

Operation of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*

This annual report is prepared in accordance with section 68 of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* and covers the operation of the Act from 1 July 2007 until 30 June 2008.

Ozone depletion is a major global environmental problem. Left unchecked, deterioration of the ozone layer will allow higher doses of ultra violet band B (UVB) radiation to penetrate the earth's atmosphere and will greatly increase the incidence of skin cancer and eye cataracts, as well as affecting plants, animals and aquatic life.

The international community's response to ozone depletion has been cohesive and effective. Research indicates that the rate of ozone depletion has slowed and scientists predict a full recovery of the ozone layer in the mid-latitudes by around 2050 and over the Antarctic in the period 2060–2075. This predicted recovery depends on full compliance with internationally agreed phase-out targets for the use of ozone depleting substances.

Australia meets its international obligations to phase out the use of ozone depleting substances and to control the use of synthetic greenhouse gas replacements, through the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

Montreal Protocol

The 1987 Montreal Protocol on Substances that Deplete the Ozone Layer applies binding obligations to its member countries to control the consumption and production of ozone depleting substances. Australia ratified the Montreal Protocol in May 1989. The protocol was amended in 1990, 1992, 1995, 1997 and 1999. Australia has ratified all amendments. The protocol establishes total phase-out dates for controlled substances.

The Montreal Protocol was adjusted at the twentieth Meeting of the Parties in September 2007, to accelerate the phase-out of hydrochlorofluorocarbons in developed and developing countries. Australia is already well in advance of the new obligation as a result of an accelerated phase-out agreed between the government and industry in the early 1990s.

Australia has met, or is well in advance of meeting, all reduction obligations. Australia will essentially phase out the import of hydrochlorofluorocarbons by 2016, five years ahead of our new international obligations. In doing so, Australia will consume around 4600 ozone-depleting potential (ODP) tonnes (or 61 per cent) fewer hydrochlorofluorocarbons than allowed for under the Montreal Protocol in the period from 1996 to 2020.

Purpose of the Act

The purpose of the Act is to:

- implement the provisions of the 1985 Vienna Convention for the Protection of the Ozone Layer and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer
- institute specific controls on the manufacture, import, export, distribution and use of ozone-depleting substances
- encourage Australian industry to replace, and achieve a faster and greater reduction in the use of, ozone-depleting substances
- control the manufacture, import, export and use of synthetic greenhouse gases that are used to replace ozone-depleting substances, to give effect to Australia's obligations under the United Nations Framework Convention on Climate Change
- promote the responsible use of ozone-depleting substances and synthetic greenhouse gases, to minimise their effect on the atmosphere.

Operational aspects of the Act

Licensing

The Act establishes a licensing system to enable Australia to meet its international obligations under the Montreal Protocol and the United Nations Framework Convention on Climate Change. The Act manages the phase-out of ozone-depleting substances. It also applies consistent controls on the use of ozone-depleting substances and synthetic greenhouse gases that are used to replace ozone-depleting substances, to minimise the emission of these substances. The Act:

- prohibits the import, export or manufacture of chlorofluorocarbons (CFCs), halons (halon 1211, 1301 and 2402), carbon tetrachloride, methyl chloroform, bromochloromethane and hydrobromofluorocarbons (HBFCs), without an essential use licence or used substance licence
- establishes a system of controlled substance licences and reporting requirements for the import, export or manufacture of hydrochlorofluorocarbons (HCFCs), methyl bromide, hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs), consistent with Australia's obligations under the Montreal Protocol and United Nations Framework Convention on Climate Change
- establishes a licensing system for the import of refrigeration and air conditioning equipment that contains an HFC or HCFC refrigerant charge (pre-charged equipment), thereby applying the same conditions and responsibilities for the import of these substances in equipment as apply to their import in bulk form.

Revenue

The Act establishes administrative fees for licences issued under the Act, at the levels set under the Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995. The Act also establishes the Ozone Protection and SGG (Synthetic Greenhouse Gas) Account, to allow revenue from the licensing system, import levies and the National Halon Bank to be directed towards the cost of the Act's administration, ozone depleting substance phase-out programs, emission minimisation programs, and the operation of the National Halon Bank.

