts of a product on the environment.

Producer means any person or legal entity that manufactures or imports items designated under a Product Stewardship Scheme for sale or distribution in Vanuatu.

Model Used Oil Regulation
Model Used Oil Regulations have been developed through consultation between the DEPC and SPREP (Annex 3). The objectives of the Regulations are to:

(a) identify a product stewardship arrangement for used oil that promotes the sharing of responsibility by importers, retailers, consumers and users of oil;
(b) provide an arrangement for managing used oil that is financially sustainable;
(c) ensure that management of used oil complies with relevant international conventions and national legal requirements;
(d) ensure that users of oil contribute to the costs associated with exporting or otherwise managing used oil in an environmentally sustainable manner; and
(e) ensure management of the export of used oil in an environmentally sound manner.
4. STRUCTURE AND RESPONSIBILITY OF THE MANAGING AGENCY

The first step in developing a Product Stewardship System in Vanuatu is to establish a Managing Agency responsible for administering the Regulation described above to promote the sharing of responsibility of used oil management among importers, retailers, consumers and final users.

The proposed Product Stewardship System, to ensure the financially sustainability of the collection, storage and re-use/disposal of used oil, is shown in figure 1 and consists of:

1. Importers bring oil products into the country and are charged a small levy which is passed on to a Used Oil Managing Agency. The used oil levy can be used to encourage consumers to return used oil through a possible refund mechanism;
2. Oil is sold to retailers and then, in turn, to consumers who eventually produce used oil. Used oil is returned by the consumer to a licensed site for a possible partial refund of the original purchase levy;
3. Licensed used oil collectors provide returns to the Managing Agency and receive a contracted payment for each litre collected;
4. Recovered used oil is stored for reuse within country or exported; and
5. Unclaimed funds and the balance of the import levy are used to support used oil collection, storage costs, and the administration of the Managing Agency and support awareness campaigns.

FIGURE 1: STEWARDSHIP SYSTEM FLOW DIAGRAM

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The Role of the Managing Agency

The role of the Managing Agency is to administer the Used Oil Regulations (Annex 3) and in summary the Managing Agency should:

- be a non-profit entity;
- manage its funds in accordance with the requirements of the Department of Finance [or other government body] ensuring sufficient funds are allocated to pay the collectors and recyclers;
- ensure accurate accounting;
- with respect to importers ensure that the levy is paid;
- review and approve applications from collectors and /or recyclers;
- enter contract agreements with approved collectors and /or recyclers;
- conduct audits of collectors and recyclers to ensure compliance with permits;
- provide audit documentation;
- carry out inspections;
- design and implement awareness campaigns; and
- ensure that funds deposited into the Managing Agency Fund are used to:
  ✓ Contract licensed collectors and recyclers;
  ✓ Administration of the Agency;
  ✓ Awareness campaigns for used oil and other recycling activities; and
  ✓ Ensure that used oil is recycled or reused or exported.
5. IMPLEMENTATION

There are two principal stages of the proposed management model that can be developed independently.

Stage 1 Collection and Storage
Collection shall be carried out by competent licensed carriers with the appropriate equipment. The licensed carriers may collect used oil by road tanker or smaller suitable containers such as steel or plastic drums.

Intermediate temporary storage prior to re-use, recycling or shipment shall include bulk storage via vertical or horizontal tanks with appropriate bunding and drainage. Temporary storage via drums should be in a concrete, sheltered and bunded area.

The collection and storage shall be supported by legislation of either used oil or Stewardship Regulations so that there is a legal requirement for used oil to be collected and stored in an environmentally acceptable manner. All collected used oil shall be transported and stored in compliance with the provisions concerning the transport of dangerous goods and hazardous wastes including relevant regional and international conventions such as Waigani and Basel Convention.

Stage 2 Off-shore Disposal or In-country Re-use
Disposal is considered to be the shipment/export of used oil to neighbouring countries where the used oil could both be re-refined and sold as new lubricating oil, or in some locations simply burnt as a supplementary furnace fuel oil. In most circumstances there will be a cost for the shipment of used oil, however some companies from Asia (such as Jhoola from India) might be interested in purchasing it. Re-use in-country includes the use of the used oil as a fuel extender either for the generation of electrical power or as a supplementary furnace fuel as is the situation in Fiji.

A cost benefit analysis study has been completed looking at the options available to Vanuatu to manage used oil. The study concluded that in the short to medium term, using the oil as a supplementary fuel source for electrical generation is the most cost-effective and environmentally sustainable solution. The costs of collection, storage, and possible shipment of used oil for recycling will have to be recovered from the oil purchaser through a levy placed on the oil when it is imported into the country.

Used oil Action Plan for Vanuatu

A series of coordinated actions are required to ensure that used oil is managed sustainably into the future in Vanuatu.

Recommended actions to be undertaken over a two year timeframe are summarised in Table 1 below.
### TABLE 1: SUMMARY OF RECOMMENDED ACTIONS REQUIRED UNDER A NATIONAL USED OIL ACTION PLAN 2013-2014

