



Mr Wayne Poels
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Dear Mr Poels

Better fuel for cleaner air—second pass final assessment

The *Better fuel for cleaner air* Regulation Impact Statement (RIS) has been prepared for the Government's consideration of possible changes to legislative instruments made under the *Fuel Quality Standards Act 2000* (the Act). The regulatory burden to business and the community from the possible changes has been determined using the Regulatory Burden Measurement framework and agreed with your office.

The Department of the Environment and Energy has carefully considered the matters raised in your letter of 24 May 2018 (OPBR ref: 20699) and made a number of changes to address and reflect your comments. In particular:

- The distributional impact assessment (Chapter 5) draws on modelling that assessed the impacts of the proposed options on different stakeholder groups, including the refining industry. Broader risks to Australian refineries are being considered through the Government's Liquid Fuel Security Assessment, scheduled for completion in 2018.
- Explanation of the preferred option and its implementation have been further strengthened and clarified in the Executive Summary, Chapter 7 and Chapter 8.
- The RIS clearly describes why the best option delivers a balanced pathway to align Australia's fuel with international best practice. In particular, the RIS clarifies that reduced sulfur is fundamental to enabling the operation of advanced emissions control technologies in vehicles, and the proposed review will determine the most appropriate way to manage aromatics in Australian petrol.
- A regulatory offset has not been identified. The Department of the Environment and Energy is seeking to pursue net reductions in compliance costs and will work with affected stakeholders and across Government to identify regulatory burden reductions where appropriate.

Accordingly, I am satisfied the RIS is consistent with best practice, as set out in the Australian Government Guide to Regulation. I submit the RIS to the Office of Best Practice Regulation for its final assessment. I would also like to take this opportunity to thank you and your office for your assistance and guidance on this matter.

Yours sincerely

Rob Heferen
Deputy Secretary

20 August 2018