End-use Regulations

The Act creates Regulation-making powers to allow the Australian Government to develop end-use controls on acquisition, purchase, sale, handling, use, storage and disposal of ozone-depleting substances and synthetic greenhouse gases.

End-use Regulations have been implemented for the use of ozone-depleting and synthetic greenhouse gases in the refrigeration and air conditioning and fire protection industries, and for control of methyl bromide as a feedstock and its use as a fumigant for approved critical uses and quarantine and pre-shipment uses.

These Regulations assist Australia to meet its phase-out responsibilities under the Montreal Protocol and will lead to reduced emissions of ozone-depleting substances and synthetic greenhouse gases through the establishment of minimum industry standards.

The Australian Refrigeration Council and the Fire Protection Association of Australia were appointed. They are under contract to the department to administer the permit schemes in the refrigeration and air conditioning industry and the fire protection industry respectively.

Permits

Licences issued

Four types of licence can be issued under the Act: controlled substance, essential use, used substance, and pre-charged equipment. There is one type of exemption: section 40 (essential use).

Licences for controlled substances, used substances, essential uses and pre-charged equipment are granted for a period of up to two years. The current licensing period ends on 31 December 2009.

Essential use exemptions are granted for a period of up to one year. All current permits will expire on 31 December 2008.

A major licensing round was conducted from September 2007, before all licences expired on 31 December 2007. As of 30 June 2008 there were 683 active licences for the 2008–09 licensing period.

Table 1: Active licences as at 30 June 2008

Type of licence	Number
Import and export HCFC	8
Import and export methyl bromide	7
Import and export HFC and PFC	16
Import refrigeration and air conditioning equipment containing an HCFC or HFC refrigeration charge	640
Import and export used or recycled CFC, halon, carbon tetrachloride and methyl chloroform—used substance licence	1
Section 40 exemptions ¹	11

Note:

¹ Section 40 exemptions are issued only to enable the import of certain products and equipment containing, or designed to contain, certain ozone-depleting substances that are essential for medical, veterinary, defence, industrial safety and public safety and for which practical alternatives are not available in Australia.

The Ozone Protection and Synthetic Greenhouse Gas Regulations 1995 permit the use of methyl bromide for quarantine and pre-shipment uses, critical non-quarantine and pre-shipment uses that have been approved by the Parties to the Montreal Protocol, and as a feedstock (i.e. an intermediate substance that is used to manufacture other chemicals). A permit to use methyl bromide as a feedstock is granted where the user demonstrates that it is a genuine feedstock use. Two such permits were issued in 2007–08. These permits are issued on a calendar year basis.

Australia's imports of ozone-depleting substances remain below the limits set through the Montreal Protocol. Bulk imports of ozone-depleting gases into Australia during the 2007 calendar year amounted to the equivalent of 160.2 ozone-depleting potential (ODP) tonnes, a small decrease from 2006. The import of ozone-depleting substances, for use as refrigerants, solvents and fire extinguishing agents, remained in line with the structured quota reduction system. In addition, an estimated 41.68 ODP tonnes of ozone-depleting refrigerants were incorporated in pre-charged equipment imported in 2007.

Imports of bulk synthetic greenhouse gases into Australia during the 2007 calendar year were 6088.67 kilotonnes of carbon dioxide equivalent; imports of synthetic greenhouse gases incorporated in pre-charged equipment were 927 kilotonnes of carbon dioxide equivalent.

Table 2: Licence and exemption fees

Type of licence/exemption	Fee
Controlled substance	\$15,000 per licence period
Essential use	\$ 3,000 per licence period
Used substance	\$15,000 per licence period
Pre-charged equipment	\$ 3,000 per licence period
Section 40	\$ 3,000 per exemption period

Table 3: Activity fees

Licensed activity	Fee
Import HCFCs	\$3,000 per ODP ¹ tonne
Import HFCs and PFCs	\$ 165 per metric tonne
Import methyl bromide	\$ 135 per metric tonne

Note: ¹ Ozone-depleting potential is a comparative measure using CFC as a base level of 1. For example: 1 metric tonne of methyl bromide equals 0.6 ODP per tonne.

