

Operation of the *Fuel Quality Standards Act 2000*

This annual report is prepared in accordance with section 71 of the *Fuel Quality Standards Act 2000*. It covers the operation of the Act from 1 July 2003 to 30 June 2004. The Act was amended in March 2004 to enable labelling of fuel in the public interest, and the objects of the Act are now to:

- a. regulate the quality of fuel supplied in Australia in order to:
 - i. reduce the level of pollutants and emissions arising from the use of fuel that may cause environmental and health problems;
 - ii. facilitate the adoption of better engine technology and emission control technology;
 - iii. allow the more effective operation of engines; and
- b. ensure that, where appropriate, information about fuel is provided when the fuel is supplied.

The Fuel Quality Standards Regulations 2001 cover the regulation of fuel and fuel additives, the operations of the Fuel Standards Consultative Committee; the publication of notices relating to entries in the Register of Prohibited Fuel Additives; enforcement; and record keeping and reporting obligations.

Amendments to the Act

The *Fuel Quality Standards Amendment Act 2003* was assented to on 5 December 2003. The amendments to the Act provide a mechanism for the labelling of fuels in the public interest and to declare that certain offences under the Fuel Quality Standards Act are offences of strict liability. The latter amendment followed advice from the Director of Public Prosecutions.

Regulation of fuel quality

Specific fuel quality standards have been set as Fuel Standard Determinations for diesel and petrol. These determinations were implemented on 1 January 2002, and include environmental and engine operability based standards for a range of parameters. Key parameters and their limits that were introduced or came into effect this year include:

- an effective ban on MTBE (methyl tertiary-butyl ether) in petrol from 1 January 2004; and
- a ten per cent ethanol limit in petrol from 1 July 2003.

New requirements were introduced from 1 March 2004 to label petrol containing more than one per cent ethanol, under the Fuel Quality Information Standard (Ethanol) Determination 2003.

Fuel quality standards for biodiesel and liquefied petroleum gas came into force on 18 September and 19 December 2003, respectively. A discussion paper canvassing the issue of a standard for diesohol—a blend of alcohol and diesel—was released in May 2004.

The Department was an active participant in a review by the Land Transport and Environment Committee into fuel quality and motor vehicle emissions standards for the post-2006 period. During the year, the review considered the further lowering of maximum limits of sulfur in petrol and diesel. A complete set of fuel standards is on the Department's web site.

The Department continues to work closely with industry and other stakeholders. The Department produced six editions of the *Clean Fuels Bulletin*, an electronically distributed newsletter, and also presented papers at ten domestic and two international conferences.

The Department fulfilled Australian obligations made at the World Summit for Sustainable Development for its Cleaner Fuels Partnership. The Department organised a training workshop for 25 participants from six Asian countries in Sydney in October 2003. The workshop considered technical, legal and policy aspects of the making of fuel standards. The Department organised a follow-up meeting for participants, and presented a separate paper, at the Better Air Quality Conference in Manila in December 2003.

Fuel Standards Consultative Committee

Section 25 of the Act establishes a Fuel Standards Consultative Committee as a formal consultation mechanism. The committee is required to include one

representative of each state and territory, and the Australian Government. It must also include at least one person representing fuel producers, a non-government body with an interest in the protection of the environment, and a person representing the interests of consumers. The Minister may also appoint other members to the committee, which to date has included representatives from the motor vehicle manufacturing industry, independent fuel importers and suppliers, the alternative and renewable fuels industry, and the trucking industry.

See Table 1 for members of the committee during 2003–04

Table 1: Members of the Fuel Standards Consultative Committee

Member	Representing	Notes
Mr Peter Burnett, Chair	Department of the Environment and Heritage	from 17 July 2003
Ms Kathleen Mackie, Chair	Department of the Environment and Heritage	until 16 July 2003
Mr Geoff Angus	Environmental non-government body	until 22 May 2004
Mr Bruce Dawson	Victorian Environment Protection Authority	
Mr John Bortolussi	Truck manufacturing industry	from 3 February 2004
Dr David Bowman	Environmental non-government body	from 31 May 2004
Mr Phil Cross	Northern Territory Department of Infrastructure, Planning and Environment	from 13 April 2004
Mr James Hurnall	Consumers	
Mr Mike McCullagh	Independent fuel producers and importers	
Mr Scott McDowall	Queensland Environmental Protection Agency	
Mr Ewen Macpherson	Australian fuel producers	from 17 July 2003
Mr Adrian Murray	Northern Territory Department of Infrastructure, Planning and Environment	until 15 December 2003
Mr Bryan Nye	Australian fuel producers	until 16 July 2003
Mr Steven Payne	Department of Industry, Tourism and Resources	

Table 1 continued...

