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BIOENERGY AUSTRALIA SUBMISSION

NSW Fair Trading Regulation 2019

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The purpose of this submission from Bioenergy Australia is to respond to the Proposed Fair Trading Regulation 2019, specifically:

- Fuel price signs at service stations
- The display of octane rating information at service stations

About Bioenergy Australia

Bioenergy Australia is the National Industry association, committed to accelerating Australia's bio economy.

Our mission is to foster the bioenergy sector to generate jobs, secure investment, maximise the value of local resources, minimise waste and environmental impact, and develop and promote national bioenergy expertise into international markets.

Bioenergy Australia's objectives are to:

Advocate - With our members, we anticipate and develop leading positions on issues of concern to the advancement and growth of bioenergy in Australia.

Campaign - We raise the profile of the industry within the media and broader community to achieve a greater level of understanding about bioenergy and the vital role it must play to achieve carbon neutrality by 2050.

Inform - We publish reports, webinars and articles to help our members keep ahead of industry trends and opportunities. We also manage the [Biomass Producer](#) website, an AgriFutures Australia resource showcasing Australian bioenergy projects, expertise, and identifying opportunities for primary producers.

Connect - We facilitate knowledge exchange and networking for members through task-specific meetings, our Annual Conference, and Webinars. We link investors with emerging businesses; researchers with technology developers; government with innovators. We also administer Australia's participation in [IEA Bioenergy](#). Our Industry groups bring together specialists in specific fields.

Information Standards relating to Fuel Price Signs at Service Stations

The fuel price information standard requires the price of four types of prescribed fuel to be displayed on a sign (if four or more fuels are sold). It currently specifies three of the four types of fuel that must be on the sign including the price of E10, LPG and diesel, if these are sold, to make up the minimum of four fuel prices.

The proposed Regulation maintains the requirement of four types of fuel to be displayed but no longer specifies any particular fuel type. Bioenergy Australia would like to raise the following significant concerns with this:

1. It is for consumer benefit that the Diesel, LPG and E10 if sold remain on the board. These fuels are not as commonly available and it is of consumer interest to ensure that they are advertised on the main sign to ensure that availability of these fuel types is clear from the street.
2. E10 is the lowest cost fuel available. This is how consumers will identify the price of the fuel more generally at the service station. The removal of E10 from the price board also removes its visibility for motorists and reduces the motorists' immediate awareness of the cheapest fuel available on the market on any given day.
3. If this proposal is implemented, the fuel companies may use the price boards to advertise their proprietary brands of fuel, excluding E10 from being advertised as an available alternative fuel and with the fuel price and availability of same not readily be visible to motorists. These regulatory changes may also have a detrimental impact on the biofuels mandate and act as a backwards step in achieving the legislated six per cent biofuel mandate.¹

We strongly recommend that Information Standards relating to Fuel Price Signs at Service Stations in regards to the 4 required fuel types being included remains unchanged.

The display of octane rating information at service stations

The Department's proposed Regulation maintains the current requirement that the octane rating of petrol must be displayed on the fuel pump so that it can be clearly seen by a person using the fuel dispenser.

However, the proposed inclusion of *"that the octane rating of a petrol may be displayed by displaying a brand name that includes the octane rating number of the petrol"*, should not be implemented.

The reasons for this are as follows:

1. The creation of brand names for fuel has created a confusing market place for consumers. It is important for motorists to clearly and quickly identify the fuel they need, not the fuel the petrol station wants to them purchase.
2. The creation of brand names is being used by petrol stations to drive motorists to purchase the most expensive "premium" fuel, without motorists having a level of awareness of the fuel required for their vehicle. There is a movement within the marketing of fuel to use marketing techniques to confuse motorists in order to persuade them that they need

¹ Biofuels Act 2007

premium fuel when this fuel is only required for a very limited percentage of the vehicle fleet.

3. Some petrol stations are using terms such as special, extra, premium without a level of understanding on what that means. In fact, a Mobil service station in NSW was advertising regular unleaded as Special and the octane rating of the fuel is barely visible. It also refers to that fuel as having lower emissions? We doubt that many motorists have a strong understanding of the chemistry of fuel and as such they rely on regulation of clear signage to ensure they are not tricked or confused by businesses.
4. Brand names should directly relate to the content of the fuel, and not be used as a marketing activity to confuse motorists.
5. Octane is one of the most important pieces of information that a vehicle owner will need to inform their vehicle fuel requirements, if petrol stations are able to hide this within the brand this will cause a greater level of confusion for motorists and ultimately a move towards the premium fuel to ensure they are not purchasing a fuel that might not be ideal for their vehicle.

We strongly recommend that Fair Trading should undertake a thorough investigation into the use of brand names and octane rating at petrol stations prior to making any determination regarding allowing octane rating to be included within a brand. We also strongly encourage Fair Trading to act in the consumers benefit and undertake a review of this progressive move towards confusing and unethical branding that is not linked to fact or information regarding the actual fuel.

Are any further changes needed to the fuel price information standard in the proposed Regulation?

We note the current Regulation 12 (2), of *"The octane rating is the research octane number for the petrol rounded down to the next whole number, and in the case of a blend of petrol, is for the whole blend"*.

Bioenergy Australia strongly disputes the use of rounding down to the whole figure for octane. This is at complete odds with the best practice ASTM standard approach and is also operating as a deterrent for consumers to purchase e10 fuel.

Further points on this:

1. Best global practice approach is the adoption of the American Society for Testing and Materials (ASTM), when calculating the level octane for publication purposes. We submit that this standard, which dictates the rounding up when over 0.5 or rounding down when under. The rounding method is ASTM E29, which states when rounding a number to one having a specified number of significant digits, choose that which is nearest. If two choices are possible, as when the digits dropped are exactly a 5 or a 5 followed only by zeros, choose that ending in an even digit.
2. The ATSM standards are used globally and are the predominant standards used by the oil industry in Australia, in fact they are widely used by the Commonwealth Government in our Fuel standards through the Australian Federal Department of Energy and Environment. It is absurd that NSW has created own method of mathematical rounding that is inconsistent with this global system.
3. Allowing the consistent rounding down of E10 to 94 is excluding e10 from being a suitable fuel for many cars, when it is perfectly acceptable to be driven in the majority of the petrol car fleet. The rounding down is forcing motorists to purchase premium fuels without it being required. If e10 is blended correctly, as done by United the octane rating will be over 94.5

and would then qualify for 95 rating. This could have a significant impact on the cost of fuel for many consumers.

We strongly recommend that the Regulation is amended to read *“The octane rating is the research octane number for the petrol rounded according to ATSM standard E29, and in the case of a blend of petrol, is for the whole blend”*.

List of targeted stakeholders

We note the extensive list of targeted stakeholders does not include Bioenergy Australia.

As noted, Bioenergy Australia is the industry association that represents the Biofuels industry, including the producers of ethanol.

Can we request in future that Bioenergy Australia is included in the targeted list of stakeholders for anything relating to fuel, energy, waste issued by the Department.

Thank you for the opportunity to provide this submission.

Yours sincerely

Shahana McKenzie, CEO Bioenergy Australia