

APPENDIX 2 STAKEHOLDER LIAISON

The objective of this study was to build on this information and undertake a comprehensive review of possible new fuel specifications for Australia, designed to reduce emissions of greenhouse gases and air pollutants from Australian road transport.

In order to assess the potential impacts of new fuel quality specifications on Australian refineries, vehicle manufactures and consumers, and taking into account the objectives of the regulators, it was necessary to obtain a high level of cooperation from the stakeholders.

During April and May 1999, the Review Team consulted with a broad range of stakeholders including many within government, the automotive industry and the petroleum industry, to solicit views on future fuel quality scenario development.

Key stakeholders were identified through interaction between the Study Steering Committee (comprising representatives from Environment Australia, Australian Greenhouse Office, the Department of Industry Science and Resources and the Department of Transport and Regional Services) and the Review Team and was expanded during the course of the consultation process. A list of stakeholders is presented as an appendix to Chapter 4 of the full report.

The stakeholder consultation process commenced with the circulation of a letter to the stakeholders, informing them that a series of scenarios were to be developed to represent the range of likely changes in fuel quality over the next ten years. Comment was sought from the stakeholders regarding the key issues to be considered in the fuel quality scenarios.

Written responses were received from 28 stakeholders. A Coffey representative also attended meetings with 30 of the major stakeholders, including state government agencies, petroleum companies and motor vehicle manufacturers. The stakeholder consultation process continued throughout 1999, with the stakeholders providing comment on the draft scenarios, particularly in relation to the incorporation of the Prime Minister's commitments under the 'Measures for a Better Environment' element of the 'Tax Package Agreement' (discussed in Section 1.2).

The main issues identified by the stakeholders for consideration in the development of the scenarios included:

- air quality and the Ambient Air National Environment Protection Measure

More stringent new vehicles emission standards were seen as an essential strategy to combat projected growth in vehicle kilometres travelled (VKT) and assist with achieving and maintaining compliance with the ambient air quality standards specified in the NEPM;

- greenhouse commitments

Stakeholders considered that improvements in vehicle fuel efficiency are important in achieving the greenhouse gas emission targets set in the Kyoto protocol;

- emissions standards harmonisation;
- the government's commitment to a 15% reduction in the national average fuel consumption (NAFC) over business as usual;
- the increasing demand for high octane petrol following the introduction of more stringent emissions standards

Government agencies were concerned that this would put pressure on refiners to increase benzene, aromatics and olefins in order to achieve higher pool octane. Refiners were concerned that limits on these compounds would substantially increase the investment required to make higher octane petrol. The use of octane enhancement additives was also raised as issue with potential impacts on the environment and fuel efficiency performance. The increase in greenhouse gas emissions from refineries through production of higher octane petrol was also seen as an important issue for consideration in the development of fuel quality scenarios;

- the possibility of supplying dual grade 'city/country' diesel, with low sulphur diesel supplied in the major city areas and higher sulphur diesel supplied in the country areas for an interim period; and
- incentives for green fuels and vehicles.