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Action</th>
<th>Lead Agency</th>
<th>Intended Outcome</th>
<th>Time-frame</th>
</tr>
</thead>
</table>
| **Improved governance of Used Oil**    | 1. Investigate and provide recommendations on practical and environmentally and economically sustainable mechanisms to dispose of Vanuatu’s used oil.  
2. Determine a national definition of used oil using Basel and Waigani convention guidelines.  
3. Develop or adopt national standards to specify quality guidelines (e.g. acceptable water and impurity content) for used oil end-uses.  
4. Develop and implement a financial and regulatory instrument to manage used oil based on the polluter pays principle. | DEPC/SPREP                   | Robust management of used oil to ensure environmental and human health protection supported by adequate and enforceable regulations under the Bill for the Pollution (Control) Act 2013 (passed in Parliament 26th August 2013) and the soon to be enacted Waste Management Act. The costs associated with used oil treatment/final disposal are met by those responsible for generating the used oil (polluter pays principle). | 2014       |
| **Improved knowledge and information**  | 5. Complete an audit of the quantity, generation rates and status of used oil in Vanuatu.  
7. Collation and regular reporting of data and information relating to used oil management activities. | SPREP                        | A comprehensive understanding of the status of used oil management in Vanuatu. Improved management of used oil based on information and data. | Jan - June 2014, Jan - Dec 2014 |
| **Reduced risks from exposure to hazardous substances** | 8. Establish and apply appropriate standards, guidelines, and safeguards for the handling, collection, transportation, storage, and treatment/final disposal of used oil.  
9. Implement and enforce minimum OH&S standards for best practices for handling and disposal of used oil (including personal protective equipment) for all workers involved in handling used oil.  
10. Implement a national used oil collection and storage system. | DEPC                         | Minimisation of public health risk from substandard used oil management activities. | Jan - Dec 2014 |
|                                         |                                                                        | DEPC/Dept of Labour/ ILO     | Minimisation of environmental risk from substandard used oil management activities. |            |
|                                         |                                                                        | Industry/DEPC                | Risk from exposure to used oil is minimised to petroleum handling workers. |            |
| **Improved capacity building and technical cooperation** | 11. Training for customs officers and environment staff on detecting used oil and Waigani/Basel Convention procedures.  
12. Undertake national used oil awareness campaigns.  
13. Implement regular training for workers involved in handling and processing used oil. | DEPC/SPREP                   | Improved regulation and control of international movements of used oil. Communities are informed and aware of the relative risks posed by used oil. Communities are informed of best practices in used oil management. | Ongoing, Mar - Dec 2014 |
|                                         |                                                                        | SPREP/DEPC                   |                                                                                |            |
|                                         |                                                                        | Industry/DEPC                |                                                                                |            |

STAGE 1: Annual Budget Costs for Temporary Storage and Collection

Budgeted figures for the Temporary Storage and Collection of used oil have been determined in consultation with the stakeholders and are detailed in Annex 2.

The following section summarises the basis for the collection cost using a flatbed with tail-lift collecting 150 lt drums at various location throughout Vanuatu, the number of drums and weekly cost for truck hire and labour is determined in the following two tables.

TABLE 2: DETERMINATION OF NUMBER OF DRUMS REQUIRED

<table>
<thead>
<tr>
<th>Temporary Storage/Collection Locations</th>
<th>Quantity Litres</th>
<th>Drum Storage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Sale/Usage Litres</td>
<td>Annual Recovery 40% Litres</td>
</tr>
<tr>
<td>Pacific Petroleum Company</td>
<td>380,000</td>
<td>152,000</td>
</tr>
<tr>
<td>Trade Tools</td>
<td>300,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Others</td>
<td>70,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Totals</td>
<td>750,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

Further consultation is required with the stakeholders to determine the exact locations of the probable Temporary Storage and Collection locations.

TABLE 3: COSTS TO COLLECT USED OIL BY HIRE TRUCK

<table>
<thead>
<tr>
<th></th>
<th>Weekly Cost US$</th>
<th>Annual Cost US$</th>
<th>Cost per Litre US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Truck hire</td>
<td>400</td>
<td>20,800</td>
<td>0.028</td>
</tr>
<tr>
<td>Cost of Labour</td>
<td>384</td>
<td>19,968</td>
<td>0.027</td>
</tr>
<tr>
<td>Cost of PPE</td>
<td>106</td>
<td>5,512</td>
<td>0.007</td>
</tr>
<tr>
<td>Cost of hire of Pump and Hoses for decanting Drums</td>
<td>128</td>
<td>6,656</td>
<td>0.009</td>
</tr>
<tr>
<td>Total</td>
<td>1,018</td>
<td>52,936</td>
<td>0.071</td>
</tr>
</tbody>
</table>

The following assumptions have been made to collate the quantities and costs in the two tables above:

1. Collection points for 150lt Plastic Drums;
2. Collection vehicle is a Flatbed truck with tail lift at a cost of US$25/hr;
3. Labour cost: Total of 2 persons full time. Collection - on average there are 40 drums to collect each week, will assume that this is carried over two days i.e. 16 hours @ US$ 6/hour by 2 persons. Decanting - on average there are 40 drums to collect each week, will assume that this is carried over two days i.e. 16 hours @ US$ 6/hour by 2 persons;
4. The operation will be to drop off empty drums and collect full drums (or part full 80%);
5. Decanting drums by hire of pump and hoses at US$8/hr for 2 days by 2 persons; and
6. PPE as per table 4.

TABLE 4: PERSONAL PROTECTIVE EQUIPMENT
<table>
<thead>
<tr>
<th>Personal Protective Equipment</th>
<th>Cost per Week US$</th>
<th>Cost per Annum US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gloves 2 pairs/wk each = 4 @ US$ 6.5 each pair</td>
<td>52.00</td>
<td>2,704</td>
</tr>
<tr>
<td>Overalls 12 pairs each @ US$ 41.66 per pair</td>
<td>20.00</td>
<td>1,000</td>
</tr>
<tr>
<td>Shoes 8 pairs/yr each = 4 pairs at US$86.25/pair</td>
<td>13.26</td>
<td>690</td>
</tr>
<tr>
<td>Hardhat 2 yr each = 2/yr @ US$ 17.25 each</td>
<td>1.32</td>
<td>69</td>
</tr>
<tr>
<td>Goggles 4 pair/wk each = 2/wk @ US$ 17.25 each</td>
<td>17.25</td>
<td>897</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>104</strong></td>
<td><strong>5,408</strong></td>
</tr>
</tbody>
</table>

**TABLE 5: ANNUAL COST OF COLLECTION STORAGE CONTAINERS**

<table>
<thead>
<tr>
<th>Temporary Storage/Collection Locations</th>
<th>Annual Sale/Usage Litres</th>
<th>Annual Recovery 35% Litres</th>
<th>No of Drums Required and Purchase Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>No of Drums Required</td>
</tr>
<tr>
<td>Pacific Petroleum Company</td>
<td>380,000</td>
<td>152,000</td>
<td>1,013</td>
</tr>
<tr>
<td>Trade Tools</td>
<td>300,000</td>
<td>120,000</td>
<td>800</td>
</tr>
<tr>
<td>Others</td>
<td>70,000</td>
<td>28,000</td>
<td>187</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>750,000</strong></td>
<td><strong>300,000</strong></td>
<td><strong>2,000</strong></td>
</tr>
</tbody>
</table>

The following assumptions have been made to collate the quantities and costs in the table above:

1. Assumes two drums - one for pickup and one for drop-off;
2. Drums are 150 litre drums;
3. Assume that 80 Drums are purchased @ US$145/drum. Total cost is US$11,600.00;
4. Plastic Drums used for storage of oil, plastic drums with lid US$145.00 each;
5. Initial purchase cost US$ 11,600.00; and
6. Assumes replacement of IBC’s and Drums every two years annualised cost is US$5,800.00.

