**EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Energy and Emissions Reduction

*Petroleum and Other Fuels Reporting Act 2017*

*Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021*

**Purpose and Operation**

The *Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021* (the Rule) amends the *Petroleum and Other Fuels Reporting Rules 2017* (the principal POFR Rules) by prescribing various matters for the purposes of the fuel security services payment (the FSSP) reporting aspects of the *Petroleum and Other Fuels Reporting Act 2017* (POFR Act) (as amended by the *Fuel Security (Consequential and Transitional Provisions) Act 2021*).

In particular, the Rule amends the principal POFR Rules by inserting:

* new definitions of several terms to ensure key terminology is defined consistently across the new laws establishing the FSSP scheme, including under the *Fuel Security Act 2021* (FS Act), the *Fuel Security (Fuel Security Services Payment) Rule 2021* (FSSP Rule) and the principal POFR Rules, wherever appropriate;
* new reporting provisions to require refinery operators to report information concerning the refining of “FSSP fuels” (as defined under the FS Act) on a quarterly basis under the principal POFR Rules; and
* new auditing provisions requiring the conduct of audits of quarterly reports submitted by refiners, which relate to the refining of FSSP fuels, to be conducted at the end of the first financial year of the operation of the FSSP scheme and otherwise where the Secretary holds concerns about the accuracy of information provided in such reports.

**Authority**

This Rule is made pursuant to the POFR Act, in particular section 41 of that Act includes the power for the Minister to make legislative rules. Additionally, it is authorised under section 13B of the POFR Act, in which rules relating to compliance audits relating to the FS Act can be made.

**Consultation**

Targeted consultation with stakeholders including refinery operators, was undertaken during drafting the *Fuel Security (Consequential and Transitional Provisions) Act 2021*, and following introduction of the Bill to Parliament, on key aspects of this Rule and other associated subordinate instruments (e.g. the FSSP Rule and *Fuel Security (Fuel Security Services Payment) Guidelines 2021*). A draft of the amendments was provided to refinery operators and no concerns were raised with the amendments.

**Regulatory Impact**

An addendum to the Regulation Impact Statement (RIS) previously prepared in relation to the Act (reference numbers: 42904 and 20489) has been prepared for the purpose of this instrument in accordance with the Australian Government Guide to Regulation. A copy of the Addendum to the RIS is included at the end of this Explanatory Statement.

**GLOSSARY**

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| Abbreviation | Definition |
| FS Act | *Fuel Security Act 2021* |
| FSSP | Fuel security services payment |
| FSSP Rule | *Fuel Security (Fuel Security Services Payment) Rule 2021* |
| Minister | The Minister that is responsible for administering the POFR Act and the principal POFR Rules (presently, the Minister for Energy and Emissions Reduction) |
| NGER (Audit) Determination | *National Greenhouse and Energy Reporting (Audit) Determination 2009* |
| POFR Act | *Petroleum and Other Fuels Reporting Act 2017*, as amended by the *Fuel Security (Consequential and Transitional Provisions) Act 2021* |
| principal POFR Rules | *Petroleum and Other Fuels Reporting Rules 2017*, as amended by this Rule |
| the/this Rule | *Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021* |
| Secretary | The Secretary of the Department that is responsible for administering the POFR Act and principal POFR Rules (presently, the Department of Industry, Science, Energy and Resources). |

**Details of the *Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021***

**PART 1 – PRELIMINARY**

**Section 1 – Name**

This section specifies the name of this instrument made under the Act as the *Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021* (the Rule)*.*

**Section 2 – Commencement**

This section provides that the Rule commenced on the day after it was registered on the Federal Register of Legislation.

**Section 3 – Authority**

This section sets out the provision of the POFR Act under which the Rule is made, in particular section 41 of the POFR Act confers power on the Minister to make legislative rules. The power to make rules under this section includes the power to amend or revoke rules that have already been made, with any doubt about this resolved by subsection 33(3) of the *Acts Interpretation Act 1901*.

