



## Motor Trades Association of Australia

Mr Laurence Wilson  
Vehicle Fuel Efficiency Consultation Secretariat  
Department of the Environment, Water, Heritage and the Arts  
Renewables and Energy Efficiency Division  
Energy Futures Branch  
Technology and Transport Section  
GPO Box 787  
CANBERRA ACT 2601

Via email: [vfedpaper@environment.gov.au](mailto:vfedpaper@environment.gov.au)

Dear Mr Wilson

Please find attached a submission prepared by the Motor Trades Association of Australia (MTAA) in connection with the Department of the Environment, Water, Heritage and the Arts' discussion paper on vehicle fuel efficiency.

I would be happy to discuss any aspect of MTAA's submission with you at any time of your convenience.

Yours sincerely

**MICHAEL DELANEY**  
**Executive Director**

7 November 2008

**Australian Transport Council / Environment Protection and Heritage Council –  
Vehicle Fuel Efficiency Working Group**

**Vehicle Fuel Efficiency –  
Potential measures to encourage the uptake of more fuel efficient, low carbon  
emission vehicles.**

**Submission Template**

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Comment on the discussion paper is invited from interested stakeholders and members of the public. While comments are welcome on any aspect of the paper, readers are particularly asked to respond to the questions raised in Section 4 regarding the potential measures and in Section 7.

All submissions will be treated as public unless confidentiality is requested for all or part of the submissions. The Working Group requests, however, that the scope of any material requested to be kept confidential be limited to the minimum necessary. Readers are encouraged to use this submission template as a basis for submissions. The Working Group has posed a series of targeted questions in order to provide a

degree of consistency across submissions and to simplify the consideration of submissions. Readers are not required to complete the entire submission template. Comments on individual measures are welcome. Submissions in alternative formats will be accepted.

Electronic and handwritten submissions are welcome. A separate template for handwritten submissions is available from the Vehicle Fuel Efficiency Secretariat.

Contact details have been requested in case the Working Group needs to contact you to discuss aspects of your submission at a later date.

Please attach this coversheet to your submission and submit it to the Working Group via:

Email: [vfedpaper@environment.gov.au](mailto:vfedpaper@environment.gov.au)

Fax: (02) 6274 1478

Phone: (02) 6274 1774

Post: Vehicle Fuel Efficiency Secretariat  
Department of the Environment, Water, Heritage and the Arts  
Renewables and Energy Efficiency Division (REED)  
Energy Futures Branch  
Technology and Transport Section  
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CANBERRA ACT 2601

**General comments on a package of measures**

1. Do you consider the actions of the type outlined in this paper are required, or are current arrangements sufficient?

MTAA welcomes the opportunity to comment on the ATC/EPHC *Vehicle Fuel Efficiency Discussion Paper*. MTAA continues to support measures to decrease vehicle emissions, increase vehicle efficiency, improve infrastructure and reduce the effects of climate change.

At this stage, however, MTAA does not believe that further regulation of the automotive industry is required. It is MTAA's belief that, given current fuel / energy / economic circumstances, we are already seeing adjustments in the automotive industry of the effect intended by the measures outlined in this paper.

MTAA is also concerned, that further regulation of the industry may have the result of placing a greater burden on motor dealers, that are unable at this point in time to "absorb" any greater compliance costs.

2. If you consider further actions may be required, which measures, or package of measures, offer the greatest potential to cost-effectively reduce greenhouse emissions from the road transport sector?

3. In your view, are there particular combinations of measures that would enhance the potential benefits of the measures?

4. Are there barriers or challenges to the uptake of low emission transport technologies in Australia which have not been identified in this paper?

5. Are there opportunities to improve vehicle fuel efficiency within the Australian road transport sector which have not been identified in this paper?

6. Do you have views on possible social or economic impacts arising from measures outlined in this paper? How could these impacts best be managed?

MTAA believes that the measures outlined in this paper may inadvertently see certain manufacturers or vehicles being viewed as 'winners' in the market. MTAA believes this could result in a market distortion that may not ultimately be in the best interest of the industry or consumers.

7. General Comments

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**Category 1      Measures to Increase the Supply of Low Emission Vehicles**

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**1.1      CO<sub>2</sub> Emission Targets for New Light Vehicles**

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1. Do you consider there is a case for tightened CO<sub>2</sub> standards for the light vehicle fleet in Australia?

MTAA supports measures that aim to reduce CO<sub>2</sub> emissions and that realise the harmonisation of regulation. MTAA believes, however, that these reductions should not cause additional regulatory or administrative burdens to be placed upon the retail motor trades.

2. If you consider tightened standards are required, should they be voluntary or mandatory?

3. Do you have a view about the design of any system – for example do you agree that the standard should be a sales-weighted average? Do you agree with the European Union proposal to link the standard to vehicle weight, or should it be based on different parameters?

