

EXPLANATORY STATEMENT

Select Legislative Instrument 2006 No. 144

Minute No. 4 of 2006 - Minister for the Environment and Heritage

Subject - *Product Stewardship (Oil) Act 2000*
Product Stewardship (Oil) Amendment Regulations 2006 (No. 1)

Section 37 of the *Product Stewardship (Oil) Act 2000* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Act aims to reduce adverse environmental impacts of waste oil by encouraging increased collection and recycling of waste oils. This is achieved by providing for grant payments in the form of product stewardship (oil) benefits to eligible recyclers of waste oil to undertake increased recycling of waste oil. Benefits are paid on a per litre basis for the sale or consumption of recycled oil that has been recycled in Australia.

The Regulations amend the *Product Stewardship (Oil) Regulations 2000* (the Principal Regulations) to provide an additional product stewardship (oil) benefit over a three year transition period to waste oil recyclers to offset changes to excise arrangements on burner fuel (this includes oils used for heating, electricity generation or industrial applications).

The table of existing benefit categories for recycled products and their product specifications under subregulation 4(1) of the Principal Regulations will not be affected by the Regulations. The additional amount of product stewardship (oil) benefit will be claimed as a separate entitlement which is specified in the table to regulation 4A. The additional benefit would only apply to recycled waste oil product resulting from operations of waste oil recyclers who are currently eligible to claim benefits under items 5 or 6 of the table in subregulation 4(1) under which used oil is recycled as burner fuels. Other items in the benefit table are not related to burner fuels.

An excise of 7.557 cents per litre on new (non-recycled) burner fuel currently applies, but will be effectively removed on 1 July 2006 as part of the Government's fuel excise reform. The effective removal of excise for all burner fuels will result in the recycled product losing the competitive advantage it now enjoys through the excise price differential. To allow time for waste oil recyclers to adjust to the new excise arrangements, the additional amount of product stewardship (oil) benefit will commence by matching the existing price differential. This will then be reduced each financial year, ending on 30 June 2009. This temporary relief will reduce the risk of the change in financial circumstances undermining the success of the Product Stewardship for Oil Programme.

Paragraph 10(4)(a) of the Act states that before the Governor-General makes a regulation relating to entitlements to a product stewardship (oil) benefit in respect of the sale or consumption of recycled oil, the Minister must take into consideration the total amount that it is estimated will be collected under relevant items in the *Customs Tariff Act 1995* and the *Excise Tariff Act 1921* in the relevant period. As this additional amount of product stewardship (oil) benefit will be funded through budget allocation, consideration of the estimated amount collected is not relevant to the amendment.

Paragraph 10(4)(b) of the Act states that before the Governor-General makes a regulation, the Minister must take into consideration any relevant environmental matters relating to the recycling of oils or to the use of gazetted oil. The Regulations will assist in ensuring the sustainability of the used oil recycling industry by allowing the industry time to adjust to the new excise arrangements.

The Act specifies no other conditions that had to be met before the power to make the Regulations was exercised.

The Office of Regulation Review advised that a Regulation Impact Statement was not required.

Details of the Regulations are set out in the attachment.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations will commence on 1 July 2006.

Authority: Section 37 of the *Product Stewardship (Oil) Act 2000*

ATTACHMENT**Details of the *Product Stewardship (Oil) Amendment Regulations 2006 (No. 1)***

Regulation 1 provides that the Regulations are the *Product Stewardship (Oil) Amendment Regulations 2006 (No. 1)*.

Regulation 2 provides that the Regulations commence on 1 July 2006.

Regulation 3 provides that Schedule 1 to the Regulations amends the *Product Stewardship (Oil) Regulations 2000* (the Principal Regulations).

- Schedule 1 - Amendments

Item 1 inserts new regulation 4A which provides an additional benefit if a person is receiving an amount of product stewardship (oil) benefit under items 5 or 6 of the table in subregulation 4(1). The benefit includes an additional amount specified in column 3 of an item of the following table for an entitlement that arises in the period specified in column 2 of that item in the table.

Item	Time Period	Amount (cents/l)
1	1 July 2006 to 30 June 2007	7.557
2	1 July 2007 to 30 June 2008	5
3	1 July 2008 to 30 June 2009	2.5