

ACOR POLICY STATEMENT (DRAFT) PRODUCT STEWARDSHIP FOR OIL

INTRODUCTION

The Product Stewardship for Oil (PSO) scheme was introduced by the Federal Government in 2001 with the aim of increasing used oil recycling and encouraging sustainable management and re-refining of used oil. Since the PSO scheme implemented, the recovery rate of used oil has been sharply increasing. With the benefit payments, the Australian used oil recyclers have invested significantly in advancing technology and increasing re-refined oil productivity, particularly in re-refined base oil.

ACOR supports the PSO scheme that has successfully reduced a significant amount of waste oil in landfill and increased used oil recovery. Furthermore, the Australian used oil recyclers have gravitated towards closed-loop recycling via re-refining technology. However, the current legislation on the export of waste oil failed to stop used oil export overseas. It results in the domestic demand of used oil exceeds the availability.

Furthermore, the PSO benefit payments of burning used oil derived fuels are at approximately the same rate to the levy (i.e. 0.5449 cents per litre). As burning of fuel oils generates high carbon emissions and burner oils are non-reusable, it is unlikely that the current PSO scheme aligns with its objectives.

ACOR POLICY PRINCIPLES

- 1 ACOR supports the broad principles of the Product Stewardship Oil (PSO) scheme and believes that policy makers should look to replicate this user pays stewardship scheme to other waste products.
- 2 ACOR supports a policy that encourages the recovery of this resource and avoids unacceptable adverse impacts on the community or the environment.
- 3 ACOR believes that waste oil, or any other unrefined fuel, should not be allowed to be exported when domestic processing options are available. The current legislation for the export of waste oil needs to be strengthened and to be better aligned with Australia's obligations under the Basel Convention.
- 4 Consistent with the waste hierarchy, all waste oil should be processed to separate materials and recover recyclables where economically practical, so that only residual streams are directed to the production of fuels. The highest value of use is re-refining

back to base oil. Burning of raw waste oil should be the last resort option of choice and only when re-refining is unavailable or uneconomic.

- 5 The best option for waste oil re-refining should be actively encouraged. Mandatory re-refined content targets similar to the bio-diesel content rules enforced in NSW and QLD and as advocated by the European Union should be considered in lubrication markets.
- 6 ACOR believes the PSO incentives received for burning of unrefined waste oil need to be reduced or removed and that the PSO incentive to export unrefined waste oil needs to be removed immediately.
- 7 Current Fuel Excise policy needs to be re-examined to rebalance the cost incentive to burn unrefined fuels.