**Section 4 – Schedules**

This section is a machinery clause that provides that the Schedules to the Rule amend or repeal the instruments referred to therein in the manner set out in the Schedules.

### Schedule 1—Amendments

***Petroleum and Other Fuels Reporting Rules 2017***

**Item 1 – Section 4**

This item inserts new definitions of key phrases relating to the FSSP scheme into the definitions provision of the principal POFR Rules. The primary purpose of these amendments is to ensure phrases such as “*FSSP fuel*” and “*registered greenhouse and energy auditor*” are defined consistently across the laws establishing the FSSP scheme, including under the *Fuel Security Act 2021*, the FSSP Rule and the principal POFR Rules.

The *Fuel Security (Fuel Security Services Payment) Rule 2021* and *National Greenhouse and Energy Reporting (Audit) Determination 2009* are legislative instruments incorporated from time to time and available at [www.legislation.gov.au](http://www.legislation.gov.au).

**Item 2 – At the end of Division 3 of Part 2**

*New Subdivision C—Reports related to Fuel Security Services Payment*

This item inserts new Subdivision C (Reports related to Fuel Security Services Payment) into Division 3 (Reports) of Part 2 (Reports of fuel information) of the principal POFR Rules. The new subdivision comprises new sections 19A-19C, which provide for:

* giving quarterly reports to the Secretary concerning the refining of FSSP fuels by a constitutional corporation which relate to the fuel security services payment (FSSP);
* the conduct of audits of all such reports made by a refinery operator in the first financial year of the FSSP scheme (i.e. from 1 July 2021 to 30 June 2022); and
* the conduct of audits of any quarterly reports (or subsequent reports) which give rise to concerns about the accuracy of information reported under the new subdivision.

Appropriately, the new subdivision will directly follow Subdivision B (Reports) of the principal POFR Rules relating to other kinds of matters required to be reported by regulated entities regarding covered activities undertaken in relation to covered products under the principal POFR Rules.

*New section 19A Reports—fuel security services payment*

This item inserts new section 19A into the principal POFR Rules. Section 19A requires, for the purpose of section 11 of the POFR Act (which establishes obligations of mandatory reporting of fuel information by regulated entities), that regulated entities that are eligible to receive the FSSP under the FS Act (i.e. the operators of Australian refineries who have been granted an application under section 40 of the FS Act) must report specified fuel information to the Secretary within 21 days of the end of a quarter (the phrase “quarter” is defined under section 4 of the principal POFR Rules, per item 1 of Schedule 1 to the Rule).

The note to subsection 19A(1) advises the reader that quarterly reports relating to the refining of FSSP fuel may be submitted with other reports under the principal POFR Rules and use data already reported.

In particular, reports are required to be made under section 19A if a covered activity of refining FSSP fuel is undertaken in Australia (i.e. at a committed refinery within the meaning of the FS Act) and the refining of that fuel is eligible for the FSSP under the FS Act (i.e. the refined fuel meets the definition of “FSSP fuel” under sections 5 of the FS Act and FSSP Rule, and all other requirements for the refining under the FSSP Rule).

New subsections 19A(2) and (3) of the principal POFR Rules set out the specific categories of fuel information that are required to be reported by refinery operators, including:

* The volume and mass of each FSSP fuel meeting the requirements of section 5 and 13 of the FSSP Rule for the quarter.

This information is crucial for the administration of the FSSP scheme, as it will be used to calculate the amount of FSSP which a refinery operator is entitled to receive for a quarter (see section 12 of the FSSP Rule).

* The volume of any blendstocks (as defined under the FSSP Rule) used at the refinery in the quarter that is not produced at the refinery but added before an FSSP fuel is sold.

This information is required to be reported, as volumes of blendstock are expressly excluded from the calculation of volumes of FSSP fuel for which payment of the FSSP may be made (see section 13 of the FSSP Rule).

