



INQUIRY INTO THE MOTOR VEHICLE STANDARDS (CHEAPER TRANSPORT) BILL 2014

SUBMISSION BY FUTURE CLIMATE AUSTRALIA TO THE SENATE ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

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Future Climate Australia (ABN 79 127 326 498) is a not for profit environmental organisation that specialises in matters relating to transport and mobility.

Why should Australia introduce emission standards?

Of the 11 markets that account for 85% of global automotive production, only Australia and Russia have no fuel efficiency regulations.

As Australia is not regulated, we receive low-tech vehicles that are cheaper to produce, and use substantially more fuel.

A recent report by the American Council for an Energy-Efficient Economy (ACEEE), found that Australia ranks last for transport energy efficiency and was showing a “backward trend” against other OECD countries. Report: <http://aceee.org/research-report/e1402>

By drawing on international experience through organisations such as the Global Fuel Economy Initiative and applying principles of good policy design, Australia can reap substantial benefits from light vehicle emissions standards in terms of reducing reliance on foreign oil, improving our balance of payments, reducing costs to consumers and providing broader economic benefits, whilst also reducing CO₂ emissions at the lowest cost.

Why do some large manufacturers argue against emission standards?

Many large automotive manufacturers produce two ‘streams’ of vehicles – high-tech for ‘regulated’ and low-tech for ‘unregulated’ markets.

As the market tends to dictate the price consumers pay, and a number of manufacturers already provide fuel-efficient vehicles in Australia, those who offer low-tech vehicles save the incremental cost of technology, substantially boosting their profits.

Our fuel quality is not a barrier

In the debate over regulation in Australia assertions have been made that the lack of low sulphur fuel is an impediment to meeting new vehicle CO₂ standards.

A 2014 ICCT report (attached) states that there is no direct relationship between fuel sulphur content and vehicle CO₂ emissions.

It further states that Australia's current fuel quality does not present any impediment to delivering CO₂ emission reduction at rates comparable with other regions of the world.

The vehicles we purchase use 30% more fuel than necessary

There is an argument that fuel economy in Australia cannot be compared with other markets as we purchase a different mix of vehicles.

Analysis of data from NTC (Australia) and SMMT (UK) shows that average CO₂ emissions based on 2013 sales of passenger vehicles would be 140 g/km when applying the Australia mix to the corresponding UK emissions data by class.

The average for passenger vehicles sold in Australia was 30% higher at 182 g/km.

Assume that using our current vehicle mix we can achieve this 30% fuel saving:

New cars sold in Australia in 2014 averaged 177 g/Km - equivalent to 7.4 litres/100km (petrol)

- 15,000km x 7.4 L/100km = 1,110 litres average fuel usage @ \$1.30 = \$1,443 pa
- 30% saving = 333 litres @ \$1.30 = \$433 average saving pa
- For 1.1 million new vehicles = 366 million litres less fuel imported in 1st year
- Double this in 2nd year, treble in 3rd etc as sales of fuel efficient vehicles continue

References

The State of Clean Transport Policy¹ report by the ICCT compiles advancements in national and international regulations to reduce energy use, mitigate climate change, and control air pollution from motor vehicles and fuels across eleven vehicle markets which represented 85 per cent of total vehicle sales in 2013: China, the US, the EU, Japan, Brazil, India, Russia, Canada, South Korea, Australia, and Mexico.

The report also found that efficiency standards have proven to be a highly cost-effective means of cutting CO₂ emissions, with recent regulations in the US, EU, and China resulting in fuel savings that pay off the incremental vehicle costs within one to five years.