The following table summarises the annual temporary storage and collection costs for the collection of used oil throughout Vanuatu.
TABLE 6: SUMMARY OF ANNUAL COSTS FOR TEMPORARY STORAGE AND COLLECTION

<table>
<thead>
<tr>
<th>Summary of Annual Costs</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection</td>
<td>52,936</td>
</tr>
<tr>
<td>Storage</td>
<td>5,800</td>
</tr>
<tr>
<td>Office Rental and admin cost at collectors premises</td>
<td>9,600</td>
</tr>
<tr>
<td>Undercover Storage</td>
<td></td>
</tr>
<tr>
<td>Bulk Storage Tank Rental</td>
<td>Nil</td>
</tr>
<tr>
<td>Sub total Costs</td>
<td>68,336</td>
</tr>
<tr>
<td>5% Contingency 10% Margin Operating Profit</td>
<td>10,250</td>
</tr>
<tr>
<td>Totals Costs</td>
<td>78,586</td>
</tr>
</tbody>
</table>

Cost per litre of Imported Oil: 0.104
Cost per litre of Used Oil: 0.26

NB:
1. Office space rental at US$800/month
2. Undercover storage rental at US$ 1,000/month

STAGE 2: Annual Budget Costs for Re-use or Shipment from Vanuatu

There are two principle options for the re-use/disposal of used oil for Vanuatu which are re-use in country or shipment from Vanuatu. The Vanuatu used oil Steering Group’s preferred option is to continue with the existing private collection system and export the used oil as this system works well for them, however the option of re-use in country is of interest and the steering group will examine possible re-use options. There are three practical options to reuse oil in Vanuatu:

1. Power generators use the used oil as a fuel extender by simply filtering the used oil and injecting into the engine diesel fuel lines at a mix of about 1%;

2. Use the used oil as a boiler fuel; and

3. Continue with and expand existing collection, storage and export system.

Each system is sustainable including the export of used oil however with the move to renewable energy the power generator option might only be short to medium term solutions. Therefore the use as a boiler fuel needs to be examined as a priority. In the short to medium term, the continued shipping of used oil from Vanuatu is inevitable; this is the most expensive option as reflected in Table 7.
<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Australia</th>
<th>NZ</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of Oil per Container</td>
<td>19,600</td>
<td>19,600</td>
<td>19,600</td>
<td>98 x 200lt drums/20ft container</td>
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<tr>
<td>Standardised volume of 6 Containers</td>
<td>117,600</td>
<td>117,600</td>
<td>117,600</td>
<td></td>
</tr>
<tr>
<td>Documentation per Shipment</td>
<td>1,970</td>
<td>1,970</td>
<td>1,970</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Cartage by Importer</td>
<td>0</td>
<td>1,970</td>
<td>1,970</td>
<td></td>
</tr>
<tr>
<td>Freight Cost</td>
<td>0</td>
<td>3,010</td>
<td>2,840</td>
<td></td>
</tr>
<tr>
<td>Handling Exporter</td>
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<td>2,400</td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>Value or Disposal Fee</td>
<td>-3,000</td>
<td>9,285</td>
<td>9,285</td>
<td></td>
</tr>
<tr>
<td><em>Total Cost US$</em></td>
<td>1,370</td>
<td>18,634</td>
<td>18,464</td>
<td>Per shipment</td>
</tr>
<tr>
<td><em>Total Cost per ltr US$</em></td>
<td>0.116</td>
<td>0.158</td>
<td>0.157</td>
<td></td>
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<tr>
<td><em>Total Cost per ltr Vatu</em></td>
<td>10.67</td>
<td>14.57</td>
<td>14.71</td>
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</table>
6. MONITORING AND EVALUATION

The monitoring and evaluation of the Product Stewardship System will be carried out by the Managing Agency in accordance with the Model Regulations. The following sections are based on the Model Regulations presented in Annex 3.

Monitoring

The Managing Agency will use inspectors appointed under Clause 5.7 of the regulations to monitor and carry out regular inspections of collectors and recyclers to ensure compliance with the Used Oil Regulations. The monitoring will ensure that there are no breaches of the Regulations in particular the inspectors will enforce Part 5 Clause 5.2 of the regulations

Part 5: Miscellaneous
Clause 5.2
A person must not dispose of used oil otherwise than in accordance with the Waste Management Act 2010 and Model Regulations and a person who contravenes subsection (1) or (2) commits an offence and is liable on conviction to a fine not exceeding Vatu ……. or imprisonment for a term not exceeding ….. years or both.

In particular under subsection (2), a person must not:

(a) pour used oil onto the ground;
(b) pour used oil into a drain or into still or flowing water;
(c) allow used oil to escape onto the ground or into a drain or still or flowing water;
(d) store used oil in a way that allows the oil to escape onto the ground or into a drain or still or flowing water; or
(e) burn used oil in the open air.

For the purposes of the monitoring the regulations the Managing Agency may appoint an inspector, the inspector may during business hours:

(a) enter premises used by a licensed collector or a licensed recycler for the storage or recycling of used oil;
(b) inspect the storage and recycling operations carried out on those premises; and
(c) inspect books and records relating to the collection and recycling of used oil.

Part 3: Dealing with Used Oil
Clauses 3.1 - 3.5
The Managing Agency will also carry out inspections by an inspector appointed under Clause 5.7 of the regulations to ensure that collectors and recyclers are complying with their licence issued under the Act.