* A statement of the accuracy of the reported information.

This information is required to be reported to help verify the accuracy of reported data. Volumes of FSSP fuels refined need to be accurate. Any deliberate under or over reporting has the potential to provide significant commercial and financial advantages to a refinery operator. Such conduct is appropriately deterred by a civil penalty under section 13A of the POFR Act, which prohibits a person from providing false or misleading information in respect of information reported that relates to whether FSSP is payable to a constitutional corporation under the FS Act.

*New section 19B Audit of fuel security services payment reports for 1 July 2021 financial year*

This item also inserts new section 19B into the principal POFR Rules. Section 19B makes provision for the preparation of audit reports, for the purpose of subsection 13B(1) of the POFR Act, in relation to the auditing of compliance with section 11 of the POFR Act so far as that section relates to the giving of reports that relate to the refining of FSSP fuels.

Specifically, section 19B requires the preparation of an audit report that covers all reports provided under section 19A of the principal POFR Rules for the first financial year of the FSSP scheme i.e. from 1 July 2021 to 30 June 2022. The purpose of this audit report is to provide a means of reviewing the FSSP scheme – including the compliance by refinery operators with their mandatory reporting obligations – over its first year of operation and to help ensure the integrity of the FSSP payments.

Subsection 19B(2) of the principal POFR Rules provides that the audit report must be prepared by a registered greenhouse and energy auditor in accordance with the requirements for reasonable assurance engagements under the NGER (Audit) Determination. Subsection 19B(3) provides that the audit report must report whether reported fuel information complied with the requirements of section 19A and was fairly presented. This would include (if appropriate in the circumstances) a reasonable assurance conclusion that there is no misstatement in the matter being audited that is material or pervasive enough to affect the matter being audited as a whole. The use of registered national greenhouse and energy auditors recognises the significant skills this category of auditors have with energy auditing relevant to the refining of FSSP fuels. These auditors already apply the NGER (Audit) Determination standard for greenhouse and energy audits, safeguard audits and audits under the Emissions Reduction Fund. Whether the information was ‘fairly presented’ would take into account the understanding of that term in auditing, including that matters of substance are reflected in the presentation of the information.

Subsection 19B(4) of the principal POFR Rules requires the report must be provided to the Secretary no later than 30 September 2022.

These audit reporting provisions complement, and are supported by, the duties applying under sections 13C and 13D of the POFR Act for persons to provide reasonable facilities and assistance for audits and to comply with requirements in relation to reports of audits.

*New section 19C Audit of fuel security services payment reports if concern about reports*

This item also inserts new section 19C into the principal POFR Rules.

Similarly to section 19B (see explanatory notes above) section 19C also makes provision for the preparation of an audit report, for the purpose of subsection 13B(1) of the POFR Act, in relation to compliance with section 11 of the POFR Act, so far as that section relates to the giving of reports that relate to the refining of FSSP fuels.

However, subsection 19C(1) empowers the Secretary to request audits of particular reports made under section 19A of the principal POFR Rules, where the Secretary holds concerns about the accuracy of information provided in any such report. In these circumstances, the Secretary may request the refinery operator to obtain an audit report in relation to either the quarterly report which triggered the concern, or the next quarterly report to be submitted under section 19A.

Under subsection 19C(5), the Secretary is limited to requesting such an audit once per financial year, unless a significant discrepancy is identified in the fuel information reported which would justify further audit requests to be made.

As for the end of financial year audit report prepared under section 19B, an audit report under section 19C must be prepared by a registered greenhouse and energy auditor in accordance with the requirements for reasonable assurance engagements under the NGER (Audit) Determination and must report whether reported fuel information complied with the requirements of section 19A and was fairly presented. This would include (if appropriate in the circumstances) a reasonable assurance conclusion that there is no misstatement in the matter being audited that is material or pervasive enough to affect the matter being audited as a whole. The use of registered national greenhouse and energy auditors recognises the significant skills this category of auditors have with energy auditing relevant to the refining of FSSP fuels for the same reasons as in section 19B. Whether the information was ‘fairly presented’ would take into account the understanding of that term in auditing, including that matters of substance are reflected in the presentation of the information.

