

## WASTE OIL RECYCLING

### *Grievance*

**MR B.S. WYATT (Victoria Park)** [9.14 am]: My grievance is to the Minister for the Environment and concerns an issue that is perhaps becoming more pertinent to Western Australians in light of the current economic boom and increased activity in the resources sector. I sent the minister a letter in May after hearing the concerns of an automotive company in my electorate about waste oil, particularly what is being done with it and what opportunities there are for the government and the community to recycle and re-use waste oil. I understand that waste oil was once collected for free from businesses and local governments by private operators, who then used that waste oil as an industrial fuel source. I am aware that some of that oil was used for power generation in remote and regional locations. Of course, power generation in those areas is now converting to natural gas. What became crystal clear to me after being approached by my constituent was that the collection service for waste oil has become sporadic. Some businesses have not had waste oil removed from their sites for a considerable number of months. The constituent with whom I spoke had grave concerns about his company having to store waste oil as it was not able to have it removed and dealt with. He was familiar with other companies in the automotive industry that were experiencing similar problems. An appalling situation has been created in which workshops all over the metropolitan area have had to store very large quantities of used oil on site as there are no other means of disposal. We do not need to think too much about the likely consequences of mechanical workshops all over Perth storing thousands and thousands of litres of oil; it presents not only serious fire, health and environmental risks but also has serious implications for the insurance and occupational health and safety standards that these companies are required to meet. Many of the facilities routinely charge customers for the environmentally safe disposal of oil and customers are prepared to pay for oil to be collected. If we do not come up with an appropriate disposal and recycling scenario, I fear that the illegal dumping of used motor oil in rivers and waterways and on vacant land is likely to occur. The environmental effect of that dumping is clear in the minds of all members of our community. Local governments are in a similar bind.

**Mr G. Snook:** That's right.

**Mr B.S. WYATT:** I thank the member for agreeing with me on that point. Some authorities offer a collection service for waste oil. However, they are facing similar problems with what to do with the waste oil once it has been collected. Those local governments provide a brilliant service. However, it has just meant that stockpiles are accruing in other locations. We need to work out what these local governments can do in both the short term and long term. In the short term, we need to deal with the stockpiles that are accruing all over Perth and no doubt across the state as well in light of the increased use of oil in the mining industry.

When I approached the minister in May after speaking to my constituent, the minister and his department alerted me to the commonwealth Product Stewardship for Oil program, which is designed to subsidise the recycling of used oil. I took the time to look at the Australian government Department of the Environment and Water Resources website, which details what happens to recycled used oil. The website states -

Used oil, or 'sump oil' as it is sometimes called, should not be thrown away. Although it gets dirty, used oil can be cleaned of contaminants so it can be recycled again and again. There are many uses for recycled used oil.

The site lists a number of uses for used oil, including as an industrial burner oil, which I referred to previously. The website also states -

Once you have taken your used oil to your local collection facility, used oil collectors take the used oil and undertake some pre-treatment and recycling of the used oil or sell it to a specialised used oil recycler.

The problem we have in Western Australia is that that is not happening. I am perplexed as to why that is the case in light of the Product Stewardship for Oil program, which has been around for a significant time and which is designed to subsidise the recycling of used oil. We must come up with a two-pronged response to fix the short-term problem of an accumulation of large stockpiles of oil in Perth due to the lack of local markets and also to find a long-term solution that involves recycling the used oil into products. The main end use of oil has been as a burner fuel. However, that is now becoming a decreased, if not a non-existent, market. We must come up with alternative uses for recycled oil. In light of the importance that is placed on sustainability and the environment and on the use of our finite resources, all levels of government must spend a significant amount of time on ensuring that we have a long-term and sustainable strategy for the use of recycled oil.