3.1 Short term storage of used oil
(1) Used oil must be stored in a safe and an environmentally approved manner.
(2) In particular, used oil must be stored in a container that:
(a) is in good condition and labelled to show it contains used oil;
(b) has spill prevention and collection equipment that includes appropriate and adequate sized bunding; and
(c) has adjacent and accessible fire prevention and suppression equipment.
3.2 Collection of used oil
(1) A licensed collector must:
(a) meet all health, safety and environmental requirements for the handling, collection, transport and storage of used oil;
(b) wear appropriate personal protective equipment;
(c) provide suitable storage tanks, if none are available, that have appropriate spill prevention equipment that includes appropriate and adequate sized bunding;
(c) have adjacent and accessible fire prevention and suppression equipment; and
(d) keep a record of each amount of used oil received.

3.3 Recycling or export of used oil
(1) A licensed recycler must:
(a) meet all health, safety and environmental requirements for the handling, transport and storage of used oil;
(b) wear appropriate personal protective equipment;
(c) provide suitable storage tanks, if none are available, that have appropriate spill prevention equipment that includes appropriate and adequate sized bunding and fire extinguishers;
(d) have adjacent and accessible fire prevention equipment;
(e) keep a record of each amount of used oil received;
(f) recycle used oil by:
   (i) re-refining the used oil in [country]; and
   (ii) selling the recycled oil for reuse in [country]; or
(g) subject to sub-regulation (4), export the used oil.
(2) If the licensed recycler sells the recycled oil, he or she must be reasonably satisfied that the buyer of the oil will deal with the oil in an environmentally safe manner.
(3) If the licensed recycler exports the used oil, he or she must be reasonably satisfied that the person to whom the oil is exported will deal with the oil in an environmentally safe manner.
(4) The recycler may only export used oil with the approval of the Minister.

3.4 Occupational health and safety
(1) All persons involved in collecting, storing, transporting or recycling used oil must wear appropriate personal protective equipment.
(2) An employee of a licensed collector or recycler must wear an identity card showing his or her employment.

3.5 Licensing of collectors and recyclers
(1) A person who collects used oil for the purpose of recycling or export, or recycles or exports used oil, must be licensed under the Act.
(2) A person may apply in writing to the Minister to be licensed as a used oil collector or a used oil recycler, or both.
(3) The Minister may grant the licence if he or she is satisfied:
(a) for an application for a used oil collector’s licence – that:
   (i) the applicant has a viable business model to operate an oil collection business;
   (ii) the applicant has the relevant expertise and equipment to collect, handle and transport used oil in compliance with environmental and safety standards and guidelines;
   (iii) all vehicles and drivers used by the applicant in the collection of used oil will comply with transport regulations and any licensing requirements for transporting hazardous materials; and
   (iv) all transportation vehicles are appropriately labelled.
(b) for an application for a used oil recycler’s licence – that:
the applicant has a viable business model to operate an oil recycling and export business;
(ii) the applicant has suitable bulk storage tanks that are installed on an impervious base; and
(iii) any spillage will be caught by an appropriate and adequately sized bund;
(iv) the applicant has the relevant experience and equipment to recycle used oil in compliance with safety and environmental standards and guidelines;
(v) if used oil is to be exported, the applicant is able to establish that the oil will be sold to a recognized overseas buyer of used oil in accordance with the Basel Convention and the Waigani Convention; and
(vi) the applicant has not been convicted of any environmental offences in [country]; and
(c) in both of those cases – that:
(i) the applicant's employees are trained in the handling of used oil and will be issued with appropriate personal protective equipment;
(ii) the applicant is aware of his or her obligations under the Act and these Regulations, and under relevant environmental legislation, in relation to the handling of used oil.

Evaluation

Part 5: Miscellaneous
Clauses 5.5 and 5.6
Under the regulations the Managing Agency will prepare an annual evaluation report which will include the following:

5.5 Report by Managing Agency

(1) The Managing Agency must give an annual report to the Minister by [DATE] each year, setting out:
   (a) the annual amount of levy paid into the Fund;
   (b) the annual quantity of oil on which levy is paid;
   (c) the annual number of litres of used oil collected and the recovery rate;
   (d) details of awareness campaigns;
   (e) how money in the Fund has been spent;
   (f) the balance on money in the Fund; and
   (g) the annual quantity of used oil re-used, recycled or exported.

The annual evaluation report will also include a summary of the following information provided by the licensed collector and licensed recycler.

5.6 Reports by licensed collectors and recyclers

(1) A licensed collector must provide quarterly and annual returns to the Managing Agency setting out the amount of used oil:
   (a) collected; and
   (b) delivered to a licensed recycler.

(2) A licensed recycler must provide quarterly and annual returns to the Managing Agency setting out the amount of used oil:
   (a) received;
   (b) held awaiting decision whether it should be recycled, sold or exported;
   (c) identified for recycling;
   (d) undergoing recycling;
(e) identified for sale in Vanuatu as used oil;
(f) sold in Vanuatu as used oil;
(g) identified for export;
(h) ready for shipping; and
(i) shipped.

(3) The report must have with it:
(a) copies of relevant documents relating to the recycling, sale or export;
(b) a health and safety incident report; and
(c) a report concerning whether the recycler has complied with relevant standards and codes of practice relating to the environmentally sound management of used oil.
7. AWARENESS & COMMUNICATIONS

The establishment of a Product Stewardship System will need to be supported by National public awareness campaigns to:

- provide accurate information concerning the relative risks posed by used oil to Vanuatu’s natural environments and public health;
- provide accurate information on best practices that individuals and businesses can adopt to better manage used oil at a local scale; and
- provide training on the safe handling and storage of used oil.

Awareness and Communication Strategy for Used Oil Stewardship

The Strategic Communication Plan for the Used Oil Stewardship program will be an essential feature of the implementation program. The Awareness phase will be on a staged release of information which focuses on raising awareness about the issues involved with used oil and communicating the government’s development of a used oil stewardship program.

Some Key Messages

- Used engine oil is hazardous to the environment (earth and water) and human health. There are both short and long term effects.
- Used engine oil is still valuable and can be used again, help us help the environment.

