

Australian Democrats Minority Report

The purpose of the bill is to create powers enabling the Commonwealth to impose requirements for labelling of fuel at the point of sale by way of fuel quality information standards. The Bill will amend the Fuel Quality Standards Act in order to create these powers. The requirements under the fuel quality information standards have not yet been determined.

Whilst agreeing in principle that fuels should be labelled to assist consumer decision-making, the Democrats do not support the stated intention of the Government to commence the scheme by requiring the ethanol content of petrol to be the first and possibly the only labelling requirement on transport fuel.

While consumer confidence in ethanol blended fuel is at a very low point and there remains considerable doubt as to the claim that ethanol blended petrol is not suitable for certain vehicles and uses, targeting this fuel would have a detrimental effect on its uptake, despite the demonstrable health and environmental advantages.

We note that some vehicle manufacturers have indicated that warranties will be voided in the case of ethanol blend petrol used in some vehicles, however, no evidence was advanced for the necessity to do so. The Ethanol Working Group for Restoring Confidence is currently reviewing the testing that has been carried out on 10% ethanol/petrol blends (E10) in vehicles and that greater certainty about which, if any, vehicles should not use this fuel will shortly be available.

Witnesses to the inquiry pointed out that there have been no substantiated cases of damage to vehicles from blends of E10.

Mr Gordon — The largest trials of an ethanol 10 per cent blend were conducted in Australia on 60 vehicles in 1997-98. It cost the Commonwealth around \$2.5 million to run those trials. The results of those trials on 60 vehicles—on pre- and post-1986 models—clearly showed that there were no technical or other reasons that would suggest that an E10 blend was not a safe and reliable fuel in the overwhelming majority of vehicles in the Australian fleet. This is totally consistent with trials that have been conducted over the past 20 years in the United States and totally consistent with advice from other countries as well.”¹

Blends of up to 20% ethanol that have been on sale for some years in parts of Sydney without any documented vehicle damage.²

¹ Evidence presented to the Committee by Mr Bob Gordon, Australian Biofuels Association. 10th October 2003.

² Mr Les Fletcher. Evidence presented to the Senate Economics Committee inquiring into the provisions of the Energy Grants (Cleaner Fuels) Scheme Bill 2003. Oct 7th 2003

Labelling regarding the effects of fuel emissions

This legislation does provide an opportunity to implement a comprehensive and worthwhile labelling scheme and the Democrats will move amendments to the Bill with this aim.

We propose that a star rating system be adopted, similar to the energy efficiency rating for appliances, providing consumers with an indication of the relative benefits of each available fuel including alternative fuels (CNG, LPG, etc.). A 'clean air' rating should take into account the full spectrum of emissions as well as the relative energy efficiency of the fuel and whether it is a renewable or fossil fuel.

Although there are some good arguments for the composition of fuels to be included on labelling, particularly the many additives that are harmful to health, these would be too numerous to be able to be included at the point of sale and would not necessarily provide consumers with insights into the relative merits of fuels

Consistency with State Legislation

This legislation would override state and territory laws and Victoria already has E10 labelling laws in place. In his submission to the Committee, The Victorian Minister for Consumer Affairs, Mr John Lenders MP, expressed concern that the Bill:

‘would enable a national information standard to override State and Territory labelling laws where specified by the Commonwealth’ and that ‘The Bill does not provide an exemption for more stringent information standards in a particular State or Territory’

The Democrats see merit in a nationally consistent approach to fuel labeling but we are also sympathetic to the argument that the Commonwealth labeling regime should not be less stringent than those of the states and territories. We do however urge Federal and State governments to work together to establish nationally consistent labeling, based on 'clean air' rating, as previously outlined.

Senator Lyn Allison
Australian Democrats