A recent report from the **Global Fuel Economy Initiative** and the **International Energy Agency** looking at global fuel economy performance found that the average fuel economy in Australia in 2013 was 15% worse than the OECD average, and 60% more inefficient than the best performer, Japan. Australia's performance is also worse all OECD economies reviewed by ICCT and IEA, including Russia, China, Egypt and Brazil.²

Websites

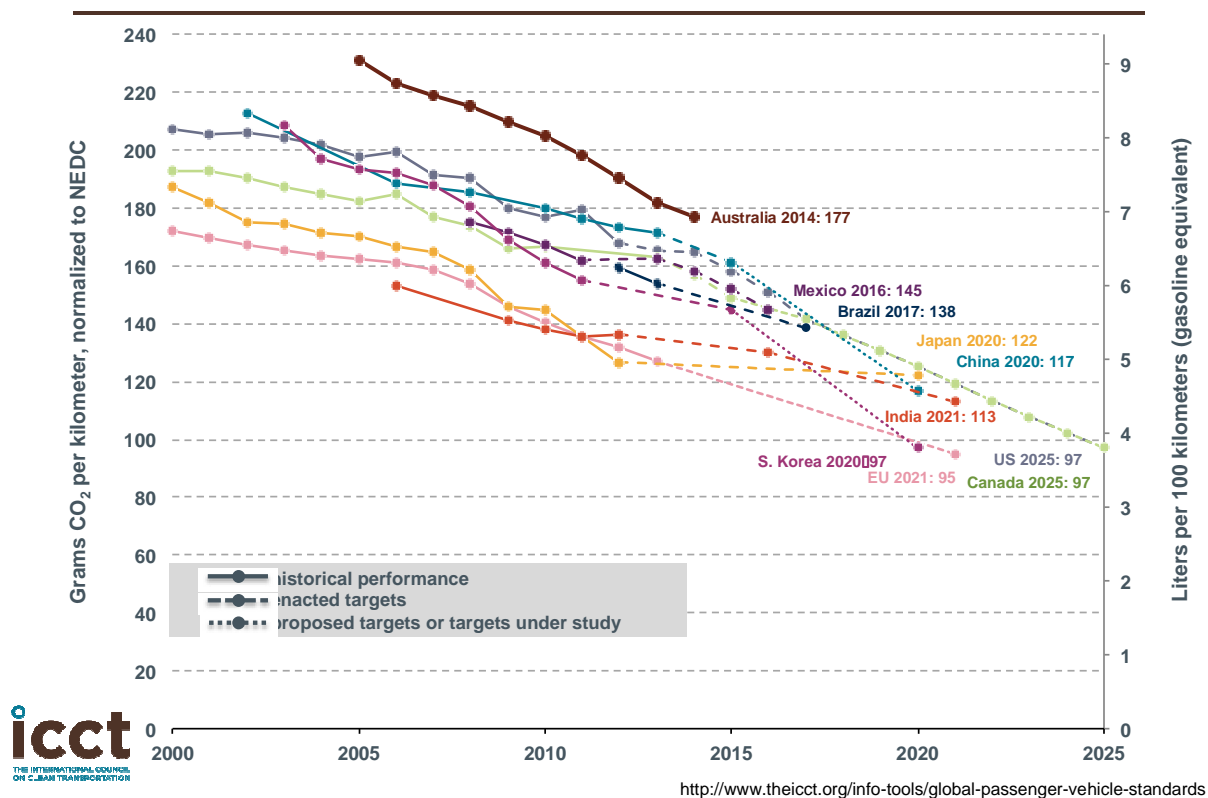
- **Comparison of Australian and International fuel economy & emissions from new Cars:** Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2014 (National Transport Commission): [http://www.ntc.gov.au/Media/Reports/\(28DF073D-71D6-40BB-8FC4-C358C475A2B3\).pdf](http://www.ntc.gov.au/Media/Reports/(28DF073D-71D6-40BB-8FC4-C358C475A2B3).pdf)
- **UK car fuel consumption:** <http://www.dft.gov.uk/vca/fcb/carfueldata-tools-redirect-page.asp>
- **Global Fuel Economy Initiative (GFEI):** <http://www.fiafoundation.org/our-work/global-fuel-economy-initiative>
- **International Council for Clean Transportation (ICCT):** <http://www.theicct.org/>

¹ <http://www.theicct.org/state-of-clean-transport-policy-2014>

² [GFEI IEA Report Update 2014](#)

Where Australia sits compared to other markets, based on 2014 new passenger vehicle sales:

Global Passenger Car CO₂ standards compared with Australia



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