Proposed Communication Approach

Implementation of the communications strategy will largely be determined by the availability of infrastructure such as collection points and reuse markets. Thus it will start once the Stewardship Program is ready to be operational perhaps two months prior. The communication strategy will be conducted in two phases.

Phase 1: General Awareness

This phase will focus on general awareness raising of the used oil issue among key stakeholders such as importers, consumers, garage owners, service stations and local villages. The phase will promote the government’s effort to improve waste oil stewardship program and inform people what they can do to assist with used oil recovery. The mobilization of this phase will commence two months prior to implementation of the stewardship programme and to complement phase 2 awareness.

Phase 2: Implementation Messages

Communication activities will focus on a community advertising / information campaign and a media “push” to inform people about oil collection points and other facilities and to encourage behavioural change. This stage will be mobilised 1 month prior to implementation of stewardship program and throughout the program.

Evaluation and Monitoring

Evaluation and monitoring will be part of the campaign from the start. Evaluations will be conducted during the initial airing phases and on monthly basis to identify any further information gap that needs to be addressed.
Proposed Strategic Communication Delivery

**Development of Logo and branding**
A logo will be designed which will help identify and promote the Used Oil Stewardship Program. A campaign logo could be produced to promote the program.

**Print materials**

**Fact Sheets**
Facts sheets will be produced which will be distributed to various waste oil generating industries and outlets. Some facts sheets will be on general awareness tailored with hard facts whilst other fact sheets will be combined with promoting waste collection services.

**Newspaper/ magazine advertisements**
Newspaper advertisement and local magazines will be targeted. Full page advertisement and half page advertisement will be utilised on high circulation days (e.g. Friday’s in Samoa).

**Flyers**
A4 flyers to support waste oil collection could be developed and inserted in news dailies and also at various Post Offices mail box.

**Media Airtime**

**Radio and television commercials**
This could include the production of 30-15 second’s advertisement for TV and Radio and the production of a 30 minutes video to be screened on prime television. The program will be based on the benefits of responsible management of used oil in the community.

**Banners**
The awareness campaign could include installation of drop down banners at waste oil collection points to indicate the oil collection service available. Other items for point of display at various service stations and waste oil retail outlets will be developed.

**Promotional items**
This includes giveaway items such as caps, T-SHIRTS and other promo material.

**Text Messaging (Mobile Communication)**
Message via text promotion, this could be utilised during the implementation phase to indicate availability of waste oil collection services.

A budget with timelines and activities for awareness and communications is presented in Annex 4.
ANNEX 1: COST BENEFIT ANALYSIS OF USED OIL FOR VANUATU
ANNEX 2: COSTINGS FOR COST BENEFIT ANALYSIS
ANNEX 3: MODEL USED OIL REGULATIONS
PART 1 – PRELIMINARY

1. **Short title and commencement**
   (1) These Regulations may be cited as the Used Oil Regulations 2014.
   (2) These Regulations commence on [insert commencement date].

2. **Interpretation**
   (1) In these Regulations, unless the context otherwise requires:

   “Act” means the [name of Act under which Regulations made].

   “base oil” means an oil that is free from contaminants or additives and to which other substances may be added for a particular application.


   “Fund” means the Waste Recycling Fund established by regulation 2.4.

   “licensed collector” means a person who is licensed as a waste management operator under the Act to collect used oil.

   “licensed recycler” means a person who is licensed as a waste management operator under the Act to recycle or sell used oil.

   “Managing Agency” means the body responsible for administering these Regulations.

   “oil” means:
   (a) petroleum based oil (including lubricant base oil; prepared lubricant additives containing carrier oils; lubricants for engines, gear sets, pumps and bearings; greases, hydraulic fluids; transmission oils; and transformer and heat transfer oils);
   (b) synthetic equivalents of goods covered by paragraph (a); and
   (c) any other goods determined by the Minister for the purposes of this definition.

   “oil recycling benefit” means an amount payable under Part 4.

   “recognised overseas buyer” means a person in a country other than [country] who is recognised in that country as a person who recycles oil in an environmentally sound manner by complying with the Basel and Waigani Conventions.

   “recycled oil” means:
   (a) goods produced from used oil; or
   (b) used oil that has been re-refined.

   “recycling levy” means the levy impose by regulation 2.1.

   “recycling of oil” means:
   (a) producing goods from used oil; or
   (b) re-refining used oil.
“re-refined” has the meaning given by sub-regulation (2).

“used oil” means any oil that has been used and that, as a result of that use, is contaminated by physical or chemical impurities.


(2) For the purpose of these Regulations, used oil has been re-refined if it has been restored to the condition of a base oil:
(a) by thin film evaporation, followed by solvent extraction or hydrofinishing; or
(b) by vacuum distillation, followed by solvent extraction or hydrofinishing; or
(c) by another process approved for the purpose of this sub-regulation by the Minister as being:
   (i) consistent with the objects of the Act and these Regulations; and
   (i) similar in purpose and effect to the processes mentioned in paragraphs (a) and (b).

3. Objectives of these Regulations
The objectives of these Regulations are to:
(a) develop a product stewardship arrangement for used oil that promotes the sharing of responsibility by importers, retailers, consumers and users of oil;
(b) provide an arrangement for managing used oil that is financially sustainable;
(c) ensure that management of used oil complies with relevant international conventions and national legal requirements;
(d) ensure that users of oil contribute to the costs associated with exporting or otherwise managing used oil in an environmentally sustainable manner;
(e) manage the export of used oil in an environmentally sound manner.

PART 2 – LEVY

4. Recycling levy on oil
For the purposes of section XX of the Act, a levy is imposed on the importation of oil into [country].

5. Amount of levy
(1) The amount of levy is to be determined by the Minister.

(2) In determining the amount of levy, the Minister must have regard to:
(a) the costs of storing used oil, including the costs of providing temporary storage containers;
(b) the costs of collecting and transporting used oil;
(c) the costs of recycling used oil;
(d) if the used oil is not recycled, the costs of exporting the used oil for recycling, or selling the oil for further use;
(e) the estimated amount of the oil recycling benefit; and
(d) the estimated costs of ongoing initiatives to raise people’s awareness of the need to protect the environment by collecting and recycling used oil.
(3) Before determining the amount of levy, the Minister must consult:
   (a) [any relevant government bodies, such as the Department of Finance];
   (b) importers of oil;
   (c) a representative of major users of oil;
   (d) the power utility;
   (e) any existing oil recyclers;
   (f) business representatives; and
   (g) community representatives.