Subsection 19C(4) of the principal POFR Rules requires an audit report prepared under section 19C to be provided to the Secretary within specified timeframes; namely:

* if it relates to a report under section 19A already provided to the Secretary—no later 90 days after being requested; and
* if it relates to a report under section 19A for a future quarter—no later than 60 days after the end of the quarter to which the report relates (or such other time as agreed with the Secretary).

As for section 19B, the provisions of section 19C complement, and are supported by, the duties applying under sections 13C and 13D of the POFR Act for persons to provide reasonable facilities and assistance for audits and to comply with requirements in relation to reports of audits.

As the FSSP scheme develops over time, the need for audits can be reassessed to ensure they are proportionate and do not impose unnecessary costs or regulatory burden. As these audits are a compliance activity, there is no merits review of the decision to request such reports.

**Statement of Compatibility with Human Rights**

Prepared in accordance withPart 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

*Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021*

This Rule is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

The *Petroleum and Other Fuels Reporting Amendment (Fuel Security Services Payment) Rule 2021* (the Rule) amends the *Petroleum and Other Fuels Reporting Rules 2017* (the principal POFR Rules) by prescribing various matters for the purposes of the fuel security services payment (the FSSP) reporting aspects of the *Petroleum and Other Fuels Reporting Act 2017* (POFR Act) (as amended by the *Fuel Security (Consequential and Transitional Provisions) Act 2021*).

In particular, the Rule amends the principal POFR Rules by inserting:

* new definitions of several terms to ensure key terminology is defined consistently across the new laws establishing the FSSP scheme, including under the *Fuel Security Act 2021* (FS Act), the *Fuel Security (Fuel Security Services Payment) Rule 2021* (FSSP Rule) and the principal POFR Rules, wherever appropriate;
* new reporting provisions to require refinery operators to report information concerning the refining of “FSSP fuels” (as defined under the FS Act) on a quarterly basis under the principal POFR Rules; and
* new auditing provisions requiring the conduct of audits of quarterly reports submitted by refiners, which relate to the refining of FSSP fuels, to be conducted at the end of the first financial year of the operation of the FSSP scheme and otherwise where the Secretary holds concerns about the accuracy of information provided in such reports.

**Human rights implications**

This Rule engages, or may engage, the following rights:

* the right to privacy – Article 17 of the International Covenant on Civil and Political Rights (ICCPR)
* the right to freedom of expression – Article 19 of the ICCPR
* the right not to incriminate oneself – Article 14(3)(g) of the ICCPR.

**The Rule will regulate entities rather than individuals**

As noted at paragraph 1.11 of the Parliamentary Joint Committee on Human Rights – Guide to Human Rights, published in June 2015, which is a freely available document that outlines the key human rights that form part of the Parliamentary Joint Committee on Human Rights’ mandate (available at [https://www.aph.gov.au/Parliamentary\_Business/Committees/Joint/Human\_ Rights/Guidance\_Notes\_and\_Resources](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Guidance_Notes_and_Resources)):

“*Under the UN human rights treaties, human rights belong to individuals and groups of individuals. The treaties do not confer rights on companies or other incorporated bodies*.”

This is relevant, as the amendments to the principal POFR Rules made by the Rule will regulate corporate entities rather than individuals. For example, the Rule will establish new quarterly reporting obligations under the principal POFR Rules, with which the “regulated entity eligible to receive a fuel security services payment” will be obliged to comply. Such entities are body corporate refinery operators. Therefore the new reporting obligations are not imposed on individuals.

