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Acknowledgement of Country

Our department recognises the First Peoples of this nation and their ongoing connection to culture and country. We acknowledge Aboriginal and Torres Strait Islander Peoples as the Traditional Owners, Custodians and Lore Keepers of the world's oldest living culture and pay respects to their Elders past, and present.

RESPONSE

The Australian Government welcomes the release of the *Petroleum and Other Fuels Reporting Act 2017* (POFR Act) Independent Review (the Review).

The POFR Act sets out a mandatory regime for reporting fuel and fuel-related products, and the *Petroleum and Other Fuels Reporting Rules 2017* (POFR Rules) expand on the detail required for covered activities and covered products.

Since its introduction, the POFR Act and Rules have not been subject to an independent review. Ernst and Young was engaged to undertake the Review and consider the definitions of fuel information, covered product and covered activity, along with the effectiveness of the POFR Act.

The Review conducted stakeholder consultation as its primary source of information on how the POFR Act is functioning, with stakeholders asked questions relating to the effectiveness of the POFR Act.

The Review concludes the POFR Act is relevant and fit for purpose in achieving its policy objectives. It has been successfully administered by regulators and provides benefits to government, industry, and the community.

The Review makes 9 recommendations for improvements to the POFR Act. The government's responses to the Review's recommendations are below.

The Review is available for download here on the Department of Climate Change, Energy, the Environment and Water's (the department's) website.

RECOMMENDATION 1 *Fuel information*

No legislative changes are required for the definition of fuel information.

Response

Support. The government supports the recommendation and stakeholder feedback that no changes to the definition of fuel information are currently required.

RECOMMENDATION 2 *Covered activities*

No legislative changes are required for the definition of covered activities, apart from the conversion of sales to retail reporting from voluntary to mandatory.

Response

Support. The government supports the finding that the definition of covered activities remains appropriate, apart from the reporting of wholesale to retail fuel volumes.

Mandatory retail reporting is responded to under recommendation 8.

RECOMMENDATION 3 *Covered products*

The scope of covered products is sufficient, however, broadening the POFR Act to include Diesel Exhaust Fluid (DEF) and Technical Grade Urea (TGU) will help the POFR Act in achieving its objectives. Additionally, a change to the reporting requirements for Sustainable Aviation Fuel (SAF) is recommended and is detailed in the recommendation for Part 6.1.

Response

Support. The government recognises DEF and TGU are critical inputs to heavy vehicle transport that underpins our economy, and therefore supports expanding the scope of covered products to include DEF and TGU. Implementation of this recommendation will be undertaken in consultation with industry.

Reporting requirements for SAF are responded to under recommendation 6.

RECOMMENDATION 4 *Diesel Exhaust Fluid*

It is recommended that DEF and TGU be introduced as covered products under the POFR Act.

Response

Support. As per recommendation 3, the government supports DEF and TGU becoming covered products under the POFR Act. Implementation of this recommendation will be undertaken in consultation with industry.

RECOMMENDATION 5 *Final use data*

It is not recommended that the POFR Act be used to collect final use data for covered products.

Response

Support. The government notes that data on the final use of energy such as for mining and industrial use are already collected under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). The government does not intend to implement final use data reporting under the POFR Act. The reporting of sales to retail (see recommendation 8) is not classified as final use data but will assist in improving estimates of final energy use for transport.

RECOMMENDATION 6 *Sustainable Aviation Fuel*

It is recommended that Sustainable Aviation Fuel be given a dedicated category for reporting under the POFR Rules.

Response

Support in principle. The government recognises establishing a category for SAF reporting in the POFR Rules would support tracking future supply and use, subject to impact analysis and further industry engagement.

RECOMMENDATION 7 *Natural gas*

It is not recommended that natural gas be made a covered product under the POFR Act or Rules.

Response

Support. The government agrees that natural gas has sufficient data coverage under other legislation outside of the POFR Act.

RECOMMENDATION 8 *Mandatory reporting of sales to retail volumes*

It is recommended that sales to retail volumes reporting be converted from voluntary to mandatory, in order to improve data quality.

Response

Support in principle. The government supports the recommendation to make reporting of wholesale to retail fuel sales volumes mandatory, subject to impact analysis and further industry engagement. This reporting is used to develop statistics on sectoral use of liquid fuels, such as diesel use for transport which is not fully captured under NGER reporting thresholds. This would improve the quality of data available for policy development and emissions reporting and has less overall reporting burden for wholesalers already captured under POFR, than capturing similar information further down the supply chain where there are significantly more market participants. The government notes these data are also used by the petroleum industry.

RECOMMENDATION 9 *Reporting timing*

It is recommended to modify reporting frequency for wholesaling greases, lubricants, base oils, waxes and solvents (GLOWS) to be monthly, in line with most covered activities and products. This approach gives a more regular stream of data for the department and Australian Petroleum Statistics. It also reduces the risk of any data quality issues associated with extraction every 6 months. For non-GLOWS products, no changes to timing are recommended.

Response

Support in principle. The government supports making reporting of GLOWS monthly instead of the current six-monthly interval, subject to impact analysis and further industry engagement. The government notes that some entities already report their data monthly on a voluntary basis.