(4) The Minister must ensure notice of the amount of recycling levy is published at least one month before the levy commences.

2.3 Payment of levy - The recycling levy is payable by the importer of the oil.

2.4 Waste Recycling Fund
(1) A Fund called the Waste Recycling Fund is established.
(2) The recycling levy is to be paid into the Fund.
(3) The Fund is to be managed by the Managing Agency, in accordance with the requirements of the [Department of Finance or other government body].
(4) Moneys paid into the Fund are to be used:
   (a) for payment of oil recycling benefit, in accordance with Part 4;
   (b) to provide short term oil storage containers; and
   (c) for ongoing initiatives to raise people’s awareness of the need to protect the environment by collecting and recycling used oil; and

PART 3 – DEALING WITH USED OIL

3.1 Short term storage of used oil
(1) Used oil must be stored in a safe and an environmentally approved manner.
(2) In particular, used oil must be stored in a container that:
   (a) is in good condition and labelled to show it contains used oil;
   (b) has spill prevention and collection equipment that includes appropriate and adequate sized bunding; and
   (c) has adjacent and accessible fire prevention and suppression equipment.

3.2 Collection of used oil
(1) A licensed collector must:
   (a) meet all health, safety and environmental requirements for the handling, collection, transport and storage of used oil;
   (b) wear appropriate personal protective equipment;
   (c) provide suitable storage tanks, if none are available, that have appropriate spill prevention equipment that includes appropriate and adequate sized bunding;
   (c) have adjacent and accessible fire prevention and suppression equipment; and
   (d) keep a record of each amount of used oil received.

3.3 Recycling or export of used oil
(1) A licensed recycler must:
   (a) meet all health, safety and environmental requirements for the handling, transport and storage of used oil;
   (b) wear appropriate personal protective equipment;
(c) provide suitable storage tanks, if none are available, that have appropriate spill prevention equipment that includes appropriate and adequate sized bunding and fire extinguishers;
(d) have adjacent and accessible fire prevention equipment;
(e) keep a record of each amount of used oil received;
(f) recycle used oil by:
   (i) re-refining the used oil in [country]; and
   (ii) selling the recycled oil for reuse in [country]; or
(g) subject to sub-regulation (4), export the used oil.

(2) If the licensed recycler sells the recycled oil, he or she must be reasonably satisfied that the buyer of the oil will deal with the oil in an environmentally safe manner.

(3) If the licensed recycler exports the used oil, he or she must be reasonably satisfied that the person to whom the oil is exported will deal with the oil in an environmentally safe manner.

(4) The recycler may only export used oil with the approval of the Minister.

3.4 Occupational health and safety
(1) All persons involved in collecting, storing, transporting or recycling used oil must wear appropriate personal protective equipment.
(2) An employee of a licensed collector or recycler must wear an identity card showing his or her employment.

3.5 Licensing of collectors and recyclers
(1) A person who collects used oil for the purpose of recycling or export, or recycles or exports used oil, must be licensed under the Act.
(2) A person may apply in writing to the Minister to be licensed as a used oil collector or a used oil recycler, or both.
(3) The Minister may grant the licence if he or she is satisfied:
   (a) for an application for a used oil collector’s licence – that:
      (i) the applicant has a viable business model to operate an oil collection business;
      (ii) the applicant has the relevant expertise and equipment to collect, handle and transport used oil in compliance with environmental and safety standards and guidelines;
      (iii) all vehicles and drivers used by the applicant in the collection of used oil will comply with transport regulations and any licensing requirements for transporting hazardous materials; and
      (iv) all transportation vehicles are appropriately labelled.
   (b) for an application for a used oil recycler’s licence – that:
      (i) the applicant has a viable business model to operate an oil recycling and export business;
      (ii) the applicant has suitable bulk storage tanks that are installed on an impervious base; and
      (iii) any spillage will be caught by an appropriate and adequately sized bund;
      (iv) the applicant has the relevant experience and equipment to recycle used oil in compliance with safety and environmental standards and guidelines;
      (v) if used oil is to be exported, the applicant is able to establish that the oil will be sold to a recognized overseas buyer of used oil in accordance with the Basel Convention and the Waigani Convention; and
      (vi) the applicant has not been convicted of any environmental offences in [country]; and
   (c) in both of those cases – that:
the applicant’s employees are trained in the handling of used oil and will be issued with appropriate personal protective equipment;

(ii) the applicant is aware of his or her obligations under the Act and these Regulations, and under relevant environmental legislation, in relation to the handling of used oil.

3.6 Licence The licence must be in the form approved by the Minister.

PART 4 –OIL RECYCLING BENEFIT

4.1 Entitlement to benefit
(1) A licensed recycler is entitled to be paid oil recycling benefit for used oil that is, within a benefit period:
   (a) recycled in accordance with these Regulations; or
   (b) exported in accordance with regulation 3.3.
(2) However, a licensed recycler is only entitled to be paid benefit for used oil that is recycled or exported after [specific date OR the date of commencement of these Regulations].

4.2 Application for benefit
(1) A licensed recycler may apply to the Managing Agency for payment of oil recycling benefit for a benefit period.
(2) The application must:
   (a) be made using the form approved by the Managing Agency;
   (b) set out, for the benefit period, the quantity of used oil:
      (i) recycled;
      (ii) sold or available for sale; and
      (ii) exported; and
   (c) be signed by the license recycler.
(3) The application must have with it:
   (a) documentation that establishes the quantity of used oil that has been recycled and is available for sale; and
   (b) for oil that is being exported - shipping documentation (including the bill of lading) to show the quantity of used oil that is ready to be shipped.
(4) The Managing Agency must assess the application for benefit and issue a notice of assessment to the licensed recycler showing the amount of benefit and how it was calculated.
(5) In assessing the application for the benefit, the Managing Agency may:
   (a) ask the applicant for further information about:
      (i) the dates and quantities of used oil received by the applicant; and
      (ii) the name of the licensed collector that provided the used oil; and
   (b) inspect the oil loaded for shipping.