4. Do you consider that CO<sub>2</sub> standards can effectively operate independently of other measures, or are other measures critical to their success?

MTAA believes a synergistic and holistic approach, encompassing a wide range of industry sectors and not just the automotive / transport sectors, will lead to greater success in tackling the challenges of climate change

5. Do you consider that market pressures, such as rising fuel prices, will be sufficient to deliver significant CO<sub>2</sub> reductions from the light vehicle fleet, without the need for CO<sub>2</sub> standards?

MTAA does not believe this will, necessarily, be the case. Reduced CO<sub>2</sub> emission standards will invariably 'filter' through the Australian vehicle park / market as a result of the percentage of new imported vehicles currently being sold (which invariably also meet stringent Euro or US emission standards) and the efforts already underway by domestic manufacturers to meet lower emission standards. While rising fuel prices may have some impact, the geographic and infrastructure related realities evidenced in Australia may continue limit the fullest potential affect upon vehicle usage.

6. General Comments

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**Category 2      Measures to Increase Demand for Low Emission Vehicles**

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**2.1      Restructure State registration and stamp duty charges for light vehicles**

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1. Would a stamp duty differential charging scheme be an effective means of encouraging consumers to purchase more fuel efficient vehicles?

MTAA believes this might possibly be effective in urban areas, but less so in rural areas. MTAA believes the needs and vehicle requirements of consumers living in rural areas will inevitably over-ride the benefit of a stamp duty differential charging scheme.

2. Would a registration differential charging scheme be an effective means of encouraging consumers to purchase more fuel efficient vehicles?

See above.

3. Of the range of basic system models outlined in Measure 2.1 of the discussion paper, which would be the most effective at improving vehicle fuel efficiency and most understandable to the average motorist?

MTAA might observe that some measure of proportionate registration fee structure already operates within Australian jurisdictions. While none of these explicitly relate to CO<sub>2</sub> emission levels of vehicles, it might be possible to evidence a correlation between the basis of the existing mechanisms, their 'stratification' and emission levels. Caution must be exercised here that any policy response made that vary the current arrangements do not have unintended consequences for significant cleavages within Australia (such as people living in remote / rural areas).

4. What other considerations should be made in the design of any system?

5. General Comments

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**Category 2 Measures to Increase Demand for low emission vehicles**

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**2.2 Provision of direct financial incentives/disincentives based on vehicle CO<sub>2</sub> emissions.**

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1. Do you consider that direct rebate for low emission vehicles are an effective measure in reducing CO<sub>2</sub> emissions?

MTAA does not believe that direct rebates for low emission vehicles are an effective measure in reducing CO<sub>2</sub> emissions. MTAA believes that, while this may to a certain extent be effective in urban areas, it will be an inadequate incentive for consumers in rural areas to alter their behaviour, which is governed predominately by geography.

Similarly in urban areas, many consumers are already choosing fuel efficient vehicles given current fuel / energy / economic circumstances.

2. If so, do you consider that the cost of rebates should be offset with higher fees on high emitting vehicles (i.e. a feebate scheme)?

MTAA does not believe that a “feebate scheme” should be introduced. As outlined above, MTAA believes that consumer behaviour in the automotive industry is governed by more than CO<sub>2</sub> emission vehicle standards. The introduction of such a scheme could also unfairly penalise those consumers with a genuine need for a larger (and, hence, higher emitting) vehicle, such as families or those on rural and regional areas.

Further, MTAA does not wish to see consumers or dealers, put under any greater burden in what is already a highly regulated industry.

3. Do you agree that any scheme should be based on CO<sub>2</sub> emissions and not linked to particular technologies?

See above

4. If a scheme was to be introduced, would you support it being based on a single threshold, or do you support a range of “class” based thresholds? What do you consider are the advantages and disadvantages of such approaches?

If a scheme was to be introduced, MTAA believes that it would be best based upon a range of ‘class’ based thresholds. MTAA’s understanding of currently available automotive technology is that larger vehicles required for, say, remote rural areas will never meet ‘city car’ type emissions or fuel usage levels. A single threshold would therefore, in MTAA’s opinion, be inadequate.

Additionally, any introduction of a scheme needs to be adopted with the view to ensuring the least amount of increase in administration / compliance at the retail level.

**5. General Comments**

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**Category 2 Measures to Increase Demand for Low Emission Vehicles**

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**2.3 Develop fleet purchasing frameworks that incorporate greenhouse reduction objectives**

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1. Do you consider fleet operators would be motivated to participate in a national fleet accreditation process to improve the fuel efficiency of their fleet?

