



Australian Government

Australian Government response to the independent report:

Fourth Product Stewardship (Oil) Act 2000 review

AUGUST 2021

Introduction

The fourth independent review of the *Product Stewardship (Oil) Act 2000* found that the Product Stewardship for Oil Scheme (PSO Scheme) is achieving strong environmental outcomes, is effective and does not impose undue costs on industry or consumers.

Waste oil is a particularly powerful contaminant; a single litre can contaminate up to a million litres of water. Since its inception the PSO Scheme has led to the collection and recycling of over 4,300 Megalitres of lubricating oils and greases. That is more than five times the oil released into the Gulf of Mexico by the Deepwater Horizon spill of 2010.

Introduced by the Howard Government, the PSO Scheme is Australia's first legislated national product stewardship scheme and has played a key role in protecting the environment, and the health of Australians, turning used oil from across the country into valuable new products. The PSO Scheme has ensured Australia has an effective and mature oil recycling industry which employs more than 600 Australians and supports thousands of contractors.

To ensure the ongoing viability of this essential scheme during the COVID-19 pandemic the Australian Government committed \$7.8m from the COVID-19 Relief and Recovery Fund to support the oil recycling industry. The additional funding allowed oil recycling facilities to stay operational at a time when they would have otherwise gone into care and maintenance. This meant that used oil that otherwise may have been illegally dumped, damaging our environment, was collected and recycled.

Government support under the COVID-19 Relief and Recovery Fund was complemented by other recycling and waste reduction initiatives such as the \$20m Product Stewardship Investment Fund that included \$1million to establish Australia's first Product Stewardship Centre of Excellence to drive industry led product stewardship.

The *Product Stewardship (Oil) Act 2000* (the Act), together with the *Excise Tariff Act 1921* and the *Customs Tariff Act 1995*, establishes the legislative framework for the operation of the PSO Scheme. The Act requires that the PSO Scheme be independently reviewed, and in 2020 Deloitte Access Economics were appointed to undertake a review.

The fourth independent review of the PSO Scheme is now complete. The government notes its positive findings. Specifically, Deloitte Access Economics found that the PSO Scheme is effective, appropriate and efficient, and its overall costs are proportional to the benefits and outcomes it achieves. The government also notes the review report's findings that the PSO Scheme has been essential in facilitating the recycling of used oil in Australia and protecting the environment from harm.

The review made three recommendations to build upon the success of the PSO Scheme. These recommendations relate to:

- 1) ensuring the levy paid on domestically produced and imported oils, and their synthetic substitutes, are appropriate to support the scheme financially
- 2) ensuring that benefits paid for the recycling of eligible oils, and their synthetic substitutes, are sufficient to ensure a viable oil recycling sector
- 3) increasing the accessibility of information of PSO Scheme benefits, outcomes and costs.

The government notes all three recommendations made in the review report.

The government also notes the four observations of the review report.

The government acknowledges the comprehensive assessment that was undertaken by Deloitte Access Economics and the expertise that they brought to the topic. The government also thanks the many stakeholders who provided input to the review, sharing their insights into the industry.

Response to the recommendations

Recommendation	Response
Recommendation 1 Enable PSO Scheme benefits to change with oil prices, to insulate re-refiners against fluctuations in crude oil prices.	The government notes this recommendation. The government is strongly committed to the ongoing success of the PSO scheme. The government will work with industry and other stakeholders to examine the appropriateness of various mechanisms to best protect the environment and assure the financial sustainability of the oil re-refining and recycling industry. For example, a floating benefit rate linked to oil prices, indexed adjustment (whether Consumer Price Index, Producer Price Index or other index), or a one-off adjustment to benefits to an appropriate level. The government will undertake further consultation and analysis regarding this recommendation.
Recommendation 2 Increase the levy to address the deficit.	The government notes this recommendation. The government is strongly committed to the ongoing success and financial viability of the PSO scheme. The government will examine the appropriateness of the current levy based on the outcomes of analysis and consultation with industry and other stakeholders to determine the appropriate benefits paid under the PSO Scheme.
Recommendation 3 Reinstating publication of PSO Scheme information in Departmental Annual Reports.	The government notes this recommendation. The government is strongly committed to transparency for the PSO Scheme and its significant positive outcomes. Work will commence to publish, appropriately aggregated, data on the department's website subject to tax secrecy provisions and through annual reporting requirements.

Response to observations

Observation 1

There is an opportunity to consult with the ABF and other government agencies to identify a more appropriate certification mechanism for petroleum products imported.

The government notes this observation.

The Department of Agriculture, Water and the Environment will consult with the Australian Taxation Office, Australian Border Force, industry and other key stakeholders to identify opportunities to improve the certification mechanisms under the PSO Scheme.

Observation 2

Government should note the intersection of the PSO Scheme with the mining sector, including use of waste oil in explosives and opportunities to support collection of waste oil from mines.

The government notes this observation.

The Department of Agriculture, Water and the Environment will examine the end-of-life management of waste oil in mining operations, including its use in explosives, and opportunities for enhanced collection.

Observation 3

There may be merit in holding an annual meeting with relevant Commonwealth, state and territory and local government bodies, industry and stakeholders to facilitate knowledge sharing (similar to the previous Oil Stewardship Advisory Council, but with more flexibility).

The government notes this observation.

The Department of Agriculture, Water and the Environment will investigate the scope, desired outcomes and feasibility of holding an annual event.

Observation 4

There may be an opportunity for Government to consider facilitating submission of fuel excise and PSO Scheme forms concurrently (at intervals other than weekly), to reduce administrative burden for PSO Scheme participants, as part of the ATO digital

The government notes this observation.

The Australian Taxation Office will continue to support scheme participants within the legislative framework of the PSO Scheme.

transformation program we understand is underway. This may require legislative amendment outside of the PSO Scheme and more detailed consideration by Government outside the scope of this Review.

Changes to excise arrangements to suit PSO Scheme participants are not expected to be viable given the large number of affected parties that would be non-PSO Scheme participants.

It is noted that from 1 July 2021 some PSO participants will be able to request a move from weekly to monthly lodgement of excise returns due to the expansion of a number of measures to reduce administrative burdens (*Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Bill 2020*).