4.3 Amount of benefit
(1) The amount of benefit is to be based on the quantity of used oil recycled, ready to be exported or exported during the benefit period.
(2) In determining the amount of benefit, the Managing Agency must have regard to:
   (a) the volume of used oil that has been recycled; and
   (b) the volume of used oil that has been exported or is ready for export.

4.4 Payment of benefit Benefit is payable out of the Fund.
PART 5 – MISCELLANEOUS

5.1 Contract
(1) The Managing Agency may enter into agreements with a licensed collector and a licensed recycler concerning the collection and recycling of used oil and the sale and export of recycled oil.
(2) An agreement may require the collector or recycler to pay a bond.

5.2 Offences
(1) A person must not dispose of used oil otherwise than in accordance with the Act and these Regulations.
(2) In particular, a person must not:
   (a) pour used oil onto the ground;
   (b) pour used oil into a drain or into still or flowing water;
   (c) allow used oil to escape onto the ground or into a drain or still or flowing water;
   (d) store used oil in a way that allows the oil to escape onto the ground or into a drain or still or flowing water; or
   (e) burn used oil in the open air.
(3) A person who contravenes subsection (1) or (2) commits an offence and is liable on conviction to a fine not exceeding XX penalty units or imprisonment for a term not exceeding [PERIOD], or both.

5.3 Offences by licensed collector or recycler
(1) A licensed collector and a licensed recycler:
   (a) must transport used oil in such a way that no oil escapes from the container in which it is transported;
   (b) must not allow collected used oil to escape onto the ground or into still or flowing water; and
   (c) must comply with the requirements of these Regulations in dealing with used oil.
(2) A licensed recycler must carry out the recycling process in such a way that no used oil escapes onto the ground or into still or flowing water.
(3) A person who contravenes subsection (1) or (2) commits an offence and is liable on conviction to a fine not exceeding XX penalty units or imprisonment for a term not exceeding [PERIOD], or both.

5.4 Obligation to clean up spills
If a licensed collector or licensed recycler accidentally discharges used oil during storage, collection, transportation or recycling, he or she must, immediately after becoming aware of the discharge, take all necessary action to

   (a) contain the spill;
   (b) clean up the spill; and
   (c) notify the Managing Agency.

5.5 Report by Managing Agency
(1) The Managing Agency must give an annual report to the Minister by [DATE] each year, setting out:
   (a) the amount of levy paid into the Fund;
   (b) how money in the Fund has been spent;
   (c) the total quantity of oil on which levy is paid;
   (d) the total quantity of used oil collected; and
(e) the total quantity of used oil recycled or exported.

(2) The Minister must present the report to Parliament within one month of receiving it.

(3) The Managing Agency must make the report available to the public after it has been presented to Parliament.

5.6 Reports by licensed collectors and recyclers

(1) A licensed collector must give a written report to the Managing Agency and the Minister every 12 months setting out the amount of used oil:
   (a) collected; and
   (b) delivered to a licensed recycler.

(2) A licensed recycler must give a written report to the Managing Agency and the Minister every 12 months setting out the amount of used oil:
   (a) received;
   (b) held awaiting decision whether it should be recycled, sold or exported;
   (c) identified for recycling;
   (d) undergoing recycling;
   (e) identified for sale in [country] as used oil;
   (f) sold in [country] as used oil;
   (g) identified for export;
   (h) ready for shipping; and
   (i) shipped.

(3) The report must have with it:
   (a) copies of relevant documents relating to the recycling, sale or export;
   (b) a health and safety incident report; and
   (c) a report concerning whether the recycler has complied with relevant standards and codes of practice relating to the environmentally sound management of used oil.

5.7 Inspection

(1) The Managing Agency may appoint an inspector for the purposes of these Regulations.

(2) An inspector may, during business hours:
   (a) enter premises used by a licensed collector or a licensed recycler for the storage or recycling of used oil;
   (b) inspect the storage and recycling operations carried out on those premises; and
   (c) inspect books and records relating to the collection and recycling of used oil.

(3) Before carrying out an inspection, an inspector must produce evidence of his or her appointment.

5.8 Review

(1) The rate of levy and benefit payable under these Regulations must be reviewed annually.

(2) Three years after the commencement of these Regulations, the Minister must appoint a person to review:
   (a) the operation of the Fund; and
   (b) generally, the operation of the system of managing used oil under these Regulations.
SCHEDULES

SCHEDULE 1 – RE-REFINED BASE OIL CRITERIA

1 Mutagenicity
   The oil must be non-carcinogenic, demonstrated by having a mutagenicity index of less than 1 using the Modified Ames Test.

2 Poly–aromatic hydrocarbons
   (1) The oil must contain less than the following for each kilogram of oil:
       (a) 10 mg of benzo(a)pyrene;
       (b) 10 mg of dibenz(ah)anthracene;
       (c) 100 mg of benz(a)anthracene;
       (d) 100 mg of benzo(b)fluoranthene;
       (e) 100 mg of benzo(k)fluoranthene;
       (f) 100 mg of chrysene; and
       (g) 100 mg of indeno(123–cd)pyrene.
   (2) The total amount of poly–aromatic hydrocarbons mentioned in subclause (1) that the oil contains must be less than 400 mg for each kilogram of oil.
   (3) The total amount of all poly–aromatic hydrocarbons that the oil contains (including poly–aromatic hydrocarbons mentioned in subclause (1)) must be less than 1000 mg for each kilogram of oil.

3 Polychlorinated biphenyls
   The oil must contain less than 2.0 mg of polychlorinated biphenyls for each kilogram of oil.

4 Polychlorinated dibenzo–p–dioxins
   The total amount of dioxins and furans that the oil contains must be less than 10 picograms Toxic Equivalent for each gram of oil.

5 Total acid number
   The oil must have a total acid number of less than 0.07 mg of potassium hydroxide for each gram of oil.

6 Heavy metals
   The oil must contain less than the following for each kilogram of oil:
       (a) 5 mg of arsenic;
       (b) 2 mg of cadmium;
       (c) 10 mg of chromium; and
       (d) 100 mg of lead.

