

PRODUCT STEWARDSHIP FOR OIL PROGRAMME

ADMINISTRATIVE GUIDELINES

covering

PRODUCT STEWARDSHIP BENEFITS and TRANSITIONAL ASSISTANCE

**Oil Recycling Section
Environment Standards Branch**

**Australian Government
Department of the Environment and Heritage**

December 2005



An Australian Government Initiative



CONTENTS

ACRONYMS AND DEFINITIONS.....	3
SECTION 1 – GENERAL OVERVIEW	4
1.1 BACKGROUND.....	4
1.2 PSO OBJECTIVES	5
1.3 STRATEGIC APPROACH OF PSO	5
1.4 LEGISLATION	6
1.5 OIL STEWARDSHIP ADVISORY COUNCIL	7
1.6 CONTACTS	8
SECTION 2 – PRODUCT STEWARDSHIP BENEFITS.....	8
2.1 OBJECTIVE.....	8
2.2 TARGET GROUP	8
2.3 PROGRAMME CONSIDERATIONS	9
2.4 ELIGIBILITY FOR BENEFITS.....	9
2.5 BENEFITS AVAILABLE	10
<i>Table 1: Product stewardship benefit rates.....</i>	<i>11</i>
2.6 APPLICATION REQUIREMENTS	11
<i>Registration.....</i>	<i>11</i>
<i>Benefit claims.....</i>	<i>12</i>
2.7 PAYMENT AND BENEFIT ARRANGEMENTS	12
2.8 CONFIDENTIALITY	13
2.9 ADMINISTRATION	13
2.10 REPORTING AND REVIEW	14
2.11 FURTHER INFORMATION.....	14
SECTION 3 – TRANSITIONAL ASSISTANCE.....	15
3.1 OBJECTIVES	15
3.2 PROGRAMME CONSIDERATIONS	15
3.3 FUNDING AVAILABLE.....	16
3.4 APPLICATION REQUIREMENTS	16
3.5 PRIORITY AREAS FOR 2006.....	16
3.6 ASSESSMENT OF APPLICATIONS	17
3.7 PAYMENT AND FUNDING ARRANGEMENTS	17
3.8 REPORTING AND REVIEW	18
3.9 FURTHER INFORMATION.....	18

Acronyms and Definitions

A(SM) Act	Appropriation (Supplementary Measures) Act (No. 2) 1999
ABN	Australian Business Number
ACS	Australian Customs Service
ANZECC	Australian and New Zealand Conservation Council
ATO	Australian Taxation Office
Commissioner	Commissioner of Taxation
DEH	Department of the Environment and Heritage
EPHC	Environment Protection and Heritage Council
Minister	Minister for the Environment and Heritage
ML	Megalitres (million litres)
OSAC	Oil Stewardship Advisory Council
PGBA Act	Product Grants and Benefits Administration Act 2000 (as amended)
PSO Act	Product Stewardship (Oil) Act 2000
PSO Regulations	Product Stewardship (Oil) Regulations 2000 (as amended)
PSO	Product Stewardship for Oil Programme (incorporating the product stewardship levy, the product stewardship benefits, and transitional assistance)

PRODUCT STEWARDSHIP FOR OIL PROGRAMME

ADMINISTRATIVE GUIDELINES

These guidelines set out objectives, administrative requirements and funding allocations for the Product Stewardship for Oil Programme (PSO). Specifically, they cover the Product Stewardship Benefits and the Transitional Assistance sub-programmes. Guidelines for the associated Product Stewardship Levy are the responsibility of the Australian Taxation Office (ATO).

Australian Government funding for the PSO is provided under the *Product Grants and Benefits Administration Act 2000* (as amended) and the *Appropriation (Supplementary Measures) Act (No 2) 1999*.

The transitional assistance element of the PSO commenced on 1 July 2000, with PSO benefits being paid and the levy charged from 1 January 2001. The PSO arrangements were subject to an independent review after the first four years of operation to determine their effectiveness in meeting the programme objectives. That review was tabled in Parliament on 17 November 2004 and is publicly available (see <http://www.oilrecycling.gov.au/psoreview.html>). A separate review of the transitional assistance element of the PSO was also tabled at that time and is available to the public (see <http://www.oilrecycling.gov.au/tareview.html>).¹

The Department of the Environment and Heritage, on behalf of the Australian Government, reserves the right to alter or amend these guidelines at any time.

SECTION 1 – GENERAL OVERVIEW

1.1 Background

Management of used lubricating oil is important both to human health and to our environment. More than 500 ML of lubricating oil is sold each year in Australia of which about 280 ML is potentially recoverable. On the oil industry's own figures, prior to commencement of the PSO, about 160 ML, or about 60 per cent, was being recycled. This figure has improved considerably and by the end of 2004-05, 220 ML or about 80 per cent of used oil was recovered. About 60 ML of used oil remains unaccounted for at present. While not all of the 'missing' used oil is going to land-fill, or being illegally dumped or inappropriately used, the issue of the unaccounted-for used oil is a major concern.

The risks from used oil in the environment are considerable as it can have major adverse impacts on natural resources such as groundwater and soil quality. There are also major environmental health and community safety considerations about the fate of used oil due to its toxicity (eg carcinogens) which means that direct human contact should be avoided and emissions to air, water and the ground should be appropriately managed.

¹ For hard copies of the reviews, please contact the Oil Recycling Section. Contact details are at section 1.6.

1.2 PSO objectives

The PSO aims to establish an effective partnership for the management of used oil², involving oil producers, oil recyclers, local, state and territory governments, the Australian Government, and the public. The programme is intended to reinforce existing state and territory regulations and arrangements in this area.

The objectives of the programme are to:

1. provide economic incentives to increase the uptake and appropriate recycling and use of used oil
2. encourage the environmentally sustainable management and re-refining of used oil and its reuse *and*
3. support economic recycling options for used oil.

The planned outcomes of this programme are:

- increased uptake and appropriate recycling/use of used oil with consequent reduced risk of major environmental and health problems from improper storage, use and disposal
- more ecologically and economically sustainable management of used oil by Australian industry, and in remote, rural and urban communities
- a sustainable used oil recycling industry *and*
- increased industry and community awareness that used oil is a valuable resource and not a waste product, and a commitment to recycle used oil appropriately.

1.3 Strategic approach of PSO

While there are a number of operations that already provide used oil collection services, the extent and viability of these services is constrained by a variety of market barriers. The Australian Government has established three mechanisms (sub-programmes) for overcoming these barriers, which make up the product stewardship for oil programme in Australia:

- the product stewardship levy placed on producers and importers of oils and lubricants
- product stewardship benefits paid to recyclers of used oil *and*
- transitional assistance funds to assist development of a viable used oil collection and recycling infrastructure.

In the 2000-01 budget, the Australian Government announced that petroleum-based oils and their synthetic equivalents would be subject to an environmental levy of 5 cents per litre under the PSO. This product stewardship levy has since been subject to indexation, under standard excise arrangements, and is currently 5.449 cents per litre. In line with changes to the indexation of fuels, the *Excise Tariff Amendment (No.1) Act 2002* and the *Customs Tariff Amendment (No. 2) Act 2002* abolished the automatic indexation of fuels and the levy is currently set at the level of 5.449 cents per litre.

² Oils are petroleum based oils (including lubricant base oils; prepared lubricant additives containing carrier oils; lubricants for engines, gear sets, pumps and bearings; greases; hydraulic fluids; transmission oils; and transformer and heat transfer oils), or their synthetic equivalents.

PSO benefits are paid to oil recyclers as an incentive to undertake increased recycling of used oil. While there is no direct connection between the levy and the benefits, the payment of the levy ensures that some of the costs of used oil recycling are borne by the markets that gain the benefit from the production and use of that oil, rather than from public monies or other markets. In economic terms it 'internalises the externalities'.

Administrative arrangements for the levy have been set such that no oil is levied twice, no 'eligible' lubricant escapes the levy, imported and domestically-produced oils are treated equitably (to the extent possible), and exported oil is exempt from the levy. Guidelines for the levy are the responsibility of the ATO.

The PSO encourages increased collection and recycling of used oil in Australia, including in rural and remote regions, by providing oil recyclers with product stewardship benefits. These volume-based benefits are designed to support appropriate recycling activities and to provide incentives to develop and maintain a diverse range of recycling options for used oil.

Transitional assistance funds of \$34.5 million over 7 years (2001-07) have been set up in recognition of the special difficulties that the Australian community and industry face in managing used oil. The costs arising from isolation of some communities and the 'tyranny of distance' constrain local solutions and require a national approach. The objective of the transitional assistance fund is to engender change that will underpin the long-term viability of the oil recycling industry. Transitional assistance funds aim to:

- ensure a sustainable used oil recycling industry
- accelerate the uptake of used oil from urban and rural Australia
- facilitate the engagement of industry and the community in the Product Stewardship for Oil programme *and*
- to the extent possible, address special difficulties that remote Australia has in the recovery and management of used oil for appropriate recycling.

1.4 Legislation

The PSO is governed by a suite of legislation encompassing the:

- *Product Stewardship (Oil) Act 2000*
- *Product Stewardship (Oil) (Consequential Amendments) Act 2000*
- *Excise Tariff Amendment (Product Stewardship for Waste Oil) Act 2000*
- *Customs Tariff Amendment (Product Stewardship for Waste Oil) Act 2000* and
- *Product Grants and Benefits Administration Act 2000* (as amended).

The *Product Stewardship (Oil) Act 2000* (the PSO Act) is the primary piece of legislation, which establishes the general framework, benefit entitlements and the operation of the Oil Stewardship Advisory Council (see below). The Product Stewardship benefit rates are prescribed in the *Product Stewardship (Oil) Regulations 2000* (the PSO Regulations), as amended.

The Customs and Excise tariff amendments (and associated regulations) establish the Product Stewardship Levy.

The *Product Stewardship (Oil) (Consequential Amendments) Act 2000* contributes to the establishment of the levy and the general administrative provisions in the *Product Grants and Benefits Administration Act 2000*.

The *Product Grants and Benefits Administration Act 2000* (the PGBA Act), as amended, sets out eligibility criteria and establishes the administrative mechanisms used by the ATO to pay benefits to recyclers.

Transitional assistance expenditure, including general running costs of the PSO and general grant funding, is funded under the *Appropriation (Supplementary Measures) Act (No 2) 1999* (the A(SM) Act).

1.5 Oil Stewardship Advisory Council

The Oil Stewardship Advisory Council (OSAC) provides advice to the Minister on the general operation of the stewardship arrangements and possible future directions. The PSO Act prescribes that OSAC must have at least 10 members. Under the PSO Act, membership includes representatives of the following groups:

- the Commissioner of Taxation
- the Australian Government
- a national organisation representing oil producers
- a national organisation representing oil recyclers
- users of recycled oils
- ANZECC (or its equivalent)
- local government
- a national consumer organisation *and*
- a national non-government organisation with a substantial interest in sustainable industry.

The operation of OSAC is not affected by vacancies in any of the above areas. Members are appointed for a maximum term of 3 years. A list of current OSAC members is available from the Oil Recycling Section (02 6274 1064) or the oil recycling website (www.oilrecycling.gov.au/members.html)

The key functions of OSAC are to advise the Minister on:

- the product stewardship arrangements
- the recovery and recycling of used oil
- the setting of benefit categories and rates
- other matters that may relate to regulations under section 10 of the PSO Act *and*
- the state of the oil production and oil recycling industries.

The Council may also be required to advise on other matters as specified by the Minister or perform other duties conferred by other legislation. The Council is expected to actively provide innovative advice to the Minister, in addition to responding to specific Ministerial requests.

1.6 Contacts

The Environment Standards Branch of the Department of the Environment and Heritage has primary responsibility for the PSO Programme. Queries or requests for information should be directed to:

The Director
Oil Recycling Section
Department of the Environment and Heritage
GPO Box 787
CANBERRA ACT 2601
(02) 6274 1064

General email correspondence or requests may be directed to:
1800 982 006 or
oilrecycling@deh.gov.au

Further information may be obtained from the used oil recycling website at
www.oilrecycling.gov.au

SECTION 2 – PRODUCT STEWARDSHIP BENEFITS

This element of the PSO Programme provides volume-based payments to eligible operations involved in the recycling of used oil. The benefit arrangements commenced on 1 January 2001 and are ongoing, conditional upon favourable outcomes of regular reviews (every four years). Benefit levels are specified in the PSO regulations and may be altered at any time by amending the Regulations.

IMPORTANT NOTE:

The Australian Taxation Office administers the benefits element of the PSO Programme. For detail on, and/or confirmation of eligibility requirements, recyclers should refer to the PSO Act and associated legislation and regulations, and should also contact the Australian Taxation Office. The following information is provided as a guide only.

2.1 Objective

To encourage increased sustainable recycling of used oil through the provision of volume-based recycling incentive payments.

2.2 Target group

Funding under this initiative is targeted at operations that are both:

- recycling used oil *and*
- either directly using the recycled product, or selling that recycled product for end use.

To be considered for benefits, the recycler must undertake the final recycling stage prior to end use *and* the product must be used by that recycler or sold for end use (ie not just recycled and stockpiled).

2.3 Programme considerations

The PSO benefits broadly reflect the recycling effort and investment required to produce recycled oil of better quality with improved environmental outcomes. The underlying principle is that benefits should only be paid where they might serve as an incentive for increased recycling activity. This has been given precedence over other factors. The hierarchy is thus designed to encourage the increased recycling of waste oil and not to simply reward current good practice or provide industry assistance.

Other factors taken into account in designing and administering the programme include industry structure and operation, administrative feasibility, compliance and fraud matters, health and safety concerns, revenue and costs, and general economic considerations.

2.4 Eligibility for benefits

Eligibility requirements for PSO benefits are set out in the PSO Act, the PGBA Act, and the associated regulations. Eligibility criteria have been designed to ensure that the PSO programme operates efficiently and effectively in terms of environmental, administrative, incentive and compliance impacts.

To qualify for PSO benefits, a recycler must be registered as a recycler under the PGBA Act, *and* the recycler's products and activities must be eligible for PSO benefits under the PSO Act.

To be classified as an eligible recycler, and hence registered for PSO benefits under the PGBA Act, a recycler must:

- have an ABN
- have an excise manufacturing licence under the *Excise Act 1901*
- comply with relevant Australian Government and State/Territory legislation relating to recycling enterprises or operations (particularly, but not restricted to, environmental criteria).

These criteria are contained in the PGBA Act and regulations. The PGBA Act also identifies additional criteria such as the signing of any prescribed Code of Practice.

Once a recycler is registered under the PSO Programme, they may submit a claim for benefits (see '2.6 Application Requirements' for more detail). In order to be entitled to receive benefits, a recycler must have:

- sold recycled oil for end use or consumed recycled oil, *and*
- carried out the last stage of recycling prior to that sale or consumption.

Recyclers intending to claim for products for re-refined base oil under category 1 (see '2.5 Benefits available') must also ensure that the product is re-refined as per the definition within the PSO regulations and that the product meets the health, safety and environment standards prescribed in the PSO regulations.

A used oil has been ***re-refined*** if it has been restored to the condition of a base oil:

(a) by either:

(i) thin film evaporation *or*

(ii) vacuum distillation

followed by either:

(iii) solvent extraction *or*

(iv) hydrofinishing

(b) by another process approved for this subregulation by the Minister as being:

(i) consistent with the objects of the Act *and*

(ii) similar in purpose and effect to the processes mentioned in paragraph (a).

2.5 Benefits available

Product stewardship benefits are provided on an entitlement basis.

PSO entitlements for each period are calculated on a per-litre basis according to the following formula:

number of litres of recycled oil sold or consumed in the period X relevant benefit rate

Current categories and rates (current as of December 2005) are set out in Table 1.

Note that product stewardship benefits are not subject to GST but are considered to be assessable income for tax purposes.

Product stewardship benefits will not be subject to automatic adjustments for price changes (inflation). Benefit levels will, however, be assessed regularly to determine appropriateness in light of changing circumstances. As a result of such assessments, levels may be adjusted upwards or downwards.

Table 1: Product stewardship benefit rates

Category	Benefit (cents/litre)
1: Re-refined base oil (for use as a lubricant or a hydraulic or transformer oil) that meets the prescribed criteria *	50
2: Other re-refined base oils (eg chain bar oil)	10
3: Diesel fuels to which the <i>Excise Tariff Act 1921</i> applies	7
4: Diesel extenders (filtered, de-watered and de-mineralised)	5
5: High grade industrial burning oils (filtered, de-watered and de-mineralised)	5
6: Low grade industrial burning oils (filtered and de-watered)	3
7: Industrial process oils and process lubricants, including hydraulic and transformer oils (re-processed or filtered, but not re-refined)	0
8: Gazetted oil consumed in Australia for a gazetted use	5.449
9: Recycled oil mentioned in item 5 or 6 that has been blended with a petroleum product that meets the criteria mentioned in Schedule 2.	9.557

** The regulations specify a health, safety and environment standard for re-refined lubricants that is consistent with the current requirements for 'virgin' products. The basic requirement of this standard is to produce a non-carcinogenic product*

2.6 Application requirements

Registration

PSO Registration forms are available from the ATO by calling 1300 657 162 or visiting their 'fuel schemes' website available through <http://www.ato.gov.au>

If registration is approved, the recycler is entitled to benefits from the date at which the registration request was lodged with the ATO. Registered recyclers must notify the Commissioner of Taxation of any changes in registration details within 28 days of the change occurring.

The Commissioner may cancel a recycler's registration if:

- no claim for product stewardship benefits is made within any 13 month period, beginning on or after the later of the date the recycler was registered *or*
- a recycler no longer satisfies the eligibility criteria (eg ABN; section 34 licence; state, territory or Australian Government legislative compliance etc).

The Commissioner must cancel a recycler's registration if the recycler requests that their registration be cancelled.

The Commissioner will provide written notice of any such cancellation of registration.

Benefit claims

A claim must only relate to the eligible recycled oils sold or consumed during the claim period. Only one claim form can be submitted per period (ie there must be no overlap in the date range of submitted claim forms) but amendments to submitted claims may be requested, if necessary.

Information required on claim forms may include:

- benefit claim period
- business name
- PSO registration number
- category of product claimed
- volume of product *and*
- other legal declarations.

Note that claimants may also be asked to provide information on the purchasers of the product – in other words, to whom was the product sold – for compliance purposes and that the ATO reserves the right to conduct audits. For more detailed information, see the *Product Stewardship for Oil Programme– a guide* available from the ATO website, or call the Diesel Fuel Infoline on 1300 657 162.

NOTE FOR CATEGORY 1 CLAIMANTS

The following points should be noted by recyclers considering claiming for benefits under category 1, re-refined base oil:

- *re-refining processes used must comply with requirements as stated in the regulations*
- *the product must be sold for use as a lubricant, hydraulic or transformer oil. Benefits will not be paid at the category 1 rate if the product has been sold for consumptive uses (eg diesel, burner fuel, chain-bar lube). The higher benefit for this category is designed to encourage sustainable re-use of used oil – that is, where the oil is turned back into the original (or a similar) product*
- *all standards specified in the regulations must be met in order to be eligible for benefits. Formal verification must be provided prior to the first claim, and at intervals of no more than 6 months afterwards (as long as benefits are claimed)*
- *the sample tested must be certified as a true sample of the product manufactured from the plant in question. This certification must be provided by a person from a laboratory accredited by NATA (the National Association of Testing Authorities, Australia) and*
- *random sampling of products may be carried out by the Australian Taxation Office.*

2.7 Payment and benefit arrangements

Prior to receipt of benefits, each claimant must:

- fulfil the eligibility criteria set out above (see ‘2.4 Eligibility for Funding’)
- submit a completed claim form
- hold adequate records to support and verify the claim, as required (see part 5 of the PGBA Act) *and*

- meet the administrative requirements specified in these guidelines.

Benefits for re-refined oils in category 1 will not be paid until the claimant has provided sufficient evidence that the product meets the standards and requirements specified in the PSO regulations.

Where an eligible claimant does not satisfy any one of the above requirements, the Commissioner may withhold or delay payment.

PSO benefits are paid monthly in arrears, based on claims submitted by recyclers. Administration of payments is handled by the ATO. Exact timing of payments will vary according to the number of claims, complexity of claims, date of lodgement and other administrative factors, but are generally expected to be made within 15-21 days of receipt of the claim by the ATO.

The Commissioner may, by written notice, cease payment of benefits if:

- the recycler fails to meet any of the eligibility criteria *or*
- the recycler is found to be involved in fraudulent activities or contrived schemes.

If, under the PGBA Act, a recycler is found to have breached a condition of funding, the recycler will, if the Commissioner determines, repay to the Australian Government any amounts paid in relation to activities that occurred after the condition was breached. Additionally, the Commissioner may delay making further payments in respect of any other claims by that recycler under the Act until the recycler is proven to have fulfilled the relevant conditions.

If a repayable amount remains unpaid, the Commissioner may reduce an amount that is payable to the recycler under any future claims under the Act, by the amount owed.

2.8 Confidentiality

Financial data and personal information is collected from eligible recyclers on a confidential basis. No information will be made publicly available unless clearly specified prior to that information being collected from recyclers or unless permission is sought prior to disclosure. Note, however, that specific information may be disclosed to particular parties (eg Australian Statistician, Australian Competition and Consumer Commission, DEH, Administrative Appeals Tribunal) for the purposes of administering the programme (eg for accountability, compliance, and statutory reporting purposes).

2.9 Administration

This programme is an Australian Government initiative. General programme policy management is handled by the Oil Recycling Section of the Department of the Environment and Heritage (DEH). Administration of registration and benefit claims is managed by the ATO.

The benefit rates are set by the Minister for the Environment and Heritage through the PSO regulations.

The ATO administers the payment of benefits through the provisions of the PGBA Act.

External advice to the Minister for the Environment and Heritage on the operation of the PSO Programme may be provided by OSAC (see '1.5 Oil Stewardship Advisory Council').

2.10 Reporting and review

The PSO Act requires that a report on the Product Stewardship for Oil Programme be prepared each year and tabled in Parliament. This report forms part of the Department of the Environment and Heritage Annual Report.

The PSO Act also requires that independent reviews be carried out to examine the operation of the Act, and whether the objectives of the programme have been met. The first of these reviews must be carried out within four years of the start of the programme; additional reviews must be undertaken at least every four years. The first review was carried out during 2004 and the report was tabled in both Houses of Parliament on 17 November 2004. The review report can be accessed at www.oilrecycling.gov.au/publications.html

Periodic monitoring and evaluation, as part of the planning and implementation process, will be undertaken by the Department to ensure that the PSO Programme outputs and outcomes are consistent with the PSO Programme objectives.

2.11 Further information

Further information can be obtained from the following contacts:

Registration, benefit claims and processing:

- <http://www.ato.gov.au>
- Diesel Fuel Infoline - 1300 657 162

Available from the ATO:

- *Product stewardship for oil programme – a guide*
Provides information on registering for and claiming benefits under the Product Stewardship for Oil Programme.

General information on the PSO, PSO policy, and eligibility requirements:

Director
Oil Recycling Section
Department of the Environment and Heritage
GPO Box 787
CANBERRA ACT 2601
(02) 6274 1064

For general phone queries please call:
1800 982 006

See also the used oil recycling website at:
www.oilrecycling.gov.au

General email correspondence may be directed to:
oilrecycling@deh.gov.au

SECTION 3 – TRANSITIONAL ASSISTANCE

This sub-programme is a \$34.5m package to fund specific activities, goods and services during the seven-year establishment period of the PSO from 2000-01 to 2006-07. Transitional assistance is being provided for the seven-year establishment period to promote a sustained increase in the uptake and recycling of used oil and a sustainable oil recycling industry.

Transitional assistance funding is intended to cover specific grant/project allocations, underwriting of stewardship benefits in the event of revenue short-falls, and the operating costs of the entire PSO programme – including relevant running costs of DEH, the ATO and OSAC. The guidelines provided here relate primarily to the mechanisms associated with the ***grants and/or projects funds***. The DEH *Grants Administration Guide* and the ANAO (Australian National Audit Office) Best Practice Guidelines apply (see www.anao.gov.au).

3.1 Objectives

The objectives of this sub-programme are to:

- ensure a sustainable used oil recycling industry
- accelerate the uptake of used oil from urban and rural Australia
- facilitate the engagement of industry and the community in the PSO programme *and*
- to the extent possible, address special difficulties that remote Australia has in the recovery and management of used oil for appropriate recycling.

3.2 Programme considerations

The transitional assistance sub-programme is not a grant programme directed at a particular sector. It is not intended to provide direct industry assistance grants, to fund company-specific plant or equipment acquisition or improvement, nor to facilitate the expansion of specific operations.

Applications for suitable projects are welcome from any interested bodies, including (but not limited to) individuals, industry groups and associations, government, private corporations, community groups, educational institutions and environment organisations.

The Minister may, at his discretion, determine/approve:

- national priorities and eligible projects
- funding categories
- submission guidelines for each category
- the extent of industry and community involvement *and*
- the business arrangements for the provision of services, products and goods (eg the nature of grant agreements, partnership arrangements, sole supplier arrangements for special expertise, public calls for project submissions, projects conducted by the Australian Government, and major purchasing by the Australian Government).

Applicants must make a financial or in-kind contribution to projects.

3.3 Funding available

Total transitional assistance funding of \$34.5m is provided over the financial years 2000-01 to 2006-07. While operating costs funded from the transitional assistance generally amount to around \$1 million per annum, it is difficult to determine in advance the funds available for grant projects as the amount required to support stewardship benefit payments and unforeseen operating expenses cannot be known in advance with any certainty.

Amounts for individual grants/projects will be determined in the context of the selection processes and approval by the Minister/delegate.

Transitional assistance funds are fixed in dollar terms under the A(SM) Act and are not subject to adjustment for price increases (inflation).

3.4 Application requirements

The Australian Government will determine the method of application and eligibility for funding. Funds will be allocated through either specific, targeted processes (eg select tender, submissions sought from eminent experts) or general application rounds (eg public call for projects, competitive tender).

The three priority areas for the current 2006 grant round are listed in section 3.5 below.

Ad hoc applications for funding (ie applications outside the formal processes) may be submitted at any time, but will only be assessed during formal funding rounds. Electronic proformas for applications and application guidelines may be obtained through the contacts at the end of this section.

3.5 Priority areas for 2006

Funding is available for projects that support the objectives of this programme (see above) in the following three areas:

Used oil collection/recycling technologies.

Eligible projects under this category may include the development and application of:

- innovative technologies to improve economic and/or environmental outcomes through the reuse and/or recycling of used motor oil *and*
- solutions that address associated waste streams (eg DIY plastic containers, drums, 'heavy ends').

Used oil management projects for remote or Indigenous communities.

Eligible projects under this category may include:

- improving economic, environmental or health outcomes for remote or Indigenous communities through the sustainable management and/or re-use of used motor oil *and*
- projects where used motor oil management is the primary focus but where this is integrated with the management of other waste streams, particularly where this will result in employment or other benefits to the community.

Local government/community used oil collection infrastructure.

Eligible projects under this category may include:

- purchase and installation of used oil collection facilities by local councils, Indigenous community councils, community groups including groups of farmers *and*
- establishing used oil collection hubs or networks that service a number of communities.

3.6 Assessment of Applications

The Department will assess the applications through an assessment panel that may comprise external specialists with relevant expertise. The content of applications will only be disclosed to panel members under strict confidentiality agreements.

The following **general** criteria will be used by the panel when assessing projects:

- whether the project meets the objectives of the PSO programme
- whether the project provides value for money
- the ability of the applicant to manage the project *and*
- the ability of the applicant to deliver the project on time and within budget.

The following specific criteria will be used to assess particular categories of grants:

Technology projects

- whether the project helps overcome technical or structural barriers to the reuse and/or recycling of used motor oil *and*
- whether the project is feasible and technically sound.

Remote and Indigenous projects

- whether there is a need to manage used motor oil and the sustainability of any proposed solutions
- if the proposal includes management of other waste streams, whether this management is integrated with the management of used motor oil, *and*
- whether the project will provide additional benefits for the community (eg environmental, health, employment or other benefits).

Collection and infrastructure projects

- whether there is a demonstrated need for the proposed facility and whether it addresses any gaps in coverage for used motor oil collection
- whether there is an arrangement for used motor oil to be collected from the facility
- whether there are arrangements to inform potential users of the existence of the facility *and*
- whether there are any additional environmental benefits.

Applicants seeking funding of more than \$200 000 may be asked to provide an independent and fully costed business plan.

The Minister will determine and approve projects and funding arrangements.

General administration of this programme is handled by the Oil Recycling Section, DEH. Departmental officials may be represented on any management committees established under contracts or grant agreements to manage projects or suites of projects.

3.7 Payment and funding arrangements

Funding conditions, specific payment terms and timing will be set out in the agreement for each grant/project. Where appropriate, standard grant, partnership and funding agreements will be used, with project requirements and the provider's offer comprised in attached schedules.

Progress payments will be conditional upon progress against agreed project objectives and completion of project milestones (goods or services). Mid-term progress reports may be requested if the Australian Government considers it appropriate.

Final payment will be conditional upon satisfactory achievement of project objectives and products with appropriate certification (which may require an independent audit) and the written approval of the outcomes of the project by the designated Australian Government project manager.

Funds must be used for the purposes specified in the relevant agreement and related/supporting documents. Additionally, recipients must meet all acquittal requirements specified in their contract. Failure to do so may result in the Australian Government recovering any funds not acquitted.

3.8 Reporting and review

Reporting and acquittal requirements for projects will be detailed in the agreement for each grant/project.

Grantees may be:

- required to provide written progress and final reports on the outcomes and evaluation of the project against project objectives and deliverables as specified in the agreement
- required to provide statistical or spatial information *and/or*
- asked to cooperate with the Department in making information available to the public on the achievements and outcomes of their projects, and to participate in any programme evaluation.

Grantees must also acknowledge Australian Government support for their projects in any public communication relating to them. The Department reserves the right to publicise aggregated or other non-confidential information on successful proposals funded through transitional assistance.

3.9 Further information

Further information can be obtained from the following contact officers:

Director
Oil Recycling Section
Department of the Environment and Heritage
GPO Box 787
CANBERRA ACT 2601
(02) 6274 1064

General email correspondence may be directed to:
oilrecycling@deh.gov.au