Member	Representing	Notes
Dr Lynne Powell	Tasmanian Department of Primary Industries, Water and Environment	until 16 July 2003
Mr David Quinlan	Australian Capital Territory, Department of Urban Services	
Mr Nigel Routh	New South Wales Department of Environment and Conservation	
Mr Rex Scholar	Vehicle manufacturing industry	until 17 September 2003
Dr Stephen Schuck	Alternative and renewable fuels industry	
Mr Keith Seyer	Vehicle manufacturing industry	from 18 September 2003
Mr Kelvyn Steer	Tasmanian Department of Primary Industries, Water and Environment	from 17 July 2003
Mr Fred Tromp	Western Australia Department of Environment	
Mr Tom Whitworth	South Australia Environment Protection Authority	

Under section 24A the Minister must consult the committee before:

- granting an approval;
- making a fuel quality standard;
- making a fuel quality information standard;
- deciding whether to enter or remove a fuel additive in the Register of Prohibited Fuel Additives; or
- preparing guidelines for more stringent fuel standards.

The committee provides written recommendations to the Minister pertaining to the above matters. In relation to the granting of approvals under Section 13 that allows for specific variations to the fuel standards for specified periods, the committee made recommendations for five new approvals (see Table 2), and 15 amendments (see Table 3) to existing approvals.

Table 2: New approvals granted 2003–04

Name of approval holder	Period of operation	Variation approved
VPW Australia Pty Ltd	12 March 2004 – 30 June 2005	Variation of the Fuel Standard (Petrol) Determination 2001 to permit the supply of two specialist racing fuels. Variation of the MTBE (methyl tertiary-butyl ether) parameter.
VP Racing Fuels Pty Ltd	12 March 2004 – 30 June 2005	Variation of the Fuel Standard (Petrol) Determination 2001 to permit the supply of five specialist racing fuels. Variation of the Aromatics, DIPE (di-isopropyl ether) and MTBE (methyl tertiary-butyl ether) parameters.
Elf Lubricants Australia Pty Ltd	12 March 2004 – 30 June 2005	Variation of the Fuel Standard (Petrol) Determination 2001 to permit the supply of 10 specialist racing fuels. Variation of the Aromatics, oxygen, di-isopropyl ether, methyl tertiary-butyl ether and olefins parameters.
Assistant Secretary, Health and Community Strategies Branch, Office of Aboriginal and Torres Strait Islander Health, Australian Government Department of Health and Ageing	19 December 2003 – 31 December 2005	Variation of Fuel Standard (Petrol) Determination 2001 to permit the supply of Avgas under the 'Comgas' scheme.

Table 2 continued...

Name of approval holder	Period of operation	Variation approved
BP Refinery (Bulwer Island)	19 December 2003 – 31 December 2004	<p>Variation of the Fuel Standard (Automotive Diesel) Determination 2001 to permit the supply of diesel with a minimum density of 810 kilograms per cubic metre.</p> <p>The density of automotive diesel is normally required to be between 820 to 860 kilograms per cubic metre. The Bulwer Island refinery utilises a hydrocracker to refine low sulfur diesel fuel, and it is the only refinery in Australia that has one. Hydrocracked diesel has a lower density, higher hydrogen content, lower sulfur and an equivalent energy content when compared with equivalent straight-run diesel. The lower density diesel produced at the Bulwer Island Refinery at most is only 10 kg/m³ lower than the minimum specification required by the determination, is of a quality that meets other regulated parameters and is low in sulfur. It is still required to meet all other parameters specified in the determination.</p>

