



Ensuring Fair and Compliant Access to ICBC Salvage Vehicles

Overview

British Columbia (BC) has long been a leader in environmental oversight for the automotive recycling sector. Since 2007, provincial regulations have required automotive recyclers to maintain environmental management plans and undergo audits by qualified professionals. Although not legally required to join, nearly all BC recyclers (approximately 97%) participate in the **Automotive Recyclers Environmental Association (AREA)** audit program to demonstrate compliance with municipal, provincial, and federal regulations.

Historically, ICBC has supported this regulatory framework by requiring Dismantle-Parts-Only (DPO) salvage buyers to self-declare environmental compliance and submit municipal business licenses. More recently, its **Recycled Vehicle Program (RVP)** has gone further by requiring proof of environmental audit and registration—an approach that strengthens ICBC's due diligence obligations and ensures responsible vehicle dismantling.

Issue and Challenges

ICBC is now transitioning its salvage sales to a national online platform - **Impact Auto Auctions (IAA)** - which actively markets BC salvage to a wider buyer base, including out-of-province and international bidders. While this may increase bids and short-term returns, it introduces several serious challenges:

- **Uneven Compliance Standards:** Recyclers in other provinces are not subject to BC's stringent audit-based environmental reporting regulations. Without third-party verification, there is no assurance that these buyers meet comparable standards.
- **Loss of Provincial Benefits:** When vehicles - particularly EVs that have been publicly subsidized - are exported, BC residents lose access to valuable used parts, and the province forfeits the return on its public investment (e.g. EV subsidies).
- **Unfair Competition:** BC recyclers who adhere to regulatory reporting standards are being undercut by out-of-province buyers who may not bear the same compliance requirements, creating an unlevel playing field.
- **Limited Oversight:** ICBC's current buyer licensing process relies heavily on self-declaration with minimal enforcement, thus allowing non-compliant facilities to continue purchasing DPO salvage.

Recommended Actions

To ensure a **fair and environmentally responsible salvage system**, we recommend ICBC take the following actions:



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1. **Require Proof of Environmental Compliance from All Buyers:** Mandate third-party environmental audits for all DPO salvage buyers—regardless of jurisdiction—mirroring BC’s standards. In provinces outside BC, the **Canadian Auto Recyclers Environmental Code (CAREC)** provides a credible national audit option.
2. **Make Environmental Audit a Condition of Buyer Licensing:** Align the buyer licensing process for ICBC salvage with the RVP standard by requiring proof of current audit and regulatory compliance as part of the application and renewal process.
3. **Regularly Review of Buyer Credentials:** Institute a periodic review of all DPO buyers to ensure ongoing compliance with environmental standards and remove licenses from buyers found to be non-compliant.
4. **Limit Export of Subsidized or High-Value Vehicles:** Where possible, restrict the export of electric or subsidized vehicles to ensure that taxpayer-funded assets continue to benefit BC residents through local parts availability and reuse.

By implementing these actions, ICBC will fulfill its duty to the public by maintaining environmental integrity, supporting local businesses, and ensuring a **level playing field** for all automotive recyclers.