7 Appearance
   The oil must have a clear and bright appearance.
SCHEDULE 2
PETROLEUM PRODUCT CRITERIA

1 Density
The petroleum product must have a density:
   (a) equal to or exceeding 0.900 at 15º Celsius as determined by ASTM 1298; or
   (b) less than 0.900 at 15º Celsius as determined by ASTM 1298 and:
       (i) a maximum cetane index of 35 as determined by ASTM D976; or
       (ii) in respect of the heaviest 10% of a particular volume of fuel tested, a value of 0.35% mass of carbon residue on 10% distillation residue as determined by ASTM D189 or D524; or
       (iii) a minimum pour point of 15º Celsius as determined by ASTM D97; or
       (iv) a minimum sulphur content of 1.5% mass as determined by ASTM D129; or
       (v) a minimum kinematic viscosity of 10 centistokes (millimetres squared per second) at 40º Celsius as determined by ASTM D445.

2 Duty
Duty on the petroleum product must have been paid at a rate that is applicable to diesel fuel.

3 Use
The petroleum product must be capable of being used as a fuel otherwise than in an internal combustion engine.

4 References to ASTM tests
In this Schedule, ASTM, followed by a number, is a reference to the test so numbered as prescribed by the American Society for Testing and Materials and set out in Section 5 of the Annual Book of ASTM Standards (1986 revision) published by the American Society for Testing and Materials at Philadelphia, Pennsylvania in the United States of America.
ANNEX 4: ACTIVITIES AND TIMELINES FOR AWARENESS AND COMMUNICATIONS BUDGET
<table>
<thead>
<tr>
<th>Activity</th>
<th>Estimated Budget Vatu</th>
<th>Description</th>
<th>Timelines</th>
<th>Indicators</th>
<th>Source of Verification</th>
<th>Assumptions</th>
<th>Audience</th>
<th>Potential Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRE-PRODUCTION</strong></td>
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<tr>
<td>Message Development</td>
<td></td>
<td>Pre-testing of messages will be done through the steering group.</td>
<td>0 – 2 Months</td>
<td>DEPC, SPREP, AFD, UNEP</td>
<td>Used oil message agreed</td>
<td>DEPC. Stakeholders</td>
<td>EPC, PPS, Importers</td>
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<tr>
<td><strong>PRODUCTION</strong></td>
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<tr>
<td>Development of Logo</td>
<td>120,000</td>
<td>Logo design</td>
<td>2 – 4 Months</td>
<td>DEPC, SPREP, AFD, UNEP</td>
<td>Logo design agreed</td>
<td>Public sector, Community Leaders, Schools, Private Sector, Media Community, Individuals,</td>
<td>SPREP, AFD, DEPC, UNEP, EPC, PPS</td>
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<tr>
<td><strong>PRINT MATERIALS</strong></td>
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<tr>
<td>Fact Sheets</td>
<td>60,000</td>
<td>5,000 copies double sided</td>
<td>4 – 12 Months</td>
<td>Distribution of fact sheets to service stations, automotive centres, etc</td>
<td>Support from Community leaders and schools</td>
<td>Public sector, Community Leaders, Schools, Private Sector, Media Community, Individuals,</td>
<td>Schools, communities, Media</td>
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<tr>
<td>Newspaper Adverts</td>
<td>144,000</td>
<td>Full page spread over 12 months</td>
<td>3 – 12 Months</td>
<td>Regular used oil advert,</td>
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<tr>
<td>Flyers</td>
<td>60,000</td>
<td>A4 single sided for Posters</td>
<td>6 – 12 Months</td>
<td>Distribution of posters to service stations, automotive centres, etc</td>
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<tr>
<td><strong>MEDIA TIME</strong></td>
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<tr>
<td>TV Spot Production</td>
<td>160,000</td>
<td>4 x 30 sec ads Vatu 40,000 each</td>
<td>6 – 12 Months</td>
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<tr>
<td>Activity</td>
<td>Estimated Budget Vatu</td>
<td>Description</td>
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<td>Airing of TV Spot</td>
<td></td>
<td>The airing of spots will be intense and on prime time.</td>
<td>9 – 15 Months</td>
<td></td>
<td>Support from Vanuatu TV</td>
<td>Public sector, Community Leaders, Schools, Private Sector, Community, Individuals,</td>
<td>Vanuatu TV, Media</td>
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<td>Airing of Radio Spots</td>
<td>160,000</td>
<td>30 sec spots and teasers will be produced and run in combination.</td>
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<td>Public sector, Community Leaders, Schools, Private Sector, Community, Individuals,</td>
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<tr>
<td>Production of Video</td>
<td>100,000</td>
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<td></td>
<td>Community Leaders, Schools, Private Sector</td>
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<tr>
<td>OUTDOOR AND PRINT OF SERVICE ADVERTISING</td>
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<td></td>
<td></td>
<td>Public sector, Community Leaders, Private Sector, Community, Individuals,</td>
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<tr>
<td>Banners</td>
<td>128,000</td>
<td>The banners will be placed at various waste oil collection points to indicate collection service available at that centre.</td>
<td>9 -15 Months</td>
<td>Banners available and location agreed.</td>
<td></td>
<td>Public sector, Community Leaders, Private Sector, Community, Individuals,</td>
<td>Service stations, supermarkets,</td>
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<tr>
<td>Pull-up banner</td>
<td>72,000</td>
<td>Pull-up banners to be used during awareness</td>
<td>9 – 15 Months</td>
<td>Awareness w/shops using banners</td>
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<td>Public sector, Community Leaders, Private Sector, Community, Individuals,</td>
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<tr>
<td>Promotional Items</td>
<td>100,000</td>
<td>T-Shirts with Logo</td>
<td>9 Months ongoing</td>
<td>T-Shirts available</td>
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<td>Public sector, Community Leaders, Private Sector, Community, Individuals,</td>
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<tr>
<td>Total</td>
<td>1,104,000</td>
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<td></td>
<td></td>
<td>Public sector, Community Leaders, Private Sector, Community, Individuals,</td>
<td>Service stations, supermarkets,</td>
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