2. If you do, what benefits do you consider fleet operators would expect to result from participation in such a scheme?

3. Do you think that an accreditation scheme should have the sole goal of reducing CO<sub>2</sub> emissions? Should additional goals be considered (such as air quality)?

4. Are you aware of fleet fuel efficiency schemes operating within Australia or overseas? Has there been an analysis of the effectiveness of these schemes?

5. General Comments

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**Category 3      Measures to Improve Consumer Awareness**

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**3.1      Including Fuel Consumption Data in Vehicle Advertisements**

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1. Do you consider there is a case for including fuel consumption and CO<sub>2</sub> emissions data in vehicle advertising?

MTAA does believe that, under the correct circumstances, a case could be made for including fuel consumption and CO<sub>2</sub> emissions data in vehicle advertising.

MTAA does not, however, believe a case could be made for including fuel consumption and CO<sub>2</sub> emissions data in vehicle advertising if, as a consequence of this, an additional administrative and cost burden was placed upon motor vehicle dealers.

MTAA, therefore, does not support any measure to introduce such regulation until a clear judgement can be made as to what the nature and effects of such regulation would involve.

2. If so, what do you think would be the best way to implement it?

3. Are there any matters not identified which would facilitate or impede the introduction of this measure? We are particularly interested in any published material you can point to.

As addressed above, MTAA would disapprove of an additional regulation that added to motor vehicle dealer's level of compliance in what is already a highly regulated industry. MTAA strongly believes that motor vehicle dealers would be unable to "absorb" any further administrative / compliance functions or higher advertising costs.

4. What do you consider are the costs and benefits of the measure, and their likely magnitude? What is the basis of your views on this question?

MTAA believes that for such a measure, the only real significant return on investment that will be seen will be in urban areas. MTAA is of this view because, as presented above, the requirements of consumers in rural areas, as a result of geography and other factors, will inevitably override the need or utility in that environment for a low CO<sub>2</sub> emitting vehicle.

5. Are you aware of any other countries implementing similar measures, and whether there has been any analysis of their effectiveness?

6. General Comments

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**Category 3 Measures to Improve Consumer Awareness**

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**3.2 Standards / Labelling Requirements for Non-engine Components Which Impact on Fuel Consumption**

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1. Do you consider that measures in relation to non-engine components are worth pursuing?

MTAA does believe that some measures in relation to non-engine components are worth pursuing. MTAA believes that it is possible for non-engine components to enhance the operation and efficiency of a vehicle. Any improvement in a vehicle's efficiency reduces running costs and subsequently, reduces emissions. The promotion of regular vehicle servicing and maintenance could be an example of this.

2. Do you agree with the Working Group's assessment that Australia should move quickly to assess/establish within Australia any measures agreed to internationally?

MTAA might not fully agree with this assessment. It is MTAA's suggestion that the Australian landscape and subsequent marketplace makes the environment in which the Australian automotive industry operates somewhat unique. MTAA suggests it possible to be mis-guided by parallels drawn between international measures to reduce emissions and Australian measures, as the environment vehicles are operating in internationally are drastically different from those experienced here in Australia.

3. General Comments

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**Category 3                      Measures to Improve Consumer Awareness**

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**3.3      Heavy Vehicle Environmental Rating Scheme**

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1. Do you consider there are gaps/inadequacies in the provision of heavy vehicle fuel efficiency data to business purchasers? Can you identify those deficiencies?

2. If deficiencies exist, what do you consider is the most effective way to address these? Do you consider there is a case for web-based fleet management tools, and how should they be funded?

3. What do you think would be the most important areas for any tools to address?

4. Are you aware of any other countries implementing similar measures and whether there has been any analysis of their effectiveness?

5. Are there any additional matters that would facilitate or impede the introduction of fleet management tools? We are particularly interested in any published material you can point to.

6. Do you think the development of fuel efficiency guides for fleets would be a cost effective means to reduce fuel use of heavy vehicles?

7. Do you consider there is a case for development of a heavy vehicle environmental rating scheme similar to the light vehicle rating scheme? Do you agree with the assessment that any scheme should wait for the finalisation of international emission measurement standards?

8. What do you think would be the most important areas for any scheme to address?

9. General Comments

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**Category 3      Measures to Improve Consumer Awareness**

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**3.4      Establish a technology demonstration scheme for Australian road transport fleets linked to achievement of greenhouse outcomes**

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1. Do you consider a subsidy scheme to support the development and trial of emerging low emission technologies is necessary to encourage innovation within the light commercial and heavy vehicle market segments? If so, is it an effective approach?

2. Are there additional (non-financial) barriers to the adoption of proven and emerging low emission technologies within the light commercial and heavy vehicle segments?

3. Are you aware of any other countries implementing similar measures and whether there has been an analysis of its effectiveness?