Table 4: Ozone Protection and SGG Account receipts and expenditure

Activity	Amount received (\$) in 2007–08
Controlled substance licence fees:	\$120,000
Methyl bromide licence fees	\$105,000
HFCs licence fees	\$225,000
Pre-charged equipment licence fees	\$2,196,000
Section 40 exemption fees	\$27,000
Levies:	
HCFCs	\$361,825.14
Methyl bromide	\$48,676.14
HFCs	\$486,686.94
Pre-charged equipment	\$405,736.88
National Halon Bank:	\$561,531.15
Commercial revenue	0
Other: Refund	\$8,494.91
EFT Settlement account adjustment	\$7.15
Total	\$4,545,958.31
Account	Expenditure
Grants	\$338,741.31
Salary and administration	\$1,134,238.89
Total minus expenditure	\$3,072,978.11

Revenue

The Act provides for licence and exemption application fees to be levied.

Levies on imports and manufacturing activity under a controlled substance licence are payable each quarter under the *Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Act 1995* and the *Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Act 1995*, according to the quantity and ozone-depleting potential of HCFCs imported or manufactured, or the quantity of methyl bromide, HFC or PFC imported or manufactured (see Table 3). Australia has not manufactured ozone-depleting substances since 1996, and has never manufactured HFCs or PFCs.

Licence fees and levies are set at the level estimated to be the cost to the Australian Government of administering the legislation and undertaking programs associated with phase-out and emission minimisation. These fees are held in the Ozone Protection and SGG (Synthetic Greenhouse Gas) Account.

The purpose of the account is to reimburse the Australian Government for the costs associated with:

- administration of the Act and Regulations
- furthering the ozone-depleting substances phase-out, and ozone depleting substance and synthetic greenhouse gas emission minimisation programs
- management of the National Halon Bank.

Funds received during 2007–08 from operation of the National Halon Bank and licence fees and levies are shown in Table 4.

Projects funded from the Ozone Protection and SGG Account

A study was commenced to define the use of ODS and SGGs in Australia. The study will review the quantity and type of substances used, the industries involved, emission factors and end-of-life treatments.

Research to estimate HFC-134 and CFC-12 emissions from the national vehicle fleet continued. A project to collect emissions data from stationary vehicles commenced, which will complement previous data collected on the moving fleet in the Domain Tunnel in Melbourne. The results will be compared to the factors used in the National Greenhouse Gas Inventory.

A research project was commissioned to obtain data on emissions of ODS and SGGs from landfill at the Rye Landfill in Melbourne. The data will help to fill a knowledge gap about emission loss from end-of-life equipment over time. The data will be used to refine existing models, which contribute towards formulating Australia's National Greenhouse Gas Inventory.

Funding was provided for the development of teaching and assessment materials to support the fire protection industry competencies, which are the basis of the Fire Protection Industry Regulations. The funding of \$90,000 was provided in 2007–08 and a further commitment of \$130,000 in 2008–09.

Six new projects were approved for funding in 2007–08. This included the Experienced Persons' Licence Transition Program (EPLTP), which provides up to \$1.2 million to improve

standards in the refrigeration and air conditioning industry. Under the EPLTP funding was provided to improve access to competency assessment for refrigeration and air conditioning technicians who do not hold formal trade qualifications. The program was particularly focussed on geographic areas that had limited access to these services.

EPLTP funding was provided to five organisations across Australia to assess competency against the four national refrigeration and air conditioning licence requirements: full refrigeration and air conditioning; automotive air conditioning; split systems air conditioning; and domestic appliances.

Montreal Protocol's Multilateral Fund

Australia provides financial assistance, through the Montreal Protocol's Multilateral Fund, to assist developing countries to comply with the phase-out requirements under the Protocol. Australia is a member of the fourteen member Executive Committee of the Multilateral Fund that oversees governance of the funding, including considering project approval and project outcomes.

Australia directs part of its contribution to the Multilateral Fund into providing direct technical and financial assistance to other countries in the region. This year Australia continued to assist Pacific Island countries to meet their obligations under the Montreal Protocol, including helping them to develop legislation to control imports of ozone-depleting substances and to develop training for customs officers. Funding for these projects is provided through Australia's international aid program.

Freedom of information

No requests were received under the *Freedom of Information Act 1982*.

Administrative Appeals Tribunal

There were no applications, under section 66 of the Act, to the Administrative Appeals Tribunal for review of a decision made by the minister.