Likewise, the new requirements to prepare and submit various audit reports relating to the quarterly reporting of fuel information about the refining of FSSP fuels at a committed refinery apply to the “person” who has submitted the quarterly reports that are the subject of the audits. Therefore, the Rule applies the term “person” to denote a body corporate refinery operator (see also the definition of “person” under sections 2B and 2C of the *Acts Interpretation Act 1901*).

Given the above, it is unlikely any provisions of the Rule will regulate or limit the human rights of individuals.

**Right to privacy – Article 17 ICCPR**

While noting that the Rule will regulate the conduct of entities that are not individuals, out of an abundance of caution, consideration has been given to the possibility that the Rule engages the right to privacy of individuals.

New subsections 19A(2) and (3) of the principal POFR Rules, to be inserted under item 2 of Schedule 1 to the Rule, set out the specific categories of fuel information that are required to be reported by refinery operators, including:

* the volume of each FSSP fuel refined, and each blendstock used in the refining process, for the quarter; and
* a statement of the accuracy of the reported information.

This information is required to be reported to help verify the accuracy of reported data relating to the refining of FSSP fuels at committed refineries under the FSSP scheme. No personal information will be required to be reported under the new provisions. In any case, if personal information was inadvertently collected in quarterly reports submitted under the provisions, it would be “protected information” in accordance with the definition of that term in section 5 of the POFR Act and would therefore be protected from inappropriate handling, use or disclosure under Part 4 (Secrecy and Disclosure) of the POFR Act. Therefore, it is highly unlikely the Rule engages or limits the right to privacy.

**Right to freedom of expression – Article 19 ICCPR**

New sections 19B and 19C of the principal POFR Rules, to be inserted under item 2 of Schedule 1 to the Rule, likely engage the right to freedom of expression in Article 19 of the ICCPR.

Under those new provisions, refinery operators that are obliged to report under new section 19A of the principal POFR Rules will be subject to various auditing requirements. Specifically, the conduct of audits of:

* all quarterly reports relating to the refining of FSSP fuels that are submitted by a refinery operator in the first financial year of the FSSP scheme; and
* any quarterly reports (or subsequent reports) which give rise to concerns about the accuracy of information reported under the new subdivision.

Further, new sections 19B and 19C will expressly prescribe:

* the manner in which such audits must be carried out – i.e. in accordance with the requirements for reasonable assurance engagements under the *National Greenhouse and Energy Reporting (Audit) Determination 2009*;
* who is required to prepare the audit reports – i.e. a registered greenhouse and energy auditor; and
* the nature of the matter to be included in such reports – i.e. whether, in all material respects, the fuel information reported under subsection 19A(2) of the principal POFR Rules for financial year or quarter (as applicable) was prepared in accordance with section 19A and fairly presented.

This therefore engages the right to freedom of expression by regulating the format or manner of the form of such audit reports.

However, the limitations on freedom of expression that may be imposed by these measures are reasonable and proportionate, as they will ensure that audits are conducted consistently with international standards and are of sufficient quality and vigour to provide a meaningful assessment of the accuracy of data reported by entities. The veracity and accuracy of such data will be crucial to the integrity of the FSSP scheme.

Article 19(3) of the ICCPR permits restrictions on the freedom of expression as provided by law and necessary to protect the rights of others and national security or public order, and this would extend to the restrictions on expression outlined above.

Given the above, the restrictions are considered compatible with Article 19 of the ICCPR because they will promote the integrity of the FSSP scheme by enabling the Department to assess their compliance with the FSSP fuel reporting obligations under new Subdivision C of Division 3 of Part 2 of the principal POFR Rules.

**Right not to incriminate oneself – Article 14(3)(g) ICCPR**

While noting the matters referred to above regarding the fact the Rule will primarily regulate entities that are not individuals, for completeness consideration has been given to whether the obligations established under the Rule to report certain matters potentially engage the right not to incriminate oneself.