Table 3: Existing approvals amended 2003–04

Name of approval holder	Period of operation	Variation approval	Amendment(s) made ^(a)
The Shell Company of Australia	21 March 2003 – 31 December 2004	Variation of the Fuel Standard (Automotive Diesel) Determination 2001 to permit the supply of (wintermix) diesel with the following parameters: <ul style="list-style-type: none"> • viscosity 1.2cSt@ 40°C • density 800kg/m³ • lubricity 0.700mm • sulfur 1000ppm.^(b) 	List of regulated persons amended on 15 October 2003.
The Shell Company of Australia	21 March 2003 – 31 December 2004	Variation of the Fuel Standard (Automotive Diesel) Determination 2001 to permit the supply of (wintermix) diesel with the following parameters: <ul style="list-style-type: none"> • viscosity 1.2cSt@ 40°C • density 800kg/m³ • lubricity 0.700mm • sulfur 1000ppm.^(b) 	
Caltex Australia Petroleum Pty Ltd	21 March 2003 – 31 December 2004	Variation of the Fuel Standard (Automotive Diesel) Determination 2001 to permit the supply of (wintermix) diesel with the following parameters: <ul style="list-style-type: none"> • viscosity 1.2cSt @ 40°C • density 800kg/m³ • lubricity 0.700mm • sulfur1000ppm.^(b) 	List of regulated persons amended on 12 July 2003 and 14 October 2003.

Table 3 continued...

Name of approval holder	Period of operation	Variation approval	Amendment(s) made ^(a)
Thirty-five joint approval holders (race engine builders and tuners)	6 December 2002 – 30 June 2005	Variation of the Fuel Standard (Petrol) Determination 2001 to permit the supply of petrol with a lead content of greater than 0.005g/L.	List of approval holders, regulated persons and/or conditions amended on: <ul style="list-style-type: none"> • 12 May 2004; • 12 March 2004; • March 2004; • 12 November 2003; and • 21 July 2003.
Thirty-two joint approval holders (motor and water sport organisations)	6 December 2002 – 30 June 2005	Variation of the Fuel Standard (Petrol) Determination 2001 to permit the supply of petrol with a lead content of greater than 0.005g/L.	List of approval holders, regulated persons and/or conditions amended on: <ul style="list-style-type: none"> • 12 May 2004; • 12 March 2004; • 5 March 2004; • 27 November 2003; • 12 November 2003; and • 21 July 2003.
Mobil Oil Australia Pty Ltd	31 December 2002 – 30 June 2004	Variation of Fuel Standard (Automotive Diesel) Determination 2001 permitting the supply of diesel produced at the Altona refinery with a sulfur content of up to 1300ppm sulfur with the fuel additive Cleanerburn™.	Amendment for labelling condition made on 7 July 2003.

(a) A notice under Section 17A concerning a decision to grant or amend an approval is published in the Commonwealth Government Notices Gazette. A list of the approvals granted and amended is on the Department's web site at <http://www.deh.gov.au/atmosphere/cleaner-fuels/variations/index.html>.

(b) The viscosity, density, lubricity and sulfur parameters have been varied to allow the supply of 'wintermix diesel' to certain parts of Australia. The supply of 'wintermix diesel' provides a fuel that is fit for purpose in cold regions of Australia, which ensures that diesel engines and machinery will operate without the fuel being prone to 'waxing'.

Enforcement

Implementation of monitoring, compliance and enforcement processes under the Fuel Quality Standards Act was further refined during 2003–04. Fuel sampling is undertaken at distribution terminals, depots, service stations and other outlets. Samples are tested at an accredited laboratory for compliance with the standards. The Department's understanding of the fuel supply industry is continuing to increase, making sampling more strategic.

The Department developed procedures for monitoring compliance with the ethanol-petrol blend labelling requirement introduced in March 2004.

During 2003–04, 120 compliance incident reports were received and addressed. Inspectors took a total of 822 petrol and diesel samples from approximately 400 sites nationwide. Overall, test results indicate a high level of compliance with the standards. Thirteen briefs of evidence were commenced for eventual referral to the Director of Public Prosecutions.

Freedom of information

There were two applications under the *Freedom of Information Act 1982* in relation to:

- liquefied petroleum gas—including liquefied petroleum gas industry, environmental and excise issues; and
- three approvals granted under section 13 of the Act pertaining to the supply of specialist unleaded racing fuels.

Administrative Appeals Tribunal

The Administrative Appeals Tribunal received no applications under section 70 of the Act for the review of a decision.