**MR D.A. TEMPLEMAN (Mandurah - Minister for the Environment)** [9.21 am]: I thank the member for Victoria Park for raising this very important grievance. A number of members have raised this issue with me and with the Department of Environment and Conservation, and it has been raised also with other members of Parliament by various key interest groups and stakeholders throughout Western Australia. This is an important

issue, as the member for Victoria Park has highlighted. It is important to understand that Western Australia generates about 40 million litres of used engine oil each year. This figure will and is continuing to increase because of our booming economy and the consequential increased economic activity. It is important to note that in the past waste oil has been processed to provide an economic burner fuel for lime kilns and for the generation of power in remote and regional centres. However, the market for used oil for power generation has been in steep decline because of the conversion to cleaner and more efficient sources of power, including, of course, natural gas. Historically, the Loongana lime facility in Kalgoorlie used more than nine million litres of used oil. However, the member is aware that the facility closed in 2006, which took out of the used-oil market a very significant user of waste oil.

The member is correct to say that the recycling industry is stockpiling used oil and that there are limited local markets for its use. In addition, businesses around the state are stockpiling an estimated 10 million litres of oil. We have a problem with this material, and two key matters need to be addressed. The first is that we need a quick fix to remedy the immediate problem; that is, the stockpiled oil that is being stored in various receipt places throughout the state. The second key thing we must do is ensure that we find a long-term solution by recycling used oil into products other than burner fuel. In 2001 the commonwealth government established the Product Stewardship for Oil program, which levies 5.5c a litre from oil companies from the sale of new oil. These levy funds are not set aside specifically for the environmental management of used oil. However, the program provides financial incentives for the collection, treatment and re-use of waste oil. The financial incentives paid by this scheme are skewed to encourage the full refining of used oil back into lubricant oil, which is known as the lube-to-lube process. This is an expensive method of recycling, which is why it attracts the higher incentive of 50c a litre once the base lubricant is sold. In comparison, the sale of used oil for burner fuel attracts an incentive of around 3c or 5c a litre. There is a big difference. Unfortunately, there are no lube-to-lube recycling facilities in Western Australia and it is not cost effective to transport our used oil to a recycling facility in the eastern states. Therefore, Western Australian oil collectors have not received the benefits of the commonwealth scheme. The scheme has failed to support a viable recycling industry in Western Australia. The reality is that Western Australia has been disadvantaged by the national scheme.

I raised this issue with the federal Minister for the Environment and Water Resources at a recent ministerial meeting of the Environment Protection and Heritage Council and requested that we adopt a national approach. Although the federal minister did not consider a potential solution at that meeting, a commitment was given to establish a working group comprising Western Australian, South Australian and commonwealth governments that will review the effectiveness of the Product Stewardship for Oil program. I wanted to make sure that we were not waiting around for that to happen. We must move immediately. Therefore, the Department of Environment and Conservation has been working with key stakeholders, including the oil industry, the Motor Trade Association, local government and used oil collectors, to come up with viable short-term and long-term solutions to this issue. I thank the department and those key stakeholders for their readiness to work together. I am happy to tell the member for Victoria Park that it appears we may have some relief from the very serious problem in the immediate future. Earlier this year, the efforts of the department resulted in several shipments of used oil being sent to Singapore and Christmas Island, and approval has recently been granted for the further export of some eight million litres of used oil to Singapore in the near future, and more shipments will follow. This will allow Western Australia to increase its collection services and provide some relief to businesses.

That, however, is not the ultimate answer; it is a short-term answer. What we need to do, and will do, is encourage reliable and sustainable markets. We will continue to seek assurances from the recycling industry that it will continue to export shipments of used oil to Singapore until alternatives are available. We need to develop a base lubricating oil facility in Western Australia. There is some local interest from recycling companies to do that, which is very encouraging. We are working very closely with those companies because we are mindful of the risks that we face with this issue. I am encouraged also by the cooperation of local government, various representatives from the oil industry and other key stakeholders, and am sure that we will find the long-term sustainable outcomes that are required to deal with this important issue. I thank the member for raising this matter.