It is noted that any obligation to “report” specified matters under new section 19A of the principal POFR Rules is intended to only relate to information relevant to the FSSP scheme and it is not the policy intention that the provision would abrogate ordinary common law privileges, such as the privileges against self-incrimination, self-exposure to a civil penalty and legal professional privilege. Accordingly, the Rule does not limit the right of individuals not to incriminate oneself.

**Conclusion**

This instrument is compatible with human rights because it considerably promotes the protection of the rights to an adequate standard of living and to continuous improvement of living conditions. While there are very few provisions of the Rule that regulate or engage the human rights of individuals, to the extent that it may limit human rights, those limitations are reasonable, necessary and proportionate.

**The Hon Angus Taylor MP**

**Minister for Energy and Emissions Reduction**

Fuel Security RIS – Addendum in relation to Fuel Security Services Payment (FSSP) Rule and Petroleum and Other Fuels Reporting (POFR) Amendment FSSP Rule

#### Outline

On 26 May 2021, the Government published a Regulation Impact Statement (RIS) attached to the *Fuel Security Act 2021* (the Act). This RIS addendum provides additional information and analysis on one measure of the Act, the Fuel Security Services Payment (FSSP). The addendum addresses the estimated regulatory costs and benefits associated with the FSSP to affected entities.

This addendum notes that the regulatory costs will be minor in comparison to the financial support and benefits that will be received by affected entities.

About the FSSP

The Government’s FSSP measure intends to support and maintain an onshore, sovereign refining capability by providing a capped production payment to refineries on a cent per litre basis sufficient to ensure they do not make a loss for primary transport fuels (petrol, diesel and jet fuel). Payments would not be made to refiners during times when they are making a profit.

The FSSP recognises the critical role refineries play to Australia’s fuel security framework. Other important benefits achieved through the FSSP include retaining jobs in the refinery sector and maintaining support for both upstream and downstream sectors, such as the agricultural industry and the petrochemical industry.

In return for funding support, refiners will make a commitment to continue refining until at least 30 June 2027, with an option to extend to 2030.

The FSSP will be variable and tied to external market conditions, switching on and off to provide support only when refinery margins are poor.

#### Requirements for applicants receiving FSSP

The FSSP poses limited ongoing regulatory impost on affected entities. Importantly, it is a voluntary scheme whereby refiners may apply to be included, and in doing so accept the regulatory impost associated under the Act and the Fuel Security (Fuel Security Services Payment) Rule 2021 (the Rule). The anticipated regulatory impost is detailed below.

Applications

Eligible FSSP industry participants will be required to make a one-off application to be approved by the relevant Minister to receive the support. Applicants will have to adhere to certain criteria prescribed by the Act and the Rule, including but not limited to providing basic business details of the entity, historical data on refining of FSSP fuels, and either a security from their parent companies or a bank guarantee in relation to the commitment to fulfil repayment obligations under the Act.

Reporting and payments

If approved, refiners will be required to report production volumes of FSSP fuels to receive a quarterly payment (subject to profit margins). The report must be provided to the Secretary shortly after the end of each quarter.

Given refiners can leverage monthly production data they currently report under the *Petroleum and Other Fuels Reporting Act 2017* (POFR Act) to prepare the FSSP quarterly report, the additional reporting burden is expected to be minimal.

Approved FSSP participants will be paid quarterly in arrears. The FSSP payment rate will be calculated by the Department of Industry, Science, Energy and Resources, in accordance with the method prescribed by the Rule, at the end of each quarter. The rate will applied to the production volumes of FSSP fuels the refiner produced during that period.

Additionally, it is intended that refiners will be required to submit an audit report by 30 September 2022 for the first financial year of payments (starting 1 July 2021). Subsequent audit reports may be required if there are concerns about the accuracy of data reported under the POFR Act.

A registered greenhouse and energy auditor must prepare the audit report in accordance with the requirements for reasonable assurance engagements under the *National Greenhouse and Energy Reporting (Audit) Determination 2009*.

#### Number of entities that would benefit from the FSSP

Under eligibility arrangements it is likely only the two major oil refineries will be eligible for the FSSP. However, the Act allows new market entrants to receive the FSSP, if criteria under the Rule are met.

The two major oil refineries, Ampol and Viva Energy, currently employ an estimated 1,250 workers. These jobs will benefit from additional security as a result of the FSSP.

In addition, the FSSP will support jobs directly and indirectly in the petrochemical industry. For example, the LyondellBasell polypropylene plant, which relies on Geelong’s Viva refinery, employs approximately 2,055 Australians directly and indirectly.

#### Obligations that would be placed on participating refineries

The primary ongoing obligation of the scheme requires approved FSSP participants to commit to repaying amounts received if the refinery ceases refining FSSP fuels before the end of their commitment period. Only under very limited circumstances, that have caused refineries to be operationally or commercially unviable for a continued period, refiners will not be required to repay amounts received.

There would be some administration impost on refineries associated with repayments, but only in these unlikely circumstances as noted above.

#### Anticipated participation costs and benefits

Regulatory and administrative costs for participants are expected to be minimal. The benefits in the form of payments when they are needed, would significantly outweigh the regulatory impost.

To reduce the regulatory burden, FSSP production information will be based on data refiners are already required to submit under the POFR Act, as well as the additional quarterly production report based on the same or similar information.

###### One-off costs

*Applications for the FSSP (anticipated costs)*:

* The application will likely take one to two people up to one week (full time) to write the application and collate supporting materials, including quality assurance and legal checks. Two eligible refiners will make applications (total up to 140 hours).
* Senior executive clearances for the application within each organisation, will take around half a day each x2 entities (total up to 8 hours).

Total anticipated costs – approximately $11,000.[[1]](#footnote-2)

*Audit reports*:

* Procuring and requesting an auditor will take approximately one full day x2 entities (15 hours)
* Estimated average registered greenhouse energy auditor fees x2 entities ($55,000)
* Clearance timeframes, including through senior executive to verify the audit report would be up to one full day x2 entities (15 hours)

Total anticipated costs – approximately $112,000. [[2]](#footnote-3)

###### Ongoing costs

*Quarterly reports*:

* Assuming the quarterly reports of FSSP production volumes will take one person one day, to write up the quarterly report x2 entities (15 hours)
* Clearance timeframes, including through senior executive for reporting, will take around half a day x2 entities (8 hours)
* Over the commitment period and including option to extend (9 years)

Total anticipated costs – approximately $60,000.[[3]](#footnote-4)

###### Other costs

Other costs are expected to be minimal given the infrequency and improbability of these circumstances occurring and as such have not been estimated. These would include matters such as making an application to vary a commitment period, or exercising a right to extend a commitment period.

###### Benefits to refiners

Combined, the approved FSSP participants may receive up to the full $2.047 billion in appropriated funding during any loss-making periods from 1 July 2021 to 30 June 2030 (should the option to extend get exercised), although receiving this full amount is very unlikely.

#### Regulation impact summary

The FSSP provides a significant positive financial impact to refiners which far outweighs the minor regulatory impost.

The total regulatory burden of the FSSP is expected to be less than $200,000 per eligible entity over the next nine years.[[4]](#footnote-5) While the total potential financial benefit of the FSSP would only be capped by the $2.047 billion appropriated to the scheme.

1. The anticipated costs have been calculated according to the Office of Best Practice Regulation – Regulatory Burden Measurement Framework. The default hourly wage cost of $73.05 has been used. [↑](#footnote-ref-2)
2. Ibid. [↑](#footnote-ref-3)
3. Ibid. [↑](#footnote-ref-4)
4. Ibid. [↑](#footnote-ref-5)