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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Excise Tariff Amendment (Product Stewardship
for Oil) Bill 2014, Customs Tariff Amendment
(Product Stewardship for Oil) Bill 2014**

Second Reading

SPEECH

Wednesday, 4 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker McCormack, Michael, MP

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Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (18:56): I commend the member for Flynn for his interest in re-refining oil. We just heard a very wide-ranging speech from the member for Flynn. In his true style he talked about the bills before us. He also talked about racing. I know his galloper Territory is running in Sydney this weekend. May it well win. Certainly oil used to be used to smooth down racetracks. I know the member for Flynn has more than a passing interest in racing. He certainly has more than a passing interest in his electorate of Flynn and the progress thereof.

I very much welcomed joining him at Yarwun on 12 March this year where, indeed, the Wagga Wagga based company Southern Oil expanded into the city of Gladstone. That came about as a result of some concerted lobbying by both the member for Flynn and me to see this fantastic Riverina company expand. It does, as the member for Flynn pointed out, re-refine oil. A good friend of both the member for Flynn, Ken O'Dowd, and me is Tim Rose, the Southern Oil Managing Director, who has expanded its operations and called it Northern Oil Refinery. They are doing a great job. The Northern Oil Refinery opened, as I said, on 12 March. The Queensland Minister for Environment and Heritage protection, Andrew Powell, joined the federal Minister for Industry, Ian Macfarlane, the member for Groom, as well as the member for Flynn and me at the opening. What a novelty. We had an LNP minister for the environment and a Commonwealth minister for industry coming together to celebrate, to commemorate, to open an industry. That would not have happened under Labor, would it, Member for Flynn?

Mr O'Dowd: No.

Mr McCORMACK: No, it would not have happened. What a shame that sort of cooperation did not happen when we talked about the Murray-Darling Basin. What a shame that, when the then Prime Minister went to Goolwa to announce additional water for South Australia prior to the last election—before she was knifed by the member for Griffith—she did not take the agriculture minister with her to undertake this sort of collaboration and cooperation between industry and the environment. It is something our own Minister for the Environment, who has just joined us at the table, is so interested in doing: getting out of the way and making sure that these industries, with the right restrictions in place, get on with the job of making sure that Australia is open for business.

I know the many projects that the Minister for the Environment in the Abbott-Truss coalition has given the tick of approval to. He, like the member for Groom, our Minister for Industry, and like the Queensland Minister for Environment and Heritage Protection, certainly very much approves of this Northern Oil Refinery. It goes to the heart of the particular legislation before us—the Excise Tariff Amendment (Product Stewardship for Oil) Bill 2014 and the Customs Tariff Amendment (Product Stewardship for Oil) Bill 2014—which is there to ensure the environmentally sustainable management, re-refining and re-use of used oil and to support economic recycling options for used oil.

The scheme currently operates by offering a subsidy for the proper recycling of old oils, funded by a 5.44c per litre levy on new oil or per kilogram of grease sales, as the member for Flynn indicated. In 2013-14, the scheme is estimated to run a deficit of about \$10 million, and this is expected to grow. The benefit for category 8 oils provides a refund mechanism for producers of oils which are specifically declared by the Minister for the Environment—the good minister at the table—because they do not create a recyclable user stream and are of low risk to the environment.

In the last parliament, all we ever heard about with the environment was what the Greens wanted. It was Labor being led by the nose by the Greens. Everything was at the behest of the Greens, and industry was being held up. Business was being stymied at every turn by the Labor-Greens alliance.

It was so refreshing to hear Mr Rose at the opening on 12 March in Gladstone, in the electorate of the member for Flynn, talk about what a unique event he was attending. 'You are here to help Southern Oil and JJ Richards and

Sons launch a project which represents an investment in manufacturing, an investment in regional Australia and an investment in a better environmental future,' Mr Rose said. 'It will not be a day the joint-venture partners will forget. We hope for all of you it will be something to remember to be at the start of a new industrial enterprise.' And indeed it was. He said, 'At a time in Australia where much of the news is about how tough it is, particularly in manufacturing, we have stood up and committed to a significant investment in the future.' Indeed they have. It is an investment that is pumping millions of dollars into the electorate of the member for Flynn and dozens of jobs into that very vibrant city of Gladstone, a city that is going ahead in leaps and bounds under the stewardship and the representation of the member for Flynn.

The plant and equipment that are installed on the site are state-of-the-art. I am very proud to say that they have been painted in a mustardy colour which Tim Rose calls 'Wagga Wagga wheat'. It resembles the wonderful wheatfields in my electorate. 'To the uninitiated,' as Tim Rose pointed out, 'lube oil may not sound too sexy, but it is essential'—as we heard the member for Flynn say. Mr Rose said it is the stuff that 'keeps your cars running, planes in the air, mining and farming equipment going—it literally lubricates the wheels of commerce and industry' right here in Australia. He said: 'Lubricating oil doesn't wear out; it just gets dirty and the additives in the oil lose effectiveness over time. Here we will re-refine waste lube oil for reuse as lube oil, restoring the oil to its original condition, which is at its highest, best and most environmentally responsible use.'

There was an excellent article, just after the opening, written by Mara Pattison-Sowden in the local *Gladstone Observer*. She said:

Gladstone will house the second plant in the country—

the other one being at Wagga Wagga, of course—

with a refinery three times the size that can process 100 million litres of oil a year—the same amount of waste oil that Queensland produces annually.

It will slash the need to dig for more oil while cutting carbon emissions by 300 million tonnes a year.

Three hundred million tonnes a year! That is a great success story, and it is a success story promoting business, promoting industry, and at the same time looking after the environment. You can do things which are good for the environment and things which help protect our clean, green image whilst at the same time adding jobs, adding investment and adding money into a regional city such as Gladstone. The Yarwun based site had many, many construction jobs, and a lot of the training came from Wagga Wagga. Of course, the construction phase is now over, and it is the production phase at full tilt. It is a great success story.

According to Mr Rose, Southern Oil injects \$15 million into the region's economy each year. That is just tremendous. Interestingly, I also have a media release from Mr Rose, who says:

Australia's world-class oil re-refining industry has been saved from potential disaster in the Abbott Government's Federal Budget.

Here is an industry leader talking about the coalition's recent budget, brought down by the member for North Sydney, the Treasurer, and how his industry has been helped by that budget. The media release from Southern Oil. says:

A decision by the Government to continue to support Australia's oil recycling industry through the Product Stewardship for Oil (PSO) Scheme means the successful environmental scheme will be properly funded into the future.

Southern Oil, which owns and operates two of Australia's four oil re-refining plants, said the Budget announcement would make a significant, positive difference to continuing the support for Category One oil recyclers (re-refiners).

Southern Oil Managing Director Tim Rose, who operates the Southern Oil Refinery in Wagga Wagga, NSW, and the Northern Oil Refinery in Gladstone, Queensland, with joint venture partner J.J. Richards and Sons, said the Budget outcome was a great relief.

He praised the Minister for the Environment, Greg Hunt, who is here at the table; the Minister for Industry, Ian Macfarlane, who was there at the 12 March opening; and the member for Flynn; as well as me, for our 'commitment to ensure the oil re-refining industry was protected'. Here is an interesting quote:

For the past few months the oil re-refining industry has been working hard to ensure the PSO scheme was not changed to the detriment of re-refiners ...

The Northern Oil Refinery was built based on a policy which Tim Rose and JJ Richards and Sons hoped would continue. They put in the faith, based on information that they had received from the previous Labor government, and Mr Rose was so thankful that our government is not only looking after the environment but looking after industry as well by backing his particular venture. He says:

A recent report to the Federal Government had made recommendations to change the PSO which would be a disaster for true oil re-refining, so we told the government loud and often about our concerns.

And indeed he did. I know he talked to the member for Flynn. He also talked to me. The Minister for the Environment, who is at the table, also had discussions with this company because he knew how important it was not just for industry but for the environment. As Tim Rose said:

The Government has listened and kept its PSO Scheme promises that were made before the Abbott Government was even elected.

So here again we have an industry leader talking about how we keep our promises, how we keep our commitments that we made and certainly commitments that are good to the environment and good for business and industry. Tim Rose went on to say:

The Budget outcome means re-refiners like Southern Oil can continue to recycle lube oil and remove hundreds of thousands of greenhouse gas emissions from the Australian environment every year.

That is a great success story.

The Southern Oil and Northern Oil re-refining process is a 'cradle to cradle' treatment of oil and the highest form of recycling—keeping a lube oil in productive use, delivering improved oil security through avoided imports and a lower carbon footprint compared to the production of imported crude. We heard Ken O'Dowd talk before about how good the re-refined oil looked. I will just hold up this sample—I know it is a prop—to show this looks almost as good as this water on the table here. It is quite incredible the way that they take used oil, take out the additives and nasties, as Ken O'Dowd said, and convert it into oil that can be reused over and over again. How good is that for the environment? How good is that for industry, particularly for a regional city like Gladstone, right in Central Queensland at the heart of so much of Australia's valuable mining and manufacturing industries. It is the next generation in waste oil management.

The Northern Oil Refinery is a first for Queensland, and I do not think they have finished yet, Member for Flynn. Thanks to your great support and advocacy and the great support of the Minister for the Environment, I think we will see this firm expand, possibly into Western Australia and even into South Australia in the future. They can see a niche market to convert used oil into oil that can be used over and over again. That is going to be good for industry and it is certainly going to be good for the environment. The re-refining plant at Gladstone can process 100 per cent of Queensland's annual production of used lube oil. That represents a wonderful environmental opportunity for the state, for industry and particularly for Central Queensland, which is so well represented in the seat of Flynn by Ken O'Dowd. It is the only facility capable of recycling waste lube oil back into base lube oil in Queensland.

I know how much value the Deputy Prime Minister—currently the Acting Prime Minister—places on the Northern Oil Refinery. I know how interested he was in seeing this facility was open, as was the member for Groom, the Minister for Industry, who is getting on with the job of showing that Tony Abbott is the infrastructure Prime Minister and making Australia open for business. At both Wagga Wagga and Gladstone there has been strong support from waste oil producers such as mines and local governments in directing that their waste lube oil is re-refined rather than burnt and wasted, which happens all too often right throughout Australia. We use a lot of oil and the carbon footprint is very high. That is why plants such as these are getting on with the job of re-converting it. Tim Rose said:

Our re-refining process produces no waste—every component is reused and 99 per cent of the lube oil component in the waste oil is recovered as high quality lube oil for reuse.

What a fantastic outcome. What a great economic and environmental story this is. It is happening in Gladstone, in regional Queensland, providing 40 direct jobs and supporting many more jobs. I know they did not just do the training in Wagga Wagga. Advanced Communications, a good Wagga Wagga firm, helped put in some of the communications at the Gladstone facility. Tim Rose needs to be commended on his initiative and his entrepreneurship.

This bill deserves support. I know it has the support of the member for Flynn. I know it has the support of the Minister for the Environment, who, as I said, is doing a fantastic job ensuring that jobs that are environmentally safe and good for industry are being ticked off so that we can be open for business and we can fix up the debt and